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Since 1925



ANNUAL REPORT

Corporate & Registered Office : N-301, III Floor, North Block,
Front Wing, Manipal Centre, 47 Dickenson Road, Bengaluru - 560 042, India.

CORPORATE INFORMATION

Managing Director :

Mr. T. Sudhakar Pai

Non-Executive Director :

Mrs. Jaya S. Pai

Independent Director :

Mr. Santhosh Kamath

Independent Director :

Mr. K. Venugopal Shetty

Non-Executive Director :

Mrs. Jyothi Ashish Pradhan

Non-Executive Director :

Mrs. Deepa Pai

Non-Executive Director :

Mr. Narendra Kudva

Non-Executive Director :

Mr. Jamsheed Minoo Panday

Non-Executive Director :

Mr. ASPI Nariman Katgara

Chief Financial Officer :

Mr. K. R. Madhusudan

Company Secretary :

Vacant position

Registered and Corporate Office :

N-301, III Floor, North Block, Front Wing, Manipal Centre,
47, Dickenson Road, Bangalore - 560 042.

Bankers And Financial Institution :

Canara Bank & Axis Bank Limited

Statutory Auditors :

S. R. Batliboi & Associates LLP
Chartered Accountants
12th Floor, "UB City" Canberra Block, No. 24,
Vittal Mallya Road, Bengaluru - 560 001, India

Registrar and Share Transfer Agent :

Purva Sharegistry (India) Private Limited
(Unit : Kurlon Limited)
9, Shiv Shakti Ind. Estt. J. R. Boricha Marg, Lower Parel
(E), Mumbai - 400 011.Tel. : +91 (022) 2301-6761/2518,
Fax : +91 (022) 2301-2517 E-mail : support@purvashare.com
Contact Person : Mrs. Purva Shah / Mr. Rajesh Shah
SEBI Registration Number : INRoQ00001112

Factory :

Plot No. 4, Part of GAE - 1, Ghirongi (Malanpur)
Industrial Area, Gohad Tahsil, Bhind Dist., Gwalior - 477 116.



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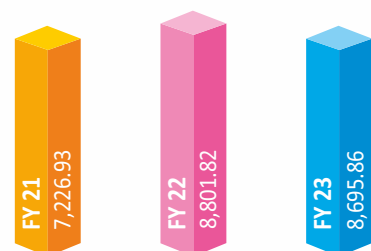
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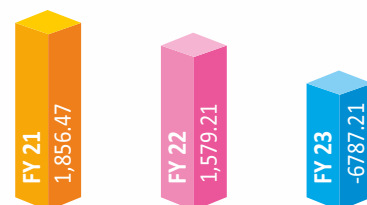
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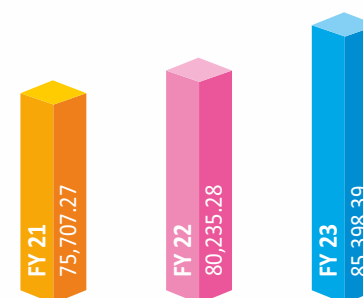
Operating Revenue
(Rs. In Lakhs)



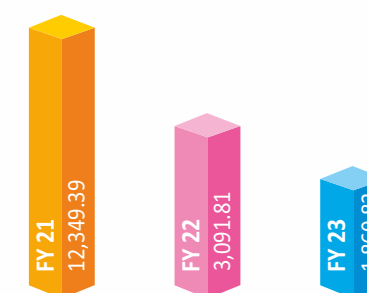
EBITDA
(Rs. In Lakhs)



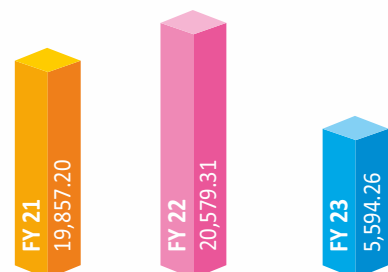
Operating Revenue
(Rs. In Lakhs)



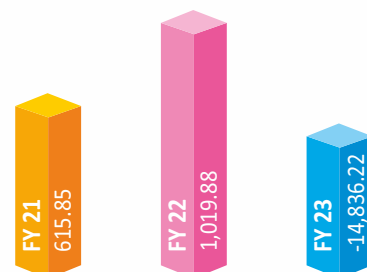
EBITDA
(Rs. In Lakhs)



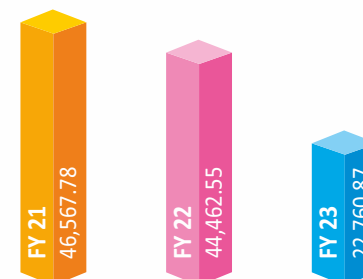
Networth
(Rs. In Lakhs)



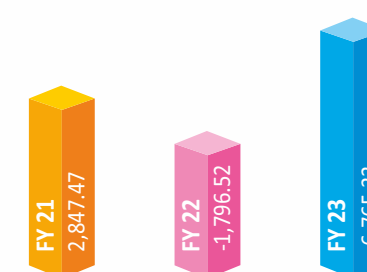
Net Profit
(Rs. In Lakhs)



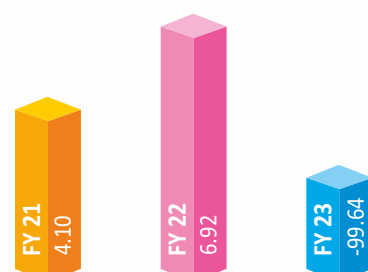
Networth
(Rs. In Lakhs)



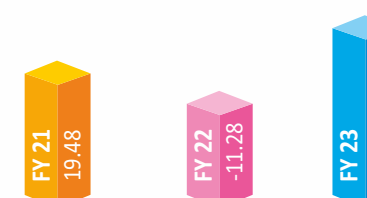
Net Profit
(Rs. In Lakhs)



Earning per share
(In Rs.)



Earning per share
(In Rs.)





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Director's Reports

Dear Members,

The Board of Directors are pleased to present the Company's 61st Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2023.

1. Financial summary or highlights/Performance of the Company

Financial results of the Company for the year under review along with previous year's figures are given hereunder.

(₹ in Lakh)

| Particulars | Standalone | | Consolidated | |
|---|--------------------|------------------|-------------------|-------------------|
| | 2022-2023 | 2021-2022 | 2022-2023 | 2021-2022 |
| Revenue from operations | 8,695.86 | 8,801.82 | 85,398.39 | 80,235.28 |
| Other revenue | 2,823.48 | 2,458.39 | 1,237.22 | 2,029.39 |
| Total revenue | 11,519.23 | 11,260.21 | 86,635.61 | 82,264.67 |
| Profit Before Financial charges, tax and Depreciation | 1851.29 | 1942.56 | 6,046.70 | 3091.79 |
| Less: Finance Charges | 598.75 | 150.24 | 4,068.43 | 733.63 |
| Less: Depreciation | 652.21 | 576.36 | 4,377.21 | 4,205.45 |
| Profit Before Tax and Exceptional Items | 600.33 | 1,215.96 | (2,398.94) | (1,847.28) |
| Less Exceptional items | 15,047.13 | 363.35 | 4,185.88 | 296.02 |
| Profit/Loss before Tax | (14,446.80) | 852.61 | (6,584.82) | (2,143.30) |
| Add/Less: Current Income Tax | 302.97 | 293.95 | 1,166.11 | 885.00 |
| Less: (Excess)/Short Provision for Income Tax of earlier year | (69.09) | 8.12 | (117.54) | (146.08) |
| Less: MAT Credit | - | - | 2.31 | - |
| Add/Less: Deferred tax | 148.64 | (479.42) | (892.26) | (1,203.11) |
| Profit/Loss after tax | (14,829.32) | 1,029.96 | (6,743.44) | (1,679.11) |
| Other comprehensive income/Loss | (6.90) | (10.08) | (21.89) | (117.41) |
| Total comprehensive income/Loss for the year | (14,836.22) | 1,019.88 | (6,765.33) | (1,796.52) |
| Surplus in statement of P & L carried to Balance Sheet | (623.05) | 14,362.12 | 12,628.03 | 47,485.69 |
| Earnings per share (EPS). | (99.64) | 6.92 | (45.70) | (10.71) |

* Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

During the current year, Revenues from operation of the Company, on standalone basis, decreased by 1.20 % from Rs. 8,801.82 Lakhs to Rs. 8,695.86 Lakhs. The Profit/(loss) after tax before other Comprehensive income, for the current year decreased to Rs. (14,829.32) Lakhs as compared to Rs. 1,029.96 Lakhs previous year. The net Profit/ (loss) after other Comprehensive income is also decreased to Rs. (14,836.22) Lakhs as compared to Rs. 1,019.88 Lakhs previous year.

On Consolidated basis, the overall revenue increased by 6.43% from Rs. 80,235.28 Lakhs to Rs. 85,397.87 Lakhs, however the Consolidated Profit after tax and other comprehensive income decreased to Rs. (6,764.88) Lakhs as against the Previous Year of Rs. (1,796.52) Lakhs.

The company's earned an operational profit of Rs. 6.00 crores for 2022-23. However, the company provided for exceptional items to the tune of Rs. 150 crores (KTIMPL guarantee: 55 crores, KTIMPL advances: 53 crores, MRACL capital advance: 33.5 crores, MAHE advance 4.5 crores, MEF advance: 4.5 crores), therefore, leading to the reported loss of Rs. 148.29 crores (after tax).

2. Dividend

During the year the under the review, Directors are not recommending any Dividend for the year owing to the loss incurred as per the Audited Financial Statement for the year 2022-23.

3. 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 along with the reasons thereof

As Company has not done any one time settlement during the year under review hence no disclosure is required.

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

There is no application made or any proceeding pending by or against the Company under the Insolvency and Bankruptcy Code, 2016 during FY 2022-23.

5. Transfer to Reserves

The Losses incurred during the Financial Year 2022-23 has been adjusted against the carry forward retained earnings, hence no amount is being transferred to General reserve.

6. Consolidated Financial Statement

Pursuant to Section 129(3) of the Companies Act, 2013 and IND AS 110 issued by Institute of Chartered Accountant of India, the Consolidated Financial Statements presented by the Company include the

Audited Financial Statements received from Subsidiary Company, as approved by its Boards.

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. However, post - closing of the year, the company has exited from the mattress and related businesses via sale of shares held in Kurlon Enterprise Limited during October 2023.

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 are material changes and commitments affecting the financial position of the Company between the end of the Financial Year and the date of this report as listed below;

a) The Company along with its wholly owned subsidiary that is M/s. Kanara Consulting And Service Management Private Limited (Formerly Known as Kurlon Trading and Invest Management Private Limited) ("KTIMPL") has sold all its shares held in M/s. Kurlon Enterprise Limited ("KEL") in the month of October 2023. The shares in KEL were sold to M/s. Sheela Foams Limited at Rs. 588.20 per share. The Company held 3.23 crore shares while KTIMPL held 22.63 lakhs shares.

b) The Company, pursuant to the above transaction, has cleared all the loans to the Banks. Further, KTIMPL has cleared the loans to the Bank and the Company is in the process of discharging the guarantees and closure of mortgages with Bajaj Finance Limited and Kotak Mahindra Investment Limited.

c) The Company has cleared out all dues to its subsidiary M/s. KEL upto the date of the deal closure with M/s. Sheela Foams Limited. The company has also settled lease deposits to the tune of Rs. 153 crores.

d) The Company had provided corporate guarantee towards loans availed by M/s. Manipal Natural Private Limited ("MNPL"), and M/s. Manipal Educational Foundation ("MEF"), from Canara Bank. The Loans of Rs. 23.07 crores of MNPL and Rs. 10.69 crores of MEF have been cleared in the month of October 2023. The Company is in the process of closure of these corporate guarantees provided.

9. Indian Accounting Standards

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

10. Share capital

During the year under the review, the Authorized Share Capital of the Company as on date of Balance Sheet is Rs.

35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and The Paid up share capital of the Company as on date of balance sheet is Rs. 14,88,26,050/- (Rupees Fourteen Crores Eighty Eight Lakhs Twenty Six Thousand Fifty Only) divided into 1,48,82,605 (One Crore Forty Eight Lakhs Eighty Two Thousand Six Hundred Five Only) Equity Shares of Rs. 10/- each.

Buy-back of Securities

The Company has not bought back any of its securities during the year under review.

Issue of sweat equity shares

During the year the Company has neither issued any sweat Equity Shares nor shares with differential voting rights.

Sub-division of equity shares

No subdivision took place during the year under review.

| DIN/PAN | Directors and Key Managerial Personnel | Designation |
|------------|--|-------------------------|
| 00043298 | Mr. T. Sudhakar Pai | Managing Director |
| 00030515 | Mrs. Jaya S. Pai | Director |
| 02825199 | Mrs. Deepa S. Pai | Director |
| 06733156 | Mrs. Jyothi Ashish Pradhan | Director |
| 00232768 | Mr. Jamsheed Minoo Panday | Director |
| 00632775 | Mr. K Venugopal Shetty | Independent Director |
| 03268717 | Mr. Santhosh Kamath | Independent Director |
| 06946494 | Mrs. ASPI Nariman Katgara | Director |
| 07459916 | Mr. Narendra Kudva | Director |
| ABWPR3878C | Mr. Madhusudan Kudluga Raghavendrarao | Chief Financial Officer |

None of the Directors of the Company are disqualified under Section 164 of the Companies Act, 2013.

In accordance with the provisions of the Act, Mrs. Jaya S Pai and Mr. Narendra Kudva, Directors of the Company, retires by rotation at the ensuing Annual General Meeting. The Board of Directors on the recommendation of Nomination and Remuneration Committee ("NRC") has recommended their re-appointment.

Mr. Sanjoy Khan, ceased to be Chief Financial Officer (CFO) of the Company. The Board places on record its appreciation towards valuable contribution made by Mr. Sanjoy Khan during his tenure as Chief Financial Officer of the Company. Further, the Board has appointed Mr. Madhusudan Kudluga Raghavendrarao as CFO of the Company w.e.f May 1, 2023 in place of Mr. Sanjoy Khan.

Mrs. Jyothi Ashish Pradhan (DIN: 06733156) and Mrs. Deepa Sudhakar Pai (DIN: 02825199), were reappointed as Non-Executive Director of the Company in previous

Bonus Shares

The Company has not issued any bonus shares during the year under review.

Employee stock option scheme

The Company has not provided any Stock Option to its employee(s).

11. Name Change of the Company

During the year under the review there was no changes in the name of the Company. However, on 14th June 2023 the name of the Company has been changed from M/s. Kurlon Limited to M/s. Kanara Consumer Products Limited by passing Special resolution through Postal Ballot on 16th May 2023.

12. Directors and Key Managerial Personnel

Following are the Directors and KMPs of the Company as on date of this report.

Annual General Meeting of the Company, liable to be retire by rotation.

Mr. Monu Kumar, ceased to be Company Secretary of the Company with effect from October 25th 2023. The Company is in the process of appointing a Company Secretary for the Company.

Mrs. Jyothi Ashish Pradhan (DIN: 06733156) has been proposed to be appointed as Executive Director of the Company in the ensuing Annual General Meeting of the Company.

13. Declaration by Independent Director

The Independent Directors have submitted the declaration of Independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of Independence as provided in section 149 (6) of the Companies Act, 2013, as amended. The Board took on record the declaration and confirmation submitted by the Independent Directors

regarding their meeting the prescribed criteria of Independence, after undertaking due assessment of the veracity of the same as required.

14. Board Meetings

The Meetings of the Board were held at regular intervals within a time gap of not more than 120 days between two consecutive Meetings. During the year under review 6 (Six) Meetings of the Board of Directors were held on 02.06.2022, 19.07.2022, 09.08.2022, 29.11.2022, 08.02.2023 and 31.03.2023 respectively.

The Agenda of the Meetings are circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

The particular of meetings held and attended by each Director including committee meetings are detailed in the Corporate Governance report, attached as Annexure "B" which forms part of this report.

15. 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 remuneration and commission in its Subsidiary Company Viz. Kurlon Enterprise Limited apart from the commission being received in the Company.

16. Annual Evaluation of Board and its Committees

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 and its Committee. 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 Chairman of the Company after taking into account the views of Executive and Non-Executive Directors. The substantial, and continuing, contribution of the Chairman in the growth of the Company has been highly commended. The Independent Directors also reviewed performance of every Executive and Non-Executive Director 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.

17. Familiarization Program 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.

18. Deposit from Public

The Company has not accepted any deposits from the public within the meanings of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

19. Remuneration Policy

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board. More details on the same are given in the Corporate Governance Report.

20. Details of Subsidiary/Joint Ventures/Associate Companies

During the year, The Company has following subsidiaries, Step down Subsidiaries.

| Sl. No. | Name and address of the Company | CIN/GLN | Subsidiary / Associate Joint Venture |
|---------|--|-----------------------|--------------------------------------|
| 1 | Kurlon Enterprise Limited | U36101MH2011PLC222657 | Subsidiary |
| 2 | Manipal Software & e-Commerce Private Limited | U72200KA2011PTC059084 | Subsidiary |
| 3 | Manipal Natural Private Limited (formerly known as Manipal Natural Extracts Private Limited) | U24290KA2019PTC130068 | Subsidiary |
| 4 | Kurlon Retail Limited* | U36104KA2012PLC065664 | Step-down Subsidiary |
| 5 | Sirar Solar Energies Private Limited** | U40106KA2016PTC097367 | Step-down Subsidiary |
| 6 | Sevalal Solar Private Limited** | U40106KA2016PTC094328 | Step-down Subsidiary |
| 7 | Sirar Dhotre Solar Private Limited** | U40300KA2016PTC097314 | Stepdown Subsidiary |
| 8 | Kanvas Concepts Private Limited | U74999KA2020PTC138867 | Step-down Subsidiary |

| Sl. No. | Name and address of the Company | CIN/GLN | Subsidiary / Associate Joint Venture |
|---------|--|-----------------------|--------------------------------------|
| 9 | Komfort Universe Products and Services Limited | U52520KA2021PLC143244 | Step-down Subsidiary |
| 10 | Belvedere International Limited | U52520KA2020PLC142418 | step-down Subsidiary |
| 11 | Starship Value Chain and Manufacturing (P) Limited (formerly known as Starship Manufacturing and Services Private Limited) | U36900KA2020PTC139535 | step-down Subsidiary |

* Kurlon Enterprise Limited holds 100% stakes in the Company

** Kurlon Enterprise Limited holds 93.80% shares of each Company during the year

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 therefore not repeated to avoid duplication.

Pursuant to the sale of shares of M/s. Kurlon Enterprise Limited and its subsidiaries, the new structure of the Company and its subsidiaries are as below:

| Sl. No. | Name and address of the Company | CIN/GLN | Subsidiary / Associate Joint Venture |
|---------|---|-----------------------|--------------------------------------|
| 1. | Manipal Software & e-Commerce Private Limited | U72200KA2011PTC059084 | Subsidiary |
| 2. | Manipal Natural Private Limited (formerly known as Manipal Natural Extracts Private Limited) | U24290KA2019PTC130068 | Subsidiary |
| 3. | Sirar Solar Energies Private Limited | U40106KA2016PTC097367 | Subsidiary |
| 4. | Sevalal Solar Private Limited | U40106KA2016PTC094328 | Subsidiary |
| 5. | Sirar Dhotre Solar Private Limited | U40300KA2016PTC097314 | Subsidiary |
| 6. | Kanara Consulting And Service Management Private Limited (Formerly Known as Kurlon Trading and Invest Management Private Limited) | U67190MH2022PTC382693 | Subsidiary |

21. Directors' Responsibility Statement

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

- 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;
- 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;
- 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. They have laid down Internal Financial Controls, which are adequate and are operating effectively.

f. 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.

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 believes that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximizes 'Your' long-term value.

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. It has put in place an effective Corporate Governance System in the Company not only for the good secretarial practice but to ensure that the businesses of the Company are being conducted in transparent manners. A Report on Corporate Governance is disclosed as Annexure "B" forming part of this Report.

23. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 59th 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 59th AGM until the conclusion of 64th AGM of the Company.

The Company has received confirmation from the Auditors that they are eligible to continue as the statutory auditors of the Company. Pursuant to amendments in Section 139 of the Act, the requirements to place the matter relating to such appointment for ratification by Members at every AGM has been done away with. The Reports given by M/s. S. R. Batliboi & Associates, Chartered Accountants LLP on the standalone and consolidated financial statements of the Company for FY 2022-23 are part of the Annual Report.

During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and the Code of Ethics issued by the Institute of Chartered Accountants of India.

24. 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 Auditors' Report on standalone financials, does contain qualification, reservation, adverse remark or disclaimer and it is as follows:

"To note M/s. Manipal Natural Private Limited to the accompanying standalone financial statements which describes the management's assessment regarding recovery of loan and investment from one of its wholly owned subsidiary companies as at March 31, 2023, amounting to Rs. 678.15 lakhs and Rs. 601.00 lakhs respectively. Further, as stated in the aforesaid note, the recovery of loan and investment is dependent on future profitability of aforementioned subsidiary company which is uncertain presently. Considering the aforesaid factors, we are unable to comment on the recoverability

of loan and investment and consequent provision, if any, cannot be determined at present".

The Directors of the Company are of the view that MNPL is in the second year of commercial operations and expect the business to meet its objective in three to five are horizon, given the nature of the industry it operates. MNPL operates on global platform which takes three to six months for each customer related actions to fructify into profitable business. The current order book together with projections have been shared with the Auditors.

25. Secretarial Auditor:

The provisions of Section 204 of the Companies act are not applicable to the Company hence your Company is not required to appoint Secretarial Auditor.

26. Cost Auditor:

During the year under the review, Cost audit is not applicable to the Company.

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

Pursuant to the provisions of the Act, read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('Rules'), the dividends, unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to the IEPF. Accordingly, unclaimed dividends from FY 2008 to 2012 has already been transferred to the IEPF authority within stipulated time period, Further, the shares pertaining to which dividend remains unclaimed for a consecutive period of seven years from the date of transfer of the dividend to the Unpaid Dividend Account (from FY 2008-2012), as mandatorily required to be transferred to the IEPF Authority had also been transferred by the company within stipulated time period to IEPF authority established by the Central Government.

However, during the year under review, the Company has not transferred any amount to IEPF as no amounts were due to be transferred in respect of immediate previous 7 years.

Any shareholder whose unclaimed dividend and shares pertaining thereto, have been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in web-form IEPF-5. Upon submitting a duly completed form, shareholders are required to take print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Nodal Officer, at the Registered Office of the Company or to the share transfer agent (RTA) of the Company. The instructions for

the web-form can be downloaded from the website of Ministry of Corporate Affairs at www.iepf.gov.in. Shareholders are also requested to contact the RTA for encashing the unclaimed dividend, if any, standing to the credit of their account for the subsequent dividend as and when declared by the company.

Any shareholders who wish to know the status of unclaimed dividend or shares can directly approach to

the company or its RTA as the company does not have its own website to disclose list of unclaimed dividends and shares transferred to IEPF authority

28. 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 | 12-06-2020 | Loan repayable on demand | Manipal Natural Private Limited | Operational and working capital | 678.15 |
| Loan | 19-08-2020 | Loan repayable on demand | Manipal Academy of Health and Education Private Limited | Operational | 459.17 |
| Loan | 08-02-2021 | Loan repayable on demand | Manipal Educational Foundation | Operational | 446.91 |
| Collateral Security & Guarantee | 22-06-2022 | Collateral security and Guarantee | Manipal Educational Foundation | Working capital | 629.00 |
| Corporate Guarantee | 06-01-2022 | Corporate Guarantee | Manipal Natural Private Limited | Working capital | 3,950.00 |
| Investment | 26-03-2022 | Investment in the equity shares | Manipal Natural Private Limited | NA | 600.00 |
| Investment | 02-06-2022 | Investment in the equity shares | Kanara Consulting And Service Management Private Limited (Formerly Known as Kurlon Trading and Invest Management Private Limited) | NA | 0.1 |

29. Particulars of Contracts or Arrangements with related parties

All related party transactions pursuant to Section 188(1) of the Act that were entered into during the Financial Year were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by your Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which might have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is also obtained from the Audit Committee for the related party transaction which are of repetitive nature.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given elsewhere in this report and the same forms part of this report. (For Related party transaction please refer to Note No.32 to the Standalone Financial Statement)

Form AOC-2, containing the note on the aforesaid related party transactions is annexed as Annexure – D.

30. Risk Management System

The Company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried

out to identify, evaluate, manage and monitor and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the Company.

31. Environment & Safety

Since inception the Company has striven to embed environmental considerations in business decisions & continues its focus on Environmental Management System which is a structured and systematic process for achieving continuous improvement in environmental performance.

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

The Company is also committed to ensure the safety of all its employees and others connected with its operations. 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.

32. 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.

33. Corporate Social Responsibility (CSR)

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which works under the direct supervision of Mrs. Jaya S Pai, Director, who also acts as the Chairperson of the Committee. Mrs. Jyothi A Pradhan, Director and Mr. Kuthethoor Venugopal Shetty, Independent Directors of the Company, are members of the Committee. The Committee manages and oversees the CSR projects of your Company. The CSR activities are based on the CSR policy approved by the Board of directors of the Company. A brief outline of which is appended as Annexure "C" an integral part of this report.

34. Audit Committee

The Board has constituted an Audit Committee with Mr. Santhosh Kamath, Independent Director of the Company as Chairperson, Mr. Kuthethoor Venugopal Shetty, Independent Director and Mr. ASPI Nariman Katgara, Non- Executive Director of the Company as Members. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report.

35. Nomination and Remuneration Committee ("NRC")

The Board has constituted a Nomination and Remuneration Committee with Mr. K Venugopal Shetty, Independent Director of the Company as Chairperson, Mr. Santhosh Kamath, Independent Director, Mrs. Jaya S Pai, Non- Executive Director and Mr. Narendra Kudva, Non- Executive Director of the Company as Members.

36. Shareholders / Investors Grievance Committee ("SRC")

The Board has constituted a Shareholders/ Investors Grievance Committee (SRC) with Mr. Narendra Kudva, Non- Executive Director of the Company as Chairperson, Mrs. Jyothi A Pradhan, Non- Executive Director and Mr. K Venugopal Shetty, Independent Director of the Company as Members.

37. Internal Audit and Control

Provisions of Section 138 of the Companies Act, 2013 is not applicable to the Company hence your Company is not required to appoint Internal Auditor.

38. Extract of Annual Return:

Pursuant to the amendments to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, The annual return of the Company for FY 2022-23 will be filed to ROC within the prescribed time period. The same will be uploaded in www.kacpl.com.

39. Secretarial Standards

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

40. 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.

41. Fraud Reporting (required by Companies Amendment Bill, 2014):

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013. Further, no case of Fraud has been reported to the Management from any other sources.

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

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A policy on Prevention of Sexual Harassment at Workplace has been released by the Company. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. Three-member Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority. The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

No complaints pertaining to sexual harassment was reported during the year.

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

The details of conservation of energy, technology absorption, foreign exchange earnings and out go during the year are as follows:

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.

B. Technology absorption

| | | |
|-------|--|--|
| (i) | the efforts made towards technology absorption | 1. Replace the Fronius solar inverter by the Solis make to increase the yield of solar. |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution | 1. Replacment of inverter will result in the increase the yield of power generation of 5%. |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | 1) SA330 quilting machine CPU from Foshan Yuantian Mattress Machinery Co., Ltd, China. |
| | a) the details of technology imported | 1) Servo drive control unit for SA330 quilting machine. |
| | (b) the year of import; | 1) Year 2022 |
| | (c) whether the technology been fully absorbed | 1) Yes, the CPU is installed on yuantian quilting machine. |
| (iv) | (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | NA |
| | the expenditure incurred on Research and Development | |

(b) Foreign Exchange Earnings and Outgo

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

44. Human Resources

Your Company assigns a great deal of importance to this most precious resource. It has a full-fledged Human Resource Department that seeks to attract and recruit the best possible talent and groom it to fulfill its vision for the future. The Directors wish to acknowledge the efforts all employees in raising the performance of the Company. Industrial relations throughout the year continued to remain cordial.

45. Acknowledgements

The Directors wish to place on record their sincere

gratitude for the co-operation, guidance, support and assistance provided during the year by its Bankers, Registrars and Industries Dept. of Govt., Local Authorities, Suppliers, Contractors, Customers and Vendors. Your Directors also wish to express their deep sense of appreciation for the dedicated services rendered by the staff at all levels towards its successful operations. The Directors also thank the Shareholders of the Company for reposing their faith in the Company and for giving their dedicated and ever-willing support towards taking the Company forward on the path of progress and growth.

For and on behalf of Board of Directors of
Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN : U17214KA1962PLC001443

Date : 21-11-2023
Place : Bengaluru

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

Sd/-
(Kothethoor Venugopal Shetty)
Independent Director
DIN : 00632775

A. Conservation of energy

| | | |
|-------|---|--|
| (i) | the steps taken or impact on conservation of energy | <ul style="list-style-type: none">Thermic fluid heater efficiency is maintained and monitored at 80 to 85% to get good specific fuel consumption.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 imparting 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 | <ul style="list-style-type: none">1MWP solar plant is monitoring daily basis and analyse the generation utalisation and export |
| (iii) | The capital investment on energy conservation equipment's | <ol style="list-style-type: none">Energy management system 1.5 Lacs INRNew drive in the dust exhaust system 13.5 Lacs INRLew leister technology lamination machine 15 Lacs INR |

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 including step down subsidiaries

(₹ in Lakh)

| Sl. No. | Particulars | (1) | (2) | (3) |
|---------|---|---------------------------|------------------------|---|
| 1 | Name of Subsidiary/step down subsidiary | KURLON ENTERPRISE LIMITED | KURLON RETAIL LIMITED* | KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED* |
| 2 | Date of Incorporation | 03-10-2011 | 31-08-2012 | 18-01-2021 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting Period | NA | NA | 18.01.2021 to 31.03.2022 |
| 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 | 1,827.62 | 763.33 | 5.00 |
| 6 | Reserves & Surplus | 45,982.34 | (2,657.89) | (386.47) |
| 7 | Total Assets | 72,361.62 | 1,523.85 | 132.04 |
| 8 | Total Liabilities (Excluding Share capital & Reserve & Surplus) | 24,551.66 | 3418.41 | 513.51 |
| 9 | Investments | 1,602.30 | - | - |
| 10 | Turnover/Income from operations | 84,287.22 | 1,852.95 | 231.05 |
| 11 | Profit/(Loss) before Tax | (1,774.96) | (59.21) | (9.07) |
| 12 | Provision for Taxation | (457.51) | - | - |
| 13 | Profit/(Loss) After Tax | (1,317.45) | (59.21) | 7.37 |
| 14 | Proposed Dividend | 731.05 | - | - |
| 15 | % of shareholding | 84.60% | 100% | 100% |

(₹ in Lakh)

| Sl. No. | Particulars | (4) | (5) | (6) |
|---------|---|----------------------------------|----------------------------------|---|
| 1 | Name of Subsidiary/ step down 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 | (137.76) | (113.84) | 787.69 |
| 7 | Total Assets | 279.40 | 82.37 | 4,780.91 |
| 8 | Total Liabilities (Excluding Share capital & Reserve & Surplus) | 468.85 | 195.21 | 3992.72 |
| 9 | Investments | - | - | - |
| 10 | Turnover/Income from operations | 1,320.66 | 39.42 | 10,530.86 |
| 11 | Profit/(Loss) before Tax | (95.14) | (4.76) | 459.17 |
| 12 | Provision for Taxation | (1.48) | (4.12) | 216.81 |
| 13 | Profit/(Loss) After Tax | (93.66) | (0.64) | 242.36 |
| 14 | Proposed Dividend | - | - | - |
| 15 | % of shareholding | 100% | 100% | 100% |

(₹ in Lakh)

| Sl. No. | Particulars | (7) | (8) | (9) |
|---------|---|---------------------------------|--------------------------------------|--|
| 1 | Name of Subsidiary/step down subsidiary | SEVALAL SOLAR PRIVATE LIMITED** | SIRAR DHOTRE SOLAR PRIVATE LIMITED** | SIRAR SOLAR ENERGIES PRIVATE LIMITED** |
| 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 | 18.01.2021 to 31.03.2022 |
| 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 | 35.5 |
| 11 | Profit/(Loss)before Tax | (42.59) | (121.75) | (138.4) |
| 12 | Provision for Taxation | 0.79 | (5.05) | (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% |

(₹ in Lakh)

| Sl. No. | Particulars | (10) | (11) | (12) |
|---------|---|--|---------------------------------|--|
| 1 | Name of Subsidiary/step down subsidiary | MANIPAL SOFTWARE & E-COM PRIVATE LIMITED | MANIPAL NATURAL PRIVATE LIMITED | KANARA CONSULTING AND SERVICE MANAGEMENT PRIVATE LIMITED |
| 2 | Date of Incorporation | 09-06-2011 | 26-11-2019 | 14-05-2022 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting Period | NA | NA | 14-05-2022 to 31-03-2023 |
| 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 | 65.00 | 1.00 | 0.10 |
| 6 | Reserves & Surplus | 168.37 | (1,442.72) | (2,453.51) |
| 7 | Total Assets | 295.91 | 3,269.82 | 20,559.23 |
| 8 | Total Liabilities (Excluding Share capital & Reserve & Surplus) | 62.54 | 4562.15 | 23,012.65 |
| 9 | Investments | - | - | 20,000.00 |
| 10 | Turnover/Income from operations | 562.36 | 1,499.20 | - |
| 11 | Profit/(Loss)before Tax | 113.29 | (1,310.54) | (2,453.51) |
| 12 | Provision for Taxation | 37.27 | (6.22) | (2.45) |
| 13 | Profit/(Loss) After Tax | 113.29 | (1,304.32) | (2,453.51) |
| 14 | Proposed Dividend | - | - | - |
| 15 | % of shareholding | 98.46% | 100.00% | 100.00% |

* Wholly Owned Subsidiary (WOS) of M/s Kurlon Enterprise Limited

** 93.80% held by M/s Kurlon Enterprise Limited in each Company

Figures as at 31.03.2023 are presented of each Subsidiaries.

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 Board of Directors of
Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN : U17214KA1962PLC001443

Date : 21-11-2023
Place : Bengaluru

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

Sd/-
(Kothethoor Venugopal Shetty)
Independent Director
DIN : 00632775

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is essentially a system by which Companies are governed and controlled by the management under the direction and supervision of the Board in the best interest of all stakeholders. 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.

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 to last. 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 of Directors, as on 31st March, 2023, comprised 9 Directors, of which 6 are Non-Executive Directors, one Managing Director and 2(Two) Non-Executive, Independent Directors. All Directors possess relevant qualifications and experience in general corporate management, finance, and other allied fields which enable them to effectively contribute to the Company in their capacity as 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 | Category | Attendance at the Board Meeting during the F.Y. 2022-23 | Attendance at the Last AGM | As on 31-03-2023 | | |
|--|----------------------------|---|----------------------------|----------------------------------|---|--|
| | | | | No. of Directorship in other Co. | Committee membership in other Companies | Chairman in Committees in which they are members |
| Mr. T Sudhakar Pai Managing Director DIN: 00043298 | Executive Promoter | 5 | Yes | 17 | 2 | - |
| Mrs. Jaya S Pai Director DIN: 00030515 | Non-Executive, Promoter | 6 | Yes | 10 | 2 | 1 |
| Sri. K V Shetty Director DIN: 00632775 | Non-Executive, Independent | 6 | No | 1 | - | - |

| Name of Director | Category | Attendance at the Board Meeting during the F.Y. 2022-23 | Attendance at the Last AGM | As on 31-03-2023 | | |
|--|----------------------------|---|----------------------------|----------------------------------|---|--|
| | | | | No. of Directorship in other Co. | Committee membership in other Companies | Chairman in Committees in which they are members |
| Sri. Santhosh Kamath Director DIN: -03268717 | Non-Executive, Independent | 4 | No | - | - | - |
| Mrs. T Deepa Pai Director DIN: 02825199 | Non-Executive | 2 | Yes | 2 | - | - |
| Mrs. Jyothi A Pradhan Director DIN: 06733156 | Non-Executive | 6 | Yes | 7 | - | - |
| Mr. Narendra Kudva Director DIN: 07459916 | Non-Executive | 5 | Yes | 2 | - | - |
| Mr. Jamsheed M Panday Director DIN: 00232768 | Non-Executive | 6 | Yes | 16 | 4 | - |
| Mr. ASPI Katgara Director DIN: 06946494 | Non-Executive | 5 | Yes | 7 | - | - |

III. Meetings

During the financial year under review the Board of Directors of your Company met 6 (Six) times as at 02.06.2022, 19.07.2022, 09.08.2022, 29.11.2022, 08.02.2023 and 31.03.2023 respectively and the gap between two meetings did not exceed 120 days.

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 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, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

- 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.
- Discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.

- Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.

- 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.

- Hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.

- 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.

- Review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.

- Review with the management, performance of the statutory and internal auditors.

- 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.

- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- 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.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.

| Name of the Member | Category | No. of meetings | |
|----------------------|----------------------------|----------------------|----------|
| | | Held during the Year | Attended |
| Mr. Santhosh Kamath | Independent, Non-Executive | 3 | 3 |
| Mr. Venugopal Shetty | Independent, Non-Executive | 3 | 3 |
| Mr. ASPI Katgara | Non-Executive | 3 | 3 |

The Committee met 3 (Three) times during the Financial Year 2022-2023 as at 02.06.2022, 29.11.2022 and 08.02.2023, respectively. The necessary quorum was present at the above meetings.

The Chairperson of the Audit Committee, was present at the Annual General Meeting of the Company. Company Secretary acts as secretary to the meeting.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

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

- To formulate criteria for determining qualifications, positive attributes and independence of a director.
- To formulate criteria for evaluation of independent directors on the Board.
- To recommend to the Board policy relating to remuneration for directors, Key Managerial Personnel and other senior management.
- To carry out evaluation of every Director's performance;

- Review and monitor the statement of use and application of funds raised through public offers and related matters.

- Review the functioning of the Whistle Blower/Vigil mechanism.

- Review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.

- 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:

- To devise policy on Board diversity;
- 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

In terms of the provisions of Section 178 of the Act, your Company has duly constituted a Nomination and Remuneration Committee ("NRC") with a view to review and recommend the payment of remuneration, commission and finalizes service agreements and other employment conditions of Executive Directors & Key managerial personnel. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

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

| Name | Category | No. of meetings | |
|----------------------|----------------------------|----------------------|----------|
| | | Held during the Year | Attended |
| Mr. Santhosh Kamath | Independent, Non-Executive | 2 | 1 |
| Mr. Venugopal Shetty | Independent, Non-Executive | 2 | 1 |
| Mr. Narendra Kudva | Non-Executive | 2 | 2 |
| Mrs. Jaya S. Pai | Non-Executive | 2 | 2 |

The Committee met 2 (Two) times during the FY 2022-2023 as at 09.08.2022 and 27.03.2023 respectively. The necessary quorum was present at all meetings. 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.

Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees 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 participate 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 Sections 197 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites and Allowances, Contribution to Provident Fund and other funds. The term of appointment of Executive Directors is 5 (five) years.

5. SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE

a. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee ("SRC") are as follows;

1. To approve request for transfer and transmission of shares of the Company;
2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. To approve the dematerialization and re-materialization of shares;
7. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters;
8. Reference to statutory and regulatory authorities regarding investor grievances; and
9. Otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

b. Composition and Attendance during the year;

The SRC met 3 (three) times during the year as at 09.08.2022 and 27.03.2023 respectively.

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 | Category | No. of meetings | |
|----------------------------|----------------------------|----------------------|----------|
| | | Held during the Year | Attended |
| Mrs. Jyothi Ashish Pradhan | Independent, Non-Executive | 2 | 2 |
| Mr. Venugopal Shetty | Independent, Non-Executive | 2 | 2 |
| Mr. Narendra Kudva | Non-Executive | 2 | 2 |

Mr. Narendra Kudva being Non-Executive Director acts as chairperson of the meeting and Company secretary acts as the secretary to the meeting.

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

| Pending at the beginning of the year | Received during the year | Redressed / replied during the year | Pending at the end of year |
|--------------------------------------|--------------------------|-------------------------------------|----------------------------|
| Nil | Nil | Nil | Nil |

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

a. Term of reference

The terms of reference of the Corporate Social Responsibility (CSR) Committee are as follows:-

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act.
- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen.
- Attend to such other matters and functions as may be prescribed from time to time.

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, in order to oversee the CSR Policy of the Company and recommend the amount of expenditure to be incurred on the activities mentioned in the Schedule VII of the Act. The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The Annual Report on CSR activities for the year 2021-22 is annexed as an Annexure "D" 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 | Category | No. of meetings | |
|----------------------------|--------------------------------|----------------------|----------|
| | | Held during the Year | Attended |
| Mrs. Jaya S. Pai | Non-Independent, Non-Executive | 2 | 2 |
| Mrs. Jyothi Ashish Pradhan | Non-Independent, Non-Executive | 2 | 2 |
| Mr. Venugopal Shetty | Independent, Non-Executive | 2 | 2 |

The CSR Committee met 3 (three) times during the FY 2022-23 as at 19.07.2022 and 27.03.2023 respectively. Mrs. Jaya S. Pai acts as the chairperson to the meeting and Company Secretary of the Company acts as the secretary to the meeting.

7. GENERAL BODY MEETINGS

A. Particulars of past three Annual General Meetings of the Company:

| Year | Date | Venue | Summary of special resolution(s) passed if any, | Time |
|------|------------|-------------------------------|---|------------|
| 2022 | 29-12-2022 | Held through Video Conference | NA | 11:30 A.M |
| 2021 | 29-11-2021 | Held through Video Conference | To appoint Mr. K Venugopal Shetty as an independent director of the Company | 11: 30 A.M |
| | | | To appoint Mr. Santhosh Kamath as an independent director of the Company | |
| 2020 | 22-10-2020 | Held through Video Conference | To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2021 | 11: 30 A.M |
| | | | To appoint Mr. Ashish Pradhan as the President of the Company and to hold office/place of profit in the Company | |
| | | | To Increase Borrowing Powers of the Board and authorization limit to secure the borrowings under section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 | |
| | | | To approve issue of unsecured Compulsory Convertible Debentures (CCD) through private placement | |

All resolutions moved at the last Annual General Meeting held on 29.12.2022 were passed by the requisite majority of shareholders except as above which was approved through Special resolution.

B. Extra ordinary General Meeting: There was no Extra ordinary General Meeting held during the year.

C. Postal Ballot

During the year under the review there were no resolutions passed through postal ballot.

8. 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 Karnataka Bangalore.

9. DISCLOSURES

A. Related Party Transactions

All the transactions entered into with Related Parties as per the Companies Act, 2013 during the Financial Year 2022-23 were in ordinary course of business and on an arm's length basis and do not attract provisions of Section

188 of the Companies Act, 2013. Further, there was no material related party transaction which required shareholder's approval. The required statements / disclosures with respect to the related party transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the IND AS-24 have been made in notes to the Financial Statements. Further, the Company has not entered into any transaction of material nature with Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interest of the Company.

B. Management Discussion and Analysis Report.

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

C. 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.

D. 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 behavior, 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.

E. 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 by internal team to ensure that critical risks are controlled by the management.

10. GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

| Day & Date | Time | Venue |
|---------------------------|------------|---|
| Friday, December 29, 2023 | 11.30 A.M. | Venue- E - Meeting, through video Conference (VC) or other Audio-visual Means (OAVM). |

B. Dates of Book Closure - NA

C. Dividend Payment Date - NA

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 Sharegistry (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 Sharegistry (India) Private Limited |
|----------------|--|
| Contact Person | Ms. Purva 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:

| Sr. No. | No. of Shares | No. of Holders | % to Total Holders | Holding | % to Holding | Amount (Rs) | % to Capital |
|---------|-----------------|----------------|--------------------|-----------------|--------------|------------------|--------------|
| 1 | 1 to 100 | 1254 | 63.21 | 71759 | 0.48 | 717590 | 0.48 |
| 2 | 101 to 200 | 224 | 11.29 | 36393 | 0.24 | 363930 | 0.24 |
| 3 | 201 to 500 | 234 | 11.79 | 84026 | 0.56 | 840260 | 0.56 |
| 4 | 501 to 1000 | 103 | 5.19 | 82170 | 0.55 | 821700 | 0.55 |
| 5 | 1001 to 5000 | 122 | 6.15 | 249265 | 1.67 | 2492650 | 1.67 |
| 6 | 5001 to 10000 | 28 | 1.41 | 216258 | 1.45 | 2162580 | 1.45 |
| 7 | 10001 to 100000 | 14 | 0.71 | 320953 | 2.16 | 3209530 | 2.16 |
| 8 | 100001 to Above | 5 | 0.25 | 13821781 | 92.87 | 138217810 | 92.87 |
| | Total | 1984 | 100 | 14882605 | 100 | 148826050 | 100 |

G. Categories-wise list of Shareholders

| Category Code | Description | No. of Shareholders | No. Shares held | Total Value (Rs) | % Equity |
|---------------|--|---------------------|-----------------|------------------|------------|
| 00 | Resident Individuals | 1858 | 723327 | 7233270 | 4.86 |
| 07 | Corporate Promoter Under Same Management | 10 | 13563572 | 135635720 | 91.14 |
| 12 | IEPF | 1 | 48558 | 485580 | 0.33 |
| 30 | NBFCs Registered With RBI | 1 | 4000 | 40000 | 0.03 |
| 31 | Bodies Corporate | 30 | 66489 | 664890 | 0.45 |
| 32 | Clearing Members | 2 | 1645 | 16450 | 0.01 |
| 40 | Promoter | 7 | 425950 | 4259500 | 2.86 |
| 47 | Employee | 15 | 3480 | 34800 | 0.02 |
| 94 | N.R.I. (non-repat) | 13 | 9680 | 96800 | 0.07 |
| 95 | N.R.I. (repat) | 5 | 7050 | 70500 | 0.05 |
| 97 | Trust | 2 | 7700 | 77000 | 0.05 |
| 98 | Hindu Undivided Family | 40 | 21154 | 211540 | 0.14 |
| | Total | 1984 | 14882605 | 148826050 | 100 |

H. Dematerialization of shares and liquidity:

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

| | | |
|----------------------------------|---|--------|
| Physical form | : | 1.68% |
| Electronic form with NSDL & CDSL | : | 98.32% |

I. Factories / Plant Locations

All factories/Plant location is mentioned on the first page of this Annual Report.

J. Address for Correspondence:

The shareholders may send their grievances/ queries to the Registrar and Share Transfer Agents at their Address mentioned elsewhere in this report or to the Company at:

1. Secretarial Department

Kanara Consumer Products Limited
(Formerly Known as Kurlon Limited,)
N-301, 3rd Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, Bangalore-560042.
E-mail : secretary@manipal.com

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

Please refer Board Report for more details.

For and on behalf of Board of Directors of
Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN : U17214KA1962PLC001443

Date : 21-11-2023
Place : Bengaluru

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

Sd/-
(Kothethoor Venugopal Shetty)
Independent Director
DIN : 00632775

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline on CSR policy of the Company: The Board of Directors (the 'Board') of "Kanara Consumer Products Limited (Formerly known as "Kurlon Limited") has adopted a CSR policy, which includes:

a. To direct Company's CSR Programs, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;

b. To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development.

c. To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;

d. To pursue CSR Programs primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;

e. To carry out CSR Programs in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;

f. To carry out activities at the time of natural calamity or engage in Disaster Management system;

g. To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;

h. To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;

i. To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognized as CSR activity;

j. To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

2. 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 | 2 | 2 |
| 2 | Mrs. Jyothi Ashish Pradhan | Member, Non-independent Non-Executive Director | 2 | 2 |
| 3 | Mr. K. Venugopal Shetty | Member, Independent, Non-Executive Director | 2 | 2 |

3. 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

The web- link related to Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company is www.kacpl.com

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

| 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 | 0.26 | - |
| | Total | 0.26 | - |

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

5. 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;

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

| Year | Amount (Rs. lakhs) |
|----------------|--------------------|
| 2019-2020 | 261.93 |
| 2020-2021 | 92.91 |
| 2021-2022 | (309.85) |
| Total | 44.99 |
| Average | 14.99 |

7. Prescribed CSR Expenditure for FY 2022-23

| Particulars | Amount (Rs. lakhs) |
|--|--------------------|
| a). Two percent of average net profit of the company as per section 135(5) | 0.30 |
| 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 | 0.26 |
| Total CSR obligation for the financial year (7a-7b). | 0.04 |

8. a) CSR amount spent or unspent for the financial year:

| 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 |
| Nil | Nil | Nil | Nil | Nil | Nil |

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 | Promotion of Health | Clause I of Schedule VII | No | Madhaya Pradesh Gwalior | 4,4,710 | Yes | NA NA |
| 2 | Protection of environment | Clause IV of Schedule VII | No | Madhaya Pradesh Gwalior | 13,200 | Yes | NA NA |

d) Amount spent in Administrative Overheads: NA

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

f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 17,910/-

g) Excess amount for set off, if any: 13,483/-

| Particulars | Amount (Rs. lakhs) |
|---|--------------------|
| (i). Two percent of average net profit of the company as per section 135(5) | 0.30 |
| (ii). Total amount spent for the Financial Year | 0.43 |
| (iii). Excess amount spent for the financial year [(ii)-(i)] | 0.13 |
| (iv). Surplus arising out of the CSR projects or programs or activities of the previous financial years | - |
| (v). Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.13 |

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 to any fund specified under Sch edule VII as per section 135(6), if any. Name of the Fund Amount (in Rs.). Date of transfer | Amount remaining to be spent in succeeding Financial years. (in Rs.) |
|---------|--------------------------|--|--|---|--|
| - | - | - | - | - - - | - |

* Details of unspent CSR amount of previous year is already mentioned in Point 5 and 8(a).

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

For and on behalf of Board of Directors of
Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN : U17214KA1962PLC001443

Date : 21-11-2023
Place : Bengaluru

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

Sd/-
(Kothethoor Venugopal Shetty)
Independent Director
DIN : 00632775

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, 2022 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 Enterprises Limited | Subsidiary Company | Sale and Purchase of goods | Ongoing | as per BTA | 15.07.2021 | 9079.51 |
| Kurlon Enterprises Limited | Subsidiary Company | Rental Income | NA | NA | 15.07.2021 | 2,209.00 |
| Kurlon Enterprises Limited | Subsidiary Company | Advance | Ongoing | as per BTA | 15.07.2021 | 7,433.58 |
| Manipal Advertising Services (P) Ltd | Entity Significantly influenced by Director(s) | Advertisement Expenses | Ongoing | as per PO | 15.07.2021 | 0.69 |
| Manipal Natural Private Limited | Wholly Owned Subsidiary (WOS) | Loan given | repayable on demand | as per resolution | 12.06.2020 | 678.15 |
| Manipal Natural Private Limited | Wholly Owned Subsidiary (WOS) | Corporate Guarantee/ Securities Given | NA | as per resolution | 08.02.2021 | 8265.76 |
| Manipal Natural Private Limited | Wholly Owned Subsidiary (WOS) | Share Application Money | NA | NA | NA | 200.00 |
| Manipal Nutraceutical Private Limited | Entity Significantly influenced by Director(s) | Loan given | 3 Years | NA | 24.09.2020 22.06.2021 | 40.77 |
| Manipal Academy of health And Education | Entity Significantly influenced by Director(s) | Loan given | 3 Years | as per resolution | 19.08.2020 22.06.2021 | 459.17 |

| Name of related party | Nature of relationship | Nature of Transactions | Duration of Contract | Salient Terms | Date of Board approval | Rs. in Lakhs |
|---|--|---------------------------------------|----------------------|-------------------|--------------------------|--------------|
| Manipal Education Foundation | Entity Significantly influenced by Director(s) | Loan given | 3 Years | as per resolution | 08.02.2021 22.06.2021 | 446.91 |
| Innovative Foam Limited | Entity Significantly influenced by Director(s) | Loan given | 3 Years | as per resolution | 20.03.2021 24.09.2020 | 126.85 |
| Manipal Education Foundation | Entity Significantly influenced by Director(s) | Corporate Guarantee/ Securities Given | NA | NA | 22.06.2021 | 629.00 |
| Alapasara Finvest Care Advisory Private Ltd | Entity Significantly influenced by Director(s) | Loan given | 3 Years | as per resolution | 22.06.2021 | 126.34 |
| Manipal Travels (India) (P) Limited | Entity Significantly influenced by Director(s) | Travel Expenses | Running | NA | 15.07.2021 | 7.45 |

Note : Transactions like payment of managerial remuneration and Dividend are as per the terms approved by the shareholders. Transactions pertaining to rental, interest, legal and professional fees, directors sitting fees and tailoring and

fabrication, loan, advances, dividend, advertisement expenses, sale and purchases are also entered in the ordinary course of business at an arm's length basis as per business requirements of the Company.

For and on behalf of Board of Directors of
Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN : U17214KA1962PLC001443

Date : 21-11-2023
Place : Bengaluru

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

Sd/-
(Kothethoor Venugopal Shetty)
Independent Director
DIN : 00632775

INDEPENDENT Auditor's Report



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **STANDALONE** Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Kanara Consumer Products Limited (formerly known as Kurlon 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, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, 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 Qualified Opinion

We draw attention to note 7(a) to the accompanying standalone financial statements which describes the management's assessment regarding recovery of loan and investment from one of its wholly owned subsidiary companies as at March 31, 2023, amounting to Rs. 678.15 lakhs and Rs. 601.00 lakhs respectively. Further, as stated in the aforesaid note, the recovery of loan and investment is dependent on future profitability of aforementioned subsidiary company which is uncertain presently. Considering the aforesaid factors, we are unable to comment on the recoverability of loan and investment and consequent provision, if any, cannot be determined at present.

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 qualified 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 (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
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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) Except for the effects of the matters described in the Basis of Qualified Opinion paragraph, 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 for the effects of the matters described in the Basis of Qualified Opinion paragraph and 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;

(d) Except for the effects of the matters described in the Basis of Qualified Opinion paragraph, 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) The Qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis of Qualified Opinion paragraph above;

(g) 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;

(h) The matters described in the Basis for Qualified Opinion paragraph and matters described under clause (i) (b), (i)(c) and (iii)(b) of statement on the matters specified in paragraphs 3 and 4 of the Order in "Annexure 1" in our opinion, may have adverse effect on the functioning of the Company;

(i) 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 as applicable;

(j) 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 36 to the standalone financial statements;

ii. The Company has made provision, as required under the accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 17 to the standalone financial statements;

iii. Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund ('IEPF') by the Company.

| Financial year | Amount involved (Rs lakhs) | Date of Payment | Number of Day's of Delay |
|----------------|----------------------------|-----------------|--------------------------|
| 2007-08 | 0.32 | Not paid | Not paid |
| 2008-09 | 0.75 | Not paid | Not paid |
| 2010-11 | 0.01 | Not paid | Not paid |

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 43 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 43 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(f) 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(f) to the standalone financial statements, no dividend has been declared during the year by the Company.

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

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803

UDIN : 22213803BELJ9261

Place : Bengaluru

Date : November 21, 2023

INDEPENDENT Auditor's Report



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
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 KANARA CONSUMER PRODUCTS LIMITED (FORMERLY KNOWN AS KURLON 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) Property, Plant and Equipment have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.

(c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the said banks, the title deeds of the immovable properties included in property, plant and equipment are held in the name of the Company except for certain properties namely Sy.No.437/3 (3 guntas), 438/1A (30 guntas), 438/1B (46 guntas), 438/2 (78 guntas) located at B.H Road, Arasikere, Hassan amounting to Rs 0.29 lakhs are held in the name of Late Mr. Tonse Ramesh Upendra Pai, Father of current Managing Director of the Company and in respect of immovable properties of land 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.

| Particulars | Loans (Rs. in Lakhs) | Security (Rs. in Lakhs) | Guarantee (Rs. in Lakhs) | Advances in the nature of Loans (Rs. in Lakhs) |
|---|-------------------------|----------------------------|-----------------------------|---|
| Aggregate amount granted/provided during the year | | | | |
| - Subsidiaries | 5,532.15 | 8,100.57 | 20,000.00 | - |
| - Others | 87.89 | - | - | 0.80 |
| Balance outstanding(including principal and interest) as at March 31, 2023 # | | | | |
| - Subsidiaries | 678.15 | 10,430.97 | 23,950.00 | - |
| - Others | 460.20 | 629.00 | 629.00 | 2.64 |

(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) As represented to us by the management, 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 43 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 20 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. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements is not required to be filed by the Company with such banks as the working capital limits are backed up by fixed deposits which are under lien. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

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

* Securities given to subsidiaries are common securities to borrowings facilities availed by the Company and its subsidiary Company, Manipal Natural Extract Private Limited and borrowings facilities availed by Kurlon Trading and Invest Management Private Limited.

The aforesaid balance outstanding as at balance sheet date in respect of subsidiaries and others is net of provision made for doubtful recovery of loans given to subsidiaries and others amounting to Rs. 67,73.11 lakhs and net of provision made for doubtful recovery of advances in the nature of loans amounting to Rs. 3,350.61. Also, refer Note 8 in the standalone financial statements and reporting under clause (iii)(b) below.

(b) the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans to companies, firms and other parties and advances in nature of loans given to other parties (i.e., employees) are not prejudicial to the Company's interest except for the loans of Rs. 67,73.11 lakhs, advances in the nature of loans Rs. 33,50.61 and expected provision for guarantee loss of Rs. 55,04.08 lakhs which has been provided since considered doubtful of recovery as of March 31, 2023 . Also refer Note 8 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. The aforesaid Loans are repayable on demand along with interest and the Company has not demanded the same during the year. Also, refer Note 8 in the standalone financial statements and reporting under clause (iii)(b) above.

(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 in the standalone financial statements and reporting under clause (iii)(b) above.

(e) There were no loans granted to companies , firms or other parties which had fallen due during the year. There were no advances in the nature of loans granted to other parties (i.e., employees) which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties. Also, refer Note 8 in the standalone financial statements and reporting under clause (iii)(b) above.

(f) As disclosed in Note 8 in the standalone financial statements, the Company has granted loans which are repayable on demand to companies, firms and other parties. 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:

| Particulars | Related Parties (Amount Rs. lakhs) |
|---|---------------------------------------|
| Aggregate amount of loans/advances in nature of loans - Repayable on demand (Gross amount) | 107,91.41 |
| Percentage of loans/advances in nature of loans to the total loans | 95.68 % |

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

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company. Also refer reporting under clause (iii)(b) above.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
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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 Income tax act, 1961 | Income tax | 44.02 | 2014-15 | Deputy Commissioner of Income Tax |
| | | 3.51 | 2004-05 | High Court of Orissa |
| | | 48.71 | 2005-06 | |
| | | 8.95 | 2000-01 | High Court of Kerala |
| | | 0.25 | 2014-15 | |
| | | 31.38 | 1997-98 | |
| | | 3.64 | 2000-01 | Various States |
| | | 1.66 | 2004-05 | Appellate |
| | | 19.73 | 2008-09 | Tribunals / Boards |
| | | 2.13 | 2010-11 | |
| | | 1.10 | 1995-96 | |
| | | 17.86 | 1996-97 | |
| | | 4.73 | 1998-99 | |
| | | 49.82 | 1999-00 | |
| Value Added Tax of various States, Central Sales Tax and Entry Tax of Various States | Value Added Tax, Sales Tax and Entry Tax | 44.04 | 2000-01 | |
| | | 37.99 | 2003-04 | |
| | | 17.50 | 2004-05 | |
| | | 49.41 | 2005-09 | The Joint Commissioner/ Dy. Commissioner/ Asst. Joint Commissioner/ Dy. Joint Commissioner - Commercial Taxes |
| | | 10.83 | 2005-06 | |
| | | 23.64 | 2006-07 | |
| | | 192.93 | 2007-08 | |
| | | 22.77 | 2008-09 | |
| | | 98.47 | 2009-10 | |
| | | 3.02 | 2010-11 | |
| | | 163.75 | 2011-12 | |
| | | 458.03 | 2012-13 | |
| | | 443.21 | 2013-14 | |
| | | 28.68 | 2014-15 | |
| | | 37.25 | 2015-16 | |
| | | 50.92 | 2016-17 | |

* Excluding amount paid under protest amounting to Rs 313.98 lakhs.



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(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 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.

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

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

| Nature of loan taken | Name of lender | Amount of loan | Name of the subsidiary | Relation | Details of security pledged | Remarks |
|----------------------|------------------------------------|------------------|---------------------------|------------|--|--|
| Term Loan | Bajaj Finance Limited | Rs. 75,00 lakhs | Kurlon Enterprise Limited | Subsidiary | Equity shares and the carrying value of equity shares as of 31 March 2023 is Rs. 166,38.43 lakhs | Loan availed by the Company's subsidiary, Kurlon Trading and Invest Management Private Limited |
| | Kotak Mahindra Investments Limited | Rs. 125,00 lakhs | | | | |

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 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

(d) On an overall examination of the standalone financial statements of the Company, the Company has used funds raised on short term basis aggregating to Rs. 28,344.01 lakhs for long term purposes i.e. funding of operations.

(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's subsidiary has raised loans during the year on the pledge of securities held by the Company in its subsidiary company. Further, the Company's subsidiary has not defaulted in repayment of such loans raised.

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.

INDEPENDENT Auditor's Report



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(xiv)(a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order is not applicable to the Company.

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

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

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

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) 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 incurred cash losses amounting to Rs. 85,24.39 lakhs in the current financial year and Nil amount 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 42 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 135 of the Act. This matter has been disclosed in Note 37 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 37 to the standalone financial statements.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803

UDIN : 22213803BELJZ9261

Place : Bengaluru

Date : November 21, 2023



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
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 KANARA CONSUMER PRODUCTS LIMITED (FORMERLY KNOWN AS KURLON 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 Kanara Consumer Products Limited (formerly known as Kurlon 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.

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

Membership No.: 213803

Place : Bengaluru

Date : November 21, 2023 UDIN : 22213803BELJZ9261

FINANCIAL Statements



Standalone Balance Sheet as at March 31, 2023

| (₹ in Lakh) | | | |
|--|-------|------------------|------------------|
| Particulars | Notes | March 31, 2023 | March 31, 2022 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 10,953.40 | 11,096.41 |
| Capital work-in-progress | 4 | 5.65 | 74.18 |
| Intangible assets | 5 | 0.24 | 0.33 |
| Right of use assets | 6 | 4,222.68 | 4,277.31 |
| Financial assets | | | |
| Investments | 7 | 17,702.30 | 4,714.10 |
| Loans | 8 | 1,155.37 | 2,073.92 |
| Other financial assets | 9 | 1,207.04 | 1,736.64 |
| Income tax assets (net) | 10 | 713.77 | 666.02 |
| Other non-current assets | 11 | 361.56 | 3,993.47 |
| | | 36,322.01 | 28,632.38 |
| Current assets | | | |
| Inventories | 12 | 1,301.78 | 1,703.87 |
| Financial assets | | | |
| Investments | | | |
| Trade receivables | 13 | 197.28 | - |
| Cash and cash equivalents | 14 | 100.17 | 4.43 |
| Other bank balances | 14 | 14.41 | 13.90 |
| Other financial assets | 9 | 45.47 | 113.82 |
| Other current assets | 11 | 281.44 | 306.66 |
| | | 1,940.55 | 2,142.68 |
| Total | | 38,262.56 | 30,775.06 |
| Equity And Liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 1,488.26 | 1,488.26 |
| Other equity | 16 | 4,106.00 | 19,091.05 |
| | | 5,594.26 | 20,579.31 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 1,600.74 | 1,745.84 |
| Other financial liabilities | 17 | - | 41.86 |
| Deferred tax liabilities (net) | 19 | 783.00 | 634.36 |
| Other non current liabilities | 22 | - | 622.00 |
| | | 2,383.74 | 3,044.06 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 641.79 | 1,306.00 |
| Trade payables | 21 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 28.00 | 38.86 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 798.15 | 1,108.38 |
| Other financial liabilities | 17 | 21,242.02 | 308.37 |
| Provisions | 18 | 71.91 | 51.47 |
| Other current liabilities | 22 | 7,502.69 | 4,338.61 |
| | | 30,284.56 | 7,151.69 |
| Total | | 38,262.56 | 30,775.06 |
| 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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775



Serving India
Since 1925

Standalone Statement of Profit and Loss for the year ended March 31, 2022

| (₹ in Lakh) | | | |
|--|-------|--------------------|------------------|
| Particulars | Notes | March 31, 2023 | March 31, 2022 |
| Income | | | |
| Revenue from operations | 23 | 8,695.86 | 8,801.82 |
| Other income | 24 | 2,823.48 | 2,458.39 |
| Total income | | 11,519.34 | 11,260.21 |
| Expenses | | | |
| Cost of raw material consumed | 25 | 6,644.82 | 6,954.18 |
| Changes in inventories of finished goods and work-in-progress | 26 | 203.06 | (45.07) |
| Employee benefit expense | 27 | 581.66 | 616.53 |
| Finance costs | 28 | 598.75 | 150.24 |
| Depreciation and amortisation expense | 29 | 652.21 | 576.36 |
| Other expenses | 30 | 2,238.51 | 1,792.01 |
| Total expenses | | 10,919.01 | 10,044.25 |
| Profit before exceptional items and tax | | 822.58 | 1,215.96 |
| Exceptional items | 30(A) | 15,047.13 | 363.35 |
| Profit before tax | | (8,036.72) | 852.61 |
| Tax expense | | | |
| Current tax | 41 | 302.97 | 293.95 |
| Tax relating to earlier years | | (69.09) | 8.12 |
| Deferred tax charge/(credit) | | 148.64 | (479.42) |
| Total tax expense | | 382.52 | (177.35) |
| Profit for the year | | (14,829.32) | 1,029.96 |
| Other comprehensive income/(loss), net of tax | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gain/(loss) on defined benefit plan | | (9.56) | (13.97) |
| Income tax effect | | 2.66 | 3.89 |
| Total other comprehensive income/(loss), net of tax | | (6.90) | (10.08) |
| Total comprehensive income for the year, net of tax | | (14,836.22) | 1,019.88 |
| Earnings per equity share : | | | |
| Basic and Diluted | | | |
| [Nominal value of shares Rs. 10 (March 31, 2022 : Rs. 10)] | 31 | (99.64) | 6.92 |
| 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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775

FINANCIAL Statements



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

| Particulars | ₹ in Lakh | |
|--|-------------------|-------------------|
| | March 31, 2023 | March 31, 2022 |
| A. Cash flow from operating activities | | |
| Profit before tax | (14,446.80) | 852.61 |
| Non cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation expense | 652.21 | 576.36 |
| Provision for doubtful advances | 3,350.61 | 20.40 |
| Provision for impairment of equity instruments | - | 5.00 |
| Provision for doubtful loans | 6,192.44 | 358.35 |
| Finance cost | 593.78 | 146.73 |
| Interest income | (303.20) | (319.56) |
| Rental income | (2,346.38) | (116.54) |
| Gain on sale of investments | - | (168.54) |
| Dividend income | (161.69) | (1,546.21) |
| Loss on sale of property, plant and equipment | 20.01 | - |
| Operating cash flow before working capital changes | (6,449.02) | (191.40) |
| Working capital adjustments : | | |
| Increase/(decrease) in trade payables | (321.09) | 451.72 |
| Increase/(decrease) in other financial liabilities | 20,891.79 | 39.97 |
| Increase/(decrease) in other liabilities | 2,542.08 | (858.83) |
| Increase/(decrease) in provisions | 10.88 | 28.49 |
| Decrease/(increase) in inventories | 402.09 | (391.31) |
| Decrease/(increase) in trade receivables | (197.28) | - |
| Decrease/(increase) in loans | (5,274.63) | (617.92) |
| Decrease/(increase) in other financial assets | 579.95 | 121.41 |
| Decrease/(increase) in other assets | 3,660.59 | 51.79 |
| Cash used in operating activities | 15863.36 | (1,366.08) |
| Direct taxes paid (net of refunds) | (281.63) | 405.32 |
| Net cash used in operating activities (A) | 15,581.73 | (960.76) |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment, including capital work in progress and capital advances | (3,766.97) | (1,594.51) |
| Dividend received | 161.69 | 1,546.21 |
| (Investment)/redemption in bank deposit | - | (190.00) |
| Proceeds sale of investment in subsidiary | 0.00 | 185.37 |
| Investment in subsidiary | (12,988.20) | - |
| Rent received | 2,346.38 | 116.54 |
| Proceeds from sale of property, plant and equipment | 10.40 | - |
| Movement in earmarked balances, net | (0.56) | (104.11) |
| Interest received | 303.20 | 221.83 |
| Net cash flow generated from /(used in) investing activities (B) | (13934.06) | 181.33 |
| C. Cash flows from financing activities | | |
| Net (repayment of)/proceeds from short-term borrowings | (809.31) | 1,032.17 |
| Repayment of lease liabilities | | |
| Interest paid | (593.78) | (154.92) |
| Dividend paid | (148.83) | (297.60) |
| Net cash flow generated from financing activities (C) | (1,551.92) | 579.65 |
| Net increase in cash and cash equivalents (A + B + C) | 95.74 | (199.78) |
| Cash and cash equivalents at the beginning of the year | 4.43 | 204.21 |
| Cash and cash equivalents at the end of the year | 100.70 | 4.43 |
| Components of cash and cash equivalents as at end of the year | | |
| Cash in hand | 0.71 | 0.49 |
| Balances with banks : | | |
| In current accounts | 99.46 | 3.94 |
| Total cash and cash equivalents (Refer Note 13) | 100.17 | 4.43 |
| Non-cash investing and financing activities | | |
| Acquisitions to right-of-use assets (Refer Note 6) | - | - |
| Refer Note 19 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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director
DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director
DIN : 00632775



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

(a) Equity share capital

Equity shares of Rs.10 each issued, subscribed and fully paid up

| | ₹ in Lakh | |
|-------------------------------|--------------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| | Nos. | Amount |
| At the beginning of the year | 1,48,82,605 | 1,488.26 |
| Changes during the year | - | - |
| At the end of the year | 1,48,82,605 | 1,488.26 |

b. Other Equity

| | ₹ in Lakh | | | | |
|-------------------------------------|--------------------|-----------------|-----------------|-------------------|------------------|
| | Securities premium | Capital reserve | General reserve | Retained earnings | Total |
| Balance as at April 01, 2021 | 293.81 | 970.81 | 3,464.43 | 13,639.77 | 18,368.82 |
| Profit for the year | - | - | - | 1,029.96 | 1,029.96 |
| Other comprehensive income | - | - | - | (10.08) | (10.08) |
| Balance as at March 31, 2022 | 293.81 | 970.81 | 3,464.43 | 14,362.00 | 19,091.05 |
| Profit for the year | - | - | - | (14,829.32) | (14,829.32) |
| Other comprehensive income | - | - | - | (6.90) | (6.90) |
| Dividend paid | - | - | - | (148.83) | (148.83) |
| Balance as at March 31, 2023 | 293.81 | 970.81 | 3,464.43 | 623.05 | 4,106.00 |

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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director
DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director
DIN : 00632775

FINANCIAL Statements



Notes to the Standalone Financial Statements for the year ended March 31, 2023

Notes to the Standalone Financial Statements for the year ended March 31, 2023

4. Property, plant and equipment

(₹ in Lakh)

| | Freehold land | Leasehold Land | Buildings | Plant & Machinery | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Total | Capital Work in Progress |
|---------------------|---------------|----------------|-----------|-------------------|----------------------|------------------|----------|-----------|-----------|--------------------------|
| Cost | | | | | | | | | | |
| At April 01, 2021 | 1,468.97 | 145.89 | 7,995.55 | 3,179.11 | 212.66 | 35.77 | 348.17 | 21.38 | 13,407.50 | 496.17 |
| Additions | - | - | 1,606.10 | 236.39 | 47.76 | 3.88 | 11.92 | 9.66 | 1,915.71 | 74.18 |
| Disposals | - | - | - | - | - | - | - | - | - | (496.17) |
| Adjustments # | (9.07) | (145.89) | 25.12 | - | - | - | - | - | (129.84) | - |
| At March 31, 2022 | 1,459.90 | - | 9,626.77 | 3,415.50 | 260.42 | 39.65 | 360.09 | 31.04 | 15,193.37 | 74.18 |
| Additions | 16.05 | 16.05 | 78.26 | 367.47 | 18.58 | 16.71 | 3.87 | - | 516.99 | 97.99 |
| Disposals | (25.12) | (16.05) | 25.12 | - | - | - | (81.97) | (3.71) | (101.73) | (119.23) |
| Adjustments # | 9.07 | - | (25.12) | (1.45) | - | - | - | - | (17.50) | (47.29) |
| At March 31, 2023 | 1,459.90 | - | 9,705.03 | 3,781.52 | 279.00 | 56.36 | 281.99 | 27.33 | 15,591.13 | 5.65 |
| Depreciation | | | | | | | | | | |
| At April 01, 2021 | - | 59.37 | 1,984.30 | 1,186.12 | 184.04 | 27.57 | 174.38 | 15.69 | 3,631.47 | - |
| Charge for the year | - | - | 272.27 | 205.45 | 8.42 | 2.59 | 32.60 | 3.53 | 524.86 | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Adjustments # | - | (59.37) | - | - | - | - | - | - | (59.37) | - |
| At March 31, 2022 | - | - | 2,256.57 | 1,391.57 | 192.46 | 30.16 | 206.98 | 19.22 | 4,096.96 | - |
| Charge for the year | - | - | 325.87 | 220.47 | 9.64 | 5.28 | 30.44 | 4.34 | 596.04 | - |
| Disposals | - | - | - | - | - | - | (51.84) | (3.43) | (55.27) | - |
| Adjustments # | - | - | - | - | - | - | - | - | - | - |
| At March 31, 2023 | - | - | 2,582.44 | 1,612.04 | 202.10 | 35.44 | 185.58 | 20.13 | 4,637.73 | - |
| Net block | | | | | | | | | | |
| At March 31, 2022 | 1,459.90 | - | 7,370.20 | 2,023.93 | 67.96 | 9.49 | 153.11 | 11.82 | 11,096.41 | 74.18 |
| At March 31, 2023 | 1,459.90 | - | 7,122.59 | 2,169.48 | 76.90 | 20.92 | 96.41 | 7.20 | 10,953.40 | 5.65 |

Represents reclass adjustments between Property, plant and equipment and Right to use assets.

Note (a) : The company has hypothecated certain properties against term loan obtained from banks (Refer note 19 for details). Further, the Company has hypothecated certain properties for loans obtained by its wholly owned subsidiary company subsequent to year end (Refer note 32 for details).

4. Property, plant and equipment (contd.)

Capital work-in-progress 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 | 5.64 | 0.01 | - | - | 5.65 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 5.64 | 0.01 | - | - | 5.65 |
| As at March 31, 2022 | | | | | |
| Projects in progress | 74.18 | - | - | - | 74.18 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 74.18 | - | - | - | 74.18 |

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.

5. Intangible assets

| | Computer Software | Total |
|---------------------|-------------------|-------|
| Cost | | |
| At April 01, 2021 | 0.85 | 0.85 |
| Additions | - | - |
| Disposals | - | - |
| At March 31, 2022 | 0.85 | 0.85 |
| Additions | - | - |
| Disposals | - | - |
| At March 31, 2023 | 0.85 | 0.85 |
| Amortisation | | |
| At April 01, 2021 | 0.42 | 0.42 |
| Charge for the year | 0.10 | 0.10 |
| Disposals | - | - |
| At March 31, 2022 | 0.52 | 0.52 |
| Charge for the year | 0.09 | 0.09 |
| Disposals | - | - |
| At March 31, 2022 | 0.61 | 0.61 |
| Net block | | |
| At March 31, 2022 | 0.33 | 0.33 |
| At March 31, 2023 | 0.24 | 0.24 |

*The Company does not have any intangible assets under development

6. Right to use assets

| | Leasehold Land | Total |
|---------------------|----------------|----------|
| Cost | | |
| At April 01, 2021 | 4,351.08 | 4,351.08 |
| Additions | - | - |
| Disposals | - | - |
| Adjustments ** | 129.84 | 129.84 |
| At March 31, 2022 | 4,480.92 | 4,480.92 |
| Additions | - | - |
| Disposals | - | - |
| Adjustments ** | - | - |
| At March 31, 2023 | 4,480.92 | 4,480.92 |
| Amortisation | | |
| At April 01, 2021 | 92.83 | 92.83 |
| Charge for the year | 51.41 | 51.41 |
| Disposals | - | - |
| Adjustments ** | 59.37 | 59.37 |
| At March 31, 2022 | 203.61 | 203.61 |
| Charge for the year | 54.63 | 54.63 |
| Disposals | - | - |
| Adjustments ** | - | - |
| At March 31, 2023 | 258.24 | 258.24 |
| Net block | | |
| At March 31, 2022 | 4,277.31 | 4,277.31 |
| At March 31, 2023 | 4,222.68 | 4,222.68 |

* The Company has hypothecated certain leasehold properties for loans obtained by Subsidiary companies subsequent to year end.

** Represents reclass adjustments between property, plant and equipment and right of use asset.

FINANCIAL Statements



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 subsidiaries and step down subsidiaries (all fully paid) | | | | |
| Kurlon Enterprise Limited (Shares of Rs. 5/- each fully paid up) | 3,23,38,830 | 16,638.43 | 3,09,24,115 | 4,138.43 |
| Manipal Natural Private Limited (Shares of Rs. 10/- each fully paid) | 15,10,000 | 601.00 | 10,000 | 1.00 |
| Manipal Software & E-com Private Limited (Shares of Rs. 10/- each fully paid) | 6,40,016 | 4.00 | 6,40,016 | 4.00 |
| Kurlon Trading & Invest Management Private Limited (Shares of Rs. 10/- each fully paid) | 1,000 | 0.10 | - | - |
| Sevalal Solar Pvt Ltd (Shares of Rs. 100/- each fully paid up) | 50 | 0.05 | 50 | 0.05 |
| Sirar Solar Energies Pvt Ltd (Shares of Rs. 100/- each fully paid up) | 50 | 0.05 | 50 | 0.05 |
| Sirar Dhotre Solar Pvt Ltd (Shares of Rs. 100/- each fully paid up) | 50 | 0.05 | 50 | 0.05 |
| Total (A) | 3,44,89,996 | 17,243.68 | 3,15,74,281 | 4,143.58 |
| Investments in debt instruments | | | | |
| Maharashtra Apex Corporation Ltd - Bonds | 1,09,324 | 224.83 | 1,65,104 | 336.80 |
| Maharashtra Apex Corporation Ltd - Redeemable cumulative preference shares | 80,100 | 12.75 | 80,100 | 12.75 |
| Total (B) | 1,89,424 | 237.58 | 2,45,204 | 349.55 |
| Total (A+B) | 3,46,79,420 | 17,481.26 | 3,18,19,485 | 4,493.13 |
| Measured at fair value through profit and loss | | | | |
| Non current investments, quoted | | | | |
| Investments in equity instrument | | | | |
| Industrial Development Bank of India | 3,360 | 1.51 | 3,360 | 1.44 |
| Total (A) | 3,360 | 1.51 | 3,360 | 1.44 |
| Non current investments, unquoted | | | | |
| Investments in equity instrument | | | | |
| General Investment & Commercial Corporation Ltd (Shares of Rs. 10/- each fully paid up) | 25,000 | 23.75 | 25,000 | 23.75 |
| Jitendra Harjivandas Securities Pvt Limited (Shares of Rs. 10/- each fully paid up) | 5,95,000 | 148.75 | 5,95,000 | 148.75 |
| Commercial Corporation of India Limited (Shares of Rs. 1/- each fully paid up) | 10,00,000 | 41.00 | 10,00,000 | 41.00 |
| Madish Style Bar Pvt Ltd (Shares of Rs. 10/- each fully paid up) | 60,000 | 6.00 | 60,000 | 6.00 |
| The Zoroastrain Co operative Bank (Shares of Rs. 25/- each fully paid up) | 100 | 0.03 | 100 | 0.03 |
| Alapasara Finvest Care Advisory Private Limited (Shares of Rs. 10/- each fully paid up) | 5,000 | 5.00 | 5,000 | 5.00 |
| Total (B) | 16,85,100 | 224.53 | 16,85,100 | 224.53 |
| Less : Allowance for impairment | | (5.00) | | (5.00) |
| Total (A+B) | 16,88,460 | 221.04 | 16,88,460 | 220.97 |
| Total Non current investments | 3,63,67,880 | 17,702.30 | 3,35,07,945 | 4,714.10 |
| Aggregate value of unquoted investments | | 17,700.79 | | 4,712.66 |
| Aggregate book value of quoted investments | | 2.73 | | 2.73 |
| Aggregate market value of quoted investments | | 1.51 | | 1.44 |

Note 1: Management has assessed the value in use of the subsidiaries and its step down subsidiaries and other investment considering the expected volume of sales, margins earned, profitability and net worth of such companies. Based on the analysis Management is of the opinion that presently there is no impairment in the carrying value of the above investments.



Notes to the Standalone Financial Statements for the year ended March 31, 2023

8. Loans

(₹ in Lakh)

| | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Unsecured, at amortised cost | | |
| Loans | | |
| - Subsidiaries (Refer Note 32) | 678.15 | 869.16 |
| - Other related parties (Refer Note 32) | - | 747.36 |
| - Others | 477.21 | 457.40 |
| | 1,155.37 | 2,073.92 |
| Unsecured, credit impaired | | |
| Loans | | |
| - Subsidiaries (Refer Note 32) | 5,562.60 | 67.33 |
| - Other related parties (Refer Note 32) | 1,200.04 | 280.55 |
| - Others | 10.47 | 10.47 |
| Less : Allowance for doubtful loans | (6,773.11) | (358.35) |
| | 1,155.37 | 2,073.92 |

8. Loans (contd.)

(a) The details of unsecured loans to subsidiaries/step down subsidiaries given for the purpose of working capital requirements are as follows :

(₹ in Lakh)

| Name of the subsidiary | Rate of interest | Due date of repayment | March 31, 2023 | | March 31, 2022 | |
|--|------------------|-----------------------|----------------|----------------|----------------|--------------|
| | | | Gross | Allowance | Gross | Allowance |
| Manipal Natural Private Limited | 9.00% | On demand | 678.15 | - | 869.16 | - |
| Kurlon Trading & Invest Management Pvt Ltd | 0.00% | On demand | 5489.90 | 5,489.90 | 0.00 | - |
| Sirar Solar Energies Private Limited | 8.00% | On demand | 9.85 | 9.85 | 9.12 | 9.12 |
| Sirar Dhotre Solar Private Limited | 8.00% | On demand | 6.40 | 6.40 | 5.93 | 5.93 |
| Sevalal Solar Private Limited | 8.00% | On demand | 56.46 | 56.46 | 52.28 | 52.28 |
| Total | | | 6240.76 | 5562.60 | 936.49 | 67.33 |

Allowance for doubtful loans is made considering the financials position of the subsidiaries and step down subsidiaries.

(b) The details of unsecured loans to other related parties given for the purpose of working capital requirements are as follows :

(₹ in Lakh)

| Name of the company | Rate of interest | Due date of repayment | March 31, 2023 | | March 31, 2022 | |
|---|------------------|-----------------------|-----------------|-----------------|-----------------|---------------|
| | | | Gross | Allowance | Gross | Allowance |
| Alapasara Finvest Care Advisory Private Limited | 8.00% | On demand | 126.34 | 126.34 | 126.34 | 126.34 |
| Manipal Nutraceutical Private Limited | 9.00% | On demand | 40.77 | 40.77 | 36.76 | 36.76 |
| Manipal Academy of Health and Education Private Limited | 9.00% | On demand | 459.17 | 459.17 | 411.28 | - |
| Manipal Educational Foundation | 9.00% | On demand | 446.91 | 446.91 | 336.08 | - |
| Innovative Foam Limited | 8.00% | On demand | 126.85 | 126.85 | 117.45 | 117.45 |
| Total | | | 1,200.04 | 1,200.04 | 1,027.91 | 280.55 |

Allowance for doubtful loans is made considering the financials position of the entities.

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

(C) The details of unsecured loans to other parties are as follows :

(₹ in Lakh)

| Name of the borrower | Rate of interest | Due date of repayment | March 31, 2023 | | March 31, 2022 | |
|------------------------------------|------------------|-----------------------|----------------|--------------|----------------|--------------|
| | | | Gross | Allowance | Gross | Allowance |
| Acqua Crest Foods Private Limited | 24.00% | On demand | 10.47 | 10.47 | 10.47 | 10.47 |
| Great Town Trading Private Limited | 24.00% | On demand | 460.20 | - | 452.54 | - |
| Total | | | 470.67 | 10.47 | 463.01 | 10.47 |

Allowance for doubtful loans is made considering the financials position of the said entities.

(d) The Company has granted various loans to its subsidiary and other 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.

(e) Except as disclosed under note 8 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.

9. Other financial assets

(₹ in Lakh)

| | Non - Current | | Current | |
|--|-----------------|-----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Unsecured, at amortised cost | | | | |
| Interest accrued on fixed deposits | - | - | 33.35 | 100.29 |
| Security deposits | 79.79 | 81.64 | - | - |
| Rent receivable | - | - | 12.12 | 13.53 |
| Deposits with remaining maturity for more than 12 months (Refer note 13) | 1,127.25 | 1,655.00 | - | - |
| | 1,207.04 | 1,736.64 | 45.47 | 113.82 |

10. Income tax assets (net)

(₹ in Lakh)

| | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Advance income tax including tax deducted at source | 1,158.27 | 875.40 |
| Provision for current tax | (869.13) | (726.45) |
| MAT Credit entitlement | 424.63 | 517.07 |
| | 713.77 | 666.02 |

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 (a) below) | 47.58 | 3,463.72 | - | - |
| Share application money paid pending allotment * | - | 200.00 | - | - |
| Advances recoverable in cash or kind | | | | |
| - Others | - | - | 52.90 | 133.85 |
| Advance to employees | - | - | 2.64 | 4.39 |
| Prepaid expenses | - | - | 182.21 | 82.94 |
| Leave encashment fund | - | - | - | 16.71 |
| Balances with statutory/government authorities | 313.98 | 329.75 | 43.69 | 68.77 |
| | 361.56 | 3,993.47 | 281.44 | 306.66 |

Notes to the Standalone Financial Statements for the year ended March 31, 2023

11. Other assets (Contd.)

(₹ in Lakh)

| | Non - Current | | Current | |
|--|----------------|-----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Unsecured, credit impaired | | | | |
| Advances recoverable in cash or kind | | | | |
| - Others | 3,350.61 | - | 20.40 | 20.40 |
| Less : Provision for doubtful advances | (3,350.61) | - | (20.40) | (20.40) |
| Total | 361.56 | 3,993.47 | 281.44 | 306.66 |

a) Capital advances includes the following :

i) During the year 2013-2014, the Company had paid an advance of Rs. 3,305.61 lakhs to Maharashtra Apex Corporation Limited (MACL) (a related party) for purchase of land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated October 08, 2004 stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kurlon Limited. Hence, the advance is considered good and recoverable. The Company and MRACL is in the process of completing necessary steps required for the aforesaid execution of sale deed.

* The Company has paid share application money to Manipal Natural Private Limited (Subsidiary Company) towards purchase of equity shares and equity shares have been allotted subsequent to the balance sheet date.

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 in transit Rs. Nil (March 31, 2022 - Rs. 177.82 Lakhs) | 828.80 | 1,042.16 |
| Work in progress | 259.24 | 358.06 |
| Finished goods | 53.06 | 157.30 |
| Spares and consumables | 160.68 | 146.35 |
| | 1,301.78 | 1,703.87 |

* The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 17.64 lakhs (March 31, 2022 : Rs. 46.64 lakhs).

13. Trade receivables

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Financial assets, at amortised cost | | |
| Unsecured, considered good | 197.28 | - |
| Unsecured, credit impaired | - | - |
| | 197.28 | - |
| Provision for doubtful receivables | - | - |
| | 197.28 | - |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

Ageing of trade payables

(₹ in Lakh)

| | Outstanding for following periods from the date of transaction | | | | | | 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 | 24.94 | 180.36 | 1.07 | - | - | - | 206.37 |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| Total | 24.94 | 180.36 | 1.07 | - | - | - | 206.37 |
| March 31, 2022 | | | | | | | |
| Undisputed trade receivables - considered good | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - |

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 | - | - | 0.71 | 0.49 |
| Balances with banks : | | | | |
| In current accounts | - | - | 99.46 | 3.94 |
| | - | - | 100.17 | 4.43 |
| Other bank balances | | | | |
| Deposits with remaining maturity for less than 12 months | - | - | - | - |
| Deposits with remaining maturity for More than 12 months | 1,127.25 | 1,655.00 | - | - |
| Earmarked balances with banks | - | - | 10.93 | 10.37 |
| Unpaid dividend | - | - | 3.48 | 3.53 |
| | 1,127.25 | 1,655.00 | 14.41 | 13.90 |
| Less: Amount disclosed under other non- current financial assets (Refer note 9) | (1,127.25) | (1,655.00) | | |
| | - | - | 114.58 | 18.33 |

15. Equity share capital

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | Nos. | Amount | Nos. | Amount |
| Authorised shares | | | | |
| Equity shares of Rs. 10/- each with voting rights | 3,50,00,000 | 3,500.00 | 3,50,00,000 | 3,500.00 |
| | 3,50,00,000 | 3,500.00 | 3,50,00,000 | 3,500.00 |
| Issued, subscribed and fully paid-up shares | | | | |
| Equity shares of Rs. 10/- each with voting rights | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |
| | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |



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, 2021 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | Nos. | Amount | Nos. | Amount |
| At the beginning of the year | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 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. 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. 10/- each with voting rights | | | | |
| Manipal Holding Private Limited | 71,83,919 | 48.27% | 71,83,919 | 48.27% |
| Maharashtra Apex Corporation Limited | 56,93,020 | 38.25% | 56,93,020 | 38.25% |

d. Details of shares issued for consideration other than cash during the preceding five years

No shares have been issued for consideration other than cash during the preceding five years

e. 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 |
|---|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Manipal Holdings Private Limited | 71,83,919 | - | 71,83,919 | 48.27% | 0.00% |
| Maha Rashtra Apex Corporation Ltd | 56,93,020 | - | 56,93,020 | 38.25% | 0.00% |
| General Investment And Commercial Corporation Ltd | 4,85,000 | - | 4,85,000 | 3.26% | 0.00% |
| Jaya S Pai | 3,84,163 | - | 3,84,163 | 2.58% | 0.00% |
| Metropolis Builders Pvt Ltd | 1,67,036 | - | 1,67,036 | 1.12% | 0.00% |
| Manipal Home Finance Limited | 32,350 | - | 32,350 | 0.22% | 0.00% |
| Tonse Sudhakar Pai | 29,217 | - | 29,217 | 0.20% | 0.00% |
| Tonse Sudhakar Pai on behalf of Family trust | 12,570 | - | 12,570 | 0.08% | 0.00% |
| Mangala Investments Limited | 646 | - | 646 | 0.00% | 0.00% |
| Rajmahal Trade & Investments Pvt. Limited | 501 | - | 501 | 0.00% | 0.00% |
| Commercial Corporation Of India Ltd | 500 | - | 500 | 0.00% | 0.00% |
| Manipal Stock & Share Brokers Ltd | 350 | - | 350 | 0.00% | 0.00% |
| Jai Bharath Mills Private Ltd. | 250 | - | 250 | 0.00% | 0.00% |
| | 1,39,89,522 | - | 1,39,89,522 | 94.00% | 0.00% |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

15. Equity share capital (Contd.)

As at March 31, 2022

| | 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 |
|---|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Manipal Holdings Private Limited | 71,83,919 | - | 71,83,919 | 48.27% | 0.00% |
| Maha Rashtra Apex Corporation Ltd | 56,93,020 | - | 56,93,020 | 38.25% | 0.00% |
| General Investment And Commercial Corporation Ltd | 4,87,620 | - | 4,85,000 | 3.26% | 0.00% |
| Jaya S Pai | 3,78,403 | - | 3,84,163 | 2.58% | 0.00% |
| Metropolis Builders Pvt Ltd | 1,67,036 | - | 1,67,036 | 1.12% | 0.00% |
| Manipal Home Finance Limited | 32,350 | - | 32,350 | 0.22% | 0.00% |
| Tonse Sudhakar Pai | 29,217 | - | 29,217 | 0.20% | 0.00% |
| Tonse Sudhakar Pai on behalf of Family trust | 12,570 | - | 12,570 | 0.08% | 0.00% |
| Mangala Investments Limited | 646 | - | 646 | 0.00% | 0.00% |
| Rajmahal Trade & Investments Pvt. Limited | 501 | - | 501 | 0.00% | 0.00% |
| Commercial Corporation Of India Ltd | 500 | - | 500 | 0.00% | 0.00% |
| Manipal Stock & Share Brokers Ltd | 350 | - | 350 | 0.00% | 0.00% |
| Jai Bharath Mills Private Ltd. | 250 | - | 250 | 0.00% | 0.00% |
| | 1,39,86,382 | - | 1,39,89,522 | 94.00% | 0.00% |

f. Dividend made and proposed

| | 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 148.83 lakhs (for the year ended March 31, 2021 paid in financial year 2021-22: Rs.297.65 lakhs) | 1.00 | 148.83 | 2.00 | 297.65 |
| Proposed dividend on equity shares | | | | |
| Proposed dividend for the year ended March 31, 2023 : Rs --- Lakhs(for the year ended March 31, 2022: Rs 148.83 lakhs) | | | 1.00 | 148.83 |
| 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

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Securities premium account | | |
| Balance at the beginning of the year | 293.81 | 293.81 |
| Add : Premium on issue of shares | - | - |
| Balance as at end of the year | 293.81 | 293.81 |
| Capital reserve | | |
| Balance at the beginning of the year | 970.81 | 970.81 |
| Add : Transferred from statement of profit and loss | - | - |
| Balance as at end of the year | 970.81 | 970.81 |

Notes to the Standalone Financial Statements for the year ended March 31, 2023

16. Other equity (Cont.)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| General reserve | | |
| Balance at the beginning of the year | 3,464.43 | 3,464.43 |
| Add : Transferred from surplus in the statement of profit and loss | - | - |
| Balance as at end of the year | 3,464.43 | 3,464.43 |
| Retained earnings | | |
| Balance at the beginning of the year | 14,362.00 | 13,639.77 |
| Add : Profit for the year | (14,829.32) | 1,029.96 |
| Add : Other comprehensive income/(loss) for the year | (6.90) | (10.08) |
| Less : Dividend paid | (148.83) | (297.65) |
| Balance as at end of the year | (623.05) | 14,362.00 |
| Total | 4,106.00 | 19,091.05 |

17. Other financial liabilities

| | Non - Current | | Current | |
|--|----------------|----------------|-----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Unsecured, at amortised cost | | | | |
| Security deposits | - | 41.86 | 15,360.43 | - |
| Provision for Guarantee Loss# | - | - | 5,504.08 | - |
| Employee related liabilities | - | - | 142.83 | - |
| Creditors for Capital goods | - | - | 218.88 | 176.82 |
| Unpaid dividend account | - | - | 3.48 | 3.53 |
| Interest accrued but not due on borrowings | - | - | 12.32 | 10.75 |
| | - | 41.86 | 21242.02 | 308.37 |

18. Provisions

| | Non - Current | | Current | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Provision for employee benefits | - | - | 50.27 | 29.66 |
| Gratuity (Refer Note 37) | - | - | 21.64 | 21.81 |
| Leave encashment | - | - | 71.91 | 51.47 |

19. Deferred tax liabilities (net)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|----------------------|----------------------|
| Deferred tax liabilities | 803.01 | 751.63 |
| Deferred tax assets | (20.01) | (117.27) |
| | 783.00 | 634.36 |

Refer Note 40 for further details.



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Notes to the Standalone Financial Statements for the year ended March 31, 2023

20. Borrowings

(₹ in Lakh)

| | Non - Current | | Current | |
|---|-----------------|-----------------|----------------|-----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Secured borrowings | | | | |
| Term loan | | | | |
| From Banks - Refer note (a) | 1,804.49 | 1,796.02 | - | - |
| From Others - Refer note (b) | - | 36.29 | - | - |
| Less - Current maturities of long term debt | (203.75) | (86.47) | - | - |
| | 1,600.74 | 1,745.84 | - | - |
| Working capital loans From banks - Refer note (c) | - | - | 438.04 | 1,219.53 |
| Current maturities of long term debt | - | - | 203.75 | 86.47 |
| | - | - | 641.79 | 1,306.00 |
| Total | 1,600.74 | 1,745.84 | 641.79 | 1,306.00 |

(a) Loan from banks of Rs. 1,804.49 lakhs (March 31, 2022 : Rs. 1796.02 lakhs)

(i) The Company has obtained term loan of Rs 1,800.00 lakhs from Canara bank for construction of Buildings. The loan is repayable over tenure of 10 years 9 months and carries interest rate of 8.15% per annum. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,804.49 lakhs (March 31, 2022 : Rs. 1,796.02 lakhs). The loan is hypothecated against immoveable properties of the company as per table below.

(ii) During the year FY 21-22 the Company has obtained term loan of Rs 135.00 lakhs from Canara bank for working capital purposes. The loan is repayable over tenure of 36 months after initial moratorium period of 24 months from sanction date of October 28, 2021. The loan carries interest of 7.5% and secured against immoveable properties as per table below. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 135.00 lakhs (March 31, 2021 : Rs. 135.00 lakhs).

Terms loans from banks have been hypothecated against following immoveable properties of the Company.

- (a) Leasehold Industrial Land taken from Karnataka Industrial Area Development Board (KIADB)
- (b) N-901 & 902 Manipal centre
- (c) N-301 & 302 Manipal centre
- (d) No.B-9Jai Bharath Industrial Estate Bangalore
- (e) No.36 Patalamma Temple Street, Basavanagudi.
- (f) Personal guarantee of directors.

(b) Term Loan from other parties March 31, 2023 NIL (March 31, 2022 : Rs. 36.29 lakhs)

The Company has obtained term loan from The Zorostrian co-operative bank Ltd for purchase of vehicles and hypothecated against such vehicles. Loan carries interest of 8.75% per annum.

(c) The Company has obtained overdraft facilities from banks for working capital purpose and the outstanding balance as of March 31, 2023 is Rs. 274.20 lakhs (March 31, 2022 : Rs. 1,219.53 lakhs). The said facility is secured against fixed deposit of the Company.

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 | 3,015.55 | (773.02) | - | 2,242.53 |
| Loans from other parties | 36.29 | (36.29) | - | - |
| Total | 3,051.84 | (809.31) | - | 2,242.53 |
| March 31, 2022 | | | | |
| Loans from banks | 3,051.84 | (36.29) | - | 3,015.55 |
| Loans from other parties | - | 36.29 | - | 36.29 |
| Total | 3,051.84 | - | - | 3,051.84 |

Notes to the Standalone Financial Statements for the year ended March 31, 2023

21. 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 33) | 28.00 | 38.86 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 798.24 | 1,108.38 |
| | 826.24 | 1,147.24 |

Ageing of trade payables

(₹ in Lakh)

| | Outstanding for following periods from the date of transaction | | | | | |
|---------------------------------------|--|------------------|--------------|-------------|-------------------|-----------------|
| | Accrued expenses | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| March 31, 2023 | | | | | | |
| Undisputed trade payables - MSME | 28.00 | - | - | - | 28.00 | |
| Undisputed trade payables - Non MSME | 727.97 | 38.96 | 31.31 | - | - | 798.24 |
| | 727.97 | 66.96 | 31.31 | - | - | 826.24 |
| March 31, 2022 | | | | | | |
| Undisputed trade payables - MSME | 38.86 | - | - | - | 38.86 | |
| Undisputed trade payables - Non MSME" | 192.11 | 916.27 | - | - | - | 1,108.38 |
| | 192.11 | 955.13 | - | - | - | 1,147.24 |

22. Other liabilities

(₹ in Lakh)

| | Non - Current | | Current | |
|---|----------------|----------------|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Contract liabilities - Advance from customers | - | - | 7,471.04 | 4,318.83 |
| Capital advance - Refer Note (a) | - | 622.00 | - | - |
| Statutory dues payable | - | - | 31.65 | 19.78 |
| | - | 622.00 | 7,502.69 | 4,338.61 |

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

Note (a) Represents advance received from subsidiary company, Kurlon Enterprise Limited towards sale of 3 manufacturing premises in and around Bengaluru, detailed below :

Location/Address

(₹ in Lakh)

| | Amount |
|--|---------------|
| Karnataka - No.49, 3rd Phase, Peenya Industrial Area, Bangalore - 560058 | 45.99 |
| Karnataka - No. 7, Survey No-106/107, KIADB Industrial Area, Yedehalli Village, Dobbaspeth, Bangalore - 562211 - Sofa Unit | 340.97 |
| Karnataka - No. 22 & 23 KIADB Indl Area, Dobbaspeth, Bangalore - 562211 | 235.04 |
| Total | 622.00 |

The aforesaid capital advance of Rs. 622 Lakhs pertaining to financial year 2021-22 has been adjusted against rental security deposit for lease agreement entered with Kurlon Enterprise Limited in the current year.

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

23. Revenue from operations

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Revenue from contracts with customers | | |
| Sale of products | 8,537.18 | 8,680.00 |
| Other operating revenue | | |
| Scrap sales | 105.36 | 54.45 |
| Agricultural products | 53.35 | 67.37 |
| Less : Schemes & rebates | (0.03) | - |
| Revenue from operations | 8,695.86 | 8,801.82 |

(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 | 8,695.86 | 8,801.82 |
| | 8,695.86 | 8,801.82 |

(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 | 8,695.89 | 8,801.82 |
| Less : Schemes and rebates | (0.03) | - |
| | 8,695.86 | 8,801.82 |

(c) Movement in contract liabilities during the year*

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Opening balance | 4,318.83 | 5,156.61 |
| Less : Revenue recognised during the year | (4,318.83) | (5,156.61) |
| Add : Amount of consideration received during the year | 7,471.04 | 4,318.83 |
| | 7,471.04 | 4,318.83 |

* Contract liabilities consists of advances received from customers towards supply of products.

24. Other income

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------|----------------------|----------------------|
| Interest income | | |
| - On fixed deposits | 61.96 | 86.62 |
| - On others | 241.24 | 232.94 |
| Rental income | 2,346.38 | 116.54 |
| Gain on sale of investments | - | 168.54 |
| Dividend income | 161.69 | 1,546.21 |
| Subsidy from government | - | 260.30 |
| Miscellaneous income | 12.21 | 47.24 |
| | 2,823.48 | 2,458.39 |

Notes to the Standalone Financial Statements for the year ended March 31, 2023

25. Cost of raw materials consumed

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Inventories at the beginning of the year | 1,042.16 | 708.39 |
| Add: Purchases | 6,431.46 | 7,287.95 |
| Less: Inventories at the end of the year | (828.80) | (1,042.16) |
| Cost of raw materials consumed | 6,644.82 | 6,954.18 |

26. Changes in inventories of finished goods and work-in-progress

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Inventories at the end of the year | | |
| Finished goods | 53.06 | 157.30 |
| Work in progress | 259.24 | 358.06 |
| | 312.30 | 515.36 |
| Inventories at the beginning of the year | | |
| Finished goods | 157.30 | 172.04 |
| Work in progress | 358.06 | 298.25 |
| | 515.36 | 470.29 |
| | 203.06 | (45.07) |

27. Employee benefit expense

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Salaries, wages and bonus | 480.43 | 513.43 |
| Gratuity expenses (Refer Note 37) | 11.39 | 6.97 |
| Contribution to provident and other funds | 27.67 | 29.17 |
| Staff welfare expenses | 62.17 | 66.96 |
| | 581.66 | 616.53 |

28. Finance costs

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------|----------------------|----------------------|
| Interest on borrowing | 593.78 | 146.73 |
| Other charges | 4.97 | 3.51 |
| | 598.75 | 150.24 |

29. Depreciation and amortisation expense

(₹ in Lakh)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Depreciation of property, plant and equipment | 597.49 | 524.85 |
| Amortisation of intangible assets | 0.09 | 0.10 |
| Depreciation of right to use assets | 54.63 | 51.41 |
| | 652.21 | 576.36 |



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Notes to the Standalone Financial Statements for the year ended March 31, 2023

30. Other expenses

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Consumption of stores, spares and consumables | 87.11 | 100.91 |
| Power and fuel | 267.55 | 216.31 |
| Freight outward | - | 0.36 |
| Rent | 6.01 | 13.31 |
| Repairs and maintenance | | |
| Buildings | 46.87 | 11.07 |
| Plant and machinery | 21.21 | 21.48 |
| Others | 130.41 | 203.14 |
| Tailoring and fabrication | 619.48 | 604.65 |
| Rates and taxes | 226.70 | 48.68 |
| Expenditure on corporate social responsibility | 3.82 | 4.37 |
| Insurance expenses | 81.02 | 49.82 |
| Foreign currency exchange loss (net) | 3.25 | 2.67 |
| Security expenses | 49.12 | 49.71 |
| Postage and telephone expenses | 3.65 | 3.79 |
| Payment to auditors* | 17.49 | 17.00 |
| Advertisement, promotion and selling expenses | 3.18 | 7.48 |
| Travelling and conveyance expenses | 39.90 | 29.10 |
| Legal and consultancy charges | 442.87 | 305.59 |
| Director's sitting fees | 3.90 | 2.90 |
| Loss on sale of property, plant and equipment | 20.01 | - |
| Provision for doubtful advances | - | 20.40 |
| Miscellaneous expenditure | 164.96 | 79.27 |
| | 2,238.51 | 1,792.01 |
| *Payment to auditors (excluding goods and service tax) | | |
| Audit services : | | |
| Statutory audit - Refer note (a) | 17.00 | 17.00 |
| Out of pocket expenses | 0.49 | - |
| | 17.49 | 17.00 |

Note (a) Payment to auditors for the year ended March 31, 2021 is pertaining to erstwhile auditor

30a. Exceptional Items

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Provision for impairment of equity instruments (Refer note 7) | - | 5.00 |
| Provision for Guarantee loss (Refer note 17) | 5,504.08 | - |
| Provision for doubtful advances | 3,350.61 | - |
| Provision for doubtful loans (Refer note 8) | 6192.44 | 358.35 |
| | 15,047.13 | 363.35 |

31. Earnings/(loss) per share (EPS)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| (Loss)/Profit for the year | (14,829.32) | 1,029.96 |
| Weighted average number of equity shares outstanding (Basic and diluted) | 1,48,82,605 | 1,48,82,605 |
| Earnings per share (Basic and diluted) | (99.64) | 6.92 |



Notes to the Standalone Financial Statements for the year ended March 31, 2023

32. 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 segment. As the Company's long-lived assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

33. 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

| | |
|---|---|
| Subsidiary Companies | Kurlon Enterprise Limited Kurlon Trading and Invest Management Private Limited (w.e.f June 24, 2022) Manipal Software and E-com Private Limited Manipal Natural Private Limited |
| Step down subsidiaries | Kurlon Retail Limited Komfort Universe Products and Services Limited Belvedere International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited (Formerly Starship Manufacturing and Services Private Limited) Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited Starship Global VCT LLP Home Komfort Retail LLP (Acquired by Belvedere International Limited w.e.f September 01, 2022) |
| Enterprises owned or significantly influenced by key management personnel /Directors and their relatives | Manipal Academy of Health and Education Manipal Education Foundation Innovative Foam Limited Eldorado Share Services Private Limited Maharsatra Apex Asset Management company Limited Manipal Advertising Services Private Limited Manipal Stock and Share Brokers Limited Manipal Holdings Private Limited Maharastra Apex Corporation Limited Manipal Home Finance Limited General Investment and Commercial Corporation Limited Canara Steel Limited Metropolis Builders Private Limited Manipal Home Finance Limited Mangala Investments Limited Jitendra Harjivandas Securities Private Limited Manipal Nutraceutical Private Limited Manipal Travels Private Limited |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

33. Related party disclosure (Contd.)

| | |
|---|--|
| Directors and Key Management Personnel (KMP) | Mr. Tonse Sudhakar Pai, Managing Director Ms. Jaya Sudhakar Pai, Director Ms. Deepa Sudhakar Pai, Director Ms. Jyothi Ashish Pradhan, Director Mr. Jamsheed Minoo Panday, Director (w.e.f June 22, 2021) Mr. Kuthethoor Venugopal Shetty, Independent Director (w.e.f June 22, 2021) Mr. Santhosh Kamath, Independent Director (w.e.f June 22, 2021) Mr. ASPI Nariman Katgara, Director (w.e.f June 22, 2021) Mr. Narendra Kudva, Director Mr. Neha Lakhera, Company Secretary (w.e.f. June 22, 2021 untill June 24, 2022) Mr. Monu Kumar, Company Secretary (w.e.f July 01, 2022) Mr. N Srinivasa Ulloor, Chief Financial Officer (untill April 15, 2022) Mr. Sanjoy Khan, Chief Financial Officer (w.e.f April 15, 2022) Mr. Veena Hulloli, Company Secretary (until June 22, 2021) Mr. Nitin G Khot Non-Executive Director (up to June 23, 2021) Mr. S Ananthanarayanan Non-Executive Director (up to June 22, 2021) |
| Relative of Directors and Key Management Personnel (KMP) | Ms. Feroza Jamsheed Panday, Relative of Director Mr. Jahangir Jamsheed Panday, Relative of Director |

The Transactions that have been entered in to with related parties during the year are as follows : (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------|----------------------|----------------------|
| Sale of products | | |
| Kurlon Enterprise Limited | 9,079.51 | 8,748.98 |
| | 9,079.51 | 8,748.98 |

33. Related party disclosure (Contd.) (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Rental Income | | |
| Kurlon Enterprise Limited | 2,203.00 | 18.00 |
| Eldorado Share Services Private Limited | 15.00 | 15.00 |
| Starship Global VCT LLP | 25.08 | 4.37 |
| Canara Steel Limited | - | 9.00 |
| Innovative Foam Limited | - | 5.40 |
| Manipal Holdings Private Limited | - | - |
| | 2,243.08 | 51.77 |
| Dividend Income | | |
| Kurlon Enterprise Limited | 161.69 | 1,546.24 |
| | 161.69 | 1,546.24 |
| Purchases | | |
| Kurlon Enterprise Limited | - | 1,524.56 |
| | - | 1,524.56 |



Notes to the Standalone Financial Statements for the year ended March 31, 2023

33. Related party disclosure (Contd.)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Interest Income | | |
| Manipal Academy of Health & Education | 37.81 | 30.69 |
| Manipal Natural Extracts Private Limited | 43.55 | 59.72 |
| General Investment & Commercial Corporation Limited | - | 1.98 |
| Sevalal Solar Private Limited | 4.18 | 3.53 |
| Manipal Neutraceutical Private Limited | 0.05 | 2.68 |
| Sirar Dhotre Solar Private Limited | 0.47 | 0.62 |
| Sirar Solar Energies Private Limited | 0.73 | 0.72 |
| Manipal Education Foundation | 33.55 | 16.48 |
| Innovative Foam Limited | 9.40 | 8.40 |
| | 129.75 | 124.82 |
| Legal and professional expenses | | |
| Jamsheed Minoo Panday | 12.00 | 12.00 |
| Feroza Jamsheed Panday | 18.00 | 18.00 |
| Jahangir Jamsheed Panday | 12.00 | 12.00 |
| ASPI Nariman Katgara | 4.80 | 4.80 |
| Manipal Software & E-com Private Limited | - | - |
| Manipal Advertising Services Private Limited | 3.94 | 2.75 |
| Manipal Neutraceutical Private Limited | - | 2.12 |
| | 50.74 | 51.67 |
| Advertisement and Sales Promotion Expenses | | |
| Manipal Advertising Services Private Limited | 0.69 | 4.22 |
| | 0.69 | 4.22 |
| Director sitting fees | | |
| Jaya Sudhakar Pai | 0.10 | 0.40 |
| Deepa Sudhakar Pai | - | 0.20 |
| Jyothi Ashish Pradhan | 0.10 | 0.40 |
| Jamsheed Minoo Panday | 0.10 | 0.40 |
| Kuthethoor Venugopal Shetty | 0.10 | 0.40 |
| Santhosh Kamath | 0.10 | 0.40 |
| Ananthanarayanan Subramanian | - | - |
| Nitin Gajananrao Khot | - | - |
| ASPI Nariman Katgara | 0.10 | 0.40 |
| Narendra Kudva | 0.10 | 0.30 |
| | 0.70 | 2.90 |
| Managerial remuneration | | |
| Neha Lakhera | 1.53 | 5.39 |
| Tonse Sudhakar Pai | - | 33.02 |
| N Srinivasa Ulloor | 0.22 | 5.34 |
| Veena Hulloli | - | 0.30 |
| | 1.75 | 44.05 |
| Tailoring & fabrication charges | | |
| Eldorado Share Services Private Limited | 271.51 | 250.12 |
| Maharsatra Apex Asset Management company Limited | 197.02 | 225.36 |
| | 468.53 | 475.48 |
| Finance cost | | |
| Canara steel Limited | - | 39.95 |
| | - | 39.95 |
| Travel and conveyance expenses | | |
| Manipal Travels Private Limited | 7.45 | 2.13 |
| | 7.45 | 2.13 |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

33. Related party disclosure (Contd.)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Dividend paid | | |
| Manipal Holdings Private Limited | 71.84 | 143.68 |
| Maha Rashtra Apex Corporation Limited | 56.93 | 113.86 |
| General Investment And Commercial Corporation Limited | 4.88 | 9.75 |
| Jaya Sudhakar Pai | 3.79 | 7.57 |
| Metropolis Builders Private Limited | 1.67 | 3.34 |
| Manipal Home Finance Limited | 0.32 | 0.65 |
| T Sudhakar Pai | 0.29 | 0.58 |
| Tonse Sudhakar Pai on behalf of Family trust | 0.13 | 0.25 |
| Mangala Investments Limited | 0.01 | 0.01 |
| Rajmahal Trade & Investments Pvt. Limited | 0.01 | 0.01 |
| Commercial Corporation Of India Limited. | 0.01 | 0.01 |
| Manipal Stock & Share Brokers Limited. | 0.00 | 0.01 |
| Jai Bharath Mills Private Ltd. | 0.00 | 0.01 |
| | 139.87 | 279.72 |
| Expense Reimbursed by Related Parties | | |
| Kurlon Retail Limited | - | - |
| Manipal Natural Private Limited | 3.17 | 4.15 |
| Manipal Software and E-Com Private Limited | 2.55 | 4.15 |
| | 5.72 | 8.30 |

The balances receivable from and payable to related parties as at year end are as follows :

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Investment in subsidiaries | | |
| Kurlon Enterprise Limited | 16,638.43 | 4,138.43 |
| Manipal Software & E-com Private Limited | 4.00 | 4.00 |
| Manipal Natural Private Limited | 601.00 | 1.00 |
| Sevalal Solar Private Limited | 0.05 | 0.05 |
| Sirar Solar Energies Private Limited | 0.05 | 0.05 |
| Sirar Dhotre Solar Private Limited | 0.05 | 0.05 |
| | 17,243.58 | 4,143.58 |
| Investment in Bonds | | |
| Maharashtra Apex Corporation Limited | 224.83 | 336.80 |
| | 224.83 | 336.80 |
| Investment in Redeemable cumulative preference shares | | |
| Maharashtra Apex Corporation Limited | 12.75 | 12.75 |
| | 12.75 | 12.75 |
| Investment in equity instruments | | |
| General Investment & Commercial Corporation Limited | 23.75 | 23.75 |
| Jitendra Harjivandas Securities Private Limited | 148.75 | 148.75 |
| Commercial Corporation of India Limited | 41.00 | 41.00 |
| | 213.50 | 213.50 |



Notes to the Standalone Financial Statements for the year ended March 31, 2023

The balances receivable from and payable to related parties as at year end are as follows : (Contd.)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Loans to subsidiaries | | |
| Manipal Natural Private Limited | 678.15 | 869.16 |
| Kurlon Trading & Invest Management Private Limited | 5,489.90 | - |
| Sirar Solar Energies Private Limited | 9.85 | 9.12 |
| Sirar Dhotre Solar Private Limited | 6.40 | 5.93 |
| Sevalal Solar Private Limited | 56.46 | 52.28 |
| | 6,240.76 | 936.49 |
| Loans other related parties | | |
| General Investment & Commercial Corporation Limited | - | - |
| Alapasara Finvest Care Advisory Private Limited | 126.34 | 126.34 |
| Manipal Nutraceutical Private Limited | 40.77 | 36.76 |
| Manipal Academy of Health and Education Private Limited | 459.17 | 411.28 |
| Manipal Educational Foundation | 446.91 | 336.08 |
| Innovative Foam Limited | 126.85 | 117.45 |
| | 1,200.04 | 1,027.91 |
| Loss allowance on loans given to related parties | | |
| Sirar Solar Energies Private Limited | 9.85 | 9.12 |
| Sirar Dhotre Solar Private Limited | 6.40 | 5.93 |
| Sevalal Solar Private Limited | 56.46 | 52.28 |
| Alapasara Finvest Care Advisory Private Limited | 126.34 | 126.34 |
| Manipal Nutraceutical Private Limited | 40.77 | 36.76 |
| Innovative Foam Limited | 126.85 | 117.45 |
| | 366.66 | 347.88 |

32. Related party disclosure (contd.)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Provision for impairment of equity instruments (Refer note 7) | | |
| Alapasara Finvest Care Advisory Private Limited | 5.00 | 5.00 |
| | 5.00 | 5.00 |
| Capital advance paid (refer note 11) | | |
| Maharashtra Apex Corporation Limited | 3,305.61 | 3,305.61 |
| | 3,305.61 | 3,305.61 |
| Share application money pending allotment | | |
| Manipal Natural Private Limited | - | 200.00 |
| | - | 200.00 |
| Borrowings | | |
| Canara steel Limited | - | - |
| | - | - |
| Advance from customers | | |
| Kurlon Enterprise Limited | 7,433.58 | 4,292.60 |
| | 7,433.58 | 4,292.60 |
| Capital advance received (refer note 21) | | |
| Kurlon Enterprise Limited | - | 622.00 |
| | - | 622.00 |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

32. Related party disclosure (contd.)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Trade Payables | | |
| Eldorado Share Services Private Limited | 22.06 | 26.28 |
| Maharashtra Apex Corporation Limited | 13.47 | 19.73 |
| Jamsheed Minoo Panday | 0.90 | 0.90 |
| Feroza Jamsheed Panday | 1.62 | 1.62 |
| Jahangir Jamsheed Panday | 0.90 | 0.90 |
| | 38.95 | 49.43 |
| Corporate Guarantees given on behalf of related parties | | |
| Manipal Natural Private Limited | 3,950.00 | 3,950.00 |
| Manipal Educational Foundation | 629.00 | 629.00 |
| Kurlon Trading and Invest Management Private Limited | 17,450.00 | - |
| | 22,029.00 | 4,579.00 |
| Securities given on behalf of related parties | | |
| Manipal Natural Private Limited | - | 2,330.00 |
| Manipal Educational Foundation | - | 629.00 |
| | - | 2,959.00 |

Others

The Company has passed resolution for providing Corporate Guarantee of Rs. 4,567 lakhs to Maha Rashtra Apex Corporation Limited, which is yet to be executed.

34. 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 | 27.60 | 38.33 |
| Interest due on above | 0.40 | 0.53 |
| | 28.00 | 38.86 |
| 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. | 2.71 | 2.11 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 3.11 | 2.64 |
| 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 | 9.76 | 6.65 |

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.

34. 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. 13.31 lakhs (March 31, 2021: Rs. 10.88 lakhs) have been recognised in the statement of profit and loss.



Notes to the Standalone Financial Statements for the year ended March 31, 2023

36. Contingent liabilities and capital commitments

Contingent liabilities

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Claims against the Company not acknowledged as debts | | |
| - Sales tax disputed demands under appeal not provided | 1,561.95 | 2,342.85 |
| - Income tax disputed under appeal not provided | 55.88 | 44.02 |
| - Corporate Guarantee given by the Company to Bankers on behalf of the third parties | 22,029.00 | 4,579.00 |

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, 2022. 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) | - | 138.26 |

37. 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.

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Gross amount required to be spent by the Company during the year | - | 9.45 |

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 | 4.37 | 3.37 | 7.74 |

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 | 13.90 | - | 13.90 |

In case of Section 135(5) (Other than ongoing projects)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Opening balance | - | 1.71 |
| Amount required to be spent during the year | - | 9.45 |
| Amount spent during the year | - | 4.37 |
| Closing balance * | - | (3.37) |

* Closing balance as of March 31, 2022 has been subsequently transferred to Prime minister national relief fund in financial year 22-23 as per section 135(5) of the Companies Act, 2013. Closing balance as on March 31, 2021 represents excess amount spent by the Company. The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

37. 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. 24.55 lakhs (March 31, 2022 : Rs 25.44 lakhs) towards Provident fund contributions, Rs 3.12 lakhs (March 31, 2022 : Rs 3.70 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.00 Lakhs (March 31, 2022 : Rs 0.03 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 following tables summarises the amounts recognised in the standalone financial statements :

Balance Sheet

| | (₹ in Lakh) | |
|----------------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Defined benefit obligation | 109.68 | 86.08 |
| Plan assets | 59.42 | 56.42 |
| Net liability | 50.26 | 29.66 |
| Current | 50.26 | 29.66 |
| Non-current | - | - |

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 | 86.08 | 64.77 |
| Service cost | 10.35 | 4.52 |
| Interest cost | 6.42 | 6.34 |
| Remeasurements - Actuarial loss/(gain) | 7.55 | 13.48 |
| Benefit paid | (0.72) | (3.03) |
| Balance at end of the year | 109.68 | 86.08 |

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 | 56.42 | 55.77 |
| Contributions made | 0.35 | 0.28 |
| Interest income | 4.21 | 3.89 |
| Payments | (0.72) | (3.03) |
| Actuarial gain/(loss) | (0.84) | (0.49) |
| Balance at end of the year | 59.42 | 56.42 |

Statement of profit and loss

| | (₹ in Lakh) | |
|-----------------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Service cost | 10.35 | 4.52 |
| Interest cost net of income | 2.21 | 2.45 |
| Total | 12.56 | 6.97 |



Notes to the Standalone Financial Statements for the year ended March 31, 2023

Other comprehensive (income)/loss

| | (₹ in Lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Remeasurements - Actuarial loss/(gain) | 7.55 | 13.48 |
| Remeasurements - Actuarial gain/(loss) on plan asset | 0.84 | 0.49 |
| Total | 8.39 | 13.97 |

Principal assumptions used in determining defined benefit obligation

| | (₹ in Lakh) | |
|--------------------------------|----------------------------------|-----------------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Discount rate | 7.54% | 7.49% |
| Expected return on plan assets | 7.49% | 7.15% |
| Salary escalation | 10% for 5 years 7% thereafter | "5% for 5 years 7% thereafter" |
| 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) | |
|-------------------------------------|----------------------|----------------------|
| | 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.

38. Employee benefits (Contd.)

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) | |
|--------------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Discount rate | | |
| 1% increase | (9.56) | (7.35) |
| 1% decrease | 11.07 | 8.52 |
| Salary escalation | | |
| 1% increase | 10.62 | 8.10 |
| 1% decrease | (9.31) | (7.10) |
| Employee turnover | | |
| 1% increase | (0.61) | (0.34) |
| 1% decrease | 0.67 | 0.38 |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

Maturity profile of defined benefit obligation

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|------------------|----------------------|----------------------|
| Within 1 year | 7.71 | 8.71 |
| 1-2 year | 8.05 | 6.04 |
| 2-3 year | 6.21 | 6.41 |
| 3-4 year | 5.45 | 4.87 |
| 4-5 year | 7.84 | 4.47 |
| 5-10 year | - | 16.18 |
| 10 years onwards | - | 41.39 |

The average duration of the defined benefit obligation at the end of the reporting year is 10.9 years (March 31, 2021: 11.44 years).

39. 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 :

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|--|------------------|------------------|-----------------|-----------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets measured at fair value through profit and loss | | | | |
| Non current assets | | | | |
| Investments | 221.04 | 221.04 | 220.97 | 220.97 |
| | 221.04 | 221.04 | 220.97 | 220.97 |
| Financial assets measured at amortised cost | | | | |
| Non-current assets | | | | |
| Investments | 17,481.26 | 17,481.26 | 4,493.13 | 4,493.13 |
| Loans | 1,155.37 | 1,155.37 | 2,073.92 | 2,073.92 |
| Other financial assets | 1,207.04 | 1,207.04 | 1,736.64 | 1,736.64 |
| Current assets | | | | |
| Trade receivables | 197.28 | 197.28 | - | - |
| Cash and cash equivalents | 100.17 | 100.17 | 4.43 | 4.43 |
| Other bank balances | 14.41 | 14.41 | 13.90 | 13.90 |
| Other financial assets | 45.47 | 45.47 | 113.82 | 113.82 |
| | 20,201.00 | 20,201.00 | 8,435.84 | 8,435.84 |
| Financial liabilities measured at amortised cost | | | | |
| Non-current liabilities | | | | |
| Borrowings | 1,600.74 | 1,600.74 | 1,745.84 | 1,745.84 |
| Other financial liabilities | - | - | 41.86 | 41.86 |
| Current liabilities | | | | |
| Borrowings | 641.79 | 641.79 | 1,306.00 | 1,306.00 |
| Trade payables | 826.15 | 826.15 | 1,147.24 | 1,147.24 |
| Other financial liabilities | 21,242.02 | 21,242.02 | 308.37 | 308.37 |
| | 24,310.70 | 24,310.70 | 4,549.31 | 4,549.31 |

Notes to the Standalone Financial Statements for the year ended March 31, 2023

40. 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.

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 | 1,71,105 | 129.06 | USD | 25,770 | 18.94 |

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------|------------------------------------|----------------------|
| Basis point | Effect on profit before tax | |
| +5% | (6.45) | (0.95) |
| -5% | 6.45 | 0.95 |

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 interest rate.

40. Financial risk management objectives and policies (contd.)

(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 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.

Since the company collects amounts prior to fulfillment of performance obligation, no allowances for expected credit loss created as on March 31, 2022 and March 31, 2021.

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

| | Investments | | Loans and other advances | |
|--|----------------|----------------|--------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| At the beginning of the year | 5.00 | - | 378.75 | - |
| Allowance created/(reversed) during the year | - | 5.00 | 5,508.68 | 378.75 |
| At the end of the year | 5.00 | 5.00 | 5,887.43 | 378.75 |

(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) | | | |
|-----------------------------|------------------|-----------------|-------------------|-----------------|
| | Less than 1 year | 1 - 5 years | More than 5 years | Total |
| March 31, 2022 | | | | |
| Borrowings | 1,306.00 | 1,745.84 | - | 3,051.84 |
| Trade payables | 1,147.24 | - | - | 1,147.24 |
| Other financial liabilities | 308.37 | 41.86 | - | 350.23 |
| Total | 2,761.61 | 1,787.70 | - | 4,549.31 |
| March 31, 2021 | | | | |
| Borrowings | 1,358.85 | 660.82 | - | 2,019.67 |
| Trade payables | 694.24 | - | - | 694.24 |
| Other financial liabilities | 242.76 | 55.24 | - | 298.00 |
| Total | 2,295.85 | 716.06 | - | 3,011.91 |

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk is perceived.

41. Income tax

Income tax expense in the statement of profit and loss consists of :

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Income tax expense in the statement of profit and loss consists of : | | |
| Statement of profit or loss | March 31, 2023 | March 31, 2022 |
| Current tax | 302.97 | 293.95 |
| Deferred tax charge/(credit) | 148.64 | (479.42) |
| Income tax expense/(credit) related to current year | 451.61 | (185.47) |
| Tax relating to earlier years | (69.09) | 8.12 |
| Income tax expense/(credit) reported in the statement of profit and loss | 382.52 | (177.35) |
| Income tax recognised in other comprehensive income/(loss) | | |
| - Tax arising on income and expense recognised in other comprehensive income/(loss) | 2.66 | 3.89 |
| Total | 2.66 | 3.89 |

Notes to the Standalone 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 :

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Profit before tax | (14,446.80) | 852.61 |
| Enacted income tax rate in India | 27.82% | 27.82% |
| Computed expected tax expense/(credit) | (4,019.10) | 237.20 |
| Effect of : | | |
| Provision on doubtful loans and advances | 2,716.71 | - |
| Provision for guarantee loss | 1,531.24 | - |
| Interest on delayed repayment of consideration to IBEF | 105.83 | - |
| Reversal of deferred tax asset recognised on doubtful loans and advances | 105.37 | - |
| Creation/(reversal) of provision for current tax relating to earlier year | (69.09) | 8.12 |
| Tax charge on disallowance of corporate social responsibility expenditure | 1.06 | 1.22 |
| Reversal of deferred tax liability recognised on Land in earlier years | (408.67) | - |
| Others | (15.22) | - |
| Total income tax expense | 382.52 | (177.35) |

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 | (803.01) | (751.63) | 51.38 | (390.13) |
| Gross deferred tax liability | (803.01) | (751.63) | 51.38 | (390.13) |
| Deferred tax asset | | | | |
| Provision for doubtful loans | - | 99.69 | 99.69 | (99.69) |
| Provision for doubtful advances | - | 5.69 | 5.69 | (5.69) |
| Section 43B disallowance | - | - | - | 10.28 |
| Provision for gratuity | 13.99 | 5.83 | (8.16) | (3.32) |
| Others | 6.02 | 6.06 | 0.04 | 9.13 |
| Net deferred tax assets (net) | (783.00) | (634.36) | 148.64 | (479.42) |
| Net deferred tax credit/(charge) | | | 148.64 | (479.42) |

42. 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 | 0.06 | 0.30 | -79% | |
| Debt equity ratio | Total debt | Shareholder's equity | 0.40 | 0.06 | 532% | |
| Debt service coverage ratio | Earnings for debt service = Net profits after taxes + Non cash operating expenses | Debt service = Interest and lease payments + Principal repayments | (4.87) | -0.02 | -30957% | Due to decrease in operating losses |

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

Notes to the Standalone Financial Statements for the year ended March 31, 2023

41. 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 |
|------------------------------|---|---|----------------|----------------|----------|---|
| Return on equity ratio | Net profits after taxes - Preference dividend | Average shareholder's equity | (1.13) | 0.05 | -2324% | Due increase profit after taxes |
| Inventory turnover ratio | Cost of goods sold | Average inventory | 4.56 | 4.58 | -1% | |
| Trade payable turnover ratio | Net credit purchases = Gross credit purchases - purchase return | Average trade payables | 8.79 | 9.86 | -11% | |
| Net capital turnover ratio | Net sales = Total sales - sales return | Working capital = Current assets - Current liabilities | (0.31) | -1.76 | 83% | |
| Net profit ratio | Net profit | Net sales = Total sales - Sales return | (1.71) | 0.12 | -1557% | Due increase profit after taxes |
| Return on capital employed | Earnings before interest and taxes | Capital employed = Tangible net worth + Total debt + Deferred tax liability | (1.61) | 0.04 | -3987% | Due to decrease in earnings before interest and taxes |
| Return on investment | Interest (Finance income) + profit on sale of investment | Investment | 0.00 | 0.04 | -92% | |

43. 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 do not have any transactions with companies struck off.

(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) 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) except as described below:

| Name of the intermediary to which the funds are advanced | Date of funds invested | Amount of funds invested | Date on which funds are further advanced or loaned or invested by Intermediaries to other intermediaries or Ultimate Beneficiaries | Amount of fund further advanced or loaned or invested by Intermediaries to other intermediaries or Ultimate Beneficiaries | Ultimate Beneficiary |
|--|------------------------|--------------------------|--|---|---------------------------------|
| March 31, 2022 | | | | | |
| Manipal Academy of Health and Education Private Limited | Various Dates | 27.61 | Various Dates | 27.61 | Manipal Educational Foundation. |
| | | 27.61 | | 27.61 | |
| March 31, 2023 | | | | | |
| Manipal Academy of Health and Education Private Limited | Various Dates | 47.88 | Various Dates | 47.88 | Manipal Educational Foundation. |
| | | 47.88 | | 47.88 | |

(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).

44. 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.

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

| | (₹ in Lakh) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Borrowings | 2,242.53 | 3,051.84 |
| Less: Cash and cash equivalents and other bank balances | (114.58) | (18.33) |
| Net debt (A) | 2,127.95 | 3,033.51 |
| Equity | 5,594.26 | 20,579.31 |
| Total equity capital (B) | 5,594.26 | 20,579.31 |
| Total debt and equity (C)=(A)+(B) | 7,722.21 | 23,612.82 |
| Gearing ratio (A)/(C) | 27.56% | 12.85% |

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

45. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by the Company and Kurlon Trading and Invest management Private Limited in the Kurlon Enterprise Limited("KTIMPL") ("SPA"). The aforesaid transaction has been completed effective October 20, 2023 and the

equity shares held by the Company and KTIMPL have been transferred.

Further, as part of the aforesaid SPA, the Company has initiated transfer of all assets and liabilities pertaining to one of the factory located at Gwalior location to Subsidiary company Kurlon Enterprise Limited.

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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775

Notes to the Standalone Financial Statements for the year ended March 31, 2023

1. Corporate information

Kanara Consumer Products Limited (formerly known as Kurlon Limited) ("the Company") was incorporated under the name and style of "Karnataka Coir Products Limited" on February 09, 1962 and commenced commercial operations during October 1965. The name of the Company was changed to "Karnataka Consumer Products Limited" with effect from October 09, 1980. On December 08, 1995 the name of the company was changed from Karnataka Consumer Products Limited to "Kurlon Limited". Further, effective June 14, 2023 the name of the Company has been changed to "Kanara Consumer Products Limited". The Company operates in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Spring Mattresses, Furniture, Furnishings etc.

The Company's standalone financial statements for the year ended March 31, 2023 were approved by Board of Directors on November 21, 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



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Notes to the Standalone Financial Statements for the year ended March 31, 2023

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 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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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 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 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. Intangible assets

Recognition and measurement

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 |

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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.

Subsequent costs related to intangible assets 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.

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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 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.

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

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

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 income or interest expense

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

3.8. 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 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.

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 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 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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. 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
- 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

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

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.

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 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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.

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.

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:



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- 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 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 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-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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of

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Notes to the Standalone Financial Statements for the year ended March 31, 2023

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. Refer Note 34 for segment information and segment reporting.

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 37.

(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 reasonable to expect ultimate collection.

3.20. 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.

3.21. 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.

INDEPENDENT Auditor's Report



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kanara Consumer Products Limited (formerly known as Kurlon 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 loss 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



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** Financial Statements

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)(i) 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

INDEPENDENT Auditor's Report



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** Financial Statements

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 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 Matters

We did not audit the financial statements and other financial information, in respect of eleven subsidiaries, whose financial statements include total assets of Rs. 30,597.86 lakhs as on March 31, 2023, and total revenues of Rs. 14,913.84 lakhs and net cash inflows of Rs. 322 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, 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.



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** Financial Statements

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 Holding Company and two of its subsidiary companies 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 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 two subsidiary Companies as on March 31, 2023

taken on record by the Board of Directors of the Holding Company and such subsidiary Companies 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 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, 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, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Holding Company and its subsidiaries 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. Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund ('IEPF') by the Group;

INDEPENDENT Auditor's Report



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** Financial Statements

| Financial year | Amount involved (Rs lakhs) | Date of Payment | Number of Day's of Delay |
|----------------|----------------------------|-----------------|--------------------------|
| 2007-08 | 0.32 | Not paid | Not paid |
| 2008-09 | 0.75 | Not paid | Not paid |
| 2010-11 | 0.01 | Not paid | Not paid |

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies 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, other than 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 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 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 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 other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As disclosed in note 15(f) 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(f) to the standalone financial statements, no dividend has been declared during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023, for the Holding Company and its subsidiary companies, hence 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

Membership No.: 213803

UDIN : 22213803BELJZJ9261

Place : Bengaluru
Date : November 21, 2023



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** 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 Consolidated Financial Statements of Kanara Consumer Products Limited (formerly known as Kurlon 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 Limited | U17214KA1962PLC001443 | Holding Company | 3(i)(b),(i)(c),3(iii)(b) |
| 2 | Kurlon Enterprise Limited | U36101MH2011PLC222657 | Subsidiary | None |
| 3 | Kurlon Retail Limited | U36104KA2012PLC065664 | Subsidiary | 3(ix)(d) |
| 4 | Belvedere International Limited | U52520KA2020PLC142418 | Subsidiary | None |
| 5 | Komfort Universe Products and Services Limited | U52520KA2021PLC143244 | Subsidiary | None |
| 6 | Kanvas Concepts Private Limited | U74999KA2020PTC138867 | Subsidiary | None |
| 7 | Sirar Dhotre Solar Private Limited | U40300KA2016PTC097314 | Subsidiary | 3(i)(b),3(iii)(b), (iii)(c),(iii)(d), (iii)(e),(iii)(f),(vii)(a) |
| 8 | Sirar Solar Energies Private Limited | U40106KA2016PTC097367 | Subsidiary | 3(i)(b),3(iii)(b), (iii)(c),(iii)(d), (iii)(e),(iii)(f),(vii)(a) |
| 9 | Sevalal Solar Private Limited | U40106KA2016PTC094328 | Subsidiary | 3(i)(b),3(iii)(b), (iii)(c),(iii)(d), (iii)(e),(iii)(f),(vii)(a) |
| 10 | Starship Value Chain & Manufacturing Private Limited | U36900KA2020PTC139535 | Subsidiary | 3(i)(b),(vii)(a) |
| 11 | Manipal Natural Private Limited | U24290KA2019PTC130068 | Subsidiary | 3(ii)(b),3(vii)(a) |
| 12 | Manipal Software and E-com Private Limited | U72200KA2011PTC059084 | Subsidiary | 3(i)(b),3(iii)(c), |
| 13 | Kurlon Trading and Invest Management Private Limited | U67190MH2022PTC382693 | Subsidiary | None |

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Place : Bengaluru, Date : November 21, 2023

Per Rajeev Kumar

Partner

Membership No.: 213803

UDIN : 22213803BELJZJ9261

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 KANARA CONSUMER PRODUCTS LIMITED (FORMERLY KNOWN AS KURLON 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 Kanara Consumer Products

INDEPENDENT Auditor's Report



To the Members of Kanara Consumer Products Limited (formerly known as Kurlon Limited)
Report on the Audit of the **CONSOLIDATED** Financial Statements

Limited (formerly known as Kurlon 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, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, 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 standalone 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, 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 10 subsidiary companies, is based on the corresponding report of the auditors of such Companies.

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 firm 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

Per Rajeev Kumar

Partner

Membership No.: 213803

UDIN : 22213803BELJZ9261

Place : Bengaluru

Date : November 21, 2023

FINANCIAL Statements



Consolidated Balance Sheet as at March 31, 2023

| (₹ in Lakh) | | | |
|---|-------|------------------|------------------|
| Particulars | Notes | March 31, 2023 | March 31, 2022 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 31,631.61 | 33,966.84 |
| Capital work-in-progress | 4 | 105.93 | 489.33 |
| Goodwill | 5 | 2,103.16 | 2,103.16 |
| Other Intangible assets | 5 | 145.01 | 288.38 |
| Intangible assets under development | 5 | 2.93 | - |
| Right of use assets | 6 | 10,286.50 | 7,680.38 |
| Financial assets | | | |
| Investments | 7 | 458.62 | 570.52 |
| Loans | 8 | 482.57 | 1,532.87 |
| Other financial assets | 9 | 4,188.91 | 3,319.70 |
| Income tax assets (net) | 10 | 3,127.53 | 2,402.79 |
| Other non-current assets | 11 | 1,934.74 | 4,990.76 |
| | | 54,467.51 | 57,344.74 |
| Current assets | | | |
| Inventories | 12 | 9,904.20 | 14,035.41 |
| Financial assets | | | |
| Investments | 7 | 1,602.30 | 10,710.91 |
| Trade receivables | 13 | 5,944.45 | 5,726.45 |
| Cash and cash equivalents | 14 | 692.66 | 591.89 |
| Other bank balances | 14 | 563.95 | 4,265.73 |
| Loans | 8 | 59.30 | 56.74 |
| Other financial assets | 9 | 339.73 | 273.99 |
| Other current assets | 11 | 3,668.10 | 2,633.23 |
| | | 22,774.69 | 38,294.34 |
| Total | | 77,242.20 | 95,639.08 |
| Equity And Liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 1,488.26 | 1,488.26 |
| Other equity | 16 | 18,766.99 | 53,620.94 |
| Non controlling interest | 17 | 2,505.62 | 7,071.89 |
| | | 22,760.87 | 62,181.09 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 22 | 17,440.10 | 3,179.66 |
| Lease liabilities | 18 | 3,911.16 | 1,774.21 |
| Other financial liabilities | 19 | 5,835.60 | 5,403.63 |
| Provisions | 20 | 454.47 | 526.37 |
| Deferred tax liabilities (net) | 21 | 1,401.12 | 2,291.15 |
| | | 29,042.45 | 13,175.03 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 22 | 7,214.13 | 2,267.04 |
| Lease liabilities | 18 | 1,346.50 | 814.43 |
| Trade payables | 23 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 658.30 | 699.38 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 11,971.18 | 12,842.10 |
| Other financial liabilities | 19 | 1,575.42 | 1,544.75 |
| Provisions | 20 | 780.81 | 654.18 |
| Other current liabilities | 24 | 1,208.44 | 1,461.07 |
| Liabilities for current tax (net) | 25 | 684.10 | - |
| | | 25,438.88 | 20,282.96 |
| Total | | 77,242.20 | 95,639.08 |
| 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

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803

Place : Bengaluru, Date : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775



Consolidated Statement of Profit and Loss for the year ended March 31, 2022

| (₹ in Lakh) | | | |
|--|-------|-------------------|-------------------|
| Particulars | Notes | March 31, 2023 | March 31, 2022 |
| Income | | | |
| Revenue from operations | 25 | 85,398.39 | 80,235.28 |
| Other income | 26 | 1,237.22 | 2,029.39 |
| Total income | | 86,635.61 | 82,264.66 |
| Expenses | | | |
| Cost of raw material consumed | 27 | 35,086.66 | 35,105.48 |
| Purchase of traded goods | 28 | 9,281.95 | 8,933.76 |
| Changes in inventories of finished goods, work-in-progress and traded goods | 29 | 1,664.31 | 182.31 |
| Employee benefit expense | 30 | 8,038.04 | 8,242.44 |
| Finance costs | 31 | 4,068.43 | 733.63 |
| Depreciation and amortisation expense | 32 | 4,377.21 | 4,205.45 |
| Other expenses | 33 | 26,517.95 | 26,708.88 |
| Total expenses | | 89,034.55 | 84,111.95 |
| Profit/(Loss) before tax | | (2,398.94) | (1,847.28) |
| Exceptional items | 33A | 4,185.88 | 296.02 |
| Profit/(Loss) before tax | | (6,584.82) | (2,143.30) |
| Tax expense | | | |
| Current tax | | 1,166.11 | 885.00 |
| Tax relating to earlier years | | (117.54) | (146.08) |
| MAT Credit | | 2.31 | - |
| Deferred tax charge/(credit) | | (892.26) | (1,203.11) |
| Total tax expense/(credit) | | 158.62 | (464.19) |
| Profit/(Loss) for the year | | (6,743.44) | (1,679.11) |
| Profit/(Loss) for the year attributable to : | | | |
| Owners of the Company | | (6,801.02) | (1,593.84) |
| Non-controlling interest | | 57.58 | (85.27) |
| Other comprehensive income/(loss), net of tax | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gain/(loss) on defined benefit plan | | (34.90) | (158.98) |
| Income tax relating to items that will not be reclassified to profit or loss | | 13.01 | 41.57 |
| Total other comprehensive income/(loss) | | (21.89) | (117.41) |
| Total comprehensive income/(Loss) | | (6,765.33) | (1,796.52) |
| Total comprehensive income/(Loss) | | | |
| Owners of the Company | | (6,821.93) | (1,694.73) |
| Non-controlling interest | | 56.60 | (101.79) |
| Earnings/(loss) per equity share : | | | |
| Basic and Diluted [Nominal value of shares Rs. 10 (March 31, 2022 : Rs. 10)] | 34 | (45.70) | (10.71) |
| 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

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803

Place : Bengaluru, Date : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775

FINANCIAL Statements

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



| Particulars | (₹ in Lakh) | |
|--|--------------------|-------------------|
| | March 31, 2023 | March 31, 2022 |
| A. Cash flow from operating activities | | |
| (Loss) before tax | (6,584.82) | (2,143.30) |
| Non cash adjustment to reconcile (loss) before tax to net cash flows | | |
| Depreciation and amortisation expense | 4,377.21 | 4,205.45 |
| Provision for doubtful advances | 3,627.29 | 65.71 |
| Provision for bad and doubtful debts | 73.78 | 594.68 |
| Provision for impairment of equity instruments | - | 5.00 |
| Provision for doubtful loans | 835.27 | 291.02 |
| Provision for warranty | 363.07 | 328.80 |
| Interest expenses | 2,966.68 | 578.58 |
| Loss on sale of property, plant and equipment | 324.20 | 339.09 |
| Advance to suppliers written off | 1.42 | - |
| Bad debts written off | 25.44 | 0.09 |
| Deposits written off | - | 31.46 |
| Fair value loss / (gain) on mutual fund at fair value through profit or loss | 511.28 | (125.48) |
| Interest income | (422.07) | (554.21) |
| Rental income | (108.96) | (90.13) |
| Gain on sale of investments | (491.04) | (355.41) |
| Gain on modification of lease | (62.90) | (371.03) |
| Liabilities no longer required written back | (59.50) | (40.48) |
| Profit on sale of property, plant and equipment | - | (0.28) |
| Operating cash flow before working capital changes | 5,376.35 | 2,759.58 |
| Movements in working capital : | | |
| Increase/(decrease) in trade payables | (911.98) | 4,034.83 |
| Increase/(decrease) in other financial liabilities | 550.57 | 366.52 |
| Increase/(decrease) in other liabilities | (312.13) | 470.55 |
| Increase/(decrease) in provisions | 382.90 | (141.57) |
| Decrease/(increase) in inventories | 4,131.21 | (1,043.10) |
| Decrease/(increase) in trade receivables | (317.22) | (833.59) |
| Decrease/(increase) in loans | 212.48 | (226.94) |
| Decrease/(increase) in other financial assets | (2,133.74) | 527.33 |
| Decrease/(increase) in other assets | (5,022.24) | (337.69) |
| Cash generated from operating activities | 1,956.19 | 5,575.92 |
| Direct taxes paid (net of refunds) | (1,510.45) | (1,799.12) |
| Net cash generated from operating activities (A) | 445.74 | 3,776.79 |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment, including capital work in progress and capital advances | 1,648.48 | (5,117.51) |
| Deposits matured / (made) during the year (net) | 4,599.03 | (412.37) |
| Proceeds from sale of long term investment | 111.90 | 9.86 |
| Purchase of investments in mutual funds | - | (8,999.58) |
| Sale of investments in mutual funds | 9,128.86 | 9,901.28 |
| Rent received | 108.96 | 90.13 |
| Proceeds from sale of property, plant and equipment | 1,321.46 | (170.10) |
| Movement in earmarked balances, (net) | (388.92) | 102.35 |
| Interest received | 356.75 | 355.78 |
| Acquisition of non controlling interest | (32,500.00) | - |
| Net cash flow (used in) investing activities (B) | (15,613.48) | (4,240.16) |
| C. Cash flows from financing activities | | |
| Net (repayment of)/proceeds from short-term borrowings | 19,207.52 | 1,965.92 |
| Repayment of lease liabilities | (1,028.74) | (871.77) |
| Interest paid | (2,563.42) | (249.69) |
| Dividend paid | (342.11) | (579.00) |
| Net cash flow generated from financing activities (C) | 15,273.25 | 265.45 |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 105.51 | (197.91) |
| Cash and cash equivalents at the beginning of the year | 585.91 | 783.82 |
| Cash and cash equivalents at the end of the year | 691.42 | 585.91 |
| Components of cash and cash equivalents as at end of the year | | |
| Cash in hand | 7.48 | 8.50 |
| Balances with banks : | | |
| · In current accounts | 683.94 | 577.41 |
| Total cash and cash equivalents (Refer Note 14) | 691.42 | 585.91 |
| Non-cash investing and financing activities | | |
| Acquisitions to right-of-use assets (Refer Note 6) | 4,316.61 | 1,547.16 |
| Refer Note 22 for change in liabilities arising from financing activities | | |
| Summary of significant accounting policies (Refer note 3) | | |
| 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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775



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

(a) Equity share capital

Equity shares of Rs.10 each issued, subscribed and fully paid up

| | (₹ in Lakh) | |
|-------------------------------|--------------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| | Nos. | Amount |
| At the beginning of the year | 1,48,82,605 | 1,488.26 |
| Changes during the year | - | - |
| At the end of the year | 1,48,82,605 | 1,488.26 |

b. Other Equity

| | (₹ in Lakh) | | | | | | |
|---|---|-----------------|-----------------|-------------------|------------------|---------------------------|------------------|
| | Attributable to the equity holders of the Holding Company | | | | | | |
| | Securities premium | Capital reserve | General reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance as at April 01, 2021 | 293.81 | 1,283.05 | 4,558.39 | 49,309.53 | 55,444.78 | 7,455.08 | 62,899.86 |
| Loss for the year | - | - | - | (1,679.11) | (1,679.11) | - | (1,679.11) |
| Other comprehensive income/(loss) for the year | - | - | - | (117.41) | (117.41) | - | (117.41) |
| Transfer to non-controlling interest | - | - | - | 101.79 | 101.79 | (101.79) | - |
| Gain on transaction with Non controlling interest | - | - | - | 168.54 | 168.54 | - | 168.54 |
| Dividend paid | - | - | - | (297.65) | (297.65) | (281.40) | (579.05) |
| Balance as at March 31, 2022 | 293.81 | 1,283.05 | 4,558.39 | 47,485.69 | 53,620.94 | 7,071.89 | 60,692.83 |
| Loss for the year | - | - | - | (6,743.44) | (6,743.44) | - | (6,743.44) |
| Other comprehensive income/(loss) for the year | - | - | - | (21.89) | (21.89) | - | (21.89) |
| Transfer to non-controlling interest | - | - | - | (56.60) | (56.60) | 56.60 | - |
| Dividend paid | - | - | - | (148.83) | (148.83) | (9.77) | (158.60) |
| Loss on acquisition non controlling interest | - | - | - | (27,886.90) | (27,886.90) | - | (27,886.90) |
| Transfer from surplus in the statement of profit and loss | - | 3.71 | - | - | 3.71 | - | 3.71 |
| Acquisition of non controlling interest | - | - | - | - | - | (4,613.10) | (4,613.10) |
| Balance as at March 31, 2023 | 293.81 | 1,286.76 | 4,558.39 | 12,628.03 | 18,766.99 | 2,505.62 | 21,272.61 |

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 : November 21, 2023

For and on behalf of Board of Directors of

Kanara Consumer Products Limited (formerly known as Kurlon Limited)

CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai

Managing Director

DIN : 00043298

Madhusudan K. R.

Chief Financial Officer

Place : Bengaluru, Date : November 21, 2023

Kothethoor Venugopal Shetty

Independent Director

DIN : 00632775

FINANCIAL Statements



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

4. Property, plant and equipment

(₹ in Lakh)

| | Freehold land | Leasehold Land | Buildings | Plant & Machinery | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Total | Capital Work in Progress |
|---------------------|---------------|----------------|-----------|-------------------|----------------------|------------------|----------|-----------|------------|--------------------------|
| Cost | | | | | | | | | | |
| At April 01, 2021 | 2,460.39 | 145.89 | 16,449.45 | 23,106.61 | 4,151.94 | 676.88 | 733.06 | 605.33 | 48,329.55 | 1,736.90 |
| Additions | - | - | 2,717.96 | 2,202.26 | 813.68 | 296.56 | 77.23 | 155.19 | 6,262.88 | 428.28 |
| Disposals | - | - | (63.25) | (36.35) | (607.14) | (12.39) | (37.49) | (21.91) | (778.53) | (1,675.85) |
| Adjustments # | (9.07) | (145.89) | 25.12 | 126.93 | 94.65 | 17.64 | 49.52 | 25.19 | 184.09 | - |
| At March 31, 2022 | 2,451.32 | - | 19,129.28 | 25,399.46 | 4,453.13 | 978.69 | 822.31 | 763.80 | 53,997.99 | 489.33 |
| Additions | - | - | 467.42 | 1,064.22 | 291.24 | 112.86 | 64.44 | 45.03 | 2,045.21 | 442.30 |
| Disposals** | - | - | (981.95) | (1,036.20) | (800.50) | (18.42) | (128.11) | (27.74) | (2,992.92) | (825.70) |
| At March 31, 2023 | 2,451.32 | - | 18,614.75 | 25,427.48 | 3,943.87 | 1,073.13 | 758.64 | 781.09 | 53,050.28 | 105.93 |
| Depreciation | | | | | | | | | | |
| At April 01, 2021 | - | 59.37 | 2,997.04 | 11,108.51 | 1,806.27 | 474.82 | 255.54 | 490.41 | 17,191.96 | - |
| Charge for the year | - | - | 552.59 | 1,587.01 | 550.93 | 85.31 | 81.69 | 72.17 | 2,929.70 | - |
| Disposals | - | - | (17.15) | (20.36) | (279.73) | (8.01) | (7.11) | (12.72) | (345.07) | - |
| Adjustments * | - | (59.37) | - | 51.20 | 165.01 | 23.04 | 49.51 | 25.16 | 254.55 | - |
| At March 31, 2022 | - | - | 3,532.48 | 12,726.36 | 2,242.49 | 575.16 | 379.63 | 575.02 | 20,031.15 | - |
| Charge for the year | - | - | 610.15 | 1,588.36 | 289.58 | 99.19 | 80.82 | 75.61 | 2,743.71 | - |
| Disposals** | - | - | (230.60) | (479.70) | (538.70) | (16.68) | (68.56) | (21.95) | (1,356.19) | - |
| At March 31, 2023 | - | - | 3,912.03 | 13,835.02 | 1,993.37 | 657.67 | 391.89 | 628.68 | 21,418.67 | - |
| Net block | | | | | | | | | | |
| At March 31, 2022 | 2,451.32 | - | 15,596.80 | 12,673.09 | 2,210.64 | 403.53 | 442.68 | 188.78 | 33,966.84 | 489.33 |
| At March 31, 2023 | 2,451.32 | - | 14,702.72 | 11,592.45 | 1,950.50 | 415.47 | 366.75 | 152.41 | 31,631.61 | 105.93 |

Represents reclass adjustments between Property, plant and equipment and Right to use assets.

Note 1 : The Group has hypothecated certain properties against term loan obtained from banks (Refer note 22 for details). Further, the Holding Company has hypothecated certain properties for loans obtained by its wholly owned subsidiary company.

**Includes, deletion of assets on account of fire accident occurred at one of the Subsidiary 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 |

4. Capital work-in-progress ageing schedule

Amount in CWIP for a period of

| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--------------------------------|------------------|--------------|--------------|-------------------|---------------|
| As at March 31, 2023 | | | | | |
| Projects in progress | 28.53 | 29.25 | 37.31 | 10.84 | 105.93 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 28.53 | 29.25 | 37.31 | 10.84 | 105.93 |
| As at March 31, 2022 | | | | | |
| Projects in progress | 428.28 | 39.46 | 2.08 | 19.51 | 489.33 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 428.28 | 39.46 | 2.08 | 19.51 | 489.33 |

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

5. Goodwill and other Intangible assets

(₹ in Lakh)

| | Other intangible assets | | | | | | | |
|---------------------|-------------------------|-------------------|-------------|---------|----------|-------------------------------|----------|-------------------------------------|
| | Goodwill | Computer Software | Trade Marks | Patents | Licenses | Total other intangible assets | Total | Intangible assets under development |
| Cost | | | | | | | | |
| At April 01, 2021 | 2,103.16 | 1,090.53 | - | - | - | 1,090.53 | 3,193.69 | - |
| Additions | - | 14.19 | 0.17 | 0.90 | 12.65 | 27.91 | 27.91 | - |
| Disposals | - | (5.34) | - | - | - | (5.34) | (5.34) | - |
| At March 31, 2022 | 2,103.16 | 1,099.38 | 0.17 | 0.90 | 12.65 | 1,113.10 | 3,216.26 | - |
| Additions | - | 1.77 | - | - | - | 1.77 | 1.77 | 2.93 |
| Disposals | - | (10.78) | - | - | - | (10.78) | (10.78) | - |
| At March 31, 2023 | 2,103.16 | 1,090.37 | 0.17 | 0.90 | 12.65 | 1,104.09 | 3,207.25 | 2.93 |
| Amortisation | | | | | | | | |
| At April 01, 2021 | - | 684.76 | - | - | - | 684.76 | 684.76 | - |
| Charge for the year | - | 139.80 | 0.01 | 0.04 | 0.46 | 140.31 | 140.31 | - |
| Disposals | - | (0.35) | - | - | - | (0.35) | (0.35) | - |
| At March 31, 2022 | - | 824.21 | 0.01 | 0.04 | 0.46 | 824.72 | 824.72 | - |
| Charge for the year | - | 134.96 | 0.01 | 0.04 | 1.20 | 136.21 | 136.21 | - |
| Disposals | - | (1.85) | - | - | - | (1.85) | (1.85) | - |
| At March 31, 2023 | - | 957.32 | 0.02 | 0.08 | 1.66 | 959.08 | 959.08 | - |
| Net block | | | | | | | | |
| At March 31, 2022 | 2,103.16 | 275.17 | 0.16 | 0.86 | 12.19 | 288.38 | 2,391.54 | - |
| At March 31, 2023 | 2,103.16 | 133.05 | 0.15 | 0.82 | 10.99 | 145.01 | 2,248.17 | 2.93 |

5. Intangible assets (Contd.)

Amount in CWIP for a period of

| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--------------------------------|------------------|-------------|-------------|-------------------|-------------|
| As at March 31, 2023 | | | | | |
| Projects in progress | 2.93 | - | - | - | 2.93 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 2.93 | - | - | - | 2.93 |
| As at March 31, 2022 | | | | | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |
| Total | - | - | - | - | - |

The Group does not have any projects under intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the one of the subsidiary company

Kurlon Enterprise Limited 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').

FINANCIAL Statements



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

In view of the synergies, the subsidiary 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 | 5,496.35 | 5,197.98 | 10,694.33 |
| Additions | 1,547.16 | 1,547.16 | |
| Disposals | (3,063.54) | (3,063.54) | |
| Adjustments* | 129.84 | (84.38) | 45.46 |
| At March 31, 2022 | 5,626.19 | 3,597.22 | 9,223.41 |
| Additions | 4,316.61 | 4,316.61 | |
| Disposals | (703.65) | (703.65) | |
| At March 31, 2023 | 5,626.19 | 7,210.18 | 12,836.37 |
| Amortisation | | | |
| At April 01, 2021 | 131.73 | 2,015.30 | 2,147.03 |
| Charge for the year | 70.86 | 1,063.14 | 1,134.00 |
| Disposals | (1,712.99) | (1,712.99) | |
| Adjustments** | 59.37 | (84.38) | (25.01) |
| At March 31, 2022 | 261.96 | 1,281.07 | 1,543.03 |
| Charge for the year | 73.78 | 1,423.51 | 1,497.29 |
| Disposals | (490.45) | (490.45) | |
| At March 31, 2023 | 335.74 | 2,214.13 | 2,549.87 |
| Net block | | | |
| At March 31, 2022 | 5,364.23 | 2,316.15 | 7,680.38 |
| At March 31, 2023 | 5,290.45 | 4,996.05 | 10,286.50 |

* The Holding Company has hypothecated certain leasehold properties for loans obtained by Subsidiary companies.

** Represents reclass adjustments between property, plant and equipment and right of use asset.

7. Investment

| | March 31, 2023 | | March 31, 2022 | |
|--|----------------|--------|----------------|--------|
| | Nos. | Amount | Nos. | Amount |
| Measured at cost | | | | |
| Investments in debt instruments | | | | |
| Maharashtra Apex Corporation Ltd - Bonds | 1,09,324 | 224.83 | 1,65,104 | 336.80 |
| Maharashtra Apex Corporation Ltd - Redeemable cumulative preference shares | 80,100 | 12.75 | 80,100 | 12.75 |
| Total (A) | 1,89,424 | 237.58 | 2,45,204 | 349.55 |
| Measured at fair value through profit and loss | | | | |
| Non current investments, quoted | | | | |
| Industrial Development Bank of India | 3,360 | 1.51 | 3,360 | 1.44 |
| Total (B) | 3,360 | 1.51 | 3,360 | 1.44 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

7. Investment

| | March 31, 2023 | | March 31, 2022 | |
|---|----------------|--------|----------------|--------|
| | Nos. | Amount | Nos. | Amount |
| Non current investments, unquoted | | | | |
| Investments in equity instrument | | | | |
| General Investment & Commercial Corporation Ltd (Shares of Rs. 10/- each fully paid up) | 25,000 | 23.75 | 25,000 | 23.75 |
| Jitendra Harjivandas Securities Pvt Limited (Shares of Rs. 10/- each fully paid up) | 5,95,000 | 148.75 | 5,95,000 | 148.75 |
| Commercial Corporation of India Limited (Shares of Rs. 1/- each fully paid up) | 10,00,000 | 41.00 | 10,00,000 | 41.00 |
| Madish Style Bar Pvt Ltd (Shares of Rs. 10/- each fully paid up) | 60,000 | 6.00 | 60,000 | 6.00 |
| The Zoroastrain Co operative Bank (Shares of Rs. 25/- each fully paid up) | 100 | 0.03 | 100 | 0.03 |
| Alapasara Finvest Care Advisory Private Limited (Shares of Rs. 10/- each fully paid up) | 5,000 | 5.00 | 5,000 | 5.00 |
| Total (C) | 16,85,100 | 224.53 | 16,85,100 | 224.53 |
| Less : Allowance for impairment | - | (5.00) | - | (5.00) |
| Total (A+B+C) | 17,68,560 | 458.62 | 19,33,664 | 570.52 |

7. Investment (contd.)

| | March 31, 2023 | | March 31, 2022 | |
|---|----------------|--------|----------------|----------|
| | Nos. | Amount | Nos. | Amount |
| Current investments, quoted | | | | |
| Nippon Money Market Fund - D G | 2,847 | 100.99 | - | - |
| 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 | 200.10 | - | - |
| 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 | 15,28,743 | 199.99 | - | - |
| 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 |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

| | March 31, 2023 | | March 31, 2022 | |
|---|------------------|-----------------|--------------------|------------------|
| | Nos. | Amount | Nos. | Amount |
| Mahindra Manulife Short Term Fund D G | - | - | 19,22,171 | 203.04 |
| Trust MF Short Term Fund D G | - | - | 19,695 | 202.27 |
| Tata Corporate Bond Fund D G | - | - | 19,99,900 | 202.26 |
| Edelweiss Nifty PSU Bond Plus SdI 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 SdI Index Fund D G | - | - | 9,93,561 | 101.41 |
| Edelweiss Nifty PSU Bond Plus SdI 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 | - | - | 10,00,263 | 100.43 |
| Total | 40,94,195 | 1,602.30 | 4,66,38,047 | 10,710.91 |
| Total Non current investments | 17,68,560 | 458.62 | 19,33,664 | 570.52 |
| Total Current investments | 40,94,195 | 1,602.30 | 4,66,38,047 | 10,710.91 |
| Aggregate value of unquoted investments | | 457.11 | | 569.08 |
| Aggregate book value of quoted investments | | 1,603.81 | | 0,712.35 |
| Aggregate market value of quoted investments | | 1,603.81 | | 0,712.35 |

| 8. Loans | (₹ in Lakh) | | | |
|---|----------------|-----------------|----------------|----------------|
| | Non - Current | | Current | |
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Unsecured, at amortised cost | | | | |
| Loans | | | | |
| - Other related parties (Refer Note 36) | - | 1,024.04 | 49.30 | - |
| - Others | 482.57 | 508.83 | 10.00 | 56.74 |
| | 482.57 | 1,532.87 | 59.30 | 56.74 |
| Unsecured, credit impaired | | | | |
| Loans | | | | |
| - Other related parties (Refer Note 36) | 1,476.72 | 280.55 | - | - |
| - Others | 10.47 | 10.47 | - | - |
| Less : Allowance for doubtful loans | (1,487.18) | (291.02) | - | - |
| | 482.57 | 1,532.87 | 59.30 | 56.74 |

(a) The details of unsecured loans to other related parties given for the purpose of working capital requirements are as follows :

| Name of the company | Rate of interest | Due date of repayment | March 31, 2023 | | March 31, 2022 | |
|---|------------------|-----------------------|----------------|----------------|----------------|---------------|
| | | | Gross | Allowance | Gross | Allowance |
| Alapasara Finvest Care Advisory Private Limited | 8.00% | On demand | 126.34 | 126.34 | 126.34 | 126.34 |
| Manipal Nutraceutical Private Limited | 9.00% | On demand | 40.77 | 40.77 | 36.76 | 36.76 |
| Manipal Academy of Health and Education Private Limited | 9.00% | On demand | 459.17 | 459.17 | 411.28 | - |
| Manipal Educational Foundation | 9.00% | On demand | 446.91 | 446.91 | 336.08 | - |
| Innovative Foam Limited | 8.00% | On demand | 126.85 | 126.85 | 117.45 | 117.45 |
| Anant Solar Systems (Refer Note 1 below) | 8.00% | On demand | 250.35 | 250.35 | 250.35 | - |
| Sham Sunder (Refer Note 1 below) | 8.00% | On demand | 26.33 | 26.33 | 26.33 | - |
| Total | | | 1476.72 | 1476.72 | 1304.59 | 280.55 |

Note 1: 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.

*Allowance for doubtful loans is made considering the financials position of the subsidiaries and step down subsidiaries and same has been shown as exceptional item (refer note 33(A)).

(b) The details of unsecured loans to parties are as follows :

| Name of the company | Rate of interest | Due date of repayment | March 31, 2023 | | March 31, 2022 | |
|------------------------------------|------------------|-----------------------|----------------|--------------|----------------|--------------|
| | | | Gross | Allowance | Gross | Allowance |
| Acqua Crest Foods Private Limited | 24.00% | On demand | 10.47 | 10.47 | 10.47 | 10.47 |
| Great Town Trading Private Limited | 24.00% | On demand | 460.20 | - | 452.54 | - |
| Total | | | 470.67 | 10.47 | 463.01 | 10.47 |

*Allowance for doubtful loans is made considering the financials position of the entities.

(c) 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 |
| Unsecured, at amortised cost | | | | |
| Interest accrued on fixed deposits | - | - | 39.76 | 179.95 |
| Security deposits | 1,011.84 | 1,660.58 | 283.71 | 80.46 |
| Rent receivable | - | - | 12.12 | 13.53 |
| Deposits with remaining maturity for more than 12 months | 1,154.78 | 1,659.12 | - | - |
| Insurance receivable* | 2,022.29 | - | - | - |
| Others | - | - | 4.14 | 0.05 |
| | 4,188.91 | 3,319.70 | 339.73 | 273.99 |

* During the year, there was fire accident occurred at one of the Subsidiary company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & equipment were damaged/burnt against which the Subsidiary company has filed claim with the insurer for Rs 41,77.98 lakhs of which, the Subsidiary 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 Group is confident of realising the aforesaid claim in near future.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

10. Income tax assets (net)

| | (₹ in Lakh) | |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Advance income tax net of provision for current tax & including tax deducted at source | 2,702.39 | 1,981.55 |
| MAT Credit entitlement | 425.14 | 421.24 |
| | 3,127.53 | 2,402.79 |

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 (a) below) | 1,574.67 | 4,990.76 | - | - |
| Advances recoverable in cash or kind | | | | |
| - Related parties (Refer Note 35) | - | - | - | 140.00 |
| - Others | - | - | 1,761.86 | 902.43 |
| Advance to employees | - | - | 77.80 | 70.12 |
| Prepaid expenses | 2.92 | - | 714.34 | 389.89 |
| Interest Accrued but not due | 1.30 | - | - | - |
| Balances with statutory/government authorities | 351.42 | - | 1,053.34 | 1,114.09 |
| Others | 4.43 | - | 60.76 | - |
| | 1,934.74 | 4,990.76 | 3,668.10 | 2,633.23 |
| Unsecured, credit impaired | | | | |
| Capital advance | 3,350.61 | - | - | - |
| Advances recoverable in cash or kind | | | | |
| - Others | - | - | 45.32 | 63.63 |
| - Employees | - | - | - | 2.08 |
| Less : Provision for doubtful advances | (3,350.61) | - | (45.32) | (65.71) |
| Total | 1,934.74 | 4,990.76 | 3,668.10 | 2,633.23 |

a) Capital advances includes the following :

i) During the year 2013-2014, the Company had paid an advance of Rs. 3,305.61 lakhs to Maharashtra Apex Corporation Limited (MACL) (a related party) for purchase of land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated October 08, 2004 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 Kurlon Limited. Considering the financial position of MACL, the Company has created provision for doubtful advances. Refer note 33(A).

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 in transit Rs. Nil (March 31, 2022 - Rs. 835.71 lakhs) | 3,957.87 | 6,378.88 |
| Work in progress | 1,322.16 | 2,306.31 |
| Finished goods | 3,251.32 | 3,693.99 |
| Spares and consumables | 648.96 | 697.28 |
| Packing Material | 5.53 | 3.10 |
| Stock in Transit | 75.11 | 116.16 |
| Traded goods | 839.68 | - |
| | 9,904.20 | 14,035.41 |

* The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 702.00 lakhs (March 31, 2022 : Rs. 799.31 lakhs).

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

13. Trade receivables

| | (₹ in Lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Financial assets, at amortised cost | | |
| Unsecured, considered good | 5,944.45 | 5,726.45 |
| Unsecured, credit impaired | 1,666.42 | 1,592.89 |
| | 7,610.87 | 7,319.34 |
| Provision for doubtful receivables | (1,666.42) | (1,592.89) |
| | 5,944.45 | 5,726.45 |

Notes : (i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

Ageing of trade payables

| | (₹ in Lakh) | | | | | | |
|--|--|--------------------|--------------------|---------------|---------------|-------------------|-----------------|
| | Outstanding for following periods from the date of transaction | | | | | | |
| | Not due | Less than 6 months | 6 months to 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| March 31, 2023 | | | | | | | |
| Undisputed trade receivables - considered good | 2,632.55 | 2,592.98 | 455.57 | 48.34 | 215.01 | - | 5,944.45 |
| 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 |
| Total | 2,632.55 | 2,593.85 | 643.90 | 274.77 | 746.39 | 719.41 | 7,610.87 |
| March 31, 2022 | | | | | | | |
| Undisputed trade receivables - considered good | 682.87 | 4,763.48 | 262.41 | 15.04 | 1.83 | 0.82 | 5,726.45 |
| 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 |
| Total | 682.87 | 4,763.48 | 262.41 | 963.82 | 333.58 | 313.18 | 7,319.34 |

14. Cash and bank balances

| | (₹ in Lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Cash and cash equivalents | | |
| Cash in hand | 7.48 | 8.50 |
| Balances with banks : | | |
| In current accounts | 683.94 | 577.41 |
| Deposits with original maturity for less than 3 months | 1.24 | 5.98 |
| | 692.66 | 591.89 |
| Other bank balances | | |
| Deposits with remaining maturity for less than 12 months | 0.05 | 4,090.00 |
| Earmarked balances with banks* | 545.41 | 156.49 |
| Unpaid dividend | 18.49 | 19.24 |
| | 563.95 | 4,265.73 |
| | 1,256.61 | 4,857.62 |

* Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

15. Equity share capital

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | Nos. | Amount | Nos. | Amount |
| Authorised shares | | | | |
| Equity shares of Rs. 10/- each with voting rights | 3,50,00,000 | 3,500.00 | 3,50,00,000 | 3,500.00 |
| | 3,50,00,000 | 3,500.00 | 3,50,00,000 | 3,500.00 |
| Issued, subscribed and fully paid-up shares | | | | |
| Equity shares of Rs. 10/- each with voting rights | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |
| | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2021 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | Nos. | Amount | Nos. | Amount |
| At the beginning of the year | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 1,48,82,605 | 1,488.26 | 1,48,82,605 | 1,488.26 |

b. Terms and rights attached to equity shares

The Holding Company has only one class of equity shares having par value of Rs. 10 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. 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. 10/- each with voting rights | | | | |
| Manipal Holding Private Limited | 71,83,919 | 48.27% | 71,83,919 | 48.27% |
| Maharashtra Apex Corporation Limited | 56,93,020 | 38.25% | 56,93,020 | 38.25% |

d. Details of shares issued for consideration other than cash during the preceding five years

No shares have been issued for consideration other than cash during the preceding five years

e. 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 |
|---|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Manipal Holdings Private Limited | 71,83,919 | - | 71,83,919 | 48.27% | 0.00% |
| Maha Rashtra Apex Corporation Ltd | 56,93,020 | - | 56,93,020 | 38.25% | 0.00% |
| General Investment And Commercial Corporation Ltd | 4,87,620 | (2,620) | 4,85,000 | 3.26% | -0.02% |
| Jaya S Pai | 3,78,403 | 5,760 | 3,84,163 | 2.58% | 0.04% |

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

e. 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 |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Metropolis Builders Pvt Ltd | 1,67,036 | - | 1,67,036 | 1.12% | 0.00% |
| Manipal Home Finance Limited | 32,350 | - | 32,350 | 0.22% | 0.00% |
| Tonse Sudhakar Pai | 29,217 | - | 29,217 | 0.20% | 0.00% |
| Tonse Sudhakar Pai on behalf of Family trust | 12,570 | - | 12,570 | 0.08% | 0.00% |
| Mangala Investments Limited | 646 | - | 646 | 0.00% | 0.00% |
| Rajmahal Trade & Investments Pvt. Limited | 501 | - | 501 | 0.00% | 0.00% |
| Commercial Corporation Of India Ltd | 500 | - | 500 | 0.00% | 0.00% |
| Manipal Stock & Share Brokers Ltd | 350 | - | 350 | 0.00% | 0.00% |
| Jai Bharath Mills Private Ltd. | 250 | - | 250 | 0.00% | 0.00% |
| | 1,39,86,382 | 3,140 | 1,39,89,522 | 94.00% | 0.02% |

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 |
|---|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Manipal Holdings Private Limited | 71,83,919 | - | 71,83,919 | 48.27% | 0.00% |
| Maha Rashtra Apex Corporation Ltd | 56,93,020 | - | 56,93,020 | 38.25% | 0.00% |
| General Investment And Commercial Corporation Ltd | 4,87,620 | - | 4,87,620 | 3.28% | 0.00% |
| Jaya S Pai | 3,78,403 | - | 3,78,403 | 2.54% | 0.00% |
| Metropolis Builders Pvt Ltd | 1,67,036 | - | 1,67,036 | 1.12% | 0.00% |
| Manipal Home Finance Limited | 32,350 | - | 32,350 | 0.22% | 0.00% |
| Tonse Sudhakar Pai | 29,217 | - | 29,217 | 0.20% | 0.00% |
| Tonse Sudhakar Pai on behalf of Family trust | 12,570 | - | 12,570 | 0.08% | 0.00% |
| Mangala Investments Limited | 646 | - | 646 | 0.00% | 0.00% |
| Rajmahal Trade & Investments Pvt. Limited | 501 | - | 501 | 0.00% | 0.00% |
| Commercial Corporation Of India Ltd | 500 | - | 500 | 0.00% | 0.00% |
| Manipal Stock & Share Brokers Ltd | 350 | - | 350 | 0.00% | 0.00% |
| Jai Bharath Mills Private Ltd. | 250 | - | 250 | 0.00% | 0.00% |
| | 1,39,86,382 | - | 1,39,86,382 | 93.98% | 0.00% |

f. 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 148.83 lakhs (for the year ended March 31, 2021 paid in financial year 2021-22: Rs. 297.65 lakhs) | 1.00 | 148.83 | 2.00 | 297.65 |
| Proposed dividend on equity shares | | | | |
| Proposed dividend for the year ended March 31, 2023 : Rs. Nil (for the year ended March 31, 2022: Rs 148.83 lakhs) | - | - | 1.00 | 148.83 |
| 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. | | | | |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

16. Other equity

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Securities premium account | | |
| Balance at the beginning of the year | 293.81 | 293.81 |
| Add : Premium on issue of shares | - | - |
| Less : Transfer to Non controlling interest on issue of shares | - | - |
| Balance as at end of the year | 293.81 | 293.81 |
| Capital reserve | | |
| Balance at the beginning of the year | 1,283.05 | 1,283.05 |
| Add : Capital reserve arising on acquisition (Refer Note (a) below and 48) | 3.71 | - |
| Add : Arising on consolidation | - | - |
| Balance as at end of the year | 1,286.76 | 1,283.05 |
| General reserve | | |
| Balance at the beginning of the year | 4,558.39 | 4,558.39 |
| Add : Transfer from surplus in the statement of profit and loss | - | - |
| Balance as at end of the year | 4,558.39 | 4,558.39 |
| Retained earnings | | |
| Balance at the beginning of the year | 47,485.69 | 49,309.53 |
| Add : Loss for the year | (6,743.44) | (1,679.11) |
| Add : Other comprehensive income/(loss) for the year | (21.89) | (117.41) |
| Less : Non-controlling interest | (56.60) | 101.79 |
| Add : Gain on transaction with Non controlling interest | - | 168.54 |
| Less : Dividend paid | (148.83) | (297.65) |
| Less : Loss on acquisition non controlling interest | (27,886.90) | - |
| Balance as at end of the year | 12,628.03 | 47,485.69 |
| Total | 18,766.99 | 53,620.94 |

a. During the year ended March 31, 2023, the Holding Company's stepdown subsidiary, Belvedere International Limited has acquired business from Home Komfort Retail LLP which was carrying on business on behalf of the subsidiary company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the stepdown subsidiary company has accounted the acquired business under the common control method (refer note 48)

17. Non controlling interest

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Opening balance | 7,071.89 | 7,455.08 |
| Add : Share of profit/(loss) | 57.58 | (85.27) |
| Add : Share of Other comprehensive income/(loss) | (0.98) | (16.52) |
| Add : Acquisition of non controlling interest during the year | (4,613.10) | - |
| Less : Dividend paid to non controlling interest | (9.77) | (281.40) |
| | 2,505.62 | 7,071.89 |

18. Lease liabilities

(₹ in Lakh)

| | Non - Current | | Current | |
|-------------------|-----------------|-----------------|-----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Lease liabilities | 3,911.16 | 1,774.21 | 1,346.50 | 814.43 |
| | 3,911.16 | 1,774.21 | 1,346.50 | 814.43 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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 | 2,588.64 | 3,777.31 |
| Additions | 3,734.28 | 1,396.95 |
| Interest expense | 419.98 | 346.73 |
| Loss/(Gain) on modification of lease on account of consolidation | (6.52) | 9.88 |
| Payments | (1,022.22) | (1,228.38) |
| Termination of leases | (456.50) | (1,713.85) |
| At the end of the year | 5,257.66 | 2,588.64 |

The maturity analysis of lease liabilities are disclosed in Note 42

19. 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 | 5,403.63 | 146.08 | 18.00 |
| Employee related liabilities | - | - | 1,144.92 | 1,167.75 |
| Creditors for Capital goods | - | - | 223.72 | 327.75 |
| Unpaid dividend account | - | - | 18.62 | 19.24 |
| Interest accrued but not due on borrowings | - | - | 28.73 | 12.01 |
| Others payables | - | - | 13.35 | - |
| | 5,835.60 | 5,403.63 | 1,575.42 | 1,544.75 |

20. Provisions

(₹ in Lakh)

| | Non - Current | | Current | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Provision for warranty | 332.57 | 374.33 | 486.27 | 444.52 |
| Provision for employee benefits | - | - | - | - |
| Gratuity (Refer Note 37) | 113.88 | 152.04 | 131.87 | 153.24 |
| Leave encashment | 8.02 | - | 162.67 | 56.42 |
| | 454.47 | 526.37 | 780.81 | 654.18 |

* Provision for warranty :

The Group 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)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------------------|----------------------|----------------------|
| Balance as at beginning of the year | 818.85 | 798.84 |
| Provisions created during the year | 363.07 | 328.65 |
| Amounts utilised during the year | (363.08) | (308.64) |
| Balance as at end of the year | 818.84 | 818.85 |
| Current | 486.27 | 444.52 |
| Non-current | 332.57 | 374.33 |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

21. Deferred tax liabilities (net)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|----------------------|----------------------|
| Deferred tax liabilities | 3,158.11 | 3,391.05 |
| Deferred tax assets | (1,756.99) | (1,099.90) |
| | 1,401.12 | 2,291.15 |

Refer Note 44 for further details.

22. Borrowings

(₹ in Lakh)

| | Non - Current | | Current | |
|---|------------------|-----------------|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Secured borrowings | | | | |
| Term loan | | | | |
| From Banks (Refer note (a) below) | 3,328.94 | 3,320.47 | - | - |
| From Others (Refer note (b) below) | 17,617.30 | 36.29 | - | - |
| Less - Current maturities of long term debt | (3,506.54) | (177.09) | - | - |
| | 17,439.70 | 3,179.66 | - | - |
| Working capital loans From banks (Refer note (c) below) | - | - | 2,824.45 | 1,413.65 |
| Current maturities of long term debt | - | - | 3,506.54 | 177.09 |
| | - | - | 6,330.99 | 1,590.74 |
| Unsecured borrowings | | | | |
| Loans from others (Refer note (d) below) | 0.40 | - | 883.14 | 676.30 |
| | 0.40 | - | 883.14 | 676.30 |
| Total | 17,440.10 | 3,179.66 | 7,214.13 | 2,267.04 |

(a) Loan from banks of Rs. 3,328.94 lakhs (March 31, 2022 : Rs. 3,320.47 lakhs)

(i) The Group has obtained term loan of Rs 1,800.00 lakhs from Canara bank for construction of Buildings. The loan is repayable over tenure of 10 years 9 months and carries interest rate of 8.15% per annum. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,669.49 lakhs (March 31, 2022 : Rs. 1,661.02 lakhs). The loan is hypothecated against immoveable properties of the Group as per table below.

(ii) During the year the Group has obtained term loan of Rs 135.00 lakhs from Canara bank for working capital purposes. The loan is repayable over tenure of 36 months after initial moratorium period of 24 months from sanction date of October 28, 2021. The loan carries interest of 7.5% and secured against immoveable properties as per table below. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 135.00 lakhs (March 31, 2022 : Rs 135.00 lakhs).

Terms loans from banks have been hypothecated against following immoveable properties of the Group.

(a) Leasehold Industrial Land taken from Karnataka Industrial Area Development Board (KIADB)

(b) N-901 & 902 Manipal centre

(c) N-301 & 302 Manipal centre

(d) No.B-9 Jai Bharath Industrial Estate Bangalore

(e) No.36 Patalamma Temple Street, Basavanagudi.

(f) No.B-9 Jai Bharath Industrial Estate Bangalore

(g) No.36 Patalamma Temple Street, Basavanagudi.

(h) Personal guarantee of directors.

(iii) The Group has obtained term loan of Rs 1450.00 lakhs from Canara bank for Towards purchase of Plant & Machinery and other movable fixed assets for setting up of manufacturing facility. The loan is repayable over tenure of 96 months starting April, 2023. The loan carries interest of 8.5% .The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,449.45 lakhs (March 31, 2022 : Rs. 1,449.45 lakhs).

(iv) During the year the Group has obtained term loan of Rs 75.00 lakhs from Canara bank for Towards Working Capital Requirements. The loan is repayable over tenure of 36 months starting February 2024. The loan carries interest of RLLR+0.6% .The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 75.00 lakhs (March 31, 2022 : 75.00 Lakhs).

(b) Term Loan from other parties March 31, 2023 Rs. 17,617.30 lakhs (March 31, 2022 : Rs. 36.29 lakhs)

(i) During the year, the Group has obtained term loans of Rs. 12,500 lakhs and Rs. 7,500 lakhs from Kotak Mahindra Investments Limited and Bajaj Finance Limited for purchase of shares in Kurlon Enterprise Limited (KEL), one of the subsidiaries of the Company, The term loan is secured by immovable property, hypothecation of leased premises and pledge of 51% shares of KEL held by the Company and its Corporate Guarantee. The loans carries interest pf 12.50% p.a. and 12.00% respectively and repayable over a tenure of 5 years including moratorium period of 15 months. The outstanding balance of aforesaid facilities as of March 31, 2023 is Rs. 17,617.30 lakhs.

(ii) The Group has obtained term loan from The Zoroastrian co-operative bank Ltd for purchase of vehicles and hypothecated against such vehicles. Loan carries interest of 8.75% per annum. During the current year, the Group has repaid the said term loan.

(c) Working capital loans From banks of Rs. 2,824.65 lakhs (March 31, 2022 : Rs. 1,412.87 lakhs)

(i) The Group has obtained GECL for working capital purpose from Canara Bank and the outstanding balance as of March 31, 2023 is Rs. 438.04 lakhs (March 31, 2022 : Rs. 1219.54 lakhs). The said facility is secured against fixed deposit of the Company.

(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).

22. Borrowings (continued)

(iii) The Group has obtained Cash Credit for working capital purpose from Canara Bank and the outstanding balance as of March 31, 2023 is Rs. 1371.66 lakhs (March 31, 2022 : Rs. 176.05 lakhs). The said facility is secured against fixed deposit of the Company.

(iv) 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).

(d) Unsecured Loan from other parties of Rs. Rs. 883.54 lakhs (March 31, 2022 : Rs. 676.30 lakhs)

(i) The Group has obtained a loan from public financial institution outstanding balance against the aforesaid facility is Rs. 229.76 lakhs carrying interest at 8% per annum.

(ii) 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. 653.08 lakhs (March 31, 2022 : Rs. 676.30 lakhs).

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 | 4,734.12 | 1,419.27 | - | 6,153.39 |
| Loans from other parties | 712.59 | 17,788.25 | - | 18,500.84 |
| Total | 5,446.71 | 19,207.52 | - | 24,654.23 |
| March 31, 2022 | | | | |
| Loans from banks | 1,560.85 | 3,173.27 | - | 4,734.12 |
| Loans from other parties | 1,172.11 | (459.52) | - | 712.59 |
| Total | 2,732.96 | 2,713.75 | - | 5,446.71 |

23. 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 33) | 658.30 | 699.38 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 11,971.18 | 12,842.10 |
| | 12,629.48 | 13,541.48 |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Ageing of trade payables

(₹ in Lakh)

| | Outstanding for following periods from the date of transaction | | | | | Total |
|--|--|------------------|-------------|-------------|-------------------|------------------|
| | Accrued expenses | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| March 31, 2023 | | | | | | |
| Undisputed trade payables - MSME | - | 658.30 | - | - | - | 658.30 |
| "Undisputed trade payables - Non MSME" | 192.11 | 11,779.07 | - | - | - | 11,971.18 |
| Total | 192.11 | 12,437.37 | - | - | - | 12,629.48 |
| March 31, 2022 | | | | | | |
| Undisputed trade payables - MSME | - | 699.38 | - | - | - | 699.38 |
| "Undisputed trade payables - Non MSME" | 192.11 | 12,649.99 | - | - | - | 12,842.10 |
| Total | 192.11 | 13,349.37 | - | - | - | 13,541.48 |

24. Other current liabilities

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Contract liabilities - Advance from customers | 486.20 | 643.14 |
| Payable to related parties | 36.13 | 98.11 |
| Statutory dues | 589.29 | 600.05 |
| Other liabilities | 96.82 | 119.77 |
| | 1,208.44 | 1,461.07 |

Contract liabilities are recognised as revenues when the Group performs under the contract (i.e. transfer of control of the related goods).

25. 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 | 89,525.02 | 70,778.90 |
| Traded goods | 5,203.14 | 16,124.57 |
| Less : Schemes & rebates | (10,297.42) | (7,486.13) |
| Sale of Services | 387.59 | 214.63 |
| Other operating revenue | | |
| Scrap sales | 367.92 | 279.29 |
| Others | 158.79 | 256.65 |
| Agricultural products | 53.35 | 67.37 |
| Revenue from operations | 85,398.39 | 80,235.28 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(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 | 85,010.80 | 80,020.65 |
| Services transferred over time | 387.59 | 214.63 |
| | 85,398.39 | 80,235.28 |

(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 | 95,695.81 | 87,721.41 |
| Less : Discounts | (10,297.42) | (7,486.13) |
| | 85,398.39 | 80,235.28 |

(c) Movement in contract liabilities during the year*

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Opening balance | 643.14 | 4,765.80 |
| Less : Revenue recognised during the year | (643.14) | (4,765.80) |
| Add : Amount of consideration received during the year | 486.20 | 643.14 |
| | 486.20 | 643.14 |

* Contract liabilities consists of advances received from customers towards supply of products.

26. Other income

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Interest income | | |
| - On fixed deposits | 181.11 | 356.22 |
| - On security deposits | 37.56 | 20.74 |
| - On others | 203.40 | 177.26 |
| Fair value gain on mutual fund at fair value through profit or loss | - | 125.48 |
| Rental income | 108.96 | 90.13 |
| Gain on sale of investments | 491.04 | 355.41 |
| Liabilities no longer required written back | 59.50 | 40.48 |
| Gain on modification of lease | 62.90 | 371.03 |
| Foreign currency exchange gain (net) | 6.26 | 2.43 |
| Profit on sale of property, plant and equipment | - | 0.28 |
| Subsidy from government | 4.75 | 260.71 |
| Miscellaneous income | 81.74 | 229.22 |
| | 1,237.22 | 2,029.39 |

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 | 6,386.62 | 5,196.22 |
| Add: Purchases | 32,663.45 | 36,295.88 |
| Less: Inventories at the end of the year | (3,963.41) | (6,386.62) |
| Cost of raw materials consumed | 35,086.66 | 35,105.48 |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

28. Purchase of traded goods (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|----------------------|----------------------|
| Purchase of traded goods | 9,281.95 | 8,933.76 |
| | 9,281.95 | 8,933.76 |

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 | 3,326.43 | 3,810.15 |
| Work in progress | 1,322.16 | 2,306.31 |
| Traded goods | 643.24 | 839.68 |
| | 5,291.83 | 6,956.14 |
| Inventories at the beginning of the year | | |
| Finished goods | 3,810.15 | 3,894.50 |
| Work in progress | 2,306.31 | 2,103.14 |
| Traded goods | 839.68 | 1,140.81 |
| | 6,956.14 | 7,138.45 |
| | 1,664.31 | 182.31 |

30. Employee benefit expenses (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Salaries, wages and bonus | 7,203.57 | 7,421.90 |
| Leave encashment Expense | 10.18 | - |
| Gratuity expenses (Refer Note 41) | 112.99 | 122.94 |
| Contribution to provident and other funds | 370.72 | 404.57 |
| Staff welfare expenses | 340.58 | 293.03 |
| | 8,038.04 | 8,242.44 |

31. Finance costs (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|----------------------|----------------------|
| Interest expenses | | |
| - On borrowings | 2,546.70 | 239.99 |
| - On lease liabilities | 419.98 | 338.60 |
| Customer financing costs | 157.23 | 89.79 |
| Others | 944.52 | 65.26 |
| | 4,068.43 | 733.63 |

32. Depreciation and amortisation expense (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Depreciation of property, plant and equipment | 2,743.71 | 2,933.35 |
| Amortisation of intangible assets | 136.21 | 138.73 |
| Amortisation of right to use assets | 1,497.29 | 1,133.37 |
| | 4,377.21 | 4,205.45 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

33. Other expenses (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Consumption of stores, spares and consumables | 461.85 | 425.62 |
| Power and fuel | 1,593.28 | 1,308.71 |
| Freight outward | 7,588.65 | 8,114.73 |
| Rent | 63.36 | 414.75 |
| Repairs and maintenance | | |
| Buildings | 212.48 | 94.13 |
| Plant and machinery | 158.79 | 172.85 |
| Others | 591.89 | 640.75 |
| Tailoring and fabrication | 3,854.96 | 3,699.37 |
| Manpower charges | 813.11 | 519.21 |
| Office expenses | 58.96 | 132.11 |
| Rates and taxes | 529.73 | 245.90 |
| Expenditure on corporate social responsibility | 139.28 | 207.36 |
| Insurance expenses | 558.70 | 367.15 |
| Foreign currency exchange loss (net) | 14.33 | 19.29 |
| Security expenses | 644.65 | 639.17 |
| Postage and telephone expenses | 168.26 | 142.21 |
| Payment to auditors * | 95.50 | 82.00 |
| Advertisement, promotion and selling expenses | 3,324.08 | 4,472.11 |
| Travelling and conveyance expenses | 1,106.18 | 1,103.54 |
| Legal and consultancy charges | 2,286.03 | 2,028.31 |
| Director's sitting fees | 7.65 | 4.57 |
| Loss on sale of property, plant and equipment | 324.20 | 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 | 73.78 | 594.68 |
| Provision for doubtful advances | 276.68 | 65.71 |
| Provision for warranty | 363.07 | 328.80 |
| Royalty expenses | 37.71 | - |
| Fair value loss on mutual funds at fair value through profit or loss | 511.28 | - |
| Miscellaneous expenditure | 632.65 | 515.21 |
| | 26,517.95 | 26,708.88 |
| * Payment to auditors (excluding goods and service tax) | | |
| Audit services | | |
| Statutory audit | 94.00 | 82.00 |
| Out of pocket expenses | 1.50 | - |
| | 95.50 | 82.00 |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

33A. Exceptional Items

| | (₹ in Lakh) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Provision for impairment of equity instruments (Refer note 7) | - | 5.00 |
| Provision for doubtful loans (Refer note 8) | 835.27 | 291.02 |
| Provision for doubtful advances (Refer note 11) | 3,350.61 | - |
| | 4,185.88 | 296.02 |

34. Earnings / (loss) per share (EPS)

| | (₹ in Lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (Loss) attributable to equity holders of the Parent Company | (6,801.02) | (1,593.84) |
| Weighted average number of equity shares outstanding (Basic and diluted) | 1,48,82,605 | 1,48,82,605 |
| (Loss) per share (Basic and diluted) | (45.70) | (10.71) |

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 certain other business which are not material at Group level. Accordingly, the Group reviews revenues and expenses as a whole at Group level and does not distinguish revenues and expenses between different

businesses in its internal reporting. 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.

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

| | |
|-------------------------------|--|
| Subsidiary Companies | Kurlon Enterprise Limited Manipal Software & E-com Private Limited Manipal Natural Private Limited Kurlon Trading and Invest Management Private Limited (w.e.f June 24, 2022) |
| Step down subsidiaries | Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedere International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited) Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited Starship Global VCT LLP Home Komfort Retail LLP (Acquired by Belvedere International Limited w.e.f September 01, 2022) |

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

| | |
|---|--|
| Enterprises owned or significantly influenced by key management personnel /Directors and their relatives | Manipal Academy of Health & Education Manipal Education Foundation Innovative Foam Limited Eldorado Share Services Private Limited Maharsatra Apex Asset Management company Limited Manipal Advertising Services Private Limited Manipal Neutraceutical Private Limited Manipal Stock and Share Brokers Limited Manipal Holdings Private Limited Maharashtra Apex Corporation Limited Manipal Home Finance Limited General Investment & Commercial Corporation Limited Commercial Corporation Of India Limited Canara Steel Limited Metropolis Builders Private Limited Manipal Home Finance Limited Mangala Investments Limited Anant Solar Systems Private Limited Jitendra Harjivandas Securities Private Limited |
|---|--|

36. Related party disclosure (Contd.)

Directors and Key Management Personnel (KMP)

| |
|---|
| Mr. Tonse Sudhakar Pai, Managing Director Ms. Jaya Sudhakar Pai, Director Ms. Deepa Sudhakar Pai, Director Ms. Jyothi Ashish Pradhan, Director Mr. Ashish Pradhan, Director of Subsidiary Mr. Jamsheed Minoo Panday, Director (w.e.f June 22, 2021) Mr. Kuthethoor Venugopal Shetty, Independent Director (w.e.f June 22, 2021) Mr. Santhosh Kamath, Independent Director (w.e.f June 22, 2021) Mr. ASPI Nariman Katgara, Director (w.e.f June 22, 2021) Mr. Narendra Kudva, Director Mr. Neha Lakhera, Company Secretary (w.e.f June 22, 2021 until July 01, 2022) Mr. Monu Kumar, Company Secretary (w.e.f July 01, 2022 until October 20, 2023) Mr. N Srinivasa Ulloor, Chief Financial Officer (until April 15, 2022) Mr. Sanjoy Khan, Chief Financial Officer (w.e.f April 15, 2022) Mr. Ritesh Shroff, Chief Financial Officer of Subsidiary (up to December 07, 2021) Ms. Veena Hulloli, Company Secretary (Upto June 22, 2021) |
|---|



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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

36. Related party disclosure (Contd.)

| | |
|---|---|
| Directors and Key Management Personnel (KMP) | Mr. Nitin G Khot Non-Executive Director (up to June 22, 2021) Mr. S Ananthanarayanan Non-Executive Director (up to June 22, 2021) Mr. H N Shrinivas, Director of Subsidiary (w.e.f. May 07, 2022) Mr. Nagarajan S, Director of Subsidiary (w.e.f. May 07, 2022) 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 of Subsidiary Mr. Sham Sunder, Director of Subsidiary Mr. Madhusudan K R (w.e.f May 01, 2023) |
| Relative of Directors and Key Management Personnel (KMP) | Ms. Feroza Jamsheed Panday, Relative of Director Mr. Jahangir Jamsheed Panday, Relative of Director |

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 and Services | | |
| Manipal Advertising Services Private Limited. | 0.05 | 0.30 |
| Manipal Educational Foundation | - | 0.34 |
| | 0.05 | 0.64 |

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Rental Income | | |
| Eldorado Share Services Private Limited | 15.00 | 15.00 |
| Canara Steel Limited | 9.00 | |
| Innovative Foam Limited | 5.40 | |
| | 15.00 | 29.40 |

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Interest Income | | |
| Manipal Academy of Health & Education | 37.81 | 30.69 |
| Manipal Education Foundation | 33.55 | 16.48 |
| Innovative Foam Limited | 9.40 | 8.40 |
| Manipal Neutraceutical Private Limited | 3.37 | 2.68 |
| General Investment & Commercial Corporation Limited | - | 1.98 |
| | 84.13 | 60.23 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

36. Related party disclosure (contd.)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Legal and professional expenses | | |
| Feroza Jamsheed Panday | 18.00 | 18.00 |
| Jamsheed Minoo Panday | 12.00 | 12.00 |
| Jahangir Jamsheed Panday | 12.00 | 12.00 |
| Praveen Rathod | 6.00 | - |
| ASPI Nariman Katgara | 4.80 | 4.80 |
| Manipal Advertising Services Private Limited | 3.94 | 2.75 |
| Jaymahal Trade and Investment Private Limited | 1.50 | - |
| Metropolis Builders Private Limited | 1.50 | - |
| Savitha Ashok Dhotre | - | 6.08 |
| Basaka Bhima Dhotre | - | 1.50 |
| Manipal Neutraceutical Private Limited | - | 2.12 |
| | 59.74 | 59.25 |

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Advertisement and Sales Promotion Expenses | | |
| Manipal Advertising Services Private Limited | 713.46 | 1,310.20 |
| | 713.46 | 1,310.20 |

| | As at March 31, 2023 | As at March 31, 2022 |
|----------------------------------|----------------------|----------------------|
| Sitting fees to directors | | |
| Jaya Sudhakar Pai | 1.62 | 1.04 |
| S Nagarajan | 1.17 | 0.39 |
| H N Shrinivas | 1.17 | 0.39 |
| Jamsheed Minoo Panday | 0.99 | 0.40 |
| Kuthethoor Venugopal Shetty | 0.60 | 0.40 |
| Jyothi Ashish Pradhan | 0.60 | 0.40 |
| ASPI Nariman Katgara | 0.50 | 0.40 |
| Narendra Kudva | 0.40 | 0.30 |
| Santhosh Kamath | 0.40 | 0.40 |
| Deepa Sudhakar Pai | 0.20 | 0.20 |
| Ananthanarayanan Subramanian | 0.13 | |
| Nitin Gajananrao Khot | 0.13 | |
| | 7.65 | 4.58 |

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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 |
| Dividend Paid | | |
| Manipal Holdings Private Limited | 71.84 | 143.68 |
| Maha Rashtra Apex Corporation Limited | 56.93 | 113.86 |
| General Investment And Commercial Corporation Limited | 4.88 | 9.75 |
| Jaya Sudhakar Pai | 3.78 | 7.57 |
| Metropolis Builders Private Limited | 1.67 | 3.34 |
| Manipal Home Finance Limited | 0.32 | 0.65 |
| T Sudhakar Pai | 0.29 | 0.58 |
| Tonse Sudhakar Pai on behalf of Family trust | 0.13 | 0.25 |
| Mangala Investments Limited | 0.01 | 0.01 |
| Rajmahal Trade & Investments Pvt. Limited | 0.01 | 0.01 |
| Commercial Corporation Of India Limited.* | 0.00 | 0.01 |
| Manipal Stock & Share Brokers Limited.* | 0.00 | 0.01 |
| Jai Bharath Mills Private Ltd.* | 0.00 | 0.01 |
| | 139.86 | 279.73 |
| * Represents full amount of dividend paid as below (in Rs.) | | |
| Commercial Corporation Of India Limited | 500 | 1,000 |
| Manipal Stock & Share Brokers Limited | 350 | 700 |
| Jai Bharath Mills Private Limited | 250 | 500 |
| | 1,100 | 2,200 |

36. Related party disclosure (Contd.)

| | (₹ in Lakh) | |
|--------------------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Managerial remuneration | | |
| Tonse Sudhakar Pai | 100.79 | 108.94 |
| Jyothi Pradhan | 73.89 | 79.07 |
| Hebbani Nagarajappa Shivprasad | 65.76 | 81.45 |
| Vivek Kumar Bajpai | 56.30 | - |
| Abhilash Kamti | 18.00 | - |
| Monu Kumar | 13.63 | 12.77 |
| Neha Lakhera | 1.53 | 5.39 |
| N Srinivasa Ulloor | 0.22 | 5.34 |
| Ritesh Shroff | 41.83 | |
| Ashoka Bhima Dhotre | 15.75 | |
| Savitha Ashok Dhotre | 2.25 | |
| Veena Hulloli | 0.30 | |
| | 330.12 | 353.09 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

36. Related party disclosure (Contd.)

| | (₹ in Lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Rent | | |
| Metropolis Builders Private Limited | 29.78 | - |
| Jayamahar Trade and Investments Private Limited | 22.94 | - |
| Shakuntala Naik | 21.30 | 56.15 |
| Sharada Bhimu Naik | 11.22 | - |
| Motilal Demmanna Naik | 11.22 | - |
| Savitha Ashok Dhotre | 9.68 | - |
| Ashoka Bhima Dhotre | 9.68 | - |
| Basaka Bhima Dhotre | 6.45 | - |
| Jai Bharath Mills Private Limited | 6.00 | - |
| Sunil Roopsingh Rathod | 18.00 | - |
| | 128.27 | 74.15 |
| | | (₹ in Lakh) |
| | As at March 31, 2023 | As at March 31, 2022 |
| Tailoring & fabrication charges | | |
| Eldorado Share Services Private Limited | 271.51 | 250.12 |
| Maharsatra Apex Asset Management company Limited | 197.02 | 225.36 |
| | 468.53 | 475.48 |
| | | (₹ in Lakh) |
| | As at March 31, 2023 | As at March 31, 2022 |
| Interest Expenses | | |
| Jaya S. Pai | 62.63 | 52.88 |
| Canara Steel Limited | 39.95 | |
| | 62.63 | 92.83 |
| | | (₹ in Lakh) |
| | As at March 31, 2023 | As at March 31, 2022 |
| Travel and Conveyance Expenses | | |
| Manipal Travels Private Limited | 289.77 | 172.69 |
| Ashish Pradhan | 2.88 | - |
| | 292.65 | 172.69 |
| Printing & Stationary Expenses | | |
| Manipal Advertising Services Private Limited | 0.08 | - |
| | 0.08 | - |
| Website Charges Paid | | |
| Manipal Education Foundation | 0.36 | - |
| | 0.36 | - |
| Reimbursement of Expenses | | |
| Shakuntala Naik | 17.35 | - |
| Manipal Travels Private Limited | 0.63 | - |
| Ashish Pradhan | 2.11 | - |
| | 20.09 | - |

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Notes to the Consolidated 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) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Investment in Bonds | | |
| Maharashtra Apex Corporation Limited | 224.83 | 336.80 |
| | 224.83 | 336.80 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Investment in Redeemable cumulative preference shares | | |
| Maharashtra Apex Corporation Limited | 12.75 | 12.75 |
| | 12.75 | 12.75 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Investment in equity instruments | | |
| Jitendra Harjivandas Securities Private Limited | 148.75 | 148.75 |
| Commercial Corporation of India Limited | 41.00 | 41.00 |
| General Investment & Commercial Corporation Limited | 23.75 | 23.75 |
| | 213.50 | 213.50 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Loans other related parties | | |
| Manipal Academy of Health and Education Private Limited | 459.17 | 411.28 |
| Manipal Educational Foundation | 446.91 | 336.08 |
| Anant Solar Systems | 250.36 | 250.36 |
| Innovative Foam Limited | 126.85 | 117.45 |
| Alapasara Finvest Care Advisory Private Limited | 126.34 | 126.34 |
| Manipal Nutraceutical Private Limited | 40.77 | 36.76 |
| Sham Sunder | 26.33 | 26.33 |
| | 1,476.73 | 1,304.60 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Loss allowance on loans given to related parties | | |
| Anant Solar Systems | 250.36 | - |
| Innovative Foam Limited | 126.85 | 117.45 |
| Alapasara Finvest Care Advisory Private Limited | 126.34 | 126.34 |
| Manipal Nutraceutical Private Limited | 0.77 | 36.76 |
| Sham Sunder | 26.33 | - |
| Manipal Academy of Health and Education Private Limited | 459.17 | - |
| Manipal Educational Foundation | 446.91 | - |
| | 1,476.73 | 280.55 |



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 |
| Security deposit | | |
| Metropolis Builders Private Limited | 30.00 | 22.05 |
| Jai Bharath Mills Private Limited | 30.00 | 27.78 |
| Jayamahal Trade and Investments Private Limited | 9.00 | 4.17 |
| Maha Rashtra Apex Corporation Limited | 15.00 | - |
| | 69.00 | 69.00 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Capital advance paid (refer note 11) | | |
| Maharashtra Apex Corporation Limited | 4,528.37 | 4,528.37 |
| | 4,528.37 | 4,528.37 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Provision for doubtful advance | | |
| Maharashtra Apex Corporation Limited | 3,305.61 | 3,305.61 |
| | 3,305.61 | 3,305.61 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Advance to related parties | | |
| Manipal Advertising Services Private Limited | - | 140.00 |
| | - | 140.00 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| 36. Related party disclosure (Contd.) | | |
| | | |
| Borrowings | | |
| Jaya S. Pai | 650.00 | 676.30 |
| Ashish Pradhan | 1.65 | - |
| T. Sudhakar Pai | 1.65 | - |
| | 653.30 | 676.30 |
| | (₹ in Lakh) | |
| | As at March 31, 2023 | As at March 31, 2022 |
| Trade Receivables | | |
| Manipal Educational Foundation | - | 2.32 |
| | - | 2.32 |

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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 |
| Managerial remuneration payable | | |
| T. Sudhakar Pai | - | 33.02 |
| Savitha Ashok Dhotre | 0.68 | 1.35 |
| Basaka Bhime Dhotre | 0.45 | 1.00 |
| Ashoka Bhima Dhotre | 0.68 | 1.30 |
| | 1.81 | 36.67 |

| | (₹ in Lakh) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Lease liabilities | | |
| Metropolis Builders Private Limited | 86.67 | 108.55 |
| Jai Bharath Mills Private Limited | - | 5.75 |
| Jayamahal Trade and Investments Private Limited | 153.70 | 163.90 |
| Sunil Roopsingh Rathod | 170.13 | 173.79 |
| Ashoka Bhima Dhotre | 231.32 | 173.79 |
| | 641.82 | 625.78 |

| | (₹ in Lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Trade Payables | | |
| Manipal Advertising Services Private Limited | 25.87 | 1.85 |
| Eldorado Share Services Private Limited | 14.46 | 26.28 |
| Shakuntala Naik | 14.23 | 56.15 |
| Maharashtra Apex Corporation Limited | 13.47 | 19.73 |
| Ashish Pradhan | 2.11 | - |
| Feroza Jamsheed Panday | 1.62 | 1.62 |
| Sharada Bhimu Naik | 0.96 | - |
| Motilal Demmanna Naik | 0.96 | - |
| Jahangir Jamsheed Panday | 0.90 | 0.90 |
| Jamsheed Minoo Panday | 0.90 | 0.90 |
| Manipal Travels India Private Limited | 0.36 | 12.34 |
| Basaka Bhima Dhotre | 1.00 | - |
| Jai Bharat Mills Private Limited | 0.45 | - |
| | 75.84 | 121.22 |
| Corporate Guarantees given on behalf of related parties | | |
| Manipal Educational Foundation | 629.00 | - |
| | 629.00 | - |
| Securities given on behalf of related parties | | |
| Manipal Educational Foundation | 629.00 | - |
| | 629.00 | - |



Notes to the Consolidated 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) | |
|---|----------------------|----------------------|
| | 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 | 602.72 | 667.31 |
| Interest due on above | 55.58 | 33.29 |
| | 658.30 | 700.60 |
| 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. | 4.29 | 23.43 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 59.87 | 33.29 |
| 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 | 97.17 | 37.30 |
| The information given above is to the extent such parties have been identified by the Group on the basis of information disclosed by the suppliers. | | |

28. 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 Company

applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 63.36 lakhs (March 31, 2022: Rs. 414.75 lakhs) have been recognised in the statement of profit and loss.

39. Contingent liabilities and capital commitments

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 | 1,116.47 | 1,116.47 |
| - Sales tax | 6,169.72 | 6,737.11 |
| - Excise duty | 2,212.13 | 2,212.13 |
| - GST | 636.97 | - |
| - Corporate Guarantee given by the Company to Bankers on behalf of the third parties | 24,579.00 | 4,579.00 |
| Bank guarantee | 19.80 | 19.80 |

The Group is contesting these demands and the management based on the advice 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 Group'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) | 303.08 | 173.47 |

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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 Group. 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.

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Gross amount required to be spent by the Group during the year | 143.24 | 226.46 |

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 | 139.28 | - | 139.28 |

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 | 207.36 | - | 207.36 |

In case of Section 135(5) (Other than ongoing projects)

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Opening balance | 4.61 | 23.71 |
| Amount required to be spent during the year | 143.24 | 226.46 |
| Amount spent during the year | 139.22 | 207.36 |
| Closing balance * | 0.59 | 4.61 |

* Closing balance represents excess amount spent by the group.

The group 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. 348.23 lakhs (March 31, 2022 : Rs 375.59 lakhs) towards Provident fund contributions, Rs 14.52 lakhs (March 31, 2022 : Rs 22.14 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022 : Rs 0.16 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The group 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 following tables summarises the amounts recognised in the Consolidated 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 | 926.07 | 825.98 |
| Plan assets | 680.32 | 520.71 |
| Net liability | 245.75 | 305.27 |
| Current | 131.87 | 153.24 |
| Non-current | 113.88 | 152.03 |

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 | 825.98 | 601.03 |
| Service cost | 96.85 | 118.82 |
| Interest cost | 56.30 | 37.34 |
| Remeasurements - Actuarial loss/(gain) | 35.51 | 195.83 |
| Benefit paid | (88.57) | (127.04) |
| Balance at end of the year | 926.07 | 825.98 |

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 | 520.71 | 565.54 |
| Contributions made | 211.92 | 12.13 |
| Interest income | 41.74 | 33.49 |
| Payments | (92.30) | (124.01) |
| Expenses on plan assets | - | (0.26) |
| Return on plan assets | (0.38) | 34.31 |
| Actuarial gain/(loss) | (1.37) | (0.49) |
| Balance at end of the year | 680.32 | 520.71 |

Statement of profit and loss

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------|----------------------|----------------------|
| Service cost | 98.43 | 118.82 |
| Interest cost net of income | 14.56 | 3.85 |
| Expenses on plan assets | - | 0.26 |
| Total | 112.99 | 122.93 |

41. Employee benefits (continued)

Other comprehensive (income)/loss

(₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Remeasurements - Actuarial loss/(gain) | 33.87 | 195.83 |
| Remeasurements - Actuarial gain/(loss) on plan asset | 1.03 | (36.85) |
| Total | 34.90 | 158.98 |

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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 | 7.49% | 7.15% |
| Expected return on plan assets | 7.15% | 7.15% |
| Salary escalation | 5% for 5 years and 7% thereafter | 5% for 5 years and 7% thereafter |
| 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)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Investment with insurance companies | 100% | 100% |
| The group 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.

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|----------------------|----------------------|
| Discount rate | | |
| 1% increase | (53.92) | (57.40) |
| 1% decrease | 61.03 | 65.63 |
| Salary escalation | | |
| 1% increase | 56.65 | 62.34 |
| 1% decrease | (51.75) | (55.66) |
| Employee turnover | | |
| 1% increase | 4.23 | 3.33 |
| 1% decrease | (4.66) | 14.86 |

Maturity profile of defined benefit obligation (₹ in Lakh)

| | As at March 31, 2023 | As at March 31, 2022 |
|------------------|----------------------|----------------------|
| Within 1 year | 88.71 | 59.58 |
| 1-2 year | 82.84 | 69.98 |
| 2-3 year | 88.75 | 64.00 |
| 3-4 year | 84.42 | 70.91 |
| 4-5 year | 43.93 | 59.16 |
| 5-10 year | 248.85 | 214.31 |
| 10 years onwards | 258.80 | 273.73 |

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 16.75 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 Consolidated 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 Group's financial assets and financial liabilities are as below :

| | March 31, 2023 | | March 31, 2022 | |
|--|------------------|------------------|------------------|------------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets measured at fair value through profit and loss | | | | |
| Non current investments | 221.04 | 221.04 | 220.97 | 220.97 |
| Current investments | 1,602.30 | 1,602.30 | 10,710.91 | 10,710.91 |
| | 1,823.34 | 1,823.34 | 10,931.88 | 10,931.88 |
| Financial assets measured at amortised cost | | | | |
| Non-current assets | | | | |
| Investments | 237.58 | 237.58 | 349.55 | 349.55 |
| Loans | 482.57 | 482.57 | 1,532.87 | 1,532.87 |
| Other financial assets | 4,188.91 | 4,188.91 | 3,319.70 | 3,319.70 |
| Current assets | | | | |
| Trade receivables | 5,944.45 | 5,944.45 | 5,726.45 | 5,726.45 |
| Cash and cash equivalents | 692.66 | 692.66 | 591.89 | 591.89 |
| Other bank balances | 563.95 | 563.95 | 4,265.73 | 4,265.73 |
| Loans | 59.30 | 59.30 | 56.74 | 56.74 |
| Other financial assets | 339.73 | 339.73 | 273.99 | 273.99 |
| | 12,509.15 | 12,509.15 | 16,116.92 | 16,116.92 |
| Financial liabilities measured at amortised cost | | | | |
| Non-current liabilities | | | | |
| Borrowings | 17,440.10 | 17,440.10 | 3,179.66 | 3,179.66 |
| Lease liabilities | 3,911.16 | 3,911.16 | 1,774.21 | 1,774.21 |
| Other financial liabilities | 5,835.60 | 5,835.60 | 5,403.63 | 5,403.63 |
| Current liabilities | | | | |
| Borrowings | 7,214.13 | 7,214.13 | 2,267.04 | 2,267.04 |
| Lease liabilities | 1,346.50 | 1,346.50 | 814.43 | 814.43 |
| Trade payables | 12,629.48 | 12,629.48 | 13,541.48 | 13,541.48 |
| Other financial liabilities | 1,575.42 | 1,575.42 | 1,544.75 | 1,544.75 |
| | 49,952.39 | 49,952.39 | 28,525.22 | 28,525.22 |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

43. Financial risk management objectives and policies

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

Group'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 Group's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

42. Financial instruments (continued)

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 | 5,31,837 | 401.64 |
| | 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 | 27,814 | 26.37 | USD | 48,395 | 36.54 |

| | Effect on profit before tax | |
|-------------|-----------------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Basis point | | |
| +5% | (5.21) | (18.66) |
| -5% | 5.21 | 18.66 |

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 Group'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 Group's loss before tax is affected through the impact on floating rate borrowings, as follows :



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

| | Effect on profit before tax | |
|-------------|-----------------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Basis point | | |
| +1% | (33.87) | (10.74) |
| -1% | 33.87 | 10.74 |

(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 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.

Since the company collects amounts prior to fulfillment of performance obligation, no allowances for expected credit loss created as on March 31, 2023 and March 31, 2022.

| | Trade Receivables | | Loans and other advances & Other 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 | 329.73 | - | 5.00 | - |
| Allowance created/(reversed) during the year | 73.53 | 547.72 | 4,553.38 | 329.73 | (5.00) | 5.00 |
| At the end of the year | 1,666.42 | 1,592.89 | 4,883.11 | 329.73 | - | 5.00 |

42. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The table below provides details regarding the undiscounted contractual maturities of financial liabilities :

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

| | (₹ in Lakh) | | | | |
|-----------------------------|---------------|------------------|------------------|-------------------|------------------|
| | On demand | Less than 1 year | 1 - 5 years | More than 5 years | Total |
| March 31, 2023 | | | | | |
| Borrowings | 775.40 | 6,438.73 | 17,440.10 | - | 24,654.23 |
| Lease liabilities | - | 1,878.62 | 5,187.70 | 442.72 | 7,509.04 |
| Trade payables | - | 12,629.48 | - | - | 12,629.48 |
| Other financial liabilities | - | 1,575.42 | 5,835.60 | - | 7,411.02 |
| Total | 775.40 | 22,522.25 | 28,463.40 | 442.72 | 52,203.77 |
| March 31, 2022 | | | | | |
| Borrowings | - | 2,267.04 | 3,179.66 | - | 5,446.71 |
| Lease liabilities | - | 878.25 | 1,724.15 | 706.01 | 3,308.41 |
| Trade payables | - | 13,541.48 | - | - | 13,541.48 |
| Other financial liabilities | - | 1,544.75 | 5,403.63 | - | 6,948.38 |
| Total | - | 18,231.53 | 10,307.44 | 706.01 | 9,244.99 |

The Group 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) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Statement of profit or loss | | |
| Current tax | 1,166.11 | 885.00 |
| Deferred tax charge/(credit) | (892.26) | (1,203.11) |
| Income tax expense/(credit) related to current year | 273.85 | (318.11) |
| Tax credit relating to earlier years | (117.54) | (146.08) |
| Income tax expense/(credit) reported in the statement of profit and loss | 156.31 | (464.19) |
| Income tax recognised in other comprehensive income/(loss) | | |
| - Tax arising on income and expense recognised in other comprehensive income/(loss) | 13.01 | 41.57 |
| Total | 13.01 | 41.57 |

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 | (6,584.82) | (2,143.30) |
| Enacted income tax rate in India | 27.82% | 27.82% |
| Computed expected tax expense/(credit) | (1,831.90) | (596.26) |
| Effect of : | | |
| Provision on doubtful loans and advances | 1,164.51 | - |
| Effect of non creation of deferred tax asset in absence of reasonable certainty | 1,046.55 | - |
| Reversal of deferred tax asset recognised on doubtful loans and advances | 105.37 | - |
| Interest on delayed repayment of consideration of IBEF | 105.83 | - |
| (Reversal)/Creation of deferred tax liability on goodwill | - | (297.74) |
| Reversal of deferred tax liability recognised on Land in earlier years | - | (408.67) |
| Creation/(reversal) of provision for current tax relating to earlier year | (114.54) | (146.08) |
| Tax charge on disallowance of corporate social responsibility expenditure | 35.16 | 52.31 |
| Others | (354.67) | 932.25 |
| Total income tax expense/(credit) | 156.31 | (464.19) |

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 | (2,402.02) | (2,495.28) | (93.26) | (421.85) |
| 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 | (3,322.21) | (3,386.63) | (64.42) | (535.32) |
| Deferred tax asset | | | | |
| Temporary differences arising on account of disallowance under section 36(1)(vii) | 1,185.98 | 629.59 | (556.39) | (366.52) |
| Section 43B disallowance | 72.45 | 69.65 | (2.80) | (59.37) |
| Section 35DD disallowance on amalgamation expenses | 4.45 | 12.62 | 8.17 | 8.17 |
| Disallowance under Sec 40a(ia) | 0.38 | 55.04 | 54.66 | (53.28) |
| Provision for Leave Encashment | 29.86 | 4.95 | (24.91) | (4.95) |
| Lease liabilities | 457.37 | 252.35 | (205.02) | (140.06) |
| Provision for gratuity | 53.19 | 63.43 | 10.24 | (60.92) |
| Marked to market on mutual fund investment | 128.68 | - | (128.68) | - |
| Others | (11.27) | 6.05 | 16.89 | 9.14 |
| Net deferred tax assets (net) | (1,401.12) | (2,292.95) | (892.26) | (1,203.11) |
| Net deferred tax credit/(charge) | | | (892.26) | (1,203.11) |

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 | 0.90 | 1.89 | -53% | |
| Debt equity ratio | Total debt | Shareholder's equity | 1.08 | 0.04 | 2871% | Increase as a result of higher debt availment during the year to fund operations. |
| Debt service coverage ratio | Earnings for debt service = Net profits after taxes + Non cash operating expenses | Debt service = Interest and lease payments + Principal repayments | -0.55 | -5.60 | 90% | Due to decrease in operating losses |
| Return on equity ratio | Net profits after taxes – Preference dividend | Average shareholder's equity | -0.16 | -0.04 | -285% | Due to reduction in profit during the year. |
| Inventory turnover ratio | Cost of goods sold | Average inventory | 3.85 | 3.18 | 21% | |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

45. Ratio analysis and its elements (Contd.)

| Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 | % change | Reason for variance exceeding 25% as compared to the preceding period |
|---------------------------------|---|---|----------------|----------------|----------|---|
| Trade receivable turnover ratio | Net credit sales = Gross credit sales - sales return | Average trade receivable | 14.63 | 12.97 | 13% | |
| Trade payable turnover ratio | Net credit purchases = Gross credit purchases - purchase return | Average trade payables | 5.23 | 5.48 | -4% | |
| Net capital turnover ratio | Net sales = Total sales - sales return | Working capital = Current assets - Current liabilities | -32.05 | 4.45 | -820% | Due to increase in sales and better working capital management |
| Net profit ratio | Net profit | Net sales = Total sales - Sales return | -0.08 | -0.02 | -277% | Due to reduction in profit during the year. |
| Return on capital employed | Earnings before interest and taxes | Capital employed = Tangible net worth + Total debt + Deferred tax liability | -0.05 | -0.02 | -156% | Due to reduction in profit during the year. |
| Return on investment | Interest (Finance income) + profit on sale of investment | Investment | 0.07 | 0.05 | 21% | |

46. Other statutory information

(i) The Group do not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.

(ii) The group has balance with the below-mentioned companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

| Name of the struck off Company | Nature of transaction with struck off Company | Balance outstanding | | Relationship with the Struck off company, if any |
|------------------------------------|---|----------------------|----------------------|--|
| | | As at March 31, 2023 | As at March 31, 2022 | |
| Great Town Trading Private Limited | Loan given | 460.20 | 452.54 | None |

(iii) The Group 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 Group have not traded or invested in crypto currency or virtual currency during the financial year.

(v) The Group 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) 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) except as described below:



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

| Name of the intermediary to which the funds are advanced | Date of funds invested | Amount of funds invested | Date on which funds are further advanced or loaned or invested by Intermediaries to other intermediaries or Ultimate Beneficiaries | Amount of fund further advanced or loaned or invested by Intermediaries to other intermediaries or Ultimate Beneficiaries | Ultimate Beneficiary |
|--|------------------------|--------------------------|--|---|---------------------------------|
| March 31, 2023 | | | | | |
| Manipal Academy of Health and Education Private Limited | Various Dates | 47.89 | Various Dates | 47.89 | Manipal Educational Foundation. |
| | | 47.89 | | 47.89 | |
| March 31, 2022 | | | | | |
| Manipal Academy of Health and Education Private Limited | Various Dates | 27.61 | Various Dates | 27.61 | Manipal Educational Foundation. |
| | | 27.61 | | 27.61 | |

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

(vi) The Group 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 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.

© Kurlon Trading & Invest Management Private Limited (KTIMPL), one of the wholly owned subsidiaries of the Company, is formed as a special purpose vehicle to purchase shares in Kurlon Enterprise Limited held by

India Business Excellence Fund (a Motilal Oswal Private Equity). KTIMPL has availed loans from financial institutions (Bajaj Finance Limited and Kotak Mahindra Investments Limited) of Rs. 20,000 lakhs for purchasing such shares. The Company has provided guarantee and mortgaged certain immovable properties towards sanction of loans. The principal repayment and interest service is funded by the Company to KTIMPL in the form of advances in the nature of loans.

(vii) The Group 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).

47. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

A. Contribution of net assets/(liability) in the consolidated financial statements:

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|---|----------------|---------|----------------|--------|
| | Amount | % | Amount | % |
| Holding Company | | | | |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 5,594.26 | 24.58% | 20,575.08 | 33.09% |
| Subsidiaries | | | | |
| Kurlon Enterprise Limited | 47,809.96 | 210.05% | 49,341.99 | 79.35% |
| Manipal Natural Private Limited | (1,289.53) | -5.67% | (389.85) | -0.63% |
| Manipal Software & E-com Private Limited | 233.37 | 1.03% | 120.02 | 0.19% |
| Kurlon Trading and Invest Management Private Limited | (2,453.41) | -10.78% | - | - |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

47. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

A. Contribution of net assets/(liability) in the consolidated financial statements:

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|--|------------------|----------------|------------------|----------------|
| | Amount | % | Amount | % |
| Step-down Subsidiaries | | | | |
| Kurlon Retail Limited | (1,894.56) | -8.32% | (1,832.37) | -2.95% |
| Sirar Dhotre Private Limited | (75.47) | -0.33% | 41.22 | 0.07% |
| Sirar Solar Energies Private Limited | (96.87) | -0.43% | (37.47) | -0.06% |
| Sevalal Solar Private Limited | (80.80) | -0.35% | 37.21 | 0.06% |
| Belvedere International Limited | (132.74) | -0.58% | (36.61) | -0.06% |
| Komfort Universe Products and Services Limited | (381.48) | -1.68% | (388.84) | -0.63% |
| Starship Value Chain and Manufacturing Private Limited | 789.20 | 3.47% | 546.24 | 0.88% |
| Kanvas Concepts Private Limited | (112.84) | -0.50% | (112.19) | -0.18% |
| Home Komfort Retail LLP | 0.08 | 0.00% | (2.39) | 0.00% |
| Total | 47,909.17 | 210% | 67,862.02 | 109.14% |
| Adjustments arising out of consolidation | (25,148.30) | -110.49% | (5,680.93) | -9.14% |
| Total | 22,760.87 | 100.00% | 62,181.09 | 100.00% |

B. Contribution of profit/(loss) in the consolidated financial statements:

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|---|--------------------|----------------|-------------------|----------------|
| | Amount | % | Amount | % |
| Holding Company | | | | |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | (14,829.32) | 219.91% | 1,025.98 | -61.10% |
| Subsidiaries | | | | |
| Kurlon Enterprise Limited | (1,317.45) | 19.54% | 357.88 | -21.31% |
| Manipal Natural Private Limited | (1,302.13) | 19.31% | (555.16) | 33.06% |
| Manipal Software & E-com Private Limited | 113.29 | -1.68% | 46.20 | -2.75% |
| Kurlon Trading and Invest Management Private Limited | (2,453.51) | 36.38% | | |
| Step-down Subsidiaries | | | | |
| Kurlon Retail Limited | (59.21) | 0.88% | (1,238.84) | 73.78% |
| Sirar Dhotre Private Limited | (116.70) | 1.73% | 19.68 | -1.17% |
| Sirar Solar Private Limited | (43.32) | 0.64% | (13.99) | 0.83% |
| Sevalal Solar Private Limited | (134.07) | 1.99% | 17.58 | -1.05% |
| Belvedere International Limited | (99.85) | 1.48% | (41.46) | 2.47% |
| Komfort Universe Products and Services Limited | (9.08) | 0.13% | (393.84) | 23.46% |
| Starship Value Chain and Manufacturing Private Limited | 242.37 | -3.59% | 293.47 | -17.48% |
| Kanvas Concepts Private Limited | (0.65) | 0.01% | (92.68) | 5.52% |
| Home Komfort Retail LLP | (0.88) | 0.01% | (2.39) | 0.14% |
| Total | (20,010.51) | 296.74% | (577.56) | 34.40% |
| Adjustments arising out of consolidation | 13,267.07 | -196.74% | (1,101.55) | 65.60% |
| Total | (6,743.44) | 100.00% | (1,679.11) | 100.00% |



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

47. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements (continued.)

C. Share in other comprehensive income/(loss):

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|--|----------------|----------------|-----------------|----------------|
| | Amount | % | Amount | % |
| Holding Company | | | | |
| Kurlon Limited | (6.90) | 31.52% | (10.08) | 8.59% |
| Subsidiaries | | | | |
| Kurlon Enterprise Limited | (31.47) | 143.76% | (112.00) | 95.39% |
| Manipal Natural Private Limited | 2.43 | (0.11) | - | - |
| Manipal Software & E-com Private Limited | - | - | - | - |
| Kurlon Trading and Invest Management Private Limited | - | - | - | - |
| Step-down Subsidiaries | | | | |
| Kurlon Retail Limited | (2.98) | 13.61% | 4.67 | -3.98% |
| Sirar Dhotre Private Limited | - | - | - | - |
| Sirar Solar Private Limited | - | - | - | - |
| Sevalal Solar Private Limited | - | - | - | - |
| Belvedere International Limited | - | - | - | - |
| Komfort Universe Products and Services Limited | 16.44 | -75.10% | - | - |
| Starship Value Chain and Manufacturing Private Limited | 0.59 | -2.70% | - | - |
| Kanvas Concepts Private Limited | - | - | - | - |
| Home Komfort Retail LLP | - | - | - | - |
| Total | (21.89) | 100.00% | (117.41) | 100.00% |
| Adjustments arising out of consolidation | - | - | - | - |
| Total | (21.89) | 100.00% | (117.41) | 100.00% |

D. Share in total comprehensive income/(loss):

(₹ in Lakh)

| | March 31, 2023 | | March 31, 2022 | |
|--|--------------------|----------------|-------------------|----------------|
| | Amount | % | Amount | % |
| Holding Company | | | | |
| Kurlon Limited | (14,836.22) | 219.3% | 1,015.90 | -56.55% |
| Subsidiaries | | | | |
| Kurlon Enterprise Limited | (1,348.92) | 19.9% | 245.88 | -13.69% |
| Manipal Natural Private Limited | (1,299.70) | 19.2% | (555.16) | 30.90% |
| Manipal Software & E-com Private Limited | 113.29 | -1.7% | 46.20 | -2.57% |
| Kurlon Trading and Invest Management Private Limited | (2,453.51) | 36.3% | - | - |
| Step-down Subsidiaries | | | | |
| Kurlon Retail Limited | (62.19) | 0.9% | (1,234.17) | 68.70% |
| Sirar Dhotre Private Limited | (116.70) | 1.7% | 19.68 | -1.10% |
| Sirar Solar Private Limited | (43.32) | 0.6% | (13.99) | 0.78% |
| Sevalal Solar Private Limited | (134.07) | 2.0% | 17.58 | -0.98% |
| Belvedere International Limited | (99.85) | 1.5% | (41.46) | 2.31% |
| Komfort Universe Products and Services Limited | 7.36 | -0.1% | (393.84) | 21.92% |
| Starship Value Chain and Manufacturing Private Limited | 242.96 | -3.6% | 293.47 | -16.34% |
| Kanvas Concepts Private Limited | (0.65) | 0.0% | (92.68) | 5.16% |
| Home Komfort Retail LLP | (0.88) | 0.0% | (2.39) | 0.13% |
| Total | (20,032.40) | 296.10% | (694.98) | 38.68% |
| Adjustments arising out of consolidation | 13,267.07 | -196.10% | (1,101.55) | 61.32% |
| Total | (6,765.33) | 100.00% | (1,796.53) | 100.00% |

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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 stepdown 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 | (₹ in Lakh) |
|---|-------------|
| 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 |

(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 stepdown 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 | (₹ in Lakh) |
|---|---------------|
| 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 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

49. Capital management

For the purpose of the Holding Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Holding Company's capital management is to maximize the shareholders value.

The Holding 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 Holding Company may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Holding Company includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

| | (₹ in Lakh) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Borrowings | 24,654.23 | 5,446.71 |
| Less: Cash and cash equivalents and other bank balances | 1,256.61 | 4,857.62 |
| Net debt (A) | 23,397.62 | 589.09 |
| Equity | 22,760.87 | 62,181.09 |
| Total equity capital (B) | 22,760.87 | 62,181.09 |
| Total debt and equity (C)=(A)+(B) | 46,158.49 | 62,770.17 |
| Gearing ratio (A)/(C) | 50.69% | 0.94% |

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 the Company and Kurlon Trading and Invest management Private Limited in the Kurlon Enterprise Limited("KTIMPL") ("SPA"). The aforesaid transaction has been completed effective

October 20, 2023 and the equity shares held by the Company and KTIMPL have been transferred.

Further, as part of the aforesaid SPA, the Company has initiated transfer of all assets and liabilities pertaining to one of the factory located at Gwalior location to Subsidiary company Kurlon Enterprise Limited."

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 : November 21, 2023

For and on behalf of Board of Directors of
Kanara Consumer Products Limited (formerly known as Kurlon Limited)
CIN: U17214KA1962PLC001443

Tonse Sudhakar Pai
Managing Director
DIN : 00043298

Kothethoor Venugopal Shetty
Independent Director
DIN : 00632775

Madhusudan K. R.
Chief Financial Officer
Place : Bengaluru, Date : November 21, 2023

FINANCIAL Statements



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

1. Corporate information

Kanara Consumer Products limited (formerly known as Kurlon Limited) (referred to as "the Holding Company") together with its subsidiaries (collectively referred to as the "Group"). The Holding Company was incorporated under the name and style of "Karnataka Coir Products Limited" on February 09, 1962 and commenced commercial operations during October 1965. The name of the Holding Company was changed to "Karnataka Consumer Products Limited" with effect from October

09, 1980. On December 08, 1995 the name of the Holding company was changed from Karnataka Consumer Products Limited to "Kurlon Limited", to fully reflect all its business activities in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Spring Mattresses, Furniture, Furnishings etc. Further with effect from June 14, 2023, the name of the Holding Company was changed to Kanara Consumer Products Limited from "Kurlon Limited".

The Group in addition to the Holding Company comprises the following consolidated entities:

| Sl. No. | Name of the Subsidiary | Country of incorporation | Parent entity | % Ownership interest as at March 31, 2023 | % Ownership interest as at March 31, 2022 |
|---------|--|--------------------------|---|---|---|
| 01 | Kurlon Enterprises Limited | India | Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 88.47% | 84.60% |
| 02 | Manipal Software & E-Commerce Private Limited | India | Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 98.46% | 98.46% |
| 03 | Manipal Naturals Extract Private Limited | India | Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 100% | 100% |
| 04 | Kurlon Trading & Invest Management Private Limited** | India | Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 100% | - |
| 05 | Kurlon Retail Limited | India | Kurlon Enterprises Limited | 100% | 100% |
| 06 | Sevalal Solar Private Limited | India | Kurlon Enterprises Limited | 93.8% | 93.8% |
| 07 | Sirar Dhotre Private Limited | India | Kurlon Enterprises Limited | 93.8% | 93.8% |
| 08 | Sirar Solar Private Limited | India | Kurlon Enterprises Limited | 93.8% | 93.8% |
| 09 | Belvedere International Limited* | India | Kurlon Enterprises Limited | 100% | 100% |
| 10 | Komfort Universe Products and Services Limited | India | Kurlon Enterprises Limited | 100% | 100% |
| 11 | Starship Value chain and Manufacturing Private Limited # | India | Kurlon Enterprises Limited | 100% | 100% |
| 12 | Kanvas Concepts Private Limited | India | Kurlon Enterprises Limited | 100% | 100% |
| 13 | Home Komfort Retail LLP | India | Kurlon Enterprises Limited | 100% | 100% |
| 14 | Starship Global VCT LLP# | India | Kurlon Enterprises Limited | 100% | 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**Kurlon Trading & Invest Management Private Limited is a newly formed entity and a wholly owned subsidiary of the Holding Company incorporated on May 14, 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 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 November 21, 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 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 Rupee, 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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

- **Note 3.10** - Provision for income tax and valuation of deferred tax assets/liabilities.

- **Note 3.15** - Valuation of financial instrument; and

- **Note 3.16** - 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 3.4** - Impairment of financial assets

- **Note 3.4** - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

- **Note 3.10** - Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;

- **Note 3.12** - 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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 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

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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 |

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.



Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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.

Subsequent costs related to intangible assets 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.

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:

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 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

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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

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.

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:

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

- 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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

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Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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 34 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

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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 40.

(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 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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 issued but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) 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.



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Corporate Office :
301, 3rd Floor, Manipal Centre, Dickenson Road,
North Block, Bengaluru, Karnataka - 560 042. INDIA.

Factory :
Plot No. 29, Avverhalli Industrial Area, Dabaspet,
Bengaluru, Karnataka - 562 111. INDIA.



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Corporate & Registered Office :
N-301, III Floor, North Block, Front Wing, Manipal Centre, 47 Dickenson Road,
Bengaluru - 560 042, India.