

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF SHEELA FOAM LIMITED RECOMMENDING THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN BELVEDORE INTERNATIONAL LIMITED, KANVAS CONCEPTS PRIVATE LIMITED, KURLON RETAIL LIMITED, KOMFORT UNIVERSE PRODUCTS & SERVICES LIMITED, STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED, KURLON ENTERPRISE LIMITED, AND SHEELA FOAM LIMITED AT ITS MEETING HELD ON THURSDAY, MARCH 28, 2024 THROUGH VIDEO CONFERENCE (VC)/OTHER AUDIO-VISUAL MEANS (OAVM)

MEMBERS PRESENT

1. Mr. Som Mittal

2. Mr. Ravindra Dhariwal

3. Mr. Anil Tandon

4. Ms. Meena Jagtiani

5. Mr. Vijay Kumar Ahluwalia

- Independent Director

The quorum was present at the Meeting and remained till the conclusion of the Meeting.

1. Background

1.1 A meeting of the Committee of Independent Directors of Sheela Foam Limited was held on March 28, 2024, to consider and recommend to the Board of Directors of SFL ("Board"), the draft Composite Scheme of Arrangement between Belvedore International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Company 3"), Komfort Universe Products And Services Limited ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or "Transferor Company 5") (collectively hereinafter referred to as the Transferor Companies), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company") and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors (the "Scheme") under sections 230 to 232 of the Companies Act, 2013 ("Act") and other applicable provisions of law.

SHEELA FOAM LTD.



- 1.2 The Company was incorporated under the provisions of the Companies Act, 2013, engaged in the business of manufacture flexible, semi-flexible and rigid Poly-Urethane Foam slabs and allied products and processing and fabrication thereof and mattresses and cushions upholstery material, manufacture of furniture; packing material and insulation material, moulding of rigid Poly-Urethane for various shapes and size and manufacture of jackets and such other items by way of lamination of Poly-Urethane Foam with fabric and manufacture of products that may be allied or may be usefully combined with manufacture of any of the material mentioned above. The equity shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").
- 1.3 KEL or Transferee Company or Amalgamating Company is a company incorporated under the provisions of the Companies Act, 2013. The Amalgamating Company is a subsidiary of the Company and is engaged in the business of manufacturing/ trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.
- 1.4 BIL or Transferor Company 1 is a company incorporated under the provisions of the Companies Act, 2013. It is a wholly owned subsidiary of the Amalgamating Company and is engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, promoting, marketing, manufacturing or supplying, trading, dealing in any manner whatsoever in all type of goods including Mattresses, Pillows, Furniture and other related Products and Services of international brands on retail and B2B basis in India.
- 1.5 KCPL or Transferor Company 2 is a company incorporated under the provisions of the Companies Act, 2013. It is a wholly owned subsidiary of the Amalgamating Company and is engaged in the business of interiors and exteriors of Homes, stage designer, furnishing, designing, decorating, renovating and remodelling of bungalows, houses, shops, show rooms, complexes, apartments, offices, hotels, restaurants and other commercials and residential houses and for the purpose to act as organizer, consultant, advisor, trader, buyer, seller, supervisor, surveyor, broker, agent and to do all other incidental acts and things necessary for the attainment of the above objects.
- 1.6 KRL or Transferor Company 3 is a company incorporated under the provisions of the Companies Act, 2013. It is a wholly owned subsidiary of the Amalgamating Company and is engaged in the



business of buying, selling, storing, promoting, marketing, supplying, trading and dealing in mattresses, pillow, sofa and furniture on retail in India.

- 1.7 KUPSL or Transferor Company 4 is a company incorporated under the provisions of the Companies Act, 2013. It is a wholly owned subsidiary of the Amalgamating Company and is engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, promoting, marketing, supplying, dealing and trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India.
- 1.8 SVCMPL or Transferor Company 5 is a company incorporated under the provisions of the Companies Act, 2013. It is a wholly owned subsidiary of the Amalgamating Company and is engaged in the business as manufacturer, designers, buyers, sellers, importers, exporters, workers, transporters, suppliers of all types of home comfort products, home décor items including furniture, mattresses, pillows, cushions, perfumers on retail and manufacture of all types of furniture equipment appliances for domestic, office, industrial as well as on wholesale basis in India as well as outside India.
- 1.9 This report of the Committee of Independent Directors is made to comply with the requirements of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Clause 2 (c) of Para A of Part I of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021 ("SEBI Muster Circular") and as amended from time to time.
- 1.10 The Committee of Independent Directors has discussed and has made this report after pursuing the following documents in detail:
 - a) Draft Scheme;
 - b) Share swap ratio report dated March 28, 2024 issued by Arunesh Kumar Dubey, Registered Valuer ((Registration No. IBBI/RV/03/2020/12786) ("Share Swap Ratio Report"), describing the methodology adopted by them in arriving at the recommended share swap ratio;



- c) Fairness Opinion dated March 28, 2024 issued by M/s Navigant Corporate Advisors Limited, an Independent SEBI Registered Category-I Merchant Banker (SEBI Registration INM000012243), ("Fairness Opinion"), providing its opinion on the fairness of share swap ratio as recommended in the Share Swap Ratio Report;
- d) Certificate dated March 28, 2024 issued by M/s M S K A & Associates Chartered Accountants (FRN: 105047W), Statutory Auditors of the Company, confirming that the accounting treatment stated in the draft Scheme is in compliance with the accounting standards prescribed under section 133 of the Act and generally accepted accounting principles; and

2. Salient Features of the Scheme

- 2.1 The Committee of Independent Directors noted the brief particulars of the draft Scheme as under:
 - a) The Scheme (as defined herein) is presented inter alia under Sections 230 to 232 and other applicable provisions of the Act, SEBI Master circular read with Section 2(1B) and other applicable provisions of the Income-tax Act, 1961 and other applicable law, if any.
 - b) The Scheme provides for the amalgamation of:
 - (i) the Transferor Companies with the Transferee Company with effect from the Appointed Date and the consequent dissolution of the Transferor Companies without being wound up; and
 - (ii) the Amalgamating Company with the Amalgamated Company with effect from the Appointed Date and the consequent dissolution of the Amalgamating Company without being wound up; and issuance of the shares New Equity Shares to the equity shareholders of Amalgamating Company in accordance with Share Exchange Ratio, pursuant to section 230-232, and other relevant provisions of the Companies Act, in the matter provided for in this Scheme and in compliance with the provisions of the Income Tax Act (as defined hereinafter)
 - c) The appointed date for the proposed Scheme shall be October 20, 2023 ("Appointed Date").
 - d) Upon the Scheme becoming effective, in consideration of the proposed transaction of:

SHEELA FOAM LTD.



- (i) The Transferor Companies with the Transferee Company: Upon the coming into effect of this Scheme and with effect from the Appointed Date, and in consideration of the transfer of and vesting of the Undertakings of the Transferor Companies in the Transferee Company, in terms of the Scheme, all the equity shares issued by the respective Transferor Companies and held by the Transferee Company and its nominees shall stand cancelled and extinguished and in lieu thereof, there shall be no allotment of equity shares in the Transferee Company or payment of any consideration
- (ii) The Amalgamating Company with the Amalgamated Company: Upon the coming into effect of this Scheme and with effect from the Appointed Date, and in consideration of the transfer of and vesting of the Undertaking of the Amalgamating Company in the Amalgamated Company, the Amalgamated Company shall, without any further application, act or deed, issue and allot to the shareholders of the Amalgamating Company whose names are recorded in the Register of Members as a member of the Amalgamating Company on the record date (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of the Amalgamated Company), such number of new equity shares as determined by the valuer in the valuation report and approved by the Board.
- with effect from Appointed Date and upon Part C of the proposed Scheme honoming effective, the Transferor Companies along with all assets, liabilities, contracts, employees, licenses, records, approvals etc. being integral parts of the Transferor Companies shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, instrument or deed, together with all properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the Scheme in accordance with Sections 230 232 of the Companies Act, 2013, the Income-tax Act, 1961 and applicable provisions, if any.
- f) The Transferee Company shall, upon the Scheme becoming effective and with effect from Appointed Date, record the assets and liabilities of the Transferor Companies (as appearing in the books of accounts of the Transferor Companies at the close of business on the day



preceding the effective date of the Scheme) as vested in it pursuant to the Scheme, at the respective book values thereof.

- g) With effect from Appointed Date and upon the Part D of the proposed Scheme becoming effective, the Amalgamating Company along with all their assets, liabilities, contracts, employees, licenses, records, approvals etc. being integral parts of the Amalgamating Company shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Amalgamated Company, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the Scheme, in accordance with Sections 230-232 of the Companies Act, 2013, the Income-tax Act, 1961 and applicable provisions, if any.
- h) The Amalgamated Company shall, upon the Scheme becoming effective and with effect from Appointed Date, record the assets, liabilities and reserves, if any, of the Amalgamating Company vested in it pursuant to this Scheme, at the respective book values and in the same form as appearing in the Consolidated financials of Amalgamated Company.
- i) During the period between the approval of the Scheme by the respective Boards of the Transferor Companies, Amalgamating Company and the Amalgamated Company and up to the Effective Date (as defined in the Scheme), the businesses of the Transferor Companies, Amalgamating Company and the Amalgamated Company shall be carried out with reasonable diligence and business prudence in the ordinary course consistent with past practice.
- j) The effectiveness of the scheme is contingent upon certain conditions as mentioned in the Scheme

3. Proposed Scheme

3.1. Need for the amalgamation and rationale of the scheme:

The Amalgamating Company, along with Transferor Companies, has been the second largest mattress manufacturer, with leadership position in southern and eastern parts of the country, apart from sizeable presence in other parts. Also, the Amalgamating Company is approximately 65-year-old company with a very strong brand.



The Board of Directors of the Amalgamated Company in its meeting held on July 17, 2023, had approved the acquisition of the Amalgamating Company, along with Transferor Companies, with a view to further strengthen the leadership position in the mattress and foam segments across the country.

The intent of acquisition of the Amalgamating Company, along with Transferor Companies was always to run all the companies, as one-operation going forward i.e. subsequently amalgamate the companies into a single entity.

The Scheme would inter-alia have the following benefits:

- (a) Procurement synergies arising on account of higher volume discounts, and ability to negotiate best possible prices;
- (b) Deeper manufacturing footprint, as materials of both the business can be made in any plant location, resulting in enhanced efficiency as well as reduction in servicing time:
- (c) Rationalization of logistic costs considering the combined volume;
- (d) Open-up the door for a new sales channel strategy, enhancing penetration/coverage and leading to better sales;
- (e) Structured, sharper and better management focusing on holistic growth of the businesses;
- (f) Optimum and efficient utilization of resources and sharing of ancillary facilities;
- (g) Common governance structure and offective management of compliances;
- (h) Enhancing shareholder value and leveraging on synergies in doing the business;
- (i) Cost saving by way of reduction of overheads, administrative, managerial and other expenditure and to bring about operational rationalization and efficiency.
- 3.1.1 Given the similarity in nature of businesses of the Transferor Companies, the Amalgamating Company and the Amalgamated Company, it is proposed to merge the Transferor Companies with Amalgamating Company (pursuant to Part C of this Scheme) and (post Part C comes into effect) merger the Amalgamating company with Amalgamated Company (pursuant to Part D of this Scheme). The merger shall result in greater business synergies and reduced administrative and other costs.



3.2 Synergies of the business of the entities involved in the Scheme:

The Committee reviewed the Scheme and noted that the Scheme would result in further consolidate of the SFL position in the foam and mattresses business where it has already established a leadership position. The Scheme also ensures simplified and streamlined group structure. It helps in achieving reduction in overall operational and compliance costs.

3.3 Impact of the Scheme on the shareholders

- (a) The Scheme is expected create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, product diversification and expanded reach with increased ability to growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies amongst others;
- (b) The Scheme is expected to be beneficial to the shareholders of the Amalgamated Company leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders, achieving cost and operational efficiencies;
- (c) It is expected to provide greater efficiency in cash management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximise shareholder value;
- (d) In consideration for the amalgamation of the Amalgamating Company with the Amalgamated Company, the shareholders of the Amalgamating Company, as on the Specified Date (as defined in the Scheme) shall receive new equity shares of the Amalgamated Company. Further, the rights and interests of the shareholders of the Amalgamated Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Amalgamated Company, before and after the Scheme. The equity shares to be issued by the Amalgamated Company to the shareholders of the Amalgamating Company pursuant to the Scheme shall rank pari passu in all respects with the existing equity shares of the Amalgamated Company;



- (e) The shareholders of the Amalgamated Company will continue to be the shareholders of the Company;
- (f) Upon the Scheme becoming effective, the Amalgamating Company shall be dissolved without being wound up and the shareholders of the Amalgamating Company shall become shareholders of the Amalgamated Company;
- (g) After the effectiveness of the Scheme and subject to the receipt of regulatory approvals, the equity shares of the Amalgamated Company issued as consideration pursuant to the Scheme, shall be listed on BSE Limited and the National Stock Exchange of India Limited.

3.4 Cost benefit analysis of the Scheme

The Scheme is expected to provide an opportunity to improve the economic value for the companies involved in the Scheme and their shareholders, in view of the consolidation of the businesses. This is primarily on account of various cost and operational synergies which are expected to accrue to the Amalgamated Company on account of the Scheme and more particularly detailed out in the aforesaid paragraphs. While the Scheme would lead to incurring of some costs towards its implementation; however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Amalgamated Company.

4 Valuation Report and Fairness Opinion

The Committee of Independent Directors reviewed the:

- a) the Valuation Report along with the summary thereof and noted the method of valuation; and
- b) the Fairness Opinion.

5 Recommendation of the Committee of Independent Directors

The Committee of Independent Directors has taken on record the Share Swap Ratio Report and the Fairness Opinion and the recommendations made therein.

Taking into consideration the draft Scheme, Share Swap Ratio Report, Fairness Opinion and Certificate(s) issued by Statutory Auditors of the Amalgamated Company, need for the amalgamation and rationale of the Scheme, synergies of the business of the companies, impact of



the Scheme on the shareholders, cost benefit analysis of the Scheme and other documents placed before the Committee of Independent Directors, the Committee of Independent Directors recommends the draft Scheme for the favourable consideration and approval by the Board of Directors of the Amalgamated Company.

By Order of the Members of the Committee of Independent Directors

For and on Behalf of Sheela Foam Limited

(Som Mittal)

Chairman

DIN: 00074842

Date: March 28, 2024

Place: Noida



To

The General Manager

Department of Corporate Services

BSE Limited

P.J. Towers, Dalal Street

Mumbai - 400001

To.

Manager - Listing Compliance

National Stock Exchange of India Limited

'Exchange Plaza'. C-1, Block G,

Bandra Kurla Complex,

Bandra (E), Mumbai - 400051

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the draft Composite Scheme of Arrangement between Belvedore International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Company 3"), Komfort Universe Products And Services Limited ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or "Transferor Company 5"), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company"), and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors ("Scheme")

No Objection Certificate to the Scheme by Secured Creditors/ Lenders

Dear Sir,

- 1. Please refer to our application under Regulation 37 of the the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the draft Composite Scheme of Arrangement between Belvedore International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Company 3"), Komfort Universe Products And Services Limited ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or "Transferor Company 5"), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company"), and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors ("Scheme")
- List of secured creditors of Inox Wind Limited as on March 31st, 2024 is enclosed as
 Annexure A. We confirm that we have obtained NOC from 100% secured creditors for the
 Scheme. Copy of NOCs issued by secured creditors are enclosed as Annexure B



S.No	Name of Secured Creditor	Status of NOC
1	Kotak Mahindra Bank	Received. Enclosed as per Annexure B
2	Yes Bank Limited	Received. Enclosed as per Annexure B
3	Citi Bank	Received. Enclosed as per Annexure B
4	J.P Morgan Chase Bank	Received. Enclosed as per Annexure B

Yours faithfully,

For Sheela Foam Limited

Md. Iquebal Ahmad

Company Secretary



Kotak Mahindra Bank

Date: 05th April, 2024

Ref. No.: SES-NOC-100267868

To, **Sheela Foam Limited** 604 Ashadeep, 9 Hailey Road, New Delhi-110001

Dear Sir,

Re: Consent letter for Composite Scheme of Arrangement between Belvedore International Limited "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Company 3"), Universe **Products** And ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or Transferor Company 5"), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company") and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors (the "Scheme") under section 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Sub: Your mail dated 29.03.2024 ["Request Mail"]

- 1. We, Kotak Mahindra Bank Ltd., ("KMBL/Bank") refer to your Request Mail requesting consent/ no objection in respect of the Scheme.
- 2. Subject to Paragraph 5 below, in terms of paragraph A.2(k) of Part I of SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (as amended), we, being the Secured Creditor of the Company in respect of the credit facilities availed/to be availed by the Company in terms of Sanction Letter No. [] dated [] as amended/supplemented from time to time and other related documents executed thereto ("Finance Documents"), hereby provide our consent/ no objection to the Scheme and all transactions therein, and unconditionally confirm that Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme.
- 3. We hereby provide our consent/no objection to the Company to make requisite statutory filings, if any, including forms with the relevant Registrar of Companies, as necessary, to give effect to the Scheme.
- 4. We hereby agree that the consent and authorization provided hereby shall be binding on our successors, and assigns..
- 5. The consent provided in Paragraph 2 above shall be subject to the following conditions:
 - a. All our rights under Finance Documents remain unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and Making any requisite statutory filings, including filing any forms with the Registrar of Companies, as may be required to give effect to the Scheme.
- 6. The Company may submit this letter to the stock exchanges i.e., BSE and NSE, as may be required, to evidence our consent/ no objection to the Scheme and the transaction contemplated therein. However, this letter has been issued at your specific request and nothing stated herein shall make us liable to any person relying or purporting to rely on the contents hereof.



Kotak Mahindra Bank

7. A consent or approval not specifically mentioned in this letter shall not be deemed to be read into this letter or in any way read to expand the scope of the consents/approvals herein provided. Except to the extent specifically permitted herein, nothing contained herein shall be deemed to permit the persons relying on this letter to use or include the name, any trademark or brand name of Kotak Mahindra Bank in any manner

Thank you.
Yours faithfully
For Kotak Mahindra Bank Limited

PUJA Digitally signed by PUJA AGRAWAL Date: 2024.04.05 12:56:47 +05'30'

Authorised Signatory Name: Puja Agarwal

Designation: Deputy Vice President

CIIB- Wholesale Integrated Service Excellence - (WISE)

Email ID: puja.a@kotak.com Phone No.: (D) 011-41276299 To

Sheela Foam Limited 604 Ashadeep, 9 Hailey Road, New Delhi-110001

Dear Sir,

Re: Consent letter for Composite Scheme of Arrangement between Belvedore International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Komfort Universe **Products** And Services 3"), ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or Transferor Company 5"), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company") and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors (the "Scheme") under section 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Sub: Your letter vide email dated 28 March 2024 ["Request Letter"] addressed to Yes Bank Limited ("Bank") in its capacity as a lender regarding the proposed Scehme

- 1. We refer to your Request Letter requesting consent/ no objection in respect of the Scheme.
- 2. Subject to Paragraph 5 below, in terms of paragraph A.2(k) of Part I of SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (as amended), we hereby provide our consent/ no objection to the Scheme and all transactions therein, and unconditionally confirm that Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme.
- 3. The Company is hereby authorised to make requisite statutory filings, if any, including forms with the relevant Registrar of Companies, as necessary, to give effect to the Scheme.
- 4. We hereby agree that the consent and authorization provided hereby shall be binding on our successors, endorses, assigns, and holders in due course.
- 5. The consent provided in Paragraph 2 above shall be subject to the following conditions:
 - All our rights under the Master Facility Agreement and security documents executed between the Bank and Company remain unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and
 - b. Making any requisite statutory filings, including filing any forms with the Registrar of Companies, as may be required to give effect to the Scheme.
- 6. The Company may submit this letter to the stock exchanges i.e., BSE and NSE, as may be required, to evidence our consent/ no objection to the Scheme and the transaction contemplated therein.



Thank you.

Yours faithfully

Yes Bank Limited

(Signature and Stamp)

Authorised Signatory

Citibank N.A.

Address DLF Square, Jacaranda Marg, Block M, DLF Phase 2, Sector 25, Gurugram, Haryana, 122002 F +91 124 489 3918 www.citibank.co.in



April 08th, 2024

To, The Board of Directors **SHEELA FOAM LIMITED,** 604 Ashadeep, 9 Hailey Road, New Delhi-110001

Dear Sirs.

SUBJECT: NO OBJECTION CERTIFICATE

REFERENCE: Consent letter for Composite Scheme of Arrangement between Belvedore International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Company 3"), Komfort Universe Products And Services Limited ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or Transferor Company 5"), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company") and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors (the "Scheme") under section 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

- 1. We have received a request letter dated 28th Mar, 2024 from the company for issuance of a 'No Objection Certificate' in respect of the Scheme.
- 2. Subject to Paragraph 5 below, in terms of paragraph A.2(k) of Part I of SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 (as amended), we hereby provide our consent/ no objection to the Scheme and all transactions therein, and unconditionally confirm that Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme.
- 3. The Company is hereby authorised to make requisite statutory filings, if any, including forms with the relevant Registrar of Companies, as necessary, to give effect to the Scheme.
- 4. We hereby agree that the consent and authorization provided hereby shall be binding on our successors, endorses, assigns, and holders in due course.
- 5. The consent provided in Paragraph 2 above shall be subject to the following conditions:
 - All our rights under Debt and Finance Documents remain unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and
 - b. Making any requisite statutory filings, including filing any forms with the Registrar of Companies, as may be required to give effect to the Scheme.

Citibank N.A.

Address DLF Square, Jacaranda Marg,Block M, DLF Phase 2, Sector 25, Gurugram,Haryana,122002 F +91 124 489 3918 www.citibank.co.in



- 6. We confirm that we are agreeable to sign such notices, affidavits, deeds and agreements, as may be required to give effect to the consents set out in this letter.
- 7. The Company may submit this letter to the stock exchanges i.e., BSE and NSE, as may be required, to evidence our consent/ no objection to the Scheme and the transaction contemplated therein.

This letter shall be deemed to form part of and shall not be read in conflict with the terms of the Finance Documents. Capitalized terms used but not defined therein, shall have the same meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thanking you.

Yours faithfully, For Citibank N.A.

: M/s. SHEEDA FOAM LIMITED

DLF

Building

Date: April 03, 2024

To Sheela Foam Limited 604 Ashadeep, 9 Hailey Road, New Delhi-110001

Dear Sir,

Re: Consent letter for Composite Scheme of Arrangement between Belvedore International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor 3"), Komfort Universe **Products** And Services Company ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVCMPL" or Transferor Company 5"), Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company") and Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors (the "Scheme") under section 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Sub: Your request vide email dated March 29, 2024 ["Request Letter"] addressed to JPMorgan Chase Bank, N.A. (the "Bank") in its capacity as a lender regarding the proposed Scheme

- 1. We refer to your Request Letter requesting consent/ no objection in respect of the Scheme.
- 2. Subject to Paragraph 5 below, in terms of paragraph A.2(k) of Part I of SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 (as amended), we hereby provide our consent/ no objection to the Scheme and all transactions therein, and unconditionally confirm that Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme.
- 3. The Company is hereby authorised to make requisite statutory filings, if any, including forms with the relevant Registrar of Companies, as necessary, to give effect to the Scheme.
- 4. We hereby agree that the consent and authorization provided hereby shall be binding on our successors, endorses, assigns, and holders in due course.
- 5. The consent provided in Paragraph 2 above shall be subject to the following conditions:
 - All our rights under the facility and security documents executed between the Bank and the Company remain unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and
 - b. Making any requisite statutory filings, including filing any forms with the Registrar of Companies, as may be required to give effect to the Scheme.

J.P.Morgan

6. The Company may submit this letter to the stock exchanges i.e., BSE and NSE, as may be required, to evidence our consent/ no objection to the Scheme and the transaction contemplated therein.

Thank you.

Yours faithfully

JPMorgan Chase Bank N.A., acting through its branches in India

Authorised Signatory



То

The General Manager
Department of Corporate Services
BSE Limited
P.J. Towers, Dalal Street

Mumbai - 400001

To,

Manager - Listing Compliance

National Stock Exchange of India Limited

'Exchange Plaza'. C-1, Block G,

Bandra Kurla Complex,

Bandra (E), Mumbai - 400051

Dear Sir/ Madam,

Sub: Confirmation by the Company Secretary

- I, Md. Iquebal Ahmad, being the Company Secretary of Sheela Foam Limited hereby confirms that:
- a) Sheela Foam Limited will not issue/reissue shares not covered under the draft Scheme of Arrangement.
- b) As on date of application there are no outstanding Warrants/instruments/agreements which give right to any person to take the equity shares in the Amalgamated entity at any future date.
- c) The proposed Scheme of Arrangement is in accordance with the Memorandum of Association & Articles of Association of the Companies involved in the Scheme of Arrangement.

Yours faithfully

For Sheela Foam Limited

Md. Iquebal Ahmad Company Secretary



To

The General Manager

Department of Corporate Services

BSE Limited

P.J. Towers, Dalal Street

Mumbai - 400001

To,

Manager - Listing Compliance

National Stock Exchange of India Limited

'Exchange Plaza'. C-1, Block G,

Bandra Kurla Complex,

Bandra (E), Mumbai - 400051

Sub: Prior history of any Scheme of Arrangement concerning the Company

Dear Sir/ Madam

We hereby submit that Sheela Foam Limited (hereinafter referred to as the "Company") had filed a petition under Section 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, before the Jurisdictional National Company Law Tribunal, New Delhi Bench ("NCLT"), for the approval of Scheme of Amalgamation between the Sheela Foam Limited ("Transferee Company") and International Comfort Technologies Private Limited ("Transferor Company") and their respective Shareholders and Creditors ("Scheme"). The Transferor Company is a wholly owned subsidiary of the Transferee Company.

Further, the Company has received the certified copy of order passed by the NCLT approving the Scheme of Amalgamation of Transferor Company with the Company and their respective Shareholders and Creditors ("Order") on February 19, 2024.

The Order has been filed with the Registrar of Companies, Delhi & Haryana in e-Form INC – 28 on March 01, 2024, along with the Scheme.

According to the statutory provisions and the terms stated under the Scheme, the Scheme becomes effective from the Appointed Date and becomes operative from the Effective Date which will be March 01, 2024, i.e., the date of filing of certified copy of the Order with the Registrar of Companies, Delhi & Haryana.

Upon the Scheme becoming effective, the entire business and whole of the undertaking of the Transferor Company stand transferred to and is vested and/or deemed to have been vested in the Company, as a going concern without any further deed or act.

SHEELA FOAM LTD.



Yours faithfully

For Sheela Foam Limited

Md. Iquebal Ahmad Company Secretary



Name of the Company: Sheela Foam Limited (Amalgamated Company)

The financial details and capital evolution of Sheela Foam Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	Period ended 31 December 2023	2022-23	2021-22	2020-21
Equity Paid up Capital	54.35	48.78	24.39	24.39
Reserves and surplus	2,619.61	1347.02	1185.13	988.98
Carry forward losses				
Net Worth	2,673.96	1395.80	1209.52	1013.37
Miscellaneous Expenditure	Væ.	- 12	-	=
Secured Loans	99.96	1.5		-
Unsecured Loans	734.82	12		2
Fixed Assets	236.60	237.10	235.02	253.55
Income from Operations	1377.45	2019.82	2008.21	1693.86
Total Income	1448.02	2098.43	2078.43	1741.29
Total Expenditure	1266.28	1837.76	1813.87	1497.83
Profit before Tax	170.79	260.67	264.56	243.46
Profit after Tax	125.43	194.86	197.31	181.15
Cash profit (Profit after Tax + Depreciation)	157.30	228.62	229.70	213.68
EPS - INR	11.54	19.97	20.22	37.13
Book value (Net Worth/ No. of shares) – INR	246.00	143.06	247.94	207.73

For Sheela Foam Limited

Md. Iquebal Ahmadi10001

Company Secretary

Date: April 04, 2024 Place: New Delhi

CiN-L74899DL1971PLC005679



Name of the Company: Kanvas Concepts Private Limited (Transferor Company 2)

The financial details and capital evolution of Kanvas Concepts Private Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	October 20, 2023	2022-23	2021-22	2020-21
Equity Paid up Capital	0.01	0.01	0.01	0.01
Reserves and surplus	(1.15)	(1.14)	(1.13)	(0.21)
Carry forward losses				
Net Worth	(1.14)	(1.13)	(1.12)	(0.20)
Miscellaneous Expenditure		-	0.02	0.003
Secured Loans	-	3 0	.	i e
Unsecured Loans	1.53	1.53	1.53	0.85
Fixed Assets	i#6	-	0.87	0.56
Income from Operations		0.39	0.37	0.15
Total Income	=:	0.44	0.38	0.15
Total Expenditure	0.01	0.48	1.27	0.35
Profit before Tax	0.00	(0.05)	(0.89)	(0.19)
Profit after Tax	0.00	(0.01)	(0.93)	(0.20)
Cash profit (Profit after Tax + Depreciation)	0.00	0.02	(0.80)	(0.20)
EPS – INR	(8.29)	(6.43)	(926.87)	(205.15)
Book valuo (Not Worth/ No. of shares) – INR	(1,136.73)	(1128.40)	(1122)	(106.16)

For Kanvas Concepts Private Limited

Useman Gie

Amit Kumar Gupta Director

DIN: 01436743

Registered Office: N-301, 3rd Floor, North Block, Manipal Centre, 47, Dickenson Road, Bengaluru - 560 042. Kamataka. India. Phone: 080 40313150 CIN No - U36104KA2012PLC065664 URL: www.kurton.com

Name of the Company: Kurlon Retail Limited (Transferor Company 3)

The financial details and capital evolution of Kurlon Retail Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	October 20, 2023	2022-23	2021-22	2020-21
Equity Paid up Capital	7.63	7.63	7.63	7.63
Reserves and surplus	(25.31)	(26.58)	(25.96)	(13.62)
Carry forward losses	·*	(=)	2	=
Net Worth	(17.68)	(18.95)	(18.32)	(5.98)
Miscellaneous Expenditure	0.14	0.21	0.28	0.27
Secured Loans	0.01	0.02	0.02	0.02
Unsecured Loans	23.85	23.99	26.01	20.16
Fixed Assets	1.83	1.99	2.73	8.45
Income from Operations	17.58	18.53	16.50	23.90
Total Income	17.63	19.91	20.51	23.91
Total Expenditure	16.40	20.50	32.87	31.78
Profit before Tax	1.24	(0.59)	(12.36)	(7.87)
Profit after Tax	1.24	(0.59)	(12.39)	(7.74)
Cash profit (Profit after Tax + Depreciation)	2.56	2.45	(3.10)	(0.92)
EPS - INR	0.81	(0.39)	(8.11)	(5.07)
Book value (Net Worth/ No. of shares) – INR	(11.58)	(12.41)	(12)	(3.92)

For Kurlon Retail Limited

Amit Kumar Gupta

Director

DIN: 01436743



BELVEDORE INTERNATIONAL LIMITED



Name of the Company: Belvedore International Limited (Transferor Company 1)

The financial details and capital evolution of Belvedore International Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	October 20, 2023	2022-23	2021-22	2020-21
Equity Paid up Capital	0.05	0.05	0.05	0.05
Reserves and surplus	(1.63)	(1.38)	(0.44)	(0.0014)
Carry forward losses				
Net Worth	(1.58)	(1.33)	(0.39)	0.048
Miscellaneous Expenditure	*	:=:	-	-
Secured Loans		-	-	-
Unsecured Loans	0.03	0.16	0.13	ē.
Fixed Assets	0.10	0.11	=	i Ai
Income from Operations	7.29	13.21	13.62	
Total Income	7.32	13.60	13.62	0.0003
Total Expenditure	7.58	14.55	14.07	0.0017
Profit before Tax	(0.26)	(0.95)	(0.44)	(0.0014)
Profit after Tax	(0.26)	(0.94)	(0.44)	(0.0014)
Cash profit (Profit after Tax + Depreciation)	(0.25)	(0.94)	(0.44)	(0.0014)
EPS – INR	(50.04)	(187.33)	(88.42)	(0.29)
Book value (Net Worth/ No. of shares) – INR	(315.67)	(265.52)	(78.20)	9.70

For Belvedore International Limited

Amit Kumar Gupta
Director

DIN: 01436743



Name of the Company: Komfort Universe Products And Services Limited (Transferor Company 4)

The financial details and capital evolution of Komfort Universe Products And Services Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year
	October 20, 2023	2022-23	For the period from January 18, 2021 to March 31, 2022
Equity Paid up Capital	0.05	0.05	0.05
Reserves and surplus	(7.50)	(3.86)	(3.94)
Carry forward losses	0/2:	A-1	÷1
Net Worth	(7.45)	(3.81)	(3.89)
Miscellaneous Expenditure	0.01		= 0
Secured Loans	J-	-	
Unsecured Loans	æ		av
Fixed Assets	*	-	==
Income from Operations	3.89	2.31	45
Total Income	3.89	8.31	45
Total Expenditure	7.54	8.40	48.94
Profit before Tax	(3.65)	(0.09)	(3.94)
Profit after Tax	(3.65)	(0.09)	(3.94)
Cash profit (Profit after Tax + Depreciation)	(3.65)	(0.09)	(3.94)
EPS – INR	(728.00)	14.74	(787.69)
Book value (Net Worth/ No. of shares) – INR	(1,490.95)	(762.94)	(777.68)

For Komfort Universe Products and Services Limited

Amit Kumar Gupta

Director DIN: 01436743





Name of the Company: Kurlon Enterprise Limited (Amalgamating Company)

The financial details and capital evolution of Kurlon Enterprise Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	October 20, 2023	2022-23	2021-22	2020-21
Equity Paid up Capital	18.28	18.28	18.28	18.28
Reserves and surplus	392.52	459.82	475.14	490.96
Carry forward losses	-	%#.	; = 3	-
Net Worth	410.80	478.10	493.42	509.24
Miscellaneous Expenditure	1.60	1.52	1.45	1.54
Secured Loans	15.83	10.11	0.11	5.11
Unsecured Loans	6.50	6.5	6.76	6.76
Fixed Assets	210.18	185.86	207.07	204.10
Income from Operations	411.70	842.87	772.26	744.48
Total Income	415.55	849.53	781.92	752.89
Total Expenditure	496.51	841.72	777.56	670.09
Profit before Tax	(88.02)	(17.75)	0.19	62.61
Profit after Tax	(74.55)	(13.17)	3.58	3828
Cash profit (Profit after Tax + Depreciation)	(66.12)	12.15	28.70	62.55
EPS INR	(20.39)	(3.6)	0.98	10.47
Book value (Net Worth/ No. of shares) – INR	112.39	130.80	134.99	139.32

For Kurlon Enterprise Limited

Company Secretary



Name of the Company: Starship Value Chain and Manufacturing Private Limited (Transferor Company 5)

The financial details and capital evolution of Starship Value Chain and Manufacturing Private Limited for the previous 3 years as per the audited statement of Accounts:

(Rs. in Crores)

	Latest Financial	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	October 20, 2023	2022-23	2021-22	2020-21
Equity Paid up Capital	0.005	0.005	0.005	0.005
Reserves and surplus	8.59	7.88	5.45	2.51
Carry forward losses		ā	-	-
Net Worth	8.60	7.88	5.45	2.52
Miscellaneous Expenditure	0.04	0.04	0.06	0.11
Secured Loans	-	0.02	0.04	0.002
Unsecured Loans	-	-	-	-
Fixed Assets	0.39	0.39	0.32	0.04
Income from Operations	41.62	105.31	95.14	18.35
Total Income	41.71	105.45	0.006	0.009
Total Expenditure	40.25	100.86	92.03	14.44
Profit before Tax	1.46	4.59	3.12	3.92
Profit after Tax	0.76	2.42	2.93	2.52
Cash profit (Profit after Tax + Depreciation)	5.08	8.52	2.98	2.53
EPS – INR	1,426.88	4,859.01	5,869.23	5,045.37
Book value (Net Worth/ No. of shares) – INR	17,190.92	15,763.76	10,904.60	5,035.37

For Starship Value Chain and Manufacturing Private Limited

Ashish Vilas Pradhan

ashish kardhau

Director

DIN: 08630024

Date: April 04, 2024 Place: Bangalore





Registered Office:

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

Corporate Office:

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042. Tel. No.: +91 80 40313131 Fax No.: +91 80 25587189 Email id: secretary@kurlon.com Website: www.kurlon.com



www.kurlon.com



Corporate information

Founder

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

Managing Director

Sri. T. Sudhakar Pai

Non-Executive Non Independent Director

Mrs. Jaya S. Pai

Nominee Director

Mr. Vishal Tulsyan

Independent Director

Sri. H. N. Shrinivas

Sri. Sivaramakrishnan Nagarajan

Chief Executive Officer

Mrs. Jyothi Ashish Pradhan

Chief Financial Officer

Mr. Ritesh Shroff

Company Secretary

Mr. Monu Kumar

Statutory Auditor

M/s Deloitte Haskins & Sells

Internal Auditor

KD Practice Consulting Private Limited - CA Pooja Dharewa

Cost Auditor

M/s. GNV & Associates, Cost Accountants

Registered Office:

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

Corporate Office:

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042. Tel. No.: +91 80 40313131 Fax No.: +91 80 25587189 Email id: secretary@kurlon.com Website: www.kurlon.com

Corporate Identity Number

U36101MH2011PLC222657

Share Transfer Agent

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

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

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

Email id: support@purvashare.com Website: www.purvashare.com



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About Kurl-on

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

like Sri Lanka and Nepal.

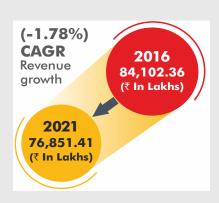
In the past few years, the
Company has won the Coir
Board of India's awards for
Outstanding Performance in
Export of Rubberized Coir
Products, the Development of
the Domestic Market for
Rubberized Coir and the award
for being consistently the

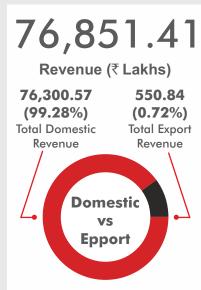
its products to Asian countries

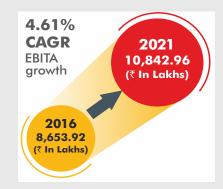
country's largest manufacturer. KL is the holding company, which promoted a subsidiary company in the name and style of Kurlon Enterprise Ltd. (KEL) in the year 2011. Consequent upon the Business Transfer Agreement between KL and its subsidiary, the business of Rubberized Coir, Latex Foam, Polyurethane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

Companies are closely held, unlisted public Ltd Company.

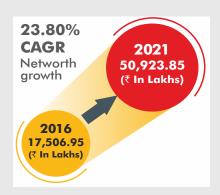
Accredited with latest technology and groundbreaking innovations, Kurlon **Enterprise Limited now** manufacture products in 135 different configurations, Pan-India and having a retail reach out of more than 10000 counters, 72 distribution centre and 12 strategically located manufacturing facilities across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujarat that anticipate and change with our customers' evolving needs and provide them with absolute comfort, convenience, good health and growth.

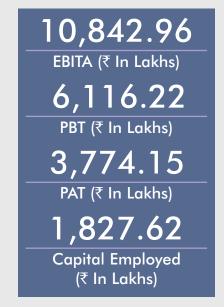














Our Vision & Mission



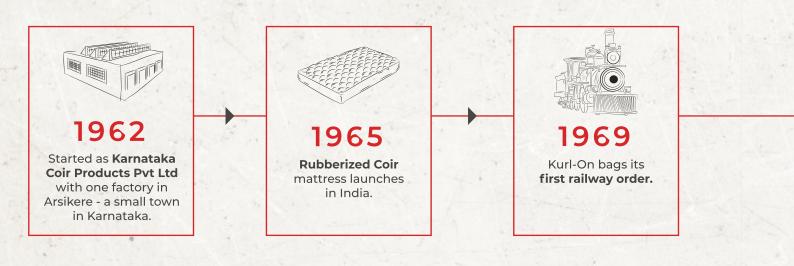
Award And Recognition

Our never ending quest to provide healthy sleep solutions for India has led to an array of products that continue to raise benchmarks. It gives us great pride when our efforts are recognized. That's why we're honoured to receive "49th National Safety day award" conducted by the Government of Karnataka, under the category of 5TPH process boilers.

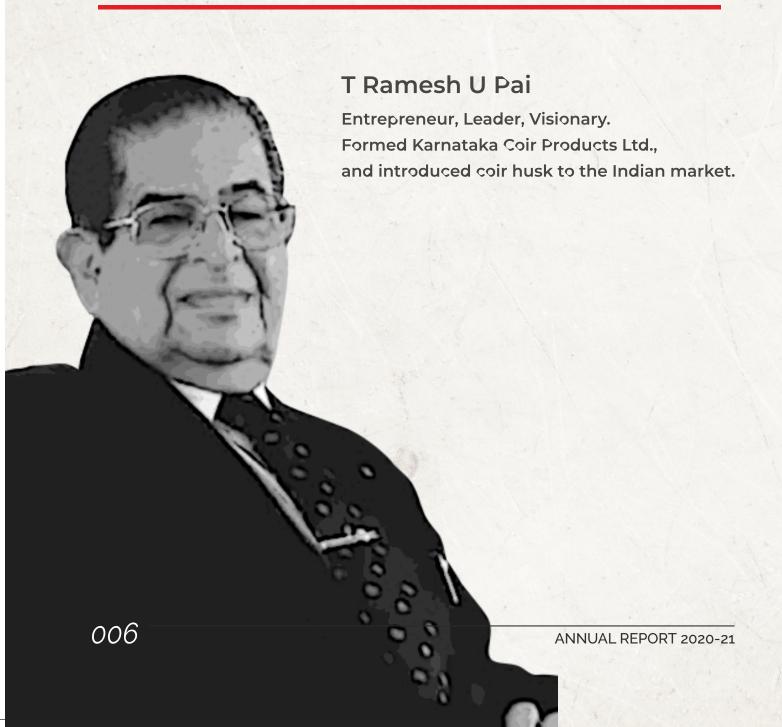


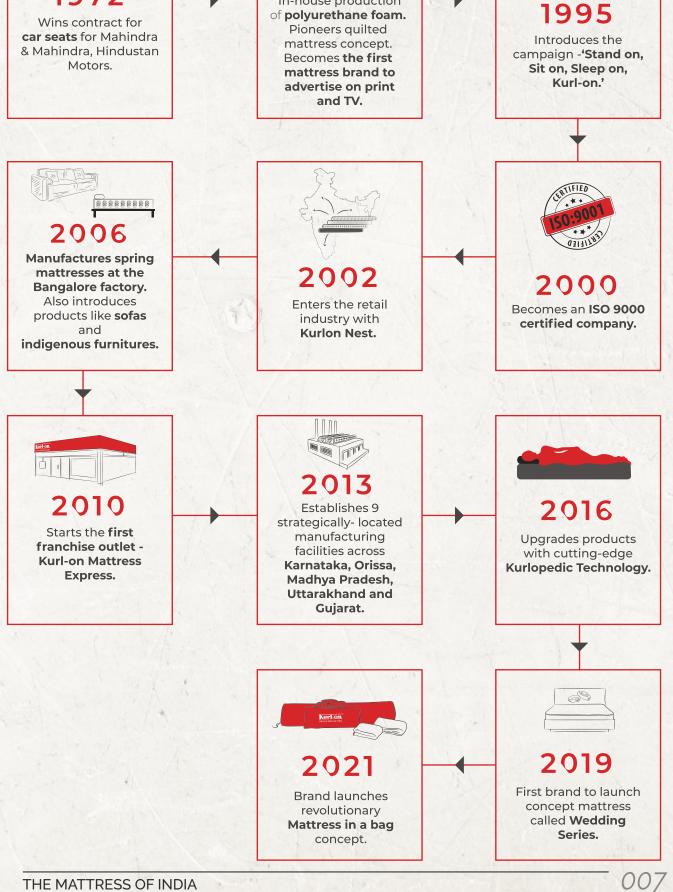


004 ANNUAL REPORT 2020-21 THE MATTRESS OF INDIA 005



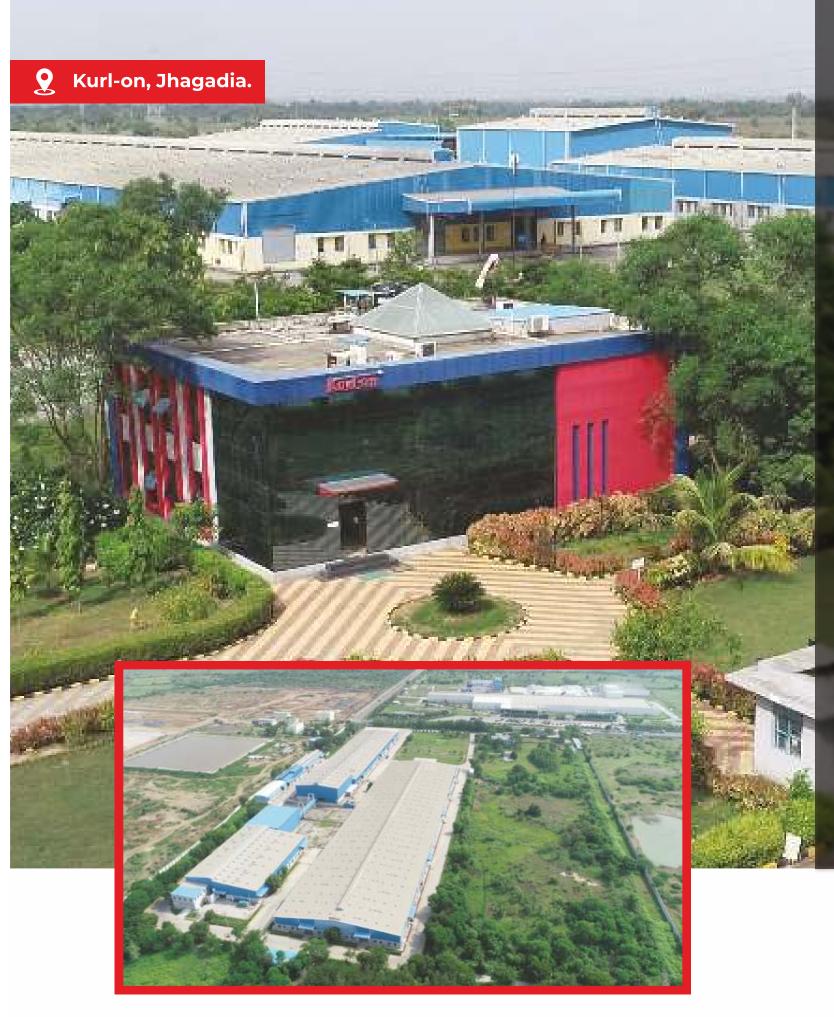
Kurl-On: The journey so far





In-house production

Kuri-on THE MATTHESIS OF ISSA



FIVE DECADES OF THE BEST SLEEP SOLUTIONS

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

Five decades on, Kurl-on Enterprises Limited has become synonymous with premium mattresses across India with Kurl-on even becoming a generic name for mattresses. Along with the coir and rubberised mattress, the brand



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Key Differentiators



Strong Brand Value: Kurlon is one of the oldest and most trusted brand in India which always committed to fulfil and deliver soulful rest to its end consumers and serve as partner in their journey of growth.



World Class Manufacturing Facilities at Multi Location: 12 strategically located manufacturing units across India helps us to fulfil our promise for quality, speedy delivery and better customer reach.



Vertical Integrated manufacturing: Kurlon is the only player in the industry which makes rubberized Coir Mattress, Spring Mattress, Foam and rebounded foam which give us the complete Control in the highest and premium Quality.



Widest Sales and Distribution Network: Kurlon have retail reach out of more than 10000 counters, 72 distribution centers across India.



Customer - Oriented: dedicated CDT team guides our customers to choose a suitable products based on their needs; apprises them on the latest technology and benefits; and provides strong after sales support, adding value to their lives and enhancing their experience.



Diversified Product Range in Premium Category: Kurlon Manufactured entire range of home comforts solution ranging from mattresses, PU Foam, furniture & high-end soft furnishings products in the rich and premium category.



Research & Development: As technology leaders, we continuously add value to our existing products and formulate differentiated, more qualitative and comforting range through dedicated separate products development team.



Environment and Sustainability: This is also very important taking care part of Planet and community. Kurlon did this through rain harvesting, using solar energy and Zero Carbon emission.

Product Portfolio



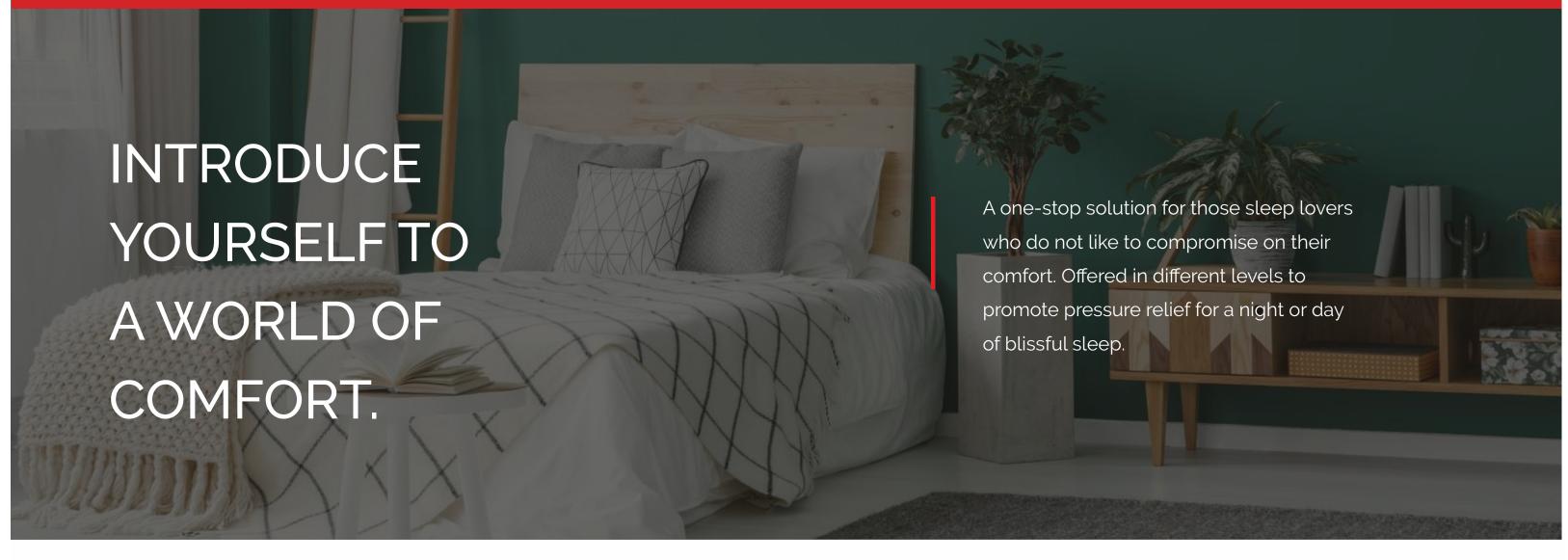




THE REVOLUTIONARY NEW KURL-ON MATTRESS.

Easy-to-use, Easy-to-carry and Unbelievably Comfortable.



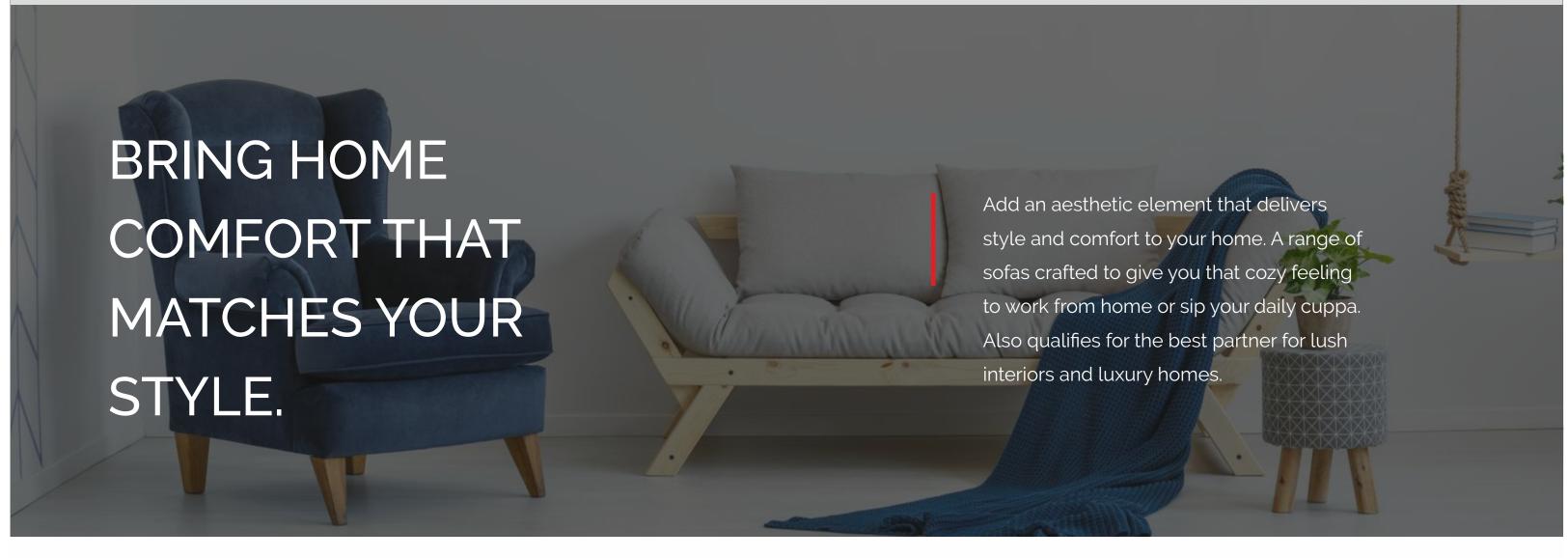








OHOME KOMFORTS



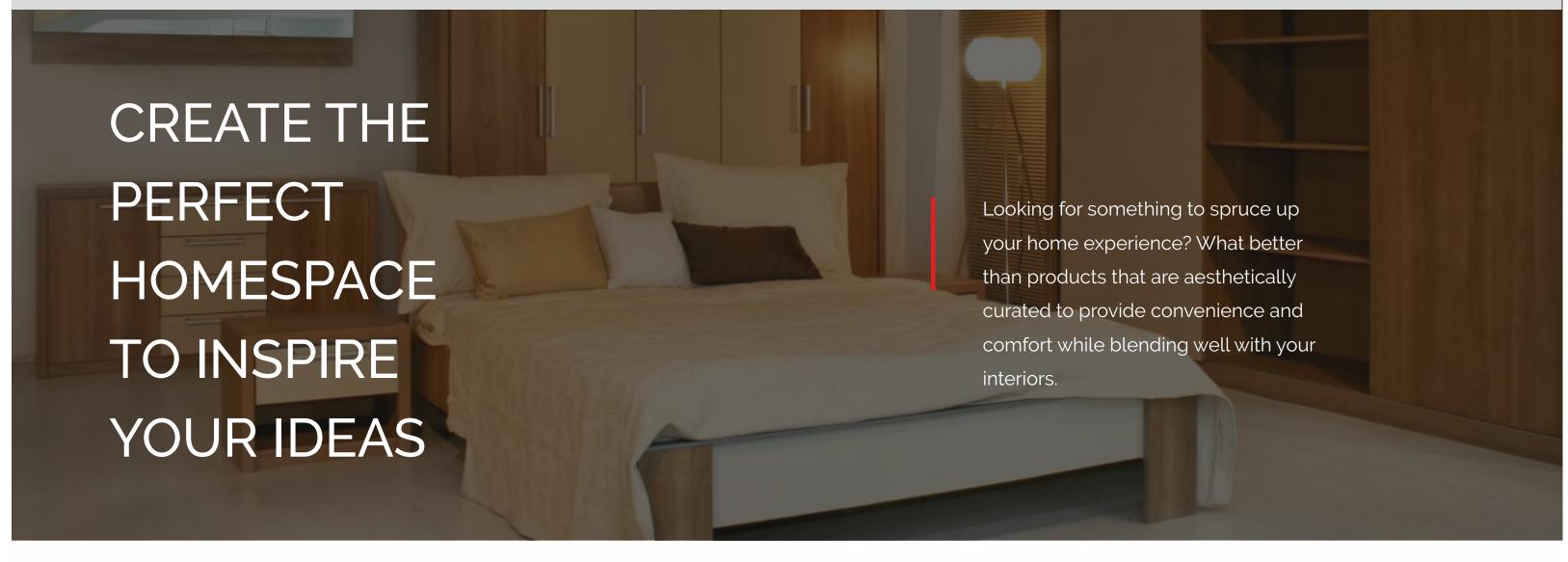






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OHOME KOMFORTS

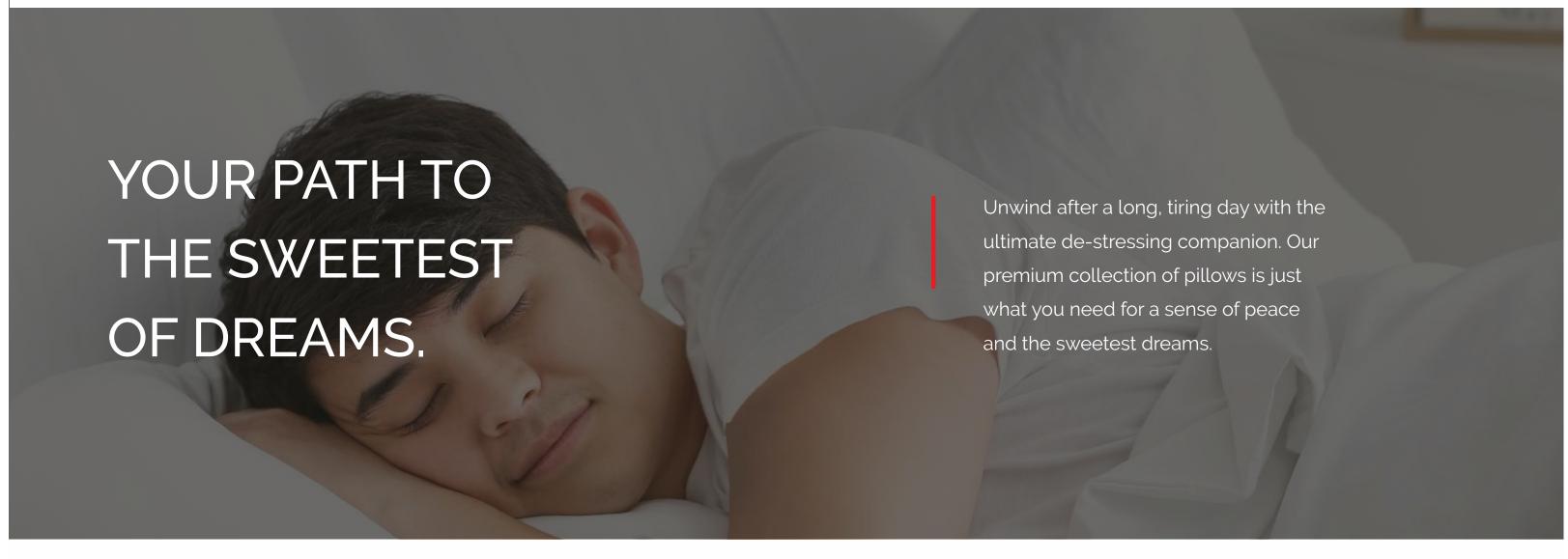








Kurlopillo[®]

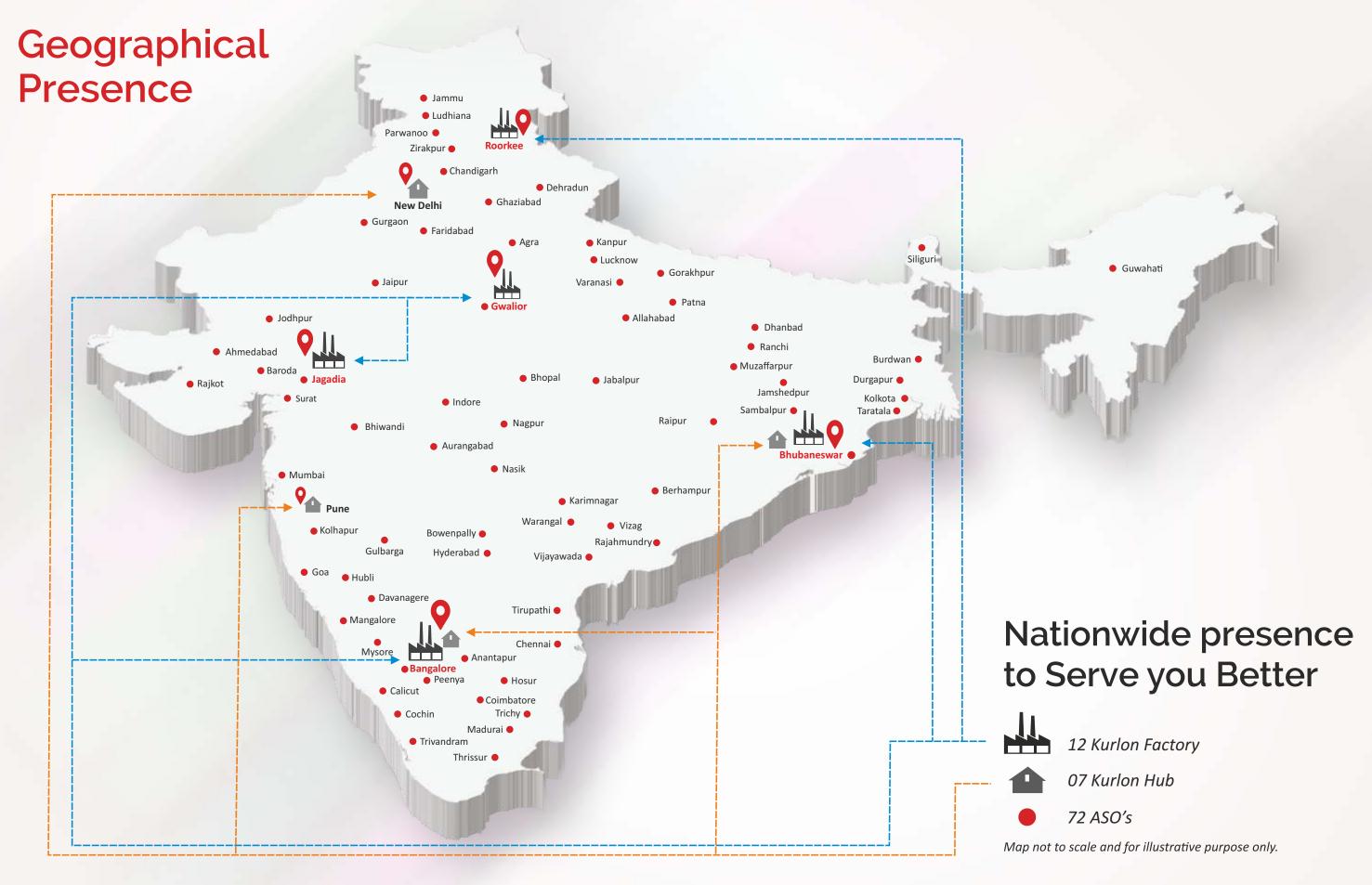








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020 ANNUAL REPORT 2020-21





From the desk of Managing Director

Dear Shareholders,

Ilt gives me immense pleasure to place before you the 10th Integrated Annual Report of Kurlon Enterprise Limited for FY 2020-21. We are in the midst of improving transparency, ensuring sustainability, and promoting inclusive growth.

I am addressing you at a time when India which has registered a remarkable recovery from the economic and social abyss caused by the untamed spread of COVID-19 virus in 2020 and faced a more aggressive and widespread second wave of the pandemic. It's a formidable battle that our passionate healthcare community, frontline warriors are engaged in and I express my deepest respect for their gallant efforts. The swiftness and intensity of the second and now third waves have overwhelmed health systems, devastated lives and livelihoods. It is a health crisis of the kind we have not seen in generations. My heart goes out to everyone out there who has suffered the loss of loved ones. Given the scientific progress we have made over the past year, I am confident we will eventually get the pandemic under control. Until then, I urge you to stay safe, follow Covid discipline, and get vaccinated if you are eligible.

FY21 was an extremely challenging and difficult year for all of us. You are aware that the COVID-19 pandemic raged across the world. In India, we saw the fiscal beginning on a cautious note as the country was under a lockdown. This saw mass exodus of the migrant population from

the cities. The other issue related to the lockdown (and specially the first quarter of the fiscal) was the plummeting demand for our products in the market. It was an extremely tough quarter for us as well and we reported a quarterly loss of on the operational front, something that we have not seen in a long time.

For your Company Kurlon too, it was a challenging year. When the lockdown was announced, we did not panic. We did not take any knee jerk reaction. We did what most others had done - reducing costs, keeping our operations lean and optimizing working capital requirements - and we did it well. During lockdown, the Company's key focus areas were:securing the safety of our employees, vendors, customers and securing the health of the business through a laser focus on cash flows. This helped us navigate the crisis well. We did not let up on our commitments towards our customers. Our people ensured that supplies to customers continued even as we adhered to all Government protocols. This has built considerable respect for the Kurlon brand as a reliable allweather partner.

Gradually, as demand started coming back from the second quarter of last year but it was too late and the Company saw a decline of 67.98 % in its Q1 numbers. While the industry did see demand revival in the subsequent quarters, it still could not avoid a contraction in the numbers and posted a 19.86 % decline in the top line for FY21 over its previous year. The net

profit of the company stood at ₹ 3,776.22 Lakhs and posted a 55.06%% decline overits previous year. Despite practically no operations in the first couple of months in FY21, we were able to manage our topline at ₹ 76851.42 Lakhs. The Company is on the lookout for opportunities to scale up both organic and inorganic in India and internationally.

The Second wave of Covid-19 which is inflicting a deeper impact on India – in terms of lives, livelihoods and economic deceleration. As such, our business operations and performance could also be impacted in FY22. I hereby ensure that we will continue to work diligently in our efforts towards turning headwinds into tailwinds taking us a few notches higher.

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

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

We solicit your support in our future endeavours. Stay Safe.

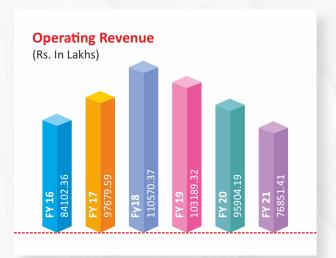
Regards T. Sudhakar Pai Managing Director

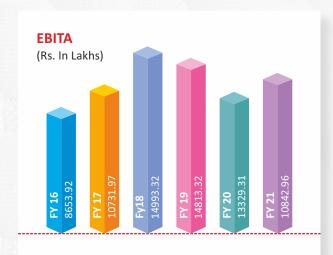


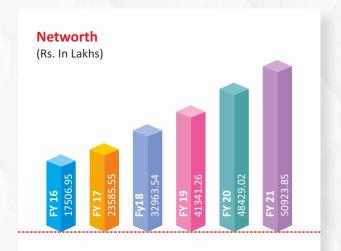
Kurlon Enterprise Limited (Standalone)

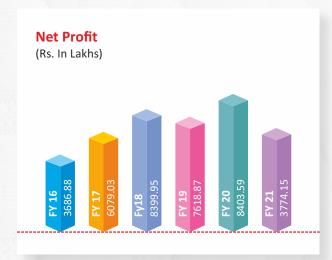
Kurlon Enterprise Limited (Consolidated)

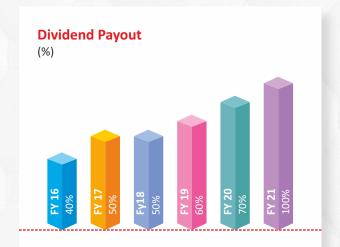


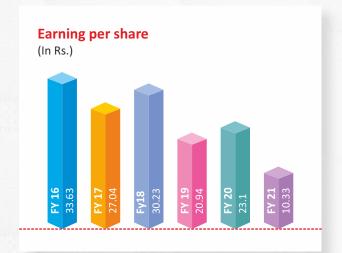


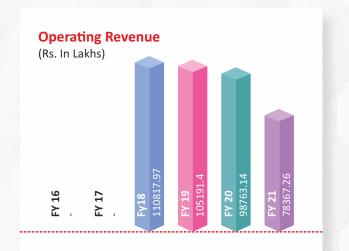


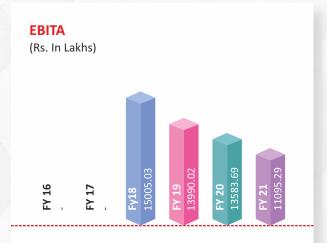


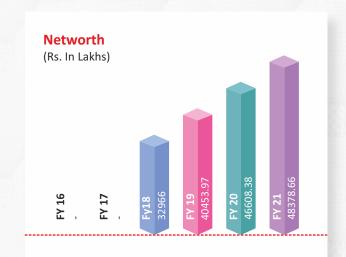


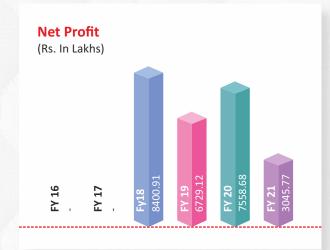


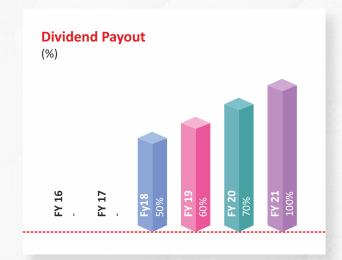


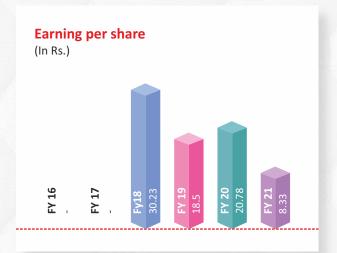












DIRECTOR'S Report

Dear Members,

The Board of Directors are pleased to present the Company's 10th Integrated Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2021.

1. Financial highlights of the Company

The Company's financial performance (standalone and consolidated) for the year ended March 31, 2021 is summarized below:

(Rs. in Lakh)

			(KS. III L		
Particulars	Stand	lalone	Conso	lidated	
Particulars	2020-2021	2019-2020	2020-2021	2019-2020	
Revenue from operations	76,851.41	95,904.19	78,367.26	98,763.14	
Profit Before Financial charges, tax and Depreciation	10,842.96	13,329.31	11,095.29	13583.69	
Less: Finance Charges	229.93	577.10	526.99	941.37	
EBDT	10,613.03	12,752.21	10,568.30	12642.32	
Less: Depreciation	2,478.14	2,609.61	3,176.03	3,330.45	
Profit Before Tax	8,134.90	10,142.60	7,392.28	9,311.87	
Less: Exceptional Items	2,018.68	-	2,018.68		
Net Profit Before Tax	6,116.22	10,142.60	5,373.60	9,311.87	
Less: Current tax	1,622.00	2,650.42	1,622.00	2,664.04	
Add/Less: Tax credit of earlier years	-	(244.39)	0.11	(244.39)	
Add/Less: Deferred tax	774.28	(632.86)	762.07	(632.31)	
Profit after tax	3,719.94	8,369.43	2,989.42	7,524.53	
Other comprehensive income	54.22	34.15	56.35	34.15	
Total comprehensive income for the year	3,774.15	8,403.59	3,045.77	7,558.68	
Transfer to General reserve		_	-		
Proposed Dividend on Equity Shares	1827.61	1279.33	1827.61	1279.33	
Tax on proposed Dividend	-	-	-	-	
Surplus in statement of P & L carried to Balance Sheet	32,949.64	30,454.81	30,342.39	28,563.17	
Earnings per share (EPS).	10.33	23.10	8.33	20.78	

Performance review and the state of Company's affairs:

During the Financial Year (FY) 2020-21, the Company has achieved an operating revenue of Rs. 76,851.41 Lakhs as compared to Rs 95,904.19 Lakhs in FY 2019-20. The operating revenue decreased as the first two months of the year were completely washed out due to impact of COVID-19 and the subsequent lockdown. Sales started picking slowly from July 2020. The profit before tax for FY 21 stood at Rs. 6,116.22 Lakhs compared to Rs. 10,142.60 Lakhs achieved in FY 20. The net profit after tax and other comprehensive income stood at Rs. 3,774.15 Lakhs for FY 21 as compared to Rs 8,403.59 Lakhs for the previous year. The decrease in the PBT and PAT are due to mainly lower sales in the first quarter, increase in the raw material prices and written off of investment held by the Company in the commercial papers of Cox and Kings Ltd amounting to Rs. 2018.68 Lakhs.

The Company's consolidated revenue for FY 2020-21 was

Rs 78,367.26 Lakhs as compared to Rs. 98,763.14 Lakhs for the previous year. During the year under review, the consolidated net profit after tax and other comprehensive income stood at Rs. 3,045.77 Lakhs as compared to Rs. 7,558.68 Lakhs for the previous year.

2. Dividend

Your Directors are pleased to recommend a Dividend of Rs 5./- (i.e. 100%) per equity share of Rs. 5/- each fully paid up as final dividend for the financial year ended March 31, 2021 (Rs. 3.5/- (i.e 70% previous year), payable to those Shareholders whose names appear in the Register of Members as on the Record Date. The dividend on Equity Shares is subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM) of the Company and if approved, the dividend would result in a cash outflow of Rs. 1827.61 Lakhs (Rs. 1279.33 Lakhs Previous year). The dividend payout of the Company since

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last three financial years has increased significantly.

Pursuant to the Finance Act, 2020, effective April 1, 2020, Dividend Distribution Tax has been abolished and dividend income will be taxable in the hands of the shareholders. The Company is required to deduct Tax at source from the dividend Paid to the shareholders at prescribed rates as per the Income Tax Act, 1961.

3. Transfer to Reserves

The Board of Directors have decided to retain the profit after distribution of dividend for the Financial Year 2020-21 in the Statement of Profit and Loss hence no amount is being recommended to transfer to General reserve.

4. Consolidated Financial Statement:

In accordance with the provisions of the Companies Act, 2013 and the applicable Accounting Standards on the Consolidated Financial Statements, your Directors have attached the consolidated financial statements of the Company together with the Auditors' Report which form a part of this Annual Report.

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

5. Change in the nature of business;

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

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

6.1. COVID-19 Impact

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Operations and revenue have been impacted due to COVID-19.

Over past year, the COVID-19 pandemic has disrupted the lives and livelihood of many people across the world and changed the functional aspect of the Company. As a responsible and people-friendly organization, Kurlon has kept human safety above everything else. We have been pro-active in our measures to combat the challenge presented by the situation and acted in best interest of our people across all domestic and international locations

The COVID-19 protocols as laid down by the state authorities have been strictly followed across all our manufacturing units, offices, stores and distribution areas to safeguard human health. Work from home was encouraged, wherever possible, and virtual connect was established to enhance safety amongst our employees. All employees were also covered under medical and health insurance to lend them the required financial security during their hour of need. Knowing well the significance of vaccination and to ensure the safety of our

employees, Kurlon applied for vaccinations too, for its entire workforce, as and when available.

The substantive economic package announced by Prime Minister during FY 21 could revive the downturn to a great extent. The COVID-19 impact remains a serious concern for governments and businesses. After lockdown, the Company as a responsible and people friendly organization, has implemented Standard Operating Procedures at workplace to ensure social distancing norms and also sanitized its offices, factories, stores and distribution areas to contain the spread of corona virus.

6.2. Written off investment held in Cox and Kings Ltd

The Board of directors at their meeting held on July 27, 2021 had unanimously approved to write off entire investment held in the commercial papers of Cox and Kings Ltd amounting to Rs. 2018.68 Lakhs.

7. Merger & Amalgamation

Your Company completed the merger of Spring Air Bedding Company (India) Ltd. ("Spring Air" or "Transferor Company") on 18.06.2020 (date of on which the certified true copy of order of Hon'ble NCLT Mumbai was filed to ROC). The merger is in line with Company's strategy to build a sustainable and profitable business in India. The Transferor Company has the requisite expertise for conducting business in the sector of manufacturing of mattress and also holds the Indian License of US based International "SPRING AIR" brand. This merger will bolster your Company's focus to build a profitable and sustainable Mattress business in India. It is expected post amalgamation having increased turnover, operational synergies and better utilization of resources can meet the market and customer needs with greater flexibilities and thus, it may further strengthen the Company's position in the domestic and international market.

8. Indian Accounting Standards

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

9. Share capital

The authorized share capital of the Company as at March 31, 2021 is Rs. 75,30,00,000/- (Rupees Seventy Five Crores Thirty Lakhs Only) divided into 15,06,00,000 (Fifteen Crores Six Lakhs) Equity shares of Rs. 5/- (Rupees Five) each. The increase in authorized share capital was mainly due to merger of Spring Air Bedding Company (India) Limited with the Company.

The paid-up share capital of your Company increased by Rs. 8.49 Lakhs to Rs. 1827.61 Lakhs during the year under review. The Company has made an allotment of 1,69,868 Equity Shares of Rs. 5/- face value each fully paid up at par, to the shareholders of Spring Air Bedding Company (India) Limited, pursuant to the scheme of merger. Besides, there was no public issue, rights issue, bonus issue or preferential issue made by the Company during the year under review. The Company has not issued shares with

differential voting rights or sweat equity shares. The Company has not bought back any of its securities during the year under review

10. Directors and Key Managerial Personnel

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

DIN/PAN	Directors and Key Managerial Personnel	Designation	
00043298	Sri T Sudhakar Pai	Managing Director (KMP)	
00030515	Mrs. Jaya S Pai	Director	
00139754	Mr. Vishal Tulsyan	Nominee Director	
03060429	Sri. Sivaramakrishnan Nagarajan *	Non-Executive Independent Director	
07178853	Sri. Holebasavanahalli Nagaraj Shrinivas *	Non-Executive Independent Director	
ADCPP5162H	Mrs. Jyothi Ashish Pradhan	Chief Executive Officer (KMP)	
ALGPS1199D	Mr. Ritesh Shroff	Chief Financial Officer (KMP)	
BMYPK6724N	Mr. Monu Kumar	Company Secretary (KMP)	

^{*}appointed in intermittent vacancy caused due to retirement of Dr. Nitin G Khot and Sri. S. Ananthnarayanan w.e.f. May 7, 2021.

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

At the 9th Annual General Meeting of the Company held on October 20, 2020, Mrs. Jaya S Pai (DIN: 00030515) has been reappointed as Non-Executive Director of the Company, liable to be retire by rotation.

During the year under review, Shri S. Ananthnarayanan and Dr. Nitin G Khot voluntarily retired as an Independent Directors of the Company w.e.f. 21.03.2021. After completion of long stint association with the Company, the Board places on record its appreciation and gratitude for their wise-counselling and valuable guidance over all these years.

Based on the recommendations of Nomination and Remuneration Committee, Sri Sivaramakrishnan Nagarajan and Sri. H.N. Shrinivas have been appointed as Non-Executive Independent Directors in the intermittent vacancy caused due to retirement of Sri. S. Ananthnarayanan and Dr. Nitin G Khot for a period of upto which Sri. S. Ananthnarayanan and Dr. Nitin G Khot would have held office if it had not been vacated i.e. till the conclusion of 13th Annual General Meeting of the Company to be held in the year of 2024. The said appointment is subject to your approval at the ensuing Annual General Meeting of the Company.

The aforesaid Independent Directors have given declarations that they meet the criteria of independence as contemplated under Section 149(6) read with Schedule IV to the Act and the same were taken on record by the Board. There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year the Board of Directors promoted Mrs. Jyothi Ashish Pradhan to CEO of the Company w.e.f 01/10/2020 at a remuneration as determined by the Board of Directors on the recommendation of Nomination and Remuneration Committee at their meeting held on March 21, 2021.

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

11. Declaration by Independent Director;

The Independent Directors have given declarations that they meet the criteria of independence as contemplated under Section 149(6) read with Schedule IV to the Act and the same were taken on record by the Board.

The Ministry of Corporate Affairs vide its circular dated 22 October 2019 further amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by requiring an independent director to apply online, within September 30, 2020, to the Indian Institute of Corporate Affairs for inclusion of his/her name in the data bank for such period till he/she continues to hold office of an Independent Director in any Company. The new Independent Directors have confirmed to the Company that they have registered themselves with the data bank of Indian Institute of Corporate Affairs and are independent to the Management of the Company.

12. Familiarization Programme for Independent Directors

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

13. Deposit from Pubic

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.

14. Board and Committee Meetings

During the year under review, 9 (Nine) Board Meetings, 7 (Seven) Audit Committee Meetings were convened and held

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apart from other Committee's meetings of the Company. The details of all the meetings including committee's meeting are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The calendar of Board and Committee Meetings were prepared and circulated in advance to the Directors.

15. Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee

Banking Committee formed by the Board earlier, has been discontinued Due to no significant outstanding loans from the Bank and financial institution. Your Company has not applied for any loans from the banking sector for the last 3 years except working capital facilities. Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Annual Report. During the year under review, all recommendations made by the various committees have been accepted by the Board.

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

In terms of the provisions of section 197(14) of the Act, Mr. T Sudhakar Pai receives remuneration and commission in its holding Company Viz. Kurlon Limited., apart from the Remuneration and Commission received from Kurlon Enterprise Limited. During the year, Total commission payable to Managing director from Kurlon Enterprise Limited is Rs. 183.49 Lakhs (which is 3% of net profit) whereas the managing director has waived his commission to be received from its holding Company Viz. Kurlon Limited for the year ended March 31, 2021.

Annual Evaluation of Board and its Committees

Your Company believes that it is the collective effectiveness of the Board that impacts the Company's performance and thus, the primary evaluation platform is that of collective performance of the Board.

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

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

17. Policy on Directors' Appointment and Remuneration:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed and adopted a policy, inter alia, for remuneration and appointment of Directors, senior management and key managerial personnel of the Company. The details of Nomination and Remuneration Policy is stated in the Corporate Governance Report.

18. Details of Subsidiary/Joint Ventures/Associate Companies

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

Details of Subsidiaries are as follows.

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

*w.e.f. 18.01.2021 **w.e.f. 21.12.2020 ***w.e.f. 21.03.2021

During the year under review, your Company has incorporated two (2) Wholly Owned Subsidiaries i.e. Komfort Universe Products and Services Limited ("KU") and Belvedore International Limited ("BIL") vide Certificate of Incorporation dated January 18, 2021 and December 21, 2020 issued by the Registrar of Karnataka. The main object of KU is to carry on the retail business and trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India whereas the main object of "BIL" is to carry on retail business of mattresses, Pillows, Furniture and other related Products and Services of International Brands on retail and B2B basis in India.

On March 21, 2021, the Board of directors of the Company unanimously resolved to purchase entire (100%) shares of M/s Kanvas Concepts Private Limited and M/s Starship Value Chain and Private Limited (formerly known as Starship Manufacturing & Services Private Limited) ["Starship"] from the existing shareholders of the these Companies at par. M/s Kanvas Concepts Private Limited is formed to engage in the business of Home Interior décor, wherein the Company can explore its entire products including furniture items to increase its overall revenue and profitability. Further, In order to gain the momentum in the market and to increase the market shares and profitability of the Company, the management, during Pandemic, explored to offer a contactless delivery service to the end consumers of the Company, which needed to be rationalize, restructure and modernize with value chain of logistics therefore sought an opportunity to enter into the logistics cum value chain space with more experienced and skilled team. Since government offices were operating at minimal levels/staffs, during pandemic, hence management decided to form an LLP called Starship Global VCT LLP (SGVCT) in equal partnership between Mr. T Sudhakar Pai and Mr. Ashish Vilas Pradhan, with the clear intent to fold back the outfit to KEL. SGVCT has taken over the Company's warehouses, modernizing them with cameras, implementing FIFO, enabling technology to track last mile delivery for all channel as well online orders and providing FOFO counters with the convenience of having mattresses delivered directly to the end consumers. The Board at their meeting held on March 21, 2021 decided to shift the logistic business from LLP to a 100% subsidiary of Kurlon Enterprise Limited i.e. M/s Starship Value Chain and Private Limited (formerly known as Starship Manufacturing & Services Private Limited) ["Starship"] which can run the logistic/supply chain business under the "STARSHIP".

Pursuant to Section 129(3) of the Companies Act 2013 read with Rule 5 of Companies (Accounts) Rules 2014 a statement containing salient features of financial statements of WOS and its Subsidiaries Companies are

provided as Annexure "A" in form AOC-1 and therefore not repeated to avoid duplication.

19. 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:

- **a.** That in the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures and the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013.
- **b.** That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2021 and of the Profit of your Company for the Financial Year ended March 31, 2021.
- **c.** That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- **d.** That the annual accounts for the Financial Year ended March 31, 2021 have been prepared on a going concern basis:
- **e.** That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

20. Management Discussion and Analysis Report.

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

21. Report on Corporate Governance.

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance practice as set out in the Act. The Company is also committed to benchmarking itself with global standards for providing good Corporate Governance. A Report on Corporate Governance is disclosed as Annexure "B" forming part of this Report.

22. Auditors and Auditors' report

Statutory Audit:

M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration Number 008072S) have also been Statutory Auditors of Kurlon Ltd. (the Holding Company) and have served as the statutory Auditors for the maximum period of 10 Years. In order to align the holding Co. with your Company for the purpose of facilitation of consolidation of accounts and there is a need to have a single auditor for

both the Companies. Therefore, M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration Number 008072S) has resigned from your company vide their letter dated 28.10.2021 from the position of statutory auditors resulting into a casual vacancy in the office of the statutory auditors of the Company as envisaged in section 139(8) of the Companies Act, 2013.

Based on the recommendation of the Audit Committee, The Board of directors at its meeting held on October 28, 2021 have appointed M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004) as the statutory auditors of the Company to fill the casual vacancy caused due to resignation of M/s Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S), to hold office till the conclusion of this Annual General Meeting subject to the approval of the members in pursuant to the provisions of section 139(8) of the Act.

Further, pursuant to recommendation of Audit Committee, Board also approved appointment of M/s. S. R. Batliboi & Associates, LLP, as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 15th Annual General Meeting to be held in year 2026 subject to your approval in this AGM.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004), for such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made thereunder.

Audit reports

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

Secretarial Audit:

Your Board has appointed Mr. Deepak Sadhu, Practicing Company Secretary, Bangalore, as Secretarial Auditor of the Company for the financial year 2020-21 and secretarial audit report for the financial year ended 31st March, 2021 is enclosed as Annexure-D. The report contains the following observations;

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

Your directors are of the opinion that the reply to a foresaid $\,$ observation is already given in the Boards' report for FY 20 which stand same and do not call for further explanation as the Company yet to receive requisite documents from concern shareholders.

Cost Audit:

In terms of the Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records pertaining to manufacture of PU Foam and foam products/business. The stipulated cost records pertaining to the said products/business are maintained.

M/s. GNV & Associates, Cost Accountants, Bangalore, were appointed as Cost Accountants of the Company for conducting the cost audit for the financial year 2020-21 at a remuneration of Rs. 2,50,000/- plus tax as applicable and re-imbursement of out—of—pocket expenses and the same was ratified by you at the 9th annual general meeting of the Company held on October 20, 2020.

The Board after considering the recommendations of its Audit Committee, appointed the aforesaid firm as cost auditors for the financial year 2021-22 and appropriate resolutions in this connection has been included in the notice calling the ensuing Annual General Meeting of the Company for ratification purpose. Cost audit report for the financial year ended 31st March, 2020 was filed with the Central Government on December 30, 2020.

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

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of a Company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF").

In terms of the foregoing provisions of the Act, there is no dividend which require to be transferred to the IEPF by the Company during the year ended 31st March 2021.

24. Particulars of Loans, Guarantees and Investments

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

Category	Date of Loan/ Investment/ Security/ Guarantee	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)
Investmen	21.03.2021	Investment in the Equity shares	Kanvas Concepts Private Limited	NA	1.00

Category	Date of Loan/ Investment/ Security/ Guarantee	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)
Investment	21.03.2021	Investment in the Equity shares	Starship Value Chain and Manufacturing Private Limited (Formerly Known as Starship Manufacturing and Services Private Limited)	N.A.	0.50
Investment	20.11.2020	Investment in the Equity shares	Belvedore International Limited	N.A.	5.00
Investment	20.11.2020	Investment in the Equity shares	Komfort Universe Products and Services Limited	N.A.	5.00
Investment	09.05.2020	Additional Investment in the Equity shares	Sevalal Solar Private Limited	N.A.	4.00
Investment	20.04.2020	Additional Investment in the Equity shares	Sirar Solar Energies Private Limited	N.A.	4.00
Investment	20.04.2020	Additional Investment in the Equity shares	Sirar Dhotre Solar Private Limited	N.A.	4.00
Loan/ advances	29.03.2021	Loan repayable on demand	Kanvas Concepts Private Limited	For operating expenses	85.00
Loan/ advances	Multiple date	Loan repayable on demand	Sevalal Solar Private Limited	For operating expenses	2.46
Security and Guarantee	NIL	NIL	NIL	NIL	NIL

Total additional Investments made in the Mutual Funds during the year is Rs. 1656.11 Lakhs

25. Particulars of Contracts or Arrangements with related parties

Related party transactions entered during the financial year under review are disclosed in Notes to the financial statements of the Company for the financial year ended 31st March, 2021. These transactions entered were at an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions with the Company's promoters, directors, management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions are given elsewhere in this report and the same forms part of this report.

26. Risk Management System

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

Keeping the above in view, your Company has formulated a Risk Management Policy duly reviewed by the Board of

Directors. The policy includes risk identification, analysis and prioritization of risk and development of risk mitigation plans. The Company has constituted a Risk Management Committee to look into the risk involved with the Company and its

Mitigation.

27. Safety, Health and Environment

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

To ensure smooth operations and health of employees during COVID-19 pandemic various initiatives were implemented such as sanitization at all workplace, seating arrangement with a distance of 2 meters, Health and Travel declaration form, thermal scanning at gate entry to capture temperature of individual and generate alert in case of any abnormality.

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

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

The Company stands ahead of its peers for its management of natural resources, energy management, carbon emissions reduction, conservation of water resources and biodiversity and management of waste and is committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimizing our potential impact on the environment. Your Company under "KURLON 2.0" is moving towards digital transformation which would certainly help the Company to increase its productivity, workflow, culture, system/process and profitability.

The Company operates in compliance with all relevant environmental legislation and we will strive to use pollution prevention and environmental best practices.

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

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

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

28. Vigil Mechanism/ Whistle Blower Policy

The Company has a vigil mechanism for Directors and

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

29. Corporate Social Responsibility (CSR)

Your Company being a responsible Corporate Citizen and an early adopter of CSR initiatives, works primarily through various Trusts/societies, School and Colleges, towards supporting projects in the areas of promotion of health, Education and development; rehabilitation, enhancing vocational skills; promoting healthcare including preventive health care and rural development. The Company's CSR Policy is available on the website of the Company at www.kurlon.com. The CSR Policy of the Company is amended vide Board resolution dated May 7, 2021 to incorporate amendments brought about to the provisions of section 135 of the Act and rules vide notification dated 22nd January, 2021 issued by MCA. A report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as Annexure – E. The Board of Directors of the Company at their meeting held on May 7, 2021 have also reconstituted its CSR Committee comprising 4 (four) Directors with majority of independent Directors.

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

30. Business Responsibility Report

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

At Kurlon, we commit ourselves to operate our business in a sustainable manner. We ensure that prime focus is given to enhance sustainable business operations, based

on the National Voluntary Guidelines (NVG). This includes our initiatives towards Employee Wellbeing, Environmental Responsibility and Community Wellness. The Business Responsibility Report (BRR) even though not mandatory for the company, is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs.

Our Principle Wise Performance are as follows;

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

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

This covers the Company, subsidiaries and group companies

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

The company has not received any complaints during the year from shareholders. However, the Consumer Complaints are being attended by a dedicated customer delight team (CDT) and are resolved expeditiously. During the year there have been 11679 cases in consumer forum out of which 3606 have been settled.

Principle 2: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total number of employees as on 31st March 2021 were 716

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

Out of the total Employees, 12 were on contractual basis.

3. Please indicate the Number of permanent women employees.

The number of women employees as on 31st March 2021 was 17.

4. Please indicate the Number of permanent employees with disabilities.

Number of permanent employees with disabilities as on 31st March 2021 were ZERO.

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

Nο

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

Not Applicable.

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

the end of the financial year.

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

- 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- (a) Permanent Employees 90%
- (b) Permanent Women Employees 100%
- (c) Casual/Temporary/Contractual Employees-100%
- (d) Employees with Disabilities- Not Applicable

Principle 3: Businesses should respect and promote human rights.

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

This covers the Company, subsidiaries and group companies

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

No complaint was received by the Company on Human rights issue

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

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

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

Confederation of Indian Industry (CII)

All India Manufactures Organization (AIMO) and

All India Coir Mattress Manufactures Association (AICMMA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies,

Yes, all of the above.

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

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

As on 31 March, 2021 Company has around 69.1% of total consumer complaints pending.

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

Yes

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

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

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

Yes but for satisfaction and better improvement.

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

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
- (a) The company recycles the scrap foam to rebonded foam and does not dispose any to the environment.

- (b) the rubberized coir cuts are reused back to the mattress avoiding additional coir requirement or land fill
- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
- (a) The reduction in foam scrap has increased the Yield reducing the requirement of raw material
- **(b)** the coir cuts were otherwise used as fuel / land fill which has been avoided
- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?
- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Company believes in sustainable sourcing and logistic solutions, today about roughly 10 % of our raw material are sourced in bulk. This eliminates wastage of packaging material and disposal concern.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

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

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

Company does have a mechanism to recycle waste/scrap. Some scrap products of the Company like foam is converted into rebonded/ chip foam and also coir trim waste is effectively used for production of Coir Mattresses. EPE trim waste is recycled for production of fresh EPE products. The total percentage of recycling of the products and waste is 12%.

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

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

Yes

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

Yes

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

The Company CSR team provides and promotes skill development and education to under privileged children. The Company has recently initiated the CSR project "Vidhya Ratna" to support the government schools going children under the age of 18 age to promote education and overall development.

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

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

It extends to the Subsidiaries and group companies.

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

The Company has installed Solar power plants at its factories for conserving energy. In addition the Company has 3 Subsidiaries Viz. Sirar Solar Energies Private Limited, Sirar Dhotre Solar Private Limited and Sevalal Solar Private Limited which produces clean energy addressing in its own small way global environmental issue of client change and global warming. For more details on conservation of energy Please refer the directors report.

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

Yes

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

Same as point 2 above.

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

Same as point 2 above.

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

Yes

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

Nο

Principle 9: Businesses should support inclusive growth and equitable development

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

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

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

As of now "in house CSR team" of the Company, monitors and coordinates with external NGOs/Trust/other organizations to undertake such progammes/projects. The Company has recently formed "KURLON KARE FOUNDATION" to implement this going forward.

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

Not Applicable as per CSR Rules.

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

The Company and its CSR team has incurred a sum of Rs. 2,59, 81, 946/- Lakhs on CSR projects comprising of health, Education, skill development and livelihood during the year.

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

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

31. Internal Financial Controls and Audit

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

The Company's internal control framework focus on strong governance, vigilant finance function and independent internal reviews. Risk evaluation exercise priorities risks facing the business, on the basis of which strategies are formulated. The Audit Committee periodically reviews and takes suitable actions for any

deviation, observation or recommendation suggested by the internal auditor. The Company strives to follow the best practices in corporate governance. Well documented policies and procedures enable it to strictly adhere to all applicable procedures, laws, rules and statutes. However, during the audit, the auditors has observed weakness in IT Control. Accounting Standards are strictly followed while recording transactions. A host of strategies are devised in addition to robust MIS systems, for real-time reporting, so as to control expenses. Any variance from budgetary allocation is promptly reported and corrected to ensure strict compliance.

32. Annual Return

The Annual Return of the Company as on March 31, 2021 is available on the Company's website and can be accessed at

http://cdn.kurlon.com/pdf/annualreturn2021.pdf.

33. 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.

34. Secretarial Standards

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

35. 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.

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

The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure "F" to the Board's report.

37. Human resources and industrial relations

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

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

The HR department of the Company was continuously in touch with employees to guide and solve problems. It created awareness regarding COVID-19 and educated employees about precautions. The Company conducted all interviews through telephone and video calls in reference to the need for social distancing. The Company prepared a systematic operating plan to address COVID-19 after the lockdown is lifted. The Company's permanent employee strength stood at 716 as on 31st March, 2021

38. Acknowledgements

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, auditors, government authorities, customers and vendors during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers. The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the Management.

The Directors deeply regret the loss of life caused due to the outbreak of COVID-19 and are grateful to every person who risked their life and safety to fight this pandemic.

For and on Behalf of the Board For Kurlon Enterprise Limited

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

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

Date: 28-10-2021 Place: Bangalore.

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, 2021 are as follows;

Name of related party	Nature of relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board approval	Rs. in Lakhs
Kurlon Limited	Holding Company	Trade Recoverable	Ongoing	as per BTA	19.05.2020 21.03.2021	1249.14
Kurlon Limited	Holding Company	Sale & Purchase of Goods	Ongoing	as per BTA	19.05.2020 21.03.2021	8462.90*
Mrs. Jyothi A Pradhan	Holding Office or Place of profit	Remuneration	Ongoing	as per members resolution	22.09.2020	44.67
Mr. T Sudhakar Pai	Managing Director	Remuneration	Ongoing	as per members resolution	27.09.2017	259.65
Manipal Advertising Services (P) Ltd	Entity Significantly influenced by Director(s)	Advertisement Expenses	Ongoing	as per PO	19.05.2020 21.03.2021	1187.33
Kurlon Limited	Holding Company	Capital Advance	1 Year	as per agreement	21.03.2021	1250.00
Starship Global VCT LLP	Entity significantly Influenced by Director(s) and his relatives	Trade recoverable	Ongoing	as per MOU	21.03.2021	180.18
Kanvas Concepts (P) Limited	WOS	Loan/Advances	1 year	Loan repayment on demand unless Board Decide otherwise	21.03.2021	85.00
Kurlon Retail Limited	WOS	Sale of goods	Ongoing	as per MOU	19.05.2021 21.03.2021	934.25
Kurlon Retail Limited	WOS	Scheme related Expenses	Ongoing	as per MOU	19.05.2021 21.03.2021	734.50
Starship Global VCT LLP	Entity Significantly Influenced by Director(s) and Relatives	End to end Logistics Services	Ongoing	as per MOU	21.03.2021	1834.08

*Excluding of Rate Difference on purchase.

Note: Transactions like payment of remuneration and Dividend are as per the terms approved by the shareholders. Transactions pertaining to advertisement expenses, purchases and sales are also entered in the ordinary course of business at an arm's length basis as per business requirements of the Company.

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FORM AOC - 1 Annexure - A

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

Part A: Subsidiaries

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

SI. No.	Particulars	Subsidiary 1	Subsidiary 2
1	Name of Subsidiary	KURLON RETAIL LIMITED	KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
2	Date of Incorporation	31/08/2012	18/01/2021
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	18.01.2021 to 31.03.2021
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA
5	Share capital	763.33	5.00
6	Reserves & Surplus	(1361.52)	(0.15)
7	Total Assets	4723.72	5.02
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	5321.91	0.17
9	Investments	-	-
10	Turnover/Income from operations	2390.33	-
11	Profit/(Loss)before Tax	(787.12)	(0.15)
12	Provision for Taxation	(12.80)	-
13	Profit/(Loss) After Tax	(774.32)	(0.15)
14	Proposed Dividend	-	-
15	% of shareholding	100%	100%

SI. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
1	Name of Subsidiary	BELVEDORE INTERNATIONAL LIMITED	KANVAS CONCEPTS PRIVATE LIMITED	STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED
2	Date of Incorporation	21/12/2020	22/09/2020	09/10/2020
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	21.12.2020 to 31.03.2021	22.09.2020 to 31.03.2021	09.10.2020 to 31.03.2021
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	(0.14)	(20.52)	(0.17)
7	Total Assets	5.03	100.94	0.43
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	0.17	120.46	0.10

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SI. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
9	Investments	-	-	-
10	Turnover / Income from operations	-	15.62	-
11	Profit / (Loss) before Tax	(0.15)	(19.82)	(0.17)
12	Provision for Taxation	-	0.70	-
13	Profit / (Loss) After Tax	(0.15)	(20.52)	(0.17)
14	Proposed Dividend	-	-	-
15	% of shareholding	100%	100%	100%

SI.	Particulars	Subsidiary 6	Subsidiary 7	Subsidiary 8
1	Name of Subsidiary	SIRAR SOLAR ENERGIES PRIVATE LIMITED	SIRAR DHOTRE SOLAR PRIVATE LIMITED	SEVALAL SOLAR PRIVATE LIMITED
2	Date of Incorporation	25/10/2016	21/10/2016	22/06/2016
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share capital	5.00	5.00	5.00
6	Reserves & Surplus	14.63	16.53	(28.48)
7	Total Assets	304.79	300.90	53.81
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	285.16	279.37	77.29
9	Investments	-	-	-
10	Turnover/Income from operations	47.51	46.55	-
11	Profit/(Loss) before Tax	(7.73)	(5.14)	(26.18)
12	Provision for Taxation	-	-	-
13	Profit/(Loss) After Tax	(7.73	(5.14)	(26.18)
14	Proposed Dividend	-	-	-
15	% of shareholding	93.80%	93.80%	93.80%

Notes:

- $1. \ \ Names of subsidiaries which are yet to commence operations BELVEDORE INTERNATIONAL LIMITED$
- 2. Names of subsidiaries which have been liquidated or sold during the year SPRING AIR BEDDING COMPANY (INDIA) LIMITED (by virtue of Amalgamation)

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director

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

Date: 28-10-2021 Managing Director Independent II
Place: Bangalore. DIN: 00043298 DIN: 07178

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

However, your Company is not a listed company hence it is not bound to comply with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Company recognizes that good Corporate Governance is a Continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. The Company is conscious of its

responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. BOARD OF DIRECTORS

I. Composition & Category of Directors;

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

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

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

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

As on the date of this report the Board comprises of 5 (Five) Directors, which include 2 (Two) Non-Executive Independent Directors, 1 (One) Executive Director, 1(One) Non-Executive Women Director and 1 (One) nominee Director.

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

None of the Board of Directors of the Company is a member on more than 10 committees or Chairman of more than 5 committees, across all the listed / public limited Companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

II. Attendance at the Board meeting, last Annual General meeting and number of other Directorships

and chairmanships/ memberships of committees of each Director in various Companies.

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the financial year ended 31st March, 2021 are as follows:-

Name of Director Designation/Category	No of Board Meetings attended during the F.Y. 2020-2021	Whether attended AGM held on 20.10.2020	No. of Directorships held in other Companies*	No. of Me / Chairn in other Commit	nanship Board
				Chairman	Member
Mr. T Sudhakar Pai Managing Director Executive	9	Yes	8	-	2
Mrs. Jaya S Pai Non-Executive Director	9	No	4	2	4
Dr. Nitin G Khot*** Non-Executive Independent Director	6	No	1	2	6
Sri. S. Ananthnarayanan*** Non-Executive Independent Director	8	No	1	4	4
Mr. Vishal Tulsyan Nominee Director, Non-Executive	3	No	3	-	3

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

III. Meetings

Nine (9) Board Meetings were held during the year ended 31st March, 2021 i.e. on 19.05.2020, 12.06.2020, 19.08.2020, 22.09.2020, 19.10.2020, 05.01.2021, 03.02.2021, 12.02.2021 and 21.03.2021 respectively.

The gap between any two meetings did not exceed one hundred and twenty days. In view of Covid-19 pandemic some of the board meetings were held through video conferencing / other audio-visual means mode as allowed by the MCA vide its Circular No.20/2020 dated 5th May, 2020.

A meeting of the Independent Directors was held on 19.05.2020 and inter-alia, discussed on matters pertaining to performance review of the Board, Chairman and Non-Independent Directors.

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

Details of directors seeking appointment/reappointment at the ensuing annual general meeting are provided in Annexure "A" annexed to the notice of AGM.

3. Audit Committee

a. Terms of Reference

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

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

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- To discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

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- To review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- To discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- To hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- To recommend to the Board the appointment, reappointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- To review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- To review with the management, performance of the statutory and internal auditors.
- To review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems, including the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.
- To evaluate internal financial controls and risk management systems.
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- To discuss any significant findings with internal auditors and follow-up thereon.

- **Annexure B**
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To approve transactions, including any subsequent modifications, of the Company with related parties.
- To review and monitor the statement of use and application of funds raised through public offers and related matters.
- To review the functioning of the Whistle Blower/Vigil mechanism
- To review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- To approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

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

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

Name of the Member	Designation	No. of meetings during the year 2020-	
		Held	Attended
Dr. Nitin G Khot* Chairman	Non-Executive Independent Director	7	4
Sri. S Ananthnarayanan* Member	Non-Executive Independent Director	7	7
Mr. T. Sudhakar Pai Member	Managing Director, Executive	7	7
Mr. Vishal Tulsyan Member	Nominee Director, Non-Executive	7	1

^{*} Voluntarily retired w.e.f. March 21, 2021.

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

^{***} Ceased to be Independent Directors w.e.f. 21st March, 2021 due to voluntarily retirement.

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

The Chairperson of the Audit Committee attended the last Annual General Meeting of the Company held on 20th October, 2020. The Company Secretary acts as secretary to the meeting.

4. Nomination And Remuneration Committee

a. Term of reference;

The terms of reference of the Committee broadly cover the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013.

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

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

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

- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- To carry out evaluation of every Director's performance;
- To devise policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

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

Name of the Member	Name of the Member Designation		uring the year 2020-21
		Held	Attended
Dr. Nitin G Khot* Chairman	Non-Executive Independent Director	4	3
Sri. S Ananthnarayanan* Member	Non-Executive Independent Director	4	4
Mrs. Jaya S Pai Member	Non-Executive Director	4	4
Mr. Vishal Tulsyan Member	Nominee Director, Non-Executive	4	1

^{*} Voluntarily retired w.e.f. March 21, 2021.

The constitution and composition of the Committee thus satisfy the requirements of Section 178 of the Act. The Committee during the financial year 2020–21, met on 19.05.2020, 22.09.2020, 05.10.2020 and 21.03.2021. The Chairman of the Nomination and Remuneration Committee has attended last Annual General Meeting of the Company held on 20th October, 2020. The Company Secretary acts as secretary to the meeting.

c. Remuneration policy

In view of the requirement of the provision of section 178 of Companies Act, 2013, the NRC has suitably framed and implemented remuneration policy of the Company to keep pace with the business environment and market linked positioning. The NRC takes into consideration the best remuneration practices being followed in the

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industry while fixing appropriate remuneration packages for Directors, Key managerial personnel and Senior Management which are designed based on the following set of principles:

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

Remuneration paid to Executive Directors & KMP(s)

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

At the Board meeting, only the Non-Executive and Independent Directors vote in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the provisions of Section 197, 198 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites if any and Allowances, Contribution to Provident Fund and

Annexure - B

other funds as per company policy. The term of appointment of Executive Directors is 5 (five) years.

5. Shareholders'/ Investors Grievance Committee Or Stakeholders' Relationship Committee

A. Terms Of Reference

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

b. Composition and Attendance during the year;

During the financial year ended 31st March, 2021 the Committee met 3 times on 19.05.2020, 22.09.2020 and 03.02.2021 and the necessary quorum was present at all meetings. The Company Secretary of the Company acts as the secretary to the meeting. The Chairman of the Committee has attended last Annual General Meeting of the Company held on 20th October, 2020. The constitution of the Committee is in compliance with section 178 of the Act.

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

Name of the Member	Designation	No. of meetings du	uring the year 2020-21
		Held	Attended
Mr. S Ananthnarayanan* Chairperson	Non-Executive Independent Director	3	3
Dr. Nitin G Khot* Member	Non-Executive Independent Director	3	-
Mr. T Sudhakar Pai Member	Managing Director, Executive	3	3

^{*} Voluntarily retired w.e.f. March 21, 2021.

$c. \quad Details of investor complaints \, received, \, redressed \, and \, pending \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 31st \, March, \, 2021 \, during \, the \, financial \, year \, ended \, 21st \, during \, the \, financial \, year \, ended \, 21st \, during \, during \, the \, financial \, year \, ended \, 21st \, during \, the \, financial \, year \, ended \, 21st \, during \, dur$

Opening Balance	Received	Resolved	Closing balance
Nil	Nil	Nil	Nil

6. Corporate Social Responsibility Committee ("csr" Committee)

a. Term of reference

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

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

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The Annual Report on CSR activities for the year 2020-21 is annexed as an Annexure E forms a part of the Board's Report.

b. Composition and Attendance during the year;

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

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

Name of the Member	Designation	No. of meetings during the year 2020	
		Held	Attended
Mrs. Jaya S Pai Chairperson	Non-Executive, Director	5	5
Dr. Nitin G Khot Member	Non-Executive, Independent Director	5	1
Sri. S. Ananthanarayanan Member	Non-Executive, Independent Director	5	5
Mr. Vishal Tulsyan Member	Nominee Director, Non-Executive	5	1

The CSR Committee met 5 (Five) times during the FY 2020-21 as at 19.05.2020, 12.06.2020, 19.10.2020, 22.09.2020 & 12.02.2021 respectively. Mrs. Jaya S Pai acts as the Chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

7. Risk Management Committee ("RMC")

The Company has constituted a Risk Management Committee on November 5, 2015 for effective risk assessment and minimization procedures which are reviewed by the members periodically. The procedures comprise of an in-house exercise on Risk Management carried out periodically by the Company; including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time. The structure also comprises of risk identification and assessment by the concerned departments, identification of controls /mitigation process in place, updating of Risk registers by various departments, if required. The RMC deliberates extensively on the structure and identifies risks to ensure timely actions.

a. Term of reference

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

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

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

b. Composition and Attendance during the year

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

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

The RMC Committee met twice during the year, on 19.05.2020 & 05.01.2021 respectively. Necessary Quorum was present throughout the meetings and Mr. T Sudhakar Pai acts as the chairperson to the meeting and Company Secretary acts as secretary to the meeting.

8. General Body Meetings

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

Year	Particulars	Day, Date and Time of the AGM	Venue	Summary of special resolution(s) passed if any,
2020	9TH AGM	Tuesday 20.10.2020 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	No Special Resolution
2019	8th AGM	Friday 27.09.2019 3.00 P.M.	"GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian oil Nagar on link road, Andheri (West) Mumbai-400053.	Reappointment of Sri S Ananthanarayanan as Non- Executive, Independent Director of the Company Reappointment of Dr. Nitin G Khot as Non-Executive, Independent
2018	7th AGM	Thursday 20.09.2018 4.00 P.M.	"GMS Banquet Hall" Sitladevi Building,1st Floor, D.N. Nagar, Opp. Indian oil Nagar, on link road, Andheri (West) Mumbai-400053	Director of the Company To issue of Bonus shares

All resolutions moved at the last Annual General Meeting held on 20.10.2010 were passed by the requisite majority of shareholders through Ordinary resolution.

B. Extra ordinary General Meeting

There was No EoGM held during the year.

C. Postal Ballot

The Company during the financial year ended 31st March, 2021 did not conduct any postal ballot hence, passing of special resolution through postal ballot did not arise.

9. Reconciliation of Share Capital Audit

As stipulated by Companies Amendment Act, a qualified Practicing Company Secretaries/ Chartered Accountants carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried

out every half yearly and the report thereon is submitted to the Registrar of Companies Mumbai.

10. Disclosures

A. Related Party Transactions

During the financial year ended 31st March, 2021 there are no materially significant related party transactions, which have potential conflict with the interest of Company at large. Related party transactions entered during the financial year under review are disclosed in the notes to the audited financial statements of the company for the financial year ended 31st March, 2021. These transactions entered were at an arm's length basis and were in the ordinary course of business.

B. Disclosure of accounting treatment in preparation of Financial Statements

In the financial statements for the year ended 31 March, 2021, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

C. Management Discussion and Analysis Report.

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

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

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

E. Whistle-Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of

the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

F. Risk management Framework.

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

1. General Shareholders Information

A. Annual General Meeting

Day & Date	Time	Venue
Thursday, 25.11.2021	11.30 A.M.	Venue : E - Meeting, through video Conference (VC) or other Audio visual Means (OAVM). Registered office shall be deemed venue for AGM

B. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 18.11.2021 to 25.11.2021(both days inclusive) for the purpose of the Annual General Meeting of the Company.

C. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on October 28, 2021 has recommended final dividend of Rs. 5.00 (i.e 100 %) {Previous year Rs. 3.50 (i.e. 70%), the total outflow towards dividend on equity shares for the year would be Rs. 1827.61 Lakhs (Previous year Rs. 1279.33 Lakhs). The dividend payout is subject to the approval of shareholders at the ensuing annual general meeting and shall be subject to deduction of income tax at source at applicable rates. The dividend once approved, shall be paid to those shareholders whose name appear on the register of members of the Company on November 5, 2021 within the stipulated time frame as prescribed under Companies Act, 2013

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 2020-21 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	Mrs. Purva Shah/ Mr. Rajesh Shah				
Address	9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai - 400011				
Phone Nos.	+91-022-2301-6761/2518				
Email ID	support@purvashare.com				

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F. Distribution of Shareholding as on 31st March 2021:

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м	11.5	M.	ΗС	

Slab of Shareholding (Rs.)	No. of Shareholders	% of total (in Rs.)	Nominal Value	% of Shareholding
0-5000	1230	83.05	1561110	0.85
5001-10000	111	7.49	783905	0.43
10001-20000	53	3.58	728585	0.40
20001-30000	28	1.89	709405	0.39
30001-40000	23	1.55	789705	0.43
40001-50000	9	0.61	404010	0.22
50001-100000	13	0.88	873645	0.48
100001 and above	14	0.95	176910940	96.80
Total	1481	100.00	182761305	100.00

G. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Individual Promoters	2	0.00	694
Corporate Promoter	1	84.67	30949615
N.R.I	45	0.83	303137
Bodies Corporate	33	0.15	53947
Clearing Members	2	0.01	3740
LLP	7	0.06	22823
Individuals	1330	4.14	1508762
Foreign Bodies Corporate	1	6.44	2354086
Trust	2	3.62	1324457
Hindu Undivided Family	58	0.08	31000
Total	1481	100.00	36552261

H. Dematerialization of shares and liquidity:

Percentage of shares held in physical and dematerialized form as on 31st March, 2021:

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

I. Factories Locations

All factories location is mentioned somewhere in this Report.

J. Address for Correspondence:

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

1. The Company Secretary

Kurlon Enterprise Limited, N-301, 3rd Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, Bangalore-560042.

e-mail: secretary@kurlon.org. Tel No. : 08040313131

To know more about the Company, you are welcome to

visit us at: www.kurlon.com

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

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

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN : 07178853

Date: 28-10-2021 Place: Bangalore.

Annexure - C

Management Discussion And Analysis Report Economic Scenario And Outlook

Global Economy

The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on youth, the poor, the informally employed, and those who work in contact-intensive sectors. While ensuing lockdowns announced by all major economies played a critical role in saving lives, they resulted in severe damage to economic activities, thereby plunging the world economy into a recession. As per the International Monetary Fund (IMF), the global growth contraction for 2020 is estimated at -3.3 percent vis-à-vis 2.8% growth registered in 2019.

Global economy rebounded from the collapse triggered by COVID-19 pandemic with Global growth for 2021 and 2022Projected stronger than in 2020 as per World Economic Outlook (WEO). The upward revision reflects additional fiscal support in a few large economies and further boost by recent additional COVID-19 vaccine approvals and large-scale vaccinations across the globe. Although vaccination have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook.

As the global markets slowly start to take an upward trajectory, it is expected that global activity would remain well below the pre-COVID projections of January 2020. The strength of the projected recovery rates would vary across countries, depending on the severity of the health crisis, the extent of the domestic disruptions to activity and the effectiveness of the policy support that the governments have rolled out to stabilize their respective economies.

The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

One of the legacies of the COVID pandemic could be a generational shift towards higher government spending, as fiscal policymakers adjust to the new reality of rising demands for government support while interest rates remain low. The shock of the COVID pandemic has pushed governments to increase spending to record levels, with over USD 10 trillion being allocated around the world. Much of this effort has been financed by additional borrowing, adding to the already large debt piles that governments had accumulated before the pandemic began. However, as interest rates have also fallen around

the world – the cost of servicing that debt has remained low, which could mean that some of the extra spending mayremain until the crisis period of the pandemic has passed.

Indian Economy

In its January 2021 update of World Economic Outlook, the International Monetary Fund (IMF) projected India's growth at 11.5% in 2021 that would moderate down to 6.8% in 2022. The IMF has highlighted that India, along with China are the two major countries from the group of emerging market and developing markets that would register positive growth in 2021 but due to the implementation of some of the harshest lockdowns cross the Country, a 23.9% contraction in GDP during Q1 of FY 2020-21 was anticipated. Since the relaxations, there has been tremendous industrial and commercial activities that has not only reached pre-pandemic levels but has also surpassed previous year levels. Prolonged lowdown exacerbated existing vulnerabilities of the country including the weakened financial sector, private investments, liquidity constraints and consumption demand. Mobility restrictions and social distancing led to unparalleled supply-chain disruptions and consumer demand fallout. The Economic Survey also highlighted the resilience shown by the manufacturing sector and a shift in consumers' mode of spending that led to a boom in digital transactions. Amid coronavirus pandemic, India's gross domestic product (GDP) grew at 1.6 per cent in Q4 of fiscal year 2020-21, but witnessed a contraction of 7.3 per cent for the entire fiscal year (8.0 per cent as compared to 4.0 per cent growth in FY 2019-20, as per WEO April 2021).

The Economic Survey 2020-21, presented by the Union Minister for Finance and Corporate Affairs, highlighted a V-shaped economic recovery for India due to the mega vaccination drive, robust recovery in the services sector, along with significant growth in consumer spending and investments. The economic recovery is also expected to be boosted by the resurgence in power demand, rail freight, GST collection, steel consumption, etc. As per IMF, India is set to become the fastest-growing economy in the next two years. A positive outlook coupled with the gradual scaling down of the lockdowns, along with support of "Atmanirbhar Bharat Mission" has placed the economy firmly on the path of recovery.

The government re-opened the economy in a phased manner since June 2020 with strict standard operating procedures. Despite the challenges posed by the pandemic in FY 2020-21, the outlook for FY 2021-22 seems promising. This is largely attributed to mass vaccination drives, normalizing business activities, the government's thrust on reviving infrastructure sector,

revival in housing demand backed by historically lowinterest rates, improving banking balance sheet and India's increasing prominence in the global supply chain. (Source: an article in business today)

During the unlock phase, there were numerous measures undertaken to ramp up India's fiscal spending. A favorable monetary policy by the Government of India ensured the abundant availability of liquidity and brought immediate relief to debtors such as a special comprehensive package of Rs. 20 lakh crore, equivalent to 10% of India's GDP under 'Self-reliant India' movement to revive the country's languishing economic activity. The Union Budget 2021-22 has focused on several investments focused spending programmes like the National Infrastructure Pipeline, demand-driven capex, and the Centre's Production-Linked Incentive (PLI) scheme on the monetary side, the Reserve Bank of India (RBI) continued with the accommodative monetary stance by bringing key repo rate and reverse repo rate to 4% and 3.35% respectively to provide monetary stimulus and trigger economic growth back to the earlier trajectory. Backed by strong fiscal and quasi-fiscal measures, India's GDP growth is likely to rebound sharply to 12.5% in FY 2021-22 (Source: as per World Economic Outlook, April 2021)

India recognized the impacts of the pandemic both on the supply and demand in the economy. The government rolled out a slew of reforms to ensure that the supply-side disruptions, which were inevitable during the lockdown, are minimized to a great extent in the long run. The demand-side policy focused on ensuring that all essential commodities were taken care of, which included direct benefit transfers to the vulnerable segments of the society and the world's largest food subsidy program targeting 80.96 crore beneficiaries. The Government of India also launched Emergency Credit Line Guarantee Scheme to provide much needed relief to stressed sectors by helping entities sustain employment and meet liabilities.

Market Overview

Rise in income levels and health consciousness and growth in the real estate and hospitality sectors are major factors that accelerated the growth of the Indian mattress market. A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product. In line with the changing times, mattress manufacturing companies that include both offline and online retailers, have adopted innovative strategies to ensure customer satisfaction. It is expected to witness several new trends emerging in the mattress industry. The demand for customized and luxury mattresses is expected to increase, whereas companies

may come up with new techniques to utilize their resources and technologies better. Mattresses are no longer considered as mere consumer durables, they are an indicator of the quality of life. The growth in the mattress market is largely led by factors, such as increased income levels and infrastructural developments, in terms of the increased number of residential units and hotels in the country. Demand for construction in both residential and institutional is growing in India, with the rising awareness regarding mattress types and brands. Among various sizes available, king size mattresses are the most preferred one, and comfort is the most important factor for their dominance in the market.

Indian market is fragmented with large number of branded and non-branded players present in the market selling variety of the mattresses with local distribution channels. The report covers major players operating in the Indian mattress market. The Indian mattress market is also dominated by the unorganized sector. This sector includes a street-side shop and the local ginner. Mattresses from this unorganized sector usually use cotton filler, as it is the cheapest of the many options that are now available. However, the organized sector is now growing with the rising demand for good quality mattresses among Indian consumers. Indian consumers even prefer buying from international brands, whenever they think of high-quality and contemporary products. Organized players sell mattresses through two mediums, one is offline and the other is online. The offline mattress market consists of retail sales of mattresses from dealers/distributors or owns franchised stores. On the other hand, the online mattress market consists of sales, which occur through e-commerce.

Growing residential units are creating a demand for mattresses all over the country. Additionally, every new hotel and hospitals requires hundreds of beds and mattresses, and this particular industry appears to be thriving, owing to growth in the construction, real estate, and tourism and hospitality sectors.

Our Business

Kurlon is the Mattress of India. Every minute, about 5 homes in India buy aKurlon Mattress .Our motto is to have more and more people enjoying a happy and healthy life by using a Kurlon product.

The Company is a leading mattress manufacturing company in India and with its recent acquisition of Spring Air Bedding Company(India) Limited ("SAI") its portfolio of licenced international brands include Spring Air Englander and Chattm and Wells With 12 manufacturing plants across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujaratand 78 ASOs/ Branches, and

Annexure - C

over 6000 dealers, Kurlon has geographical presence across all cities in India (PAN INDIA) reaching consumers directly through various channels such as Exclusive counters (Company owned Company Operated Stores (COCO) and Franchisees (FOFO), Multi Brand Outlets, Large format retail outlets, etc. to millions of consumers every year and the numbers are growing. Kurlon supplies high ended premium quality products to its customers across India

The Online segment is a key focus for the Company. With COVID 19 pandemic, this segment has attained great significance and its potential has multiplied. Kurlon is targeting this segment through its own website i.e. www. kurlon.com as well as through e-marketplace partners.

During the year the company has formed two wholly owned subsidiaries (WOS) namely Komfort Universe Products and Services Limited to carry out "Foam Business" under separate segment and Belvedore International Limited to house International brands of recently acquired Spring Air.

Customer Experience continues to be another focus area and in order to continue improving the customer experience, Kurlon has increased its COCO retail outlets, housed under its wholly owned subsidiary M/s Kurlon Retail Ltd, to 86 during the year. These COCO stores are expected to contribute significantly to its growth in the coming years

Your Company's distribution network and brand name is recognized. Mattress requires high consultative selling; the dealer has a very high influence on converting the customer to our brand. By reaching out to such dealers, training them on the features of each of the mattress, creating high quality speak about the product & improving the customer experience, we target upgrading the customer to better products from the Company's stable and increasing their satisfaction. Company has also taken several measures to sensitize its distribution network partners about the dangers from COVID 19, keep in regular contact with them and extend help as necessary to ensure the health and safety of all its partners.

The main orientation of the company is to focus on being the Growth Facilitator of India's Mattress Industry in such to Shift product preferences (i.e. demand for comfortable products that align to health benefits), Increased awareness of quality mattresses (such as right quality mattresses for enhancing sleep experience is fuelling the demand for quality mattresses), Demand for innovative products (quality and customized products),

Growing awareness of branded products (boosting housing and institutional sector demand) etc.

Vision & Mission

Kurl-on will sustain Brand leadership with highest Consumer delight through our World class Manufacturing Processes, Innovation and making it the best place to work thereby delivering, exponential Growth and Maximized wealth, for channel and stakeholders in a socially responsible way.

Financial Overview

For FY21, the Company's revenue (standalone) was pegged at ₹76,851.41 Lakhs, a decline of 19.86 % against last year due to the impact of COVID-19 and subsequent lockdown during the first quarter (Q1) of FY 21 and net Profit after Tax and other comprehensive Income for FY 21 stood at ₹3,774.15 Lakhs with a decline of 55.08 % over the previous year.

On a Consolidated basis, the Company's revenue was pegged at ₹ 78,367.26 Lakhs, a decline of 20.65 % against last year and net Profit after Tax and other comprehensive income for FY 21 stood at ₹ 3,045.77 Lakhs a decline of 59.70 % over the previous year.

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

With the onset of the COVID-19 pandemic across the globe, new ways and methods of working are the key to ensure every organization emerges out stronger after this pandemic.

Future Prospects & Opportunities.

- **a)** We are exploring organic and inorganic method to increase the market share of our products and also our presence in Asian and nearby countries.
- **b)** We are consciously moving towards ESG: use of clean technologies which accelerates sustainability and also enables traceability and transparency.
- **c)** The Company plans to be more progressive to get into furniture and home furnishing segment.
- **d)** The online segment is expected to experience significant growth due to thrust on online mode of purchasing by customers. The Company is targeting this segment through its own website www.kurlon.com and also exploring various e marketplace partners to showcase products line up and attracts more sales in the future with higher e-commerce penetration.

Threats, Risks & Concerns.

a) The Entry barrier in this industry is very high. There is a risk of new entrance from organized and unorganized sector. The number of players operating in the industry

has been growing significantly with increasing number of the organized mattress market players resulting in a tough competition. However, your Company has established itself as the "Mattress of India" being a super brand. The Company also strives to augment its research activities and continues to develop new technologies for bringing premium, customized and high quality products.

- b) Production is dependent on supply of raw materials mainly TDI and Polyol, any disruption in the supply of raw materials may cause hamper in the production. A large portion of raw materials is being imported, currency and exchange rate fluctuations, may affect the profitability of the Company. However, the Company is good relationship with its suppliers and bulk purchases may help striking the balance between import and local procurement of raw materials.
- c) Failure to address consumer complaints on product's quality issues may result in the lack of consumer trust, loss in sales and severe impairment to the brand name. To mitigate this, your Company has a dedicated Consumer Delight Team (CDT) to address the consumer's complaints promptly to avoid loss of sales and delight the customers.
- d) The risk of subsequent variants of COVID-19 may result in further lockdown which may interrupt our production and supply chain. However, Your Company has fully vaccinated its employees and sanitized its factories and distribution channels.

Internal Control System & Adequacy:

Date: 28-10-2021

Place : Bangalore.

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

CSR Initiatives

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

Material Development In Human Resources:

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

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's intent, expectations or predictions may be "forward looking statements" within the meaning of applicable laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations, tax laws, natural calamities including critically of Pandemic Corona virus (Covid 19), litigation and industrial relations, monsoon, economic developments within the country and other factors. The Company bears no obligations to update any such forward looking statement.

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN: 07178853

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Form No. MR-3 SECRETARIAL AUDIT REPORT

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

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

FOR THE FINANCIAL YEAR ENDED: 31.03.2021

To,

The Members,

KURLON ENTERPRISE LIMITED,

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2021 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED during the audit period for the financial year ended on 31.03.2021 according to the provisions of:

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

- v. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies the following laws / acts are also inter alia, applicable to the Company:
- a. The Environment (Protection) Act, 1986
- b. Water (Prevention and Control of Pollution), Act, 1974
- c. The Legal Metrology Act, 2009
- d. Air (Prevention and Control of Pollution), Act, 1981
- e. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

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

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

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

Following observations were made during the audit:

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

I have not examined compliance by the Company with:

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

I further report that:

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

Appointment of Sri Sivaramakrishnan Nagarajan having DIN 03060429 as Non-Executive Independent Director of the Company in vacancy caused by retirement of Dr. Nitin G Khot who voluntarily retired from the independent Directorship of the Company w.e.f. March 21, 2021 and appointment of H. N. Shrinivas having DIN 07178853 as Non-Executive Independent Director of the Company in vacancy caused by voluntary retirement of Sri S Ananthnarayanan vide his letter dated March 17, 2021 from the post of Independent directorship of the Company due to his age related health issue via board meeting held during 07th May 2021. The appointment of Independent Directors was held well in compliance accordance with provision of section 161(4), section 149

read with Schedule IV of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the audit period:

a. The Amalgamation of Spring Air Bedding Company (India) Limited (Transferor Company) with Kurlon

Enterprise Limited (Transferee Company) has been approved by NCLT, Mumbai bench pursuant to section 230-232 and other applicable provisions of the Companies Act, 2013. E-form INC-28 was filed on 19/06/2020 vide certified order copy dated 20/05/2020.

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

For DEEPAK SADHU & CO, COMPANY SECRETARIES

Sd/- DEEPAK SADHU)
Authorized Signatory
ACS: 39541; CP No: 14992
Bangalore

Date: 03rd September, 2021 UDIN: A039541C000893394

Annexure to the Secretarial Audit Report

To

The Members, KURLON ENTERPRISE LIMITED

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

- 1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed, provide are as on able basis for my opinion.
- 3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the

responsibility of the Management. My examination was limited to the verification of procedures on test basis.

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

For DEEPAK SADHU & CO, COMPANY SECRETARIES

Sd/- DEEPAK SADHU) Authorized Signatory ACS: 39541; CP No: 14992 Bangalore

Date: 03rd September, 2021 UDIN: A039541C000893394

Annexure - E

1. A Brief Outline On CSR Policy Of The Company

At Kurlon, CSR is no mere acronym, is an integral part of the Company's culture imbibed by one and all involved in the working of the Company. Our vision is to actively contribute to the social and economic development of the communities in which we operate. By doing so will build a better and sustainable way of life for the weaker sections of the society and help raise the country's human Development Index. The company in today's context is working in the areas of preventive healthcare, education, environment and other focus areas under sustainable development goals.

2. Journey Towards Social Change And Impactful Business

On April 1, 2014, India became the first country to legally mandate corporate social responsibility. The new rules in Section 135 of India's Companies Act make it mandatory for companies of a certain turnover and profitability to spend two percent of their average net profit for the past three years on CSR. Kurlon Enterprise Limited setup an CSR Committee and defined the organization CSR policy approved by Board of Director to focus on CSR Activity locally in the area where a company is present , for that Kurlon have set up an dedicated CSR Department in the organization looking for overall CSR Strategy and implementation as per new.

Vision: Connecting people changing lives

Mission: We empower local communities to alleviate poverty by creating opportunities and a sustainable environment thereby bringing joy and comfort.



Our Value Proposition

- 1. We care 2. We connect
- 3. We share 4. We respect

3. Our Focus And Communitity Led Development

Building inclusive models that sustain across geographies and sectors, rural and urban.

- 1. Health & WASH 2. Livelihood
- 3. Education 4. Environment
- 5. Employee Volunteering



Our Spotlights Of The Year

Kurlon & Art of living joined hands to support community in Bangalore rural and urban areas Kurlon always believes in spreading the healthy life message across community and creating awareness on Sleeping, We found that Millions of Ashram Savak, Volunteers and people reaching Art of living in search of peace & to live life to its fullest, We decided to provide Comfort Sleep through our CSR initiative impacting 5000 lives of children, women, poor & needy those are under the projects of Sri Sri Ashram schools / Hospital/ Colleges through Vyakti Vikas Kendra India the trust executed by Shromani Sri Sri Pandit Ravishankar. Under this we supported them in mattress, bedsheets, towels, coolers.





Kurlon associated with SOS Children Villages of India to support 1000 parentless and abandoned children. Under our CSR project comfort sleep initiative we distributed mattress, coolers, and pillows,



Sheets, gas stoves to SOS projects in Bhubaneswar, Nagapatinam, & Bengaluru. This project supported under 18 parentless children and their caregivers.



Kurlon supported the Grass root Ngo in Bihar, Bhartiya Jan Uthhan Parishad We reached seven slums areas of Bihar Sharif and supporting more than 120 Children in need of care and protection. They are poor children & families who have never ever slept on mattress and mostly of them belongs to backward Community, and these community is considered as the weakest sections of Bihar. Our support reached in the form of mattress for all family members of these children. Honorable MP, Shri Kauslendra Kumar, team Kurlon with its implementing agency BJUP distributed support to community in Bihar.



Kurlon has support Magic bus learning and development centre, Mumbai. This centre is place where these poor children come and learn with the support of various interventions. As Magic bus approached us with requirement of mattress and sleeping material for poor children those are coming and staying at residential hostel. We committed to provide assistance in establishing the centre which has impacted 1000 children from poor background visiting these centres every year.



Annexure - E







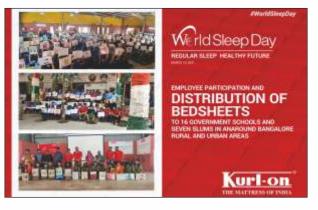


Kurlon associated with local NGO She Hope Society for Women Entrepreneurs to support communities in **Border areas of J&K.** The project was conceived with the idea that the quality of life of people living in those areas is improved. Although, people manage two square meals, their overall quality of life is pathetic. They do not have the necessities to stay warm or even saving themselves from falling sick due to intense cold. The project considered the remote far-off isolated areas of the territorial limits of the UT of Jammu and Kashmir, with main focus on people with disabilities and underprivileged population. The Project was titled as "Project Sahuliyat – To Ease Lives" and was supported by Kurlon Enterprise Ltd. The intervention was in the five districts of the Union Territory of Jammu and Kashmir with two districts in the Jammu division and three in the Kashmir division. The districts that we intervened in included Poonch and Rajouri in the Jammu division and Baramulla, Ganderbal, and Kupwara in Kashmir division. We provided mattress, comforters, pillows, & bedsheets to more than 1000 people under this project.



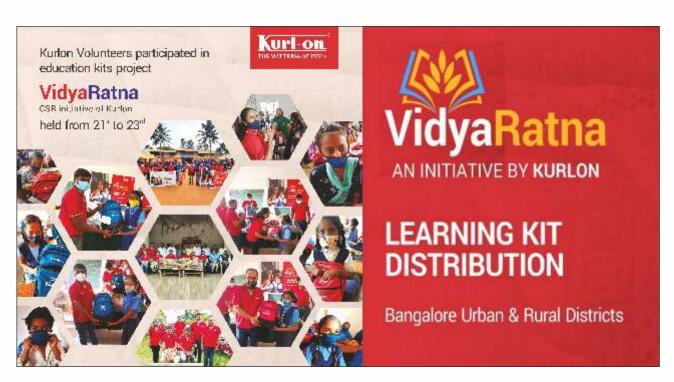
Kurlon associated with Red FM and Child Fund - We along with redfmbengaluru decided to spread the warmth! We reached out to the homeless and needy on the streets of Bengaluru to gift them a blanket of warmth! This project impacted more than 2000 poor people sleeping on stress every day during cold month of January. The project is implemented with our implementing agency Child Fund and Our partner for event Red Fm.

Kurlon in partnership with Sun Bird Trust started Computer Aided Learning and Digital Literacy Program in 2020 to train children and mentor teachers in effective use of technology for improving the quality of classroom teaching and getting access to computers labs which was never there at the schools in Manipur District. Kurlon have supported the Digital Equalizer since 2020 to provide more than 800 underserved rural children and more than 20 teachers with access to technology and empower them with 21st century skills in North Eastern part of country. Kurlon has reached the untouched communities in insurgency affected areas of North East India with implementing agency Sun Bird Trust. Sun bird is potential implementing agency works with the objective of Peace through Education in insurgency affected areas of North East India.





On 19th March Kurlon celebrated **World Sleep Day** with more 16 government school & seven slums in an around Bangalore urban and rural district. During this occasion Kurlon team visited school and distributed bedsheets to each and every child. Team Kurlon also sensitized small and young children on healthy sleeping habits and insomnia awareness. In this month Kurlon team also celebrated **International Women's day** on 09th March with more than 1000 girls in different institutions with a theme 'Choose to Challenge' - helping women emerge out of their forced shells and challenge. A challenged world is an alert world and from challenge comes change, also we with our implementing agency child fund organized several session in Karnataka government school for young girls and on topics like gender equality.



Kurlon in association of Child Fund our implementing agency started project VidyaRatna under this we identified that the COVID-19 pandemic has posed various challenges among all sections of the society, especially the socioeconomically weaker sections. Their household level livelihood is severely affected along with food insecurity, ill-health and meeting educational needs of their children As per the government decision, government high schools have re-opened and children have started attending the school. However, given the pandemic situation and parents' economic condition, there is a negative impact on children for continuing their education because of lack of access to purchase required educational learning kits and day-to-day academic requirements. By this Kurlon decided to equip

2200 children with required learning kits to continue their education and reduction of dropouts at school in an around Bangalore this is directly impacting 8800 families members. The major outcome of the project is that 95% of children studying in government schools will continue their education through project support of Learning Kits and also Parents of 2200 children will not be overburdened in buying the education materials



4. Composition of CSR Committee:

SI. 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	5	5
2	Dr. Nitin G Khot (upto March 21, 2021)*	Member, Independent, Non-Executive Director	5	1
3	Sri. S Ananthanarayanan (upto March 21, 2021)*	Member, Independent, Non-Executive Director	5	5
4	Mr. Vishal Tulsyan	Member, Nominee Non-Executive Director	5	1

^{*} Sri. Sivaramakrishnan Nagarajan and Sri H.N. Shrinivas have been appointed as Non-Executive Independent Directors of the Company w.e.f. May 7, 2021 in the vacancy caused due to retirement of Dr. Nitin G Khot and Sri. S.Ananthnarayanan and also inducted as member of CSR Committee.

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

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

- 6. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable
- 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;

SI. 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	2020-21	-	21,99,592
	Total	-	21,99,592

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

Year	Amount (in Lakhs)
2017-2018	13153.81
2018-2019	12377.12
2019-2020	10142.60
Average	11891.18

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9. Prescribed CSR Expenditure for FY 2021-22

Particulars	Amount (in Lakhs)
a). Two percent of average net profit of the company as per section 135(5)	237.82
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	-
Total CSR obligation for the financial year (7a+7b-7c).	237.82

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

Total Amount Spent	Amount Unspent (in Rs.)						
for the Financial Year (in Rs.)		t transferred to Account as per 5) Date of transfer		ule VII as per s	fund specified econd proviso to Date of transfer		
			the Fund				
2, 59, 81, 946	-	-	-	-	-		

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)
SI. No	Name of the Projec t.	Item from the list of activitie s in Schedul	Loca I area (Yes / No)		on of the ct. District	Project Duratio n.	Amoun t allocate d for the project (in Rs.).	Amoun t spent in the current financi al Year (in Rs.).	Amount transferr ed to Unspent CSR Account for the	Mode of Imple menta tion Direct (Yes/	Mode of Implem entatio n - Throug
		e VII to the Act.							project as per Section 135(6) (in Rs.).	No).	h Implem enting Agency
	-	-	-	-	-	-	-	-		n	n

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

(1	1)	(2)		(3)		(4)	(5)	(6)	(7)	(8)
SI	l.	Name	of	Item fron	n the	Loc	Location of the project.	Amount	Mode	Mode of
Ν	lo.	the		list	of	al		spent for	of	Implementation
		Project.		activities	in	are		the	Imple	- Through
				Schedule	VII	а		project	menta	Implementing
				to the Ac	t.			(in Rs.).	tion-	Agency

Annexure - E

			(Ye s/ No)	State.	District.		Direct (Yes/N o)	Name	CSR registr ation Numb er.
1	Donation to the corpus of Trust	Clause I & II of Schedule VII	No	Karnataka	Bangalore	30,000	Yes	NA	NA
2.	Promotion of Health Care	Clause I of Schedule VII	No	Karnataka	Bangalore	20,768	Yes	NA	NA
3.	Support & Developm ent	Clause I & II of Schedule VII	No	Karnataka	Bangalore	9,97,799	Yes	NA	NA
4	Rehabilita tion	Clause I & II of Schedule VII	No	West Bengal	Kolkata	3,78,744	Yes	NA	NA
5	Promotion of Health & Education	Clause I & II of Schedule VII	No	Nagaland	Dimapur	9,31,055	Yes	NA	NA
6	Education & Developm ent	Clause II of Schedule VII	No	Karnataka	Bangalore	81,77,99 6	Yes	NA	NA
7	Education & Developm ent	Clause II of Schedule VII	No	Karnataka	Uttar Kannada	8,17,440	Yes	NA	NA
8	Promotion of health & education	Clause I & II of Schedule VII	No	Karnataka	Bangalore	18,60,63 8	Yes	NA	NA
9	Promotion of health & education	Clause I & II of Schedule VII	No	Orissa	Bhubanesh war	1,71,689	Yes	NA	NA
10	Promotion of health & Education	Clause I & II of Schedule VII	No	Andhra Pradesh	Bangarpet	15,53,08 2	Yes	NA	NA
11	Promotion of health & Education	Clause I & II of Schedule VII	No	Tamil Nadu	Nagapattin am	1,73,569	Yes	NA	NA
12	Education & Developm ent	Clause II of Schedule VII	No	Karnataka	Bangalore	2,06,669	Yes	NA	NA
13	Education- distributio n of	Clause II of Schedule VII	No	Karnataka	Bangalore	22,06,20 0	Yes	NA	NA

	learning kits for school children					50.000			
14	Promotion of Health and education / Migrant workers	Clause I & II of Schedule VII	No	Karnataka	Bangalore	50,000	Yes	NA	NΑ
15	Education & Developm ent	Clause II of Schedule VII	No	Manipur	Manipur	4,69,040	Yes	NA	NΑ
16	Promotion of Education Kurlon Digital Literacy project	Clause II of Schedule VII	No	Manipur	Noth East- Manipur	7,79,142	Yes	NA	N/A
17	Promotion of Education	Clause II of Schedule VII	No	Bihar	-	5,43,924	Yes	NA	N.A
18	Promotion of Health- Kurlon Comfort sleep initiative	Clause I of Schedule VII	No	J&K	Kashmir	8,14,132	Yes	NA	NΑ
19	Promotion of Health- Kurlon Comfort sleep initiative	Clause I of Schedule VII	No	Gujarat	-	2,15,766	Yes	NA	NA
20	Promotion of Health- Kurlon Comfort sleep initiative	Clause I of Schedule VII	Yes	Maharasht ra	Mumbai	3,15,482	Yes	NA	NΑ
21	Donation to the corpus of Trust	Clause 1 & II of Schedule VII	Yes	Maharasht ra	Mumbai	46,00,00 0	Yes	NA	NA
22	Donation to the	Clause I& II of Schedule VII	No	Karnataka	Bangalore	6,68,810	Yes	NA	NA

Annexure - E

corpus of				
Trust				

- d). Amount spent in Administrative Overheads: NA
- e). Amount spent on Impact Assessment, if applicable: ${\bf NA}$
- f). Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 2,59,81,946/-
- g). Excess amount for set off, if any: Rs. 21, 99, 592/-

Particulars	Amount (in Rs.)
(i). Two percent of average net profit of the company as per section 135(5)	2,37,82,353
(ii). Total amount spent for the Financial Year	2,59,81,946
(iii). Excess amount spent for the financial year [(ii)-(i)]	21,99,592
(iv). Surplus arising out of the CSR projects or programmes or activities of the previous	-
financial years	
(v). Amount available for set off in succeeding financial years [(iii)-(iv)]	21,99,592

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

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ent in
ding
al
in Rs.)
-
i

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

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

12. 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**

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(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).	-

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

Sd/(T. Sudhakar Pai)

Managing Director

Sd/
Jaya S Pai

Chairman of CSR Committee

Annexure - F

		 Locally, designed and developed mixer head spare parts such as Stirrer, Stirrer PINS and BUSH, Stirrer spindle, chamber and cone instead of procuring the same from M/s. Laader berg, Norway. At YPR unit With the conversion of the boiler, the energy cost is reduced, maintenance cost is reduced, the steam cost is reduced to 2.5/kg, With batch foam machine automation the chemical is sequentially poured with safety and the pour time is tracked and monitored for different densities of foam, different sizes of foam. With automation of the peeling machine, the peeled foam is of uniform thickness and the gear changing system is eliminated. Batch Foam yield is improved from 85 % (2019-20) to 88% (2020-21).
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	 Dabaspet Foam unit, Ladder Berg Machine (Foam Machine) Mixer Parts are imported from Ladder Berg Company, Norway. UTL unit, ESUN, PU foam sheet/block pressing machine from china. YPR unit, Energy-efficient heat exchangers imported from Armstrong international ltd, Canada SA330 quitting machine CPU from Foshan Yuantian Mattress Machinery Co., Ltd, China.
	(a) The details of technology imported	 Dabaspet Foam unit, Ladder berg machine spare parts are Frame for 37KW Mixer Motor, Mixer Outlet, Mixer Stirrer and Spindle UTL unit, PU foam machine pressing machine consists of Pneumatic cylinder, heater coil and conveyor unit. YPR unit, 2 nos. of heat exchangers with working pressure 3kg. Servo drives control unit for SA330 quilting machine.
	(b) The year of import;	Dabaspet Foam unit, Ladder berg spares imported in the year 2020 UTL unit, PU foam pressing machine imported in the year 2019 YPR unit, Heat exchanger imported in the year 2019 Control unit imported in the year 2021
	(c) Whether the technology been fully absorbed	 Dabaspet foam unit, YES, ladder berg spares have been replaced. UTL unit, YES, PU Foam pressing is used in foam production and curing. YPR unit YES, the heat exchangers have been installed at the tunnel drier. YES, the CPU is installed on the yuantian quilting machine.
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA

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(iv)	The expenditure incurred on Research and Development	NIL
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C. Foreign Exchange Earnings and Outgo

Date: 28-10-2021

Place : Bangalore.

		(Amount in Rs. Lacs)
	2020-2021	2019-2020
Total foreign exchange inflow	46.96	39.33
Total foreign exchange outflow	132.37	2496.75

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai)

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

Managing Director DIN: 00043298

AUDITOR'S Report

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

Management's Responsibility for the Standalone Financial Statements

The 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, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- 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 financial control

relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Report on Other Legal and Regulatory Requirements

- **1.** As required by Section 143(3) of the Act, based on our audit we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- **b)** In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- **d)** In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- **e)** On the basis of the written representations received from the directors as on

March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such

controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 30 to the financial statements.
- **ii.** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- **iii.** There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- **2.** As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells Chartered Accountants Firm's Registration No. 008072S

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN: 21206920AAAAMB3314

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Kurlon Enterprise Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS 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. 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 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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

Date: 28-10-2021



company's assets that could have a material effect on the financial statements.

AUDITOR'S

Report

Date: 28-10-2021

Place: Bangalore.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells **Chartered Accountants** Firm's Registration No. 008072S

Sathya P. Koushik **Partner** (Membership No. 206920) UDIN: 21206920AAAAMB3314

ANNEXURE "B" TO THE INDEPENDENT **AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- **(b)** The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However owing to COVID-19 pandemic, the physical verification that was due to be carried out during the year has been deferred to the next fiscal year.
- (c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of land and buildings that have been taken on lease on which buildings have been constructed and disclosed as "Right of Use" assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (ii) As explained to us, the inventories were physically verified by the management during the year and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv)In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 .We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed

AUDITOR'S Report

examination of the cost records with a view to determine whether they are accurate or complete.

AUDITOR'S

Report

- According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (c) Details of dues of Excise Duty, Value Added Tax and Sales Tax and which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount* involved (Rs. In lakhs)
Central Excise Act, 1944 Value Added Tax, Sales Tax and Entry Tax - Various states Value Added Tax, Sales Tax and Entry Tax - Various states		Central Excise and Service Tax Appellate Tribunal	2011-14	1,440.18
			2013-14 24.97	24.97
			2014-15	3,419.26
		The Joint Commissioner -	2015-16	320.91
		Commercial Taxes	2016-17	386.13
			2017-18	101.30
			2019-20	42.23

^{*}Net of Rs. 168.75 lakhs has been paid as advance against the demands/appeals.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company does not have any borrowings from the government and has not issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order

Date: 28-10-2021

Place: Bangalore.

is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of the Holding Company, subsidiary or associated company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells **Chartered Accountants** Firm's Registration

No. 008072S

Sathya P. Koushik **Partner** (Membership No. 206920) UDIN: 21206920AAAAMB3314

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FINANCIAL Statements

Kurlon Enterprise Limited

Standalone Balance Sheet as at March 31, 2021

(₹ in Lakh)					
	ı →	in	10	ı.b	١.

Particulars -	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3a	20,409.73	21,045.65
(b) Right of Use assets	4a	1,529.21	2,428.45
(c) Capital work-in-progress	4b	701.18	578.35
(d) Goodwill	3b	2,103.16	2,103.16
(e) Other Intangible assets	3c	397.77	538.95
(f) Financial Assets			
(i) Investments	5	1,785.57	1,762.07
(ii) Security Deposits	7a	638.86	906.67
(iii) Loans	7a 7b	2,290.75	300.07
(g) Non-Current Tax Assets (Net)	18b	649.42	1,135.52
(h) Other Non-Current Assets	8	2,059.30	1,511.85
Total Non - Current Assets	· · · · · · · · · · · · · · · · · · ·	32,564.95	32,010.65
		32,564.95	32,010.05
Current assets		11 105 10	11.676.07
(a) Inventories	9	11,105.10	11,676.07
(b) Financial Assets			44 477 67
(i) Investments	5	11,131.71	11,477.67
(ii) Trade Receivables	6	4,923.52	6,779.68
(iii) Cash and Cash equivalents	10	3,980.98	1,246.70
(iv) Bank Balances other than (iii) above	10	147.63	141.29
(v) Security Deposits	7a	265.78	36.18
(c) Other Current Assets	8	6,533.29	9,538.80
Total Current Assets		38,088.01	40,894.31
Total Assets		70,652.96	72,904.97
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	1,827.61	1,819.12
(b) Other Equity	12	49,096.24	46,609.90
Total equity		50,923.85	48,429.02
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(I) Lease Liabilities	15a	271.73	655.59
(ii) Other Financial Liabilities	15b	5,478.53	5,802.27
(b) Provisions	14	656.40	409.42
(c) Deferred tax liabilities (Net)	18.a	2,383.62	1,609.34
Total Non - Current Liabilities		8,790.65	8,476.62
Current Liabilities			
(a) Financial Liabilities			
(I) Borrowings	16	1,187.25	2,389.02
(ii) Lease Liabilities	15a	174.40	626.62
(iii) Trade payables	13		
(A) Total outstanding dues of micro enterprises and small enterprises	13	306.00	582.72
(B) Total outstanding dues of creditors other than micro enterprises & small enterprises	13	8,828.72	11,781.33
(iv) Other financial Liabilities	15b	83.29	68.87
(b) Provisions	14	142.67	409.42
(c) Other Current Liabilities	17	216.73	141.35
Total Current Liabilities		10,939.06	15,999.34
Total Equity and Liabilities		70,652.96	72,904.98
Summary of Significant Accounting Policies	2.1	,	,

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants (Firm's Registration No. 008072S)

Sathya P. Koushik

Membership No. 206920

Place : Bengaluru Date: October 28, 2021 For and on behalf of the Board of Directors of Kurlon Enterprise Limited

H. N. Shrinivas

T. Sudhakar Pai Managing Director DIN - 00043298

Director DIN - 07178853 Chief Executive Officer

Ritesh Shroff Chief Financial Officer

Place : Bengaluru Date: October 28, 2021 Company Secretary

ANNUAL REPORT 2020-21

Kurlon Enterprise Limited

FINANCIAL Statements

Statement of Profit & Loss for the Year Ended March 31, 2021

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Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I Revenue from operations	19	76,851.41	95,904.19
II Other Income	20	892.64	899.00
III Total Income (I+II)		77,744.50	96,803.19
IV Expenses			
Cost of materials consumed	21.a	34,056.35	39,810.49
Purchases of stock in trade	21.b	7,416.54	11,032.12
Changes in inventories of finished goods,	21.c	1,266.13	(724.32)
stock in trade and work-in-progress			
Employee benefits expense	22	6,053.57	7,675.96
Finance costs	23	229.93	577.10
Depreciation and amortisation expense	24	2,478.14	2,609.61
Other expenses	25	18,108.49	25,679.63
Total Expenses (IV)		69,609.15	86,660.60
V Profit before Exceptional Items and tax (III-IV)		8,134.90	10,142.60
VI Exceptional Item (Refer Note-5(ii))		2,018.68	
		6,116.22	10,142.60
VII Tax Expense			
Current tax	27	1,622.00	2,650.42
Tax credit of earlier years		-	(244.39)
Deferred tax	27	774.28	(632.86)
		2,396.28	1,773.17
VIII Profit for the year (V+VI+VII)		3,719.94	8,369.43
Other comprehensive income			
(I) Items that will not be reclassified to profit or loss			
(a) Re-measurements of the defined benefit plans [gain/ (loss)]		72.45	45.64
(ii) Income tax relating to items that will not be reclassified to profit or loss		(18.23)	(11.49)
IX Total other comprehensive income		54.22	34.15
X Total comprehensive income for the year (VIII+IX)		3,774.15	8,403.59
Earnings per equity share :			
Equity shares of par value Rs 5 each			
(1) Basic (Rs)	28	10.33	23.10
(2) Diluted (Rs)	28	10.33	22.99
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants (Firm's Registration No. 008072S)

Sathya P. Koushik

Membership No. 206920 Place : Bengaluru Date: October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai Managing Director DIN - 00043298 Jyothi Pradhan

H. N. Shrinivas Director DIN - 07178853

Chief Executive Officer Place : Bengaluru

Ritesh Shroff Chief Financial Officer Company Secretary

Date : October 28, 2021



Kurlon Enterprise Limited

Standalone Cash Flow Statement for the Period Ended March 31, 2021

Particulars A. Cash flows from Operating Activities	Year ended March 31, 2021 3,719.94	Year ended March 31, 2020
		March 31, 2020
A. Cash flows from Operating Activities	3,719.94	
	3,719.94	
Profit for the year		8,369.43
Adjustments for:		
Exceptional Item	2,018.68	
Income tax expense recognised in profit or loss	2,396.28	1,773.17
Net (Gain)/ Loss on disposal of Property, Plant and Equipment	252.72	34.54
Insurance claim received on Property, Plant and Equipment	<u> </u>	(56.71)
Advance written back	-	-
Liability written back	-	(36.44)
Bad debts written off	1.35	2.32
Depreciation and amortisation expense	2,478.14	2,609.61
Interest Income recognised in profit or loss	(251.39)	(183.04)
Notional/Actual Income recognised in profit or loss on	(458.90)	(292.84)
Mutual Fund Investments		
Finance costs recognised in profit or loss	229.93	577.10
Allowance for expected Credit losses	250.97	567.22
Net foreign exchange (gain)/loss	-	-
	10,637.71	13,364.36
Movements in working capital:		
(Increase)/Decrease in Loans	38.21	(38.21)
(Increase)/Decrease in Trade Receivables	1,603.84	4,595.33
(Increase)/Decrease in Inventories	570.97	(762.34)
(Increase)/Decrease in Other Current Assets	3,077.96	(409.41)
(Increase)/Decrease in Other Non-Current Assets	351.79	(1,139.47)
(Increase)/Decrease in Other Financial Assets	(2,290.75)	
Increase/(Decrease) in Trade Payables	(3,229.33)	(30.43)
Increase/(Decrease) in Non-Current Provisions	246.75	-
Increase/(decrease) in Other Current Financial Liabilities	(437.80)	646.04
Increase/(Decrease) in Other Non-Current Financial Liabilities	(707.60)	364.23
Increase/(Decrease) in Other Current Liabilities	75.38	(744.94)
Increase/(Decrease) in Current Provisions	(266.75)	
	(967.33)	2,480.81
Cash Flows generated from Operating Activities	9,670.37	15,845.19
Income tax paid	(1,154.13)	(3,114.95)
Net cash flow from operating activities (A)	8,516.24	12,730.24
B. Cash flows from Investing Activities	-,	
Proceeds on sale of Property, Plant and Equipment	149.89	47.14
Insurance claim received		56.71
Interest received	251.39	183.03
Other Dividends Received	458.90	292.84
(Purchase)/Sale of Investments	320.39	(8,750.95)
Placed in Bank Deposits not considered as Cash and Cash Equivalents	(6.34)	(8.63)
Investments Written Off	(2,018.68)	(8.03)
Capital Expenditure on Property, Plant & Equipment including capital advance	(2,226.48)	(4,439.52)
Net cash flow from / (used in) Investing Activities (B)	(3,070.92)	(12,619.38)
C. Cash flows from Financing Activities	(3,070.92)	(12,019.38)
Proceeds/ (Repayment) of Short term borrowings	(1,201.77)	150.96
Tax on Distributed Profits	(1,201.77)	(224.36)
	(1.270.22)	
Dividends paid to owners of the Company	(1,279.33)	(1,091.47)
Interest paid Not each flow from / (used in) financing activities (C)	(229.93)	(577.10)
Net cash flow from / (used in) financing activities (C)	(2,711.03)	(1,741.97)
Net increase / decrease in cash and cash equivalents (A+B+C)	2,734.28	(1,631.11)
Cash and cash equivalents at the beginning of the year	1,246.70	2,877.82
Cash and cash equivalents at the end of the year	3,980.98	1,246.71
Reconciliation of Cash & cash equivalents with the Balance Sheet		****
Add-Bank Balance held as margin money or security against borrowing, guarantees & other commitments(*)	147.63	141.29
Cash and cash equivalents as per the Balance Sheet (Refer note 10)	4,128.61	1,387.99

"Notes: (*) These earmarked account balances with banks can be utilised only for the specific identified purpose. The accompanying notes form an integral part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

(Firm's Registration No. 008072S)

Sathya P. Koushik

Membership No. 206920

Place : Bengaluru Date: October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

H. N. Shrinivas

T. Sudhakar Pai Managing Director DIN - 00043298

Director DIN - 07178853 Jyothi Pradhan Chief Executive Officer

Ritesh Shroff Chief Financial Officer Company Secretary

ANNUAL REPORT 2020-21

Place : Bengaluru Date: October 28, 2021 Kurlon Enterprise Limited

FINANCIAL Statements

Statement of Standalone Changes in Equity for the Period Ended March 31, 2021

Particulars Particulars	Amount
Balance as at March 31, 2020	1,819.12
Changes in equity share capital during the year	-
Issue of Equity Shares	8.49
Issue of Bonus Equity Shares	
Balance as at March 31, 2021	1,827.61

b. Other Equity						(₹ in Lakh)
Particulars						
	Monies pending allotment (Refer Note 1B)	Securities premium	Share option outstanding account	General reserve	Retained earnings	Total
Balance as at April 1, 2019	3,249.40	11,619.58	435.58	1,286.11	22,931.47	39,522.14
Profit for the year	-	-	-	-	8,369.43	8,369.43
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	-	34.15	34.15
Dividends	-	-	-	-	(1,091.47)	(1,091.47)
Tax on dividends	-	-	-	-	(224.36)	(224.36)
Transfer from Shares Option Outstanding Account*	-	-	(435.58)		435.58	-
Balance as at March 31, 2020	3,249.40	11,619.58	-	1,286.11	30,454.81	46,609.90
Profit for the period	-	-	-	-	3,719.94	3,719.94
Remeasurement of Defined Benefits Plan (net of tax)		-	-	-	54.22	54.22
Dividends**	-	-	-	-	(1,279.33)	(1,279.33)
Transfer to Securities premium account on allotment of shares	(3,240.91)	3,240.91		-		-
Transfer to Equity Share Capital on Allotment of shares	(8.49)	-	-	-	-	(8.49)
Balance as at March 31, 2021	0.00	14,860.49	-	1,286.11	32,956.71	49,096.24

^{*} On July 14, 2015, the company had granted 468,864 options to certain employees. These options vest with the employees over a period of three years and exercisable over a period of four years. In accordance with the scheme, the options got fully vested with the employees in 2018-2019. The company has recognized the cost (difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to ₹ 435.58 Lakhs, as an expense in earlier years. However during 2019-2020, since the Holding company has issued shares to the said employees, the options of the company $cannot \, be \, exercised. \, Hence \, the \, above \, amount \, has \, been \, transferred \, to \, Retained \, Earnings.$

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached.

For Deloitte Haskins & Sells Chartered Accountants

(Firm's Registration No. 008072S)

Sathya P. Koushik

Membership No. 206920 Place : Bengaluru Date: October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

H. N. Shrinivas T. Sudhakar Pai Managing Director Director DIN - 00043298

DIN - 07178853 **Ritesh Shroff**

Chief Executive Officer Place : Bengaluru

Chief Financial Officer Company Secretary

Date: October 28, 2021

^{**} In the Annual General Meeting held on 20th October 2020, the shareholders of the company had declared a divdend of Rs. 3.50/share aggregating to

FINANCIAL Statements

Kurlon Enterprise Limited

FINANCIAL Statements

Notes forming part of standalone financial statements

for the period ended March 31, 2021

Accounting Policies

1 Corporate information

Kurlon Enterprise Limited was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/ trading in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Bonded Foam, Pillows, Spring Mattresses, Furniture, Furnishings, Sofas etc.

2 Significant accounting policies

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values. Further Defined Benefit Plans and Plan Assets are measured at fair value at the end of each reporting period, as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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, regardless of whether that price is directly observable or estimated using another valuation technique. 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. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability and the assumptions the market participants would consider when pricing the asset or liability at the measurement date, assuming that market participants act in their best economic interest. 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. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date:

Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are unobservable for the asset or liability.

2.2 Use of estimates and judgement

In preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS, management of the Company has made estimates, judgements and assumptions that affect the application of Accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures relating to contingent liabilities as at the date of the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.

Key source of estimation uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year in respect of useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets/liabilities, Impairment of non-financial assets and provisions and contingent liabilities.

Useful lives of property, plant and equipment.

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense prospectively.

Provision for income tax and valuation of Deferred Tax.

The Company's tax jurisdictions is India. Judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

$Impairment of non-financial \, assets, Investments \, \& \, Loans.$

Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit("Value in Use" from continuing operations) is less than its carrying value. The calculation which is based on discounted cash flow model involves use of significant estimates, business assumptionss and valuation assumptions such as turnover, Gross Margin, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Impairment of Investments & Loans and Advances.

Investments, Loans & Advances are tested for impairment at least annually and when events occur or changes in circumstances indicate that the value in use from continuing operations of the investee companies are less than the carrying amount of the investment and loans and advances. The calculation which is based on discounted cash flow model involves use of significant estimates, business assumptionss and valuation assumptions such as turnover, Gross Margin, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Provisions and Contingent Liabilities.

A provision is recognized when the Company has a present obligation arising out of past events and it is probable that an outflow of economic resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimates required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements but are disclosed appropriately. A contingent asset is neither recognized nor disclosed in the financial statements.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when (i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items. Revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Other income

Interest income- Interest income is recognised using effective interest rate method. The effective interest rate is rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend Income- Dividend income is accounted for when the right to receive is established.

2.4 Foreign currencies.

The functional currency of the Company is Indian Rupees.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognised in the Statement of Profit and Loss. Nonmonetary items of the Company are carried at historical cost.

2.5 Leas

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense over the lease term.

2.6 Employee benefits

Employee benefits include contribution to provident fund, gratuity fund and employee state insurance scheme.

Retirement benefit cost and termination benefits.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using

FINANCIAL Statements

Kurlon Enterprise Limited

FINANCIAL Statements

Notes forming part of standalone financial statements

for the period ended March 31, 2021

the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized at an actuarially determined liability at the present value of the defined benefit obligation as at the balance sheet date. Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost

is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years (Temporary Differences) and items that are never taxable or deductible(Permanent Differences). The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

2.8 Property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.

The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Lease rentals and premium for lease hold are amortized over the primary lease period.

Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

The capital work- in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.9 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

"Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any."

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from Derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised/disposed.

2.10 Impairment

Financial assets (other than at Fair Value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.11 Inventory

Items of inventory are valued at lower of cost and net realizable value. Cost of raw materials, stores and spares, packing material and traded goods is determined on weighted average basis. In case of work-in-process and finished goods, cost includes an appropriate proportion of cost of conversion to bring the goods to its present condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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Notes forming part of standalone financial statements

for the period ended March 31, 2021

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for warranty is estimated on the basis of past technical experience.

2.13 Investment in Subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment. Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.

2.14 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A) Financial assets

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject

to insignificant risk of changes in value.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order 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.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit and loss (FVTPL)

inancial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.

Foreign exchange gains and losses

The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and loss.

B) Financial liabilities and Equity

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using effective interest method.

Equity instruments

An equity instrument is contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue costs.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in ""Other income"

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is

recognized in the profit and loss.

2.15 Earnings per share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Segment reporting

The chief operating decision maker (CODM) identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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 financial statements relate to the company's single business segment.

2.17 Research and development

All revenue expenditure related to research and development are charged to the respective heads on the Statement of Profit and Loss. Capital expenditure incurred on research and development is capitalised as property, plant and equipment and depreciated in accordance with the depreciation policy of the Company.

2.18 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.

2.19 Impact on COVID

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Company. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, intangibles and goodwill. The Company does not anticipate any material impact on the recoverability of the carrying value of the aforesaid assets. However, considering the nature of the pandemic, the eventual impact may differ from that considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. The Company has resumed it business activities by reopening its factories on a gradual basis in line with the guidelines issued by the Government

2.20 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.



Kurlon Enterprise Limited

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Notes forming part of standalone financial statements 3. Property, Plant and Equipment

(₹ in Lakh)

a) Tangible Assets								b) Go	odwill	c) Intangible assets
Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Computer Owned	Total	Goodwill	Computer software
Gross carrying value										
As at March 31, 2020	991.42	8,048.45	19,188.45	3,041.54	549.71	323.90	532.09	32,675.56	2,103.16	1,072.09
Additions/ Adjustments	-	464.30	903.50	93.08	66.96	136.80	27.95	1,692.59		0.75
Disposals		58.85	165.53	300.84	2.97	110.38	24.82	663.39		
As at March 31, 2021	991.42	8,453.90	19,926.42	2,833.78	613.70	350.32	535.22	33,704.76	2,103.16	1,072.84
Accumulated Depreciation										
As at March 31, 2020	-	757.61	8,652.93	1,344.64	372.01	78.94	423.77	11,629.90	-	533.15
Additions		256.40	1,364.85	142.74	66.43	44.99	50.51	1,925.92		141.93
Disposals		1.26	95.47	94.47	2.80	43.37	23.41	260.78		-
As at March 31, 2021	-	1,012.75	9,922.31	1,392.91	435.64	80.56	450.87	13,295.05	-	675.08
Net carrying value										
Balance as at March 31, 2021	991.42	7,441.15	10,004.11	1,440.88	178.06	269.75	84.35	20,409.71	2,103.16	397.77
Balance as at March 31, 2020	991.42	7,290.84	10,535.52	1,696.90	177.70	244.96	108.32	21,045.65	2,103.16	538.95

Goodwill is tested for impairment at least annually. Impairment is recognised, if present value of future cash flows is less than the carrying value of goodwill. Future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, Gross Margins, Earnings before interest and taxes and working capital requirement. The assumptions are taken on the basis of past trends and management $estimates \ and \ judgement. \ Future \ cash \ flows \ are \ discounted \ with "Weighted \ Average \ Cost \ of \ Capital". \ The \ key \ assumptions \ are \ as \ follows:$

Assumptions	As at 31-Mar-21	As at 31-Mar-20
Terminal growth rate (%)	5%	5%
Discount rate (%)	12%	12%

As at 31 March 2021 and 31 March 2020 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment needs to be recognized.

4a. Right of Use Assets

Particulars	Land	Buildings	Total
Gross carrying value			
As at March 31, 2020			
Impact of adoption of Ind AS 116 (Refer Note 29)	1,145.27	1,994.20	3,139.4
Additions/Adjustments	-	90.32	90.3
Disposals/ Adjustments	-	929.02	929.0
As at March 31, 2021	1,145.27	1,155.50	2,300.7
Accumulated Depreciation			
As at March 31, 2020			
Impact of adoption of Ind AS 116 (Refer Note 29)	19.46	691.56	711.0
Additions	19.46	390.83	410.2
Disposals	-	349.75	349.7
As at March 31, 2021	38.92	732.64	771.5
Net carrying value			
Balance as at March 31, 2021	1,106.35	422.86	1,529.2
Balance as at March 31, 2020	1,125.81	1,302.64	2,428.4

4b. Capital work in progress

Particulars	As at March 31, 2021
Building	645.37
Plant & Machinery	43.47
Others	12.38
	701.22

(₹ in Lakh)

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(Rs. in Lakh)

As at March 31, 2020

205.14 283.30 89.90 578.35

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Notes forming part of the standalone financial statements

5. Investments

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(₹ in Lakh)

						(₹ in Lakh)
_	As at M	larch 31, 2021		As at Marc		
Particulars -	Nos.	Amount in Lakhs	Amount in Lakhs	Nos.	Amount in Lakhs	Amount in Lakhs
		Current	Non Current		Current	Non Current
A. Cost						
I. Investments in Equity Instruments of subsidiary (all fully paid) (Unquoted) Investments in Equity Instruments						
of subsidiary Kurlon Retail Limited (Formerly						
Kurlon Retail Private Limited)						
(shares of Rs. 5/- each fully paid up) (refer note 5(ii) below)"	1,52,65,466	-	1,760.00	1,52,65,466		1,760.00
Sirar Solar Energies Private Ltd (shares of Rs. 100/- each fully paid up)	4,690		4.69	690	0.69	
Sevalal Solar Private Ltd (shares of Rs. 100/- each fully paid up)	4,690		4.69	690	0.69	-
Sirar Dhotre Solar Private Ltd (shares						
of Rs. 100/- each fully paid up) Belvedore International Ltd (Shares	4,690		4.69	690	0.69	
of Rs. 10/- each fully paid) Komfort Universe Products and Services	50,000		5.00			
Limited (Shares of Rs. 10/- each fully paid)	50,000		5.00			
Starship Value chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited) (Shares of Rs. 10/- each fully paid)	5,000		0.50			
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000		1.00			
II. Investment in Commercial Papers (at amortised cost) (Unquoted)						
Cox and Kings Limited (refer note 5(I) below)	-	-	-	400	2,000.00	-
Total Unquoted Investments	1,53,94,536	-	1,785.57	1,52,67,936	2,002.07	1,760.00
B. Fair Value Through Profit and Loss						
I. Investments in Mutual funds (Quoted)						
Franklin India Banking & PSU Fund-Direct-Growth		-	-	1,94,79,860	3,295.78	_
HSBC Ultra Short Duration Fund Direct Growth			-	30,833	311.20	-
Tata Banking & PSU Debt Fund Direct Growth			-	49,59,639	515.44	-
ABSL Floating Rate Fund-Direct-Growth	2,03,278	550.24	-	2,03,278	512.86	-
AXIS Short Term Fund-Direct-Growth	24,25,648	616.16	-	39,42,706	921.62	-
Axis Banking & PSU Debt Fund-Direct Growth	48,070	1,008.41		26,104	506.68	
Canara Robeco Short Duration Fund - Direct Growth		-	-	12,78,301	255.61	-
Kotak Savings Fund-Regular-Growth		-	-	6,39,002	205.08	-
Kotak Bond Short Term Fund-Direct-Growth	10,30,669	448.12	<u>-</u>	10,30,669	413.44	-
Kotak Corporate Bond Fund-Direct-Growth	17,573	524.48	-	7,456	205.80	-
Kotak BANKING AND PSU DEBT FUND-Direct-Growth	20,22,554	1,042.09	-	8,53,190	406.52	-
	20,22,554	1,042.09	-	8,53,190	406.52	

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Notes forming part of the standalone financial statements

(₹ in Lakh)

	As at M	larch 31, 2021		As at Marc	ch 31, 2020	
Particulars	Nos.	Amount in Lakhs	Amount in Lakhs	Nos.	Amount in Lakhs	Amount in Lakhs
•		Current	Non Current		Current	Non Current
Sundaram Money Market Fund-Direct-Growth		-	-	54,87,966	614.77	-
ICICI Prudential Banking & PSU Debt Fund-Direct-Growth	40,76,232	1,044.18	-	16,88,533	399.23	-
LICMF Banking & PSU Debt Fund-Direct-Growth	16,42,874	474.95	-	11,14,132	300.56	-
LICMF Banking & PSU Debt Fund-Regular-Growth	7,78,062	213.29	-	7,78,062	200.12	-
Canara Robeco Corporate Bond Fund - Direct Growth	5,57,890	100.89				
DSP Banking and PSU Debt Fund-Direct Growth	37,20,875	713.81				
DSP Corporate Bond Fund Direct Growth	23,58,987	301.97				
DSP Low Duration Fund- Direct Growth	12,70,326	201.02				
HDFC Corporate Bond Fund Regular Growth	12,05,252	300.44				
HSBC Corporate Bond Fund Direct Growth	9,88,347	100.50				
Aditya Birla Sun life Banking & PSU Debt Fund-Direct-Growth	1,04,494	302.74				
ICICI Prudential Bond Fund - Direct Plan - Growth	3,14,599	100.67				
ICICI Prudential Corporate Bond Fund - Direct - Growth	17,21,136	404.58		_		
Kotak Low duration Fund Direct Growth	3,622	100.46	-	-	-	-
SBI Banking & PSU Fund Direct Growth	31,504	804.62				
SBI Corporate Bond Fund-Direct-Growth	41,08,446	501.81				
Sundaram Banking and PSU Debt Fund-Direct Growth	17,95,790	613.80	-	-	-	-
Total Aggregate Quoted Investments	3,31,46,439	11,131.71	-	4,38,04,409	9,475.60	-
TOTAL INVESTMENTS CARRYING VALUE (A)		11,131.71	1,785.57		11,475.60	1,762.07
Other Disclosures						
Aggregate amount of Quoted Investments & market value thereof		11,131.71		-	9,475.60	-
Aggregate amount of Unquoted Investments	-	_	1,785.57		2,000.00	1,762.07

Note No. 5 (I): The Company had made an investment of Rs. 2,000 Lakhs in Commercial Paper (CP) issued by COX and Kings Limited ("C&K") in four Commercial Papers between June 14, 2019 and June 26, 2019. The amounts were due for maturity/redemption in 40-45 days from date of investment. The maturity dates for the four tranches commenced on 29 July 2019 and ended on August 6, 2019.

At the time of making the investment, the CP was rated as A1+ by Credit Rating agency 'CARE'. This rating indicates highest level of safety. Subsequent to making the investment, C&K defaulted in repayment of borrowings to its bankers from June 28, 2019 onwards, till date.

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring, encumbering, alienating or disposing off" of any assets belonging to Cox & Kings effective from October 22, 2019. The bench has appointed an interim resolution professional (IRP) who is overseeing the affairs of the entity. Considering the ongoing insolvency proceedings against C&K, the company is of the opinion that the probability of recovery is remote and hence has written off the same in the books of accounts, and has disclosed the same as an ""Exceptional item" in the Statement of Profit and Loss.

Note No. 5(ii): The company during the previous year invested Rs. 1,000 Lakhs in 66,666 Equity Shares of Rs. 5 each at a premium of Rs. 1495 per Equity Share of Kurlon Retail Limited, based on a valuation carried out by an independent valuer. Further the company has so far given interest free loans aggregating to Rs. 2016.28 lakhs. The net worth of the subsidiary as on 31st March'21 is fully eroded. However, the management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and profitability, the company is of the opinion that presently there is no impairment in the carrying value of the above investment and the loans so far granted to it. In estimating the value in use, the management considered the following assumptions

(i) Weighted Average Cost of Capital (WACC)-12%

(ii) Terminal Growth-1%

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Notes forming part of the standalone financial statements

6 Trade Receivables (₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables (Unsecured)		
(a) Considered good	4,923.52	6,779.68
(b) which have significant increase in Credit Risk	1,045.17	997.08
	5,968.69	7,776.76
Less: Allowance for Doubtful trade receivables	1,045.17	997.08
TOTAL	4,923.52	6,779.68

6a Movement in the Allowance for Doubtful trade receivables

(Rs. in Lakh)

Particulars	FY 2020-21	FY 2019-20
Balance at beginning of the year	997.08	688.89
Impairment losses recognised in the year based on 12 Month Expected Credit Loss		
On Receivables originated in the year	250.97	569.54
Amounts written off during the year as uncollectible	1.35	
Amounts Recovered/Written Off During the year	(204.23)	(261.35)
Balance at end of the year	1,045.17	997.08

7a Security Deposits

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 202	
Non-Current			
Unsecured, considered good			
a) Security Deposits- (Carried at amortised cost)	202.35	129.98	
b) Deposits with Sales Tax authorities- Under Protest (Carried at amortised cost)	168.75	88.27	
c) Deposit Rent-(At Fair Value)	267.76	688.42	
TOTAL	638.86	906.67	
Current (Carried at amortised cost)			
a) Deposits-Rent- Unsecured, considered good	265.78	-	
b) Security Deposits-Secured,Considered Good		36.18	
	265.78	36.18	

7b Other financial assets

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020	
Other Non Current assets(Carried at amortised cost)			
Loans			
-Related Parties(Note 5(ii) &35)	2,217.60		
-Others	73.15		
	2,290.75		

Notes forming part of the standalone financial statements

8. Other Non-current and Current Assets

(₹ in Lakh)

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Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
(a) Capital Advances		
(I) For land-(Refer Note Below)	1,408.64	1,510.23
(ii) For Building(Refer Note 35)	622.07	-
(iii) For Others	27.62	
(b) Balances with government authorities	0.97	1.62
TOTAL	2,059.30	1,511.85
Current		
(a) Advances to suppliers		
- Related Parties-(Refer Note 35)	5,517.17	4,788.22
- Others	583.83	872.14
(b) Advances to Related Parties		2,781.89
(c) Advances to employees	24.56	33.92
(d) Balances with government authorities	7.26	170.90
(e) Others		
Other Loans and Advances		386.77
Prepaid expenses	299.06	324.57
Insurance Claim		28.64
Gratuity fund	-	85.22
Leave Encashment Fund	101.41	66.52
TOTAL	6,533.29	9,538.80

Note (I):

Represents advance paid to Holding Company , Kurlon Limited towards acquistion of 3 manufacturing premises in and around Bengaluru, detailed below

Location /Address	WDV value as on 28.02.2021 (In Indian Rupees)
Karnataka - No. 49, 3rd Phase, Peenya Industrial Area, Bangalore - 560 058	45.99
Karnataka - No. 7, Survey No-106/107, KIADB Industrial Area, Yedehalli Village, Dobbaspet, Bangalore - 562 211-Sofa Unit	341.04
Karnataka - No.22 & 23 KIADB Indl Area, Dobbaspet, Bangalore - 562 211	235.04
Total Cotal	622.07

Note (ii

During the year 2013-2014, the Company's Holding Company Kurlon Limited had paid an advance of Rs. 1,222.76 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 08th October 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated 20 April 2012 accorded its consent for the sale of land to Kurlon Limited. Hence the advance is considered



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Notes forming part of the standalone financial statements

9. Inventories* (₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Raw materials	4,487.83	3,735.56
- Goods in transit	-	10.75
(b) Work-in-progress	1,786.98	1,601.56
© Finished goods	3,691.76	4,717.68
- Goods in transit	30.70	61.44
(d) Stock-in-trade	584.06	978.95
(e) Stores and spares	523.77	570.13
Total Inventories at lower of Cost and Net Realisable Value (NRV)	11,105.10	11,676.07

^{*} The carrying value of Inventories as reflected above is net of provision for aged/slow moving stock of Rs. 839.69 Lakhs (Rs. 512.69 Lakhs during FY 19-20).

10. Cash and Bank Balances

(Rs. in Lakh)

	(
As at March 31, 2021	As at March 31, 2020	
36.67	327.60	
-	140.10	
3.14	34.58	
3,941.17	744.42	
3,980.98	1,246.70	
140.20	140.49	
7.43	0.80	
147.63	141.29	
	36.67 - 3.14 3,941.17 3,980.98 140.20 7.43	

Note:

Deposits receipts pledged with banks for obtaining Letter of Credit & Bank guarantee facilities.

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Notes forming part of the standalone financial statements

11. Equity Share Capital (₹ in Lakh)

Paret and a se	As at Mar	As at March 31, 2021		As at March 31, 2020	
Particulars	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)	
Authorised*:					
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	3,80,00,000	1,900.00	
Issued, Subscribed and fully Paid:					
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.61	3,63,82,393	1,819.12	

^{*}Increase in Authorised Share Capital by virtue of merger of Spring Air Bedding Co India Ltd into Kurlon Enteprise Limited.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period/year.

As at Mar	ch 31, 2021	As at March 31, 2020	
No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
3,63,82,393	1,819.12	3,63,82,393	1,819.12
1,69,868	8.49		
-	-	-	-
3,65,52,261	1,827.61	3,63,82,393	1,819.12
	3,63,82,393 1,69,868	3,63,82,393 1,819.12 1,69,868 8.49	No. of shares Value (₹ in Lakhs) No. of shares 3,63,82,393 1,819.12 3,63,82,393 1,69,868 8.49 - - -

(ii) Terms/Rights attached to Equity Shares

a. The company has only one class of equity shares having a par value of ₹ 5/- each (March 31,2020- ₹ 5/- each) per share. Each holder of equity shares is entitled to one vote per share.

b. In the event of liquidation of the Company, the holders of equity shares would 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.

(iii) Details of Shares held by the Holding Company, the Ultimate Holding Company, Subsidiaries and Associates

	As at March 31, 2021		As at March 31, 2020	
Particulars	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Limited				
Equity shares of Rs. 5/- each with voting rights	3,09,49,615	84.67	3,09,46,755	85.06

(iv) Details of shares held by each shareholder holding more than 5% shares:

	As at Marc	h 31, 2021	As at March 31, 2020	
Particulars	No. of shares held	No. of shares held % holding in that class of shares		% holding in that class of shares
Equity shares of Rs. 5/- each with voting rights				
Kurlon Limited	3,09,49,615	84.67	3,09,46,755	85.06
Indian Business Excellence Fund II A	23,54,086	6.44	23,54,086	6.47

(v) Details of Shares Issued for consideration other than cash during the preceding three years

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Equity Shares with Voting rights					
Fully paid up Bonus Shares (Nos)	-	-	85,95,013	53,09,120	-

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Notes forming part of the standalone financial statements

12. Other equity (₹ in Lakh)

12. Other equity		(₹ in Lakh	
Particulars	As at March 31, 2021	As at March 31, 2020	
Securities Premium	14,860.49	11,619.58	
Amounts received (on issue of shares) excluding the par value has been classified as securities premium.			
Monies Pending Allotment (Refer note 1B)	-	3,249.40	
Share supenses/Share Premium on issue of shares 121,735 equity shares and 48,135 equity shares of Rs. 5 each fully paid up to be issued to erstwhile SABCIL, pursuant to a scheme of a business combination (more fully described in Note 1B), without payment being received in cash.			
Shares option outstanding Account			
Balance at the beginning of the year		435.58	
Add: amount recorded on grants during year	-	-	
Less: Amount transferred to Retained Earnings		435.58	
Closing balance	-	-	
Any profit or loss arising on difference between fair value and exercise price on Employee Stock options is transferred to Share option outstanding account.			
General Reserve			
Balance at the beginning of the year	1,286.11	1,286.11	
Add: Transfer from the Statement of Profit & Loss	-	-	
Less : Utilised during the year for issuing bonus shares	-	-	
Closing balance	1,286.11	1,286.11	
This represents appropriation of profit by the Company.			
Retained Earnings			
Balance at the beginning of the year	30,454.81	22,931.48	
Add: Transfer from the Statement of Profit & Loss	3,719.94	8,369.43	
Add: Transfer from Other Comprehensive Income (OCI)	54.22	34.15	
Less: Dividend Paid	1,279.33	1,091.47	
Less: Tax on dividend		224.36	
Add: Transfer from Shares Option Outstanding Account	-	435.58	
Closing balance	32,949.64	30,454.82	
TOTAL	49,096.24	46,609.90	

Notes forming part of the standalone financial statements

13. Trade Payables

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer Note 33)	306.00	582.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,828.72	11,781.33
TOTAL	9,134.72	12,364.05

14. Provisions (₹ in Lakh)

Post index	As at Marc	ch 31, 2021	As at March 31, 2020	
Particulars	Current	Non- Current	Current	Non- Current
Provisions for Warranty (refer note (i) below)	142.67	676.17	409.42	409.42
TOTAL	142.67	676.17	409.42	409.42

13. Trade Payables (₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at Beginning of the year	818.84	818.84
Additional provisions recognised	97.18	353.91
Amounts utilised during the year	117.18	353.91
Balance as at end of the year	798.84	818.84



15b. Other Financial Liabilities

Kurlon Enterprise Limited

(Rs. in Lakh)

Kurlon Enterprise Limited

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Notes forming part of the standalone financial statements

15a. Lease Liabilities (₹ in Lakh) As at March 31, 2021 As at March 31, 2020 **Particulars** Non-Current 271.73 655.59 Lease Liabilities 271.73 655.59 TOTAL Current 174.40 626.62 Lease Liabilities 174.40

Particulars	As at March 31, 2021	As at March 31, 2020
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	5,423.27	5,733.02
Deposits received from C & F Agent	46.01	57.00
Deposits-Transporters	9.25	12.25
Payables for capital supplies/services	-	-
TOTAL	5,478.53	5,802.27
Current		
Interest accrued on micro enterprises and small enterprises (Refer Note 33)	8.96	4.23
Unpaid dividend account	7.29	0.80
Gratuity Payable	17.22	
Others	49.82	63.84
TOTAL	83.29	68.87
3		

16. Current Borrowings		(₹ in Lakh)
Particulars	As at March 31, 2021	As at March 31, 2020
A. Secured Borrowings		
(a) Loans repayable on demand		
From Banks	510.95	1,216.90
From Other	<u> </u>	495.82
TOTAL	510.95	1,712.72
B. Unsecured Borrowings		
(a) Loans from related parties	676.30	676.30
TOTAL	1,187.25	2,389.02

Note: Loans repayable on demand are secured by Pari passu first charge on current assets of the Company.

Reconciliation of liabilities arising from financing activities			Non-cash changes	(₹ in Lakh	
Particulars	As at April 1, 2020	Financing Cash Flow	Foreign exchange movement	as at March 31, 2021	
Repayments to bank	1,216.90	(705.95)	-	510.95	
Borrowings from Other Financial Institutions	495.82	(495.82)	-	-	
Loans from related parties	676.30	-	-	676.30	
Total Borrowings	2,389.02	(1,201.77)	-	1,187.25	

17. Other Liabilities (₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Advances received from customers	24.61	15.74
b. Statutory dues	-	-
- taxes payable (other than income taxes)	192.12	15.91
- Other payable	-	109.71
Total Other Liabilities	216.73	141.35

Notes forming part of the standalone financial statements

18.a Deferred Tax liabilities		(₹ in Lakh
Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	396.15	822.44
Deferred tax liabilities	(2,779.77)	(2,431.78)
Deferred tax liabilities (net)	(2,383.62)	(1,609.34)
		(₹ in Lakh
Deferred tax liabilities (net)	As at March 31, 2021	As at March 31, 2020
Deferred tax liability		
Depreciation and amortisation	(1,774.95)	(2,103.91)
Right to Use Asset	(384.90)	(327.87)
Goodwill	(529.37)	
MTM on Mutual Fund Investment	(90.55)	
Gross deferred tax liability	(2,779.77)	(2,431.78)
Deferred tax asset		
a) Provision for doubtful debts	263.07	250.97
b) Provision for Warranty	0.00	206.10
c) 43B Disallowance	0.00	21.65
d) 35DD Income Tax Disallowance on Amalgamation expenses	20.79	20.99
e) Lease Liability-INDAS-116	112.29	322.73
Gross deferred tax asset	396.15	822.44
Net deferred tax liability	(2,383.62)	(1,609.34)
18.b Current Tax Liabilities (net)		(₹ in Lakh
Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax	12,045.44	12,459.91
Provision for Taxation	(11,396.02)	(11,324.39)
	(649.42)	(1,135.52)
c) Tax reconciliation		
Reconciliation of statutory rate of tax and effective ra	ate of tax	(Rs. in Lakh
Particulars	2020-2021	2019-2020
Profit before Tax (a)	6,116.22	10,142.60
Tax Expense (b)	2,396.28	1,773.17
Tax rate as a % of PBT (b)/(a)	39.18%	17.48%
		(₹ in Lakh
Particulars	For the year ended March 31 2021	For the year ended March 31 2020

		(< in Lakn)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax as per statement of profit and loss	6,116.22	10,142.60
Income Tax calculated @ 25.17% (PY - 25.17%)	1,539.45	2,552.89
Tax credit of earlier years	-	(244.39)
Variance on account of change in tax rate	-	(627.15)
Add: Tax on Permanent Differences		
Disallowance of CSR expenses	65.39	60.75
Others	32.54	12.09
Add: Deferred Tax Adjustment		
Goodwill	529.37	
Warranty	227.75	
Less: Deductions from total income		
Effect of 80IC claim	-	-
Effect of 80JJAA claim		(6.47)
Effect of 80G Claim		(4.09)
Changes in recognised deductible other temporary differences		29.54
Income Tax recognised in Statement of Profit and Loss	2,396.28	1,773.17



Kurlon Enterprise Limited

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Notes forming part of the standalone financial statements

19. Revenue from Operations

 	La	kh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products (refer note (I))	80,754.93	1,02,737.11
Other operating revenue (refer note (ii))	1,068.44	1,519.83
Less: Schemes & Rebates	(4,971.96)	(8,352.75)
Total Revenue from Operations	76,851.41	95,904.19

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Sale of products		
Manufactured goods		
Rubberized Coir Mattresses, Cushions	14,438.87	25,191.08
Foam and Foam Products	23,172.17	21,182.30
Sofa	1,693.36	2,370.08
Polyfibre Goods	3,024.07	2,645.09
Furniture	451.42	860.87
Foam Mattresses	20,731.43	24,838.41
Spring Mattresses	7,338.06	12,725.16
Total - Sale of manufactured goods	70,849.39	89,812.99
Traded Goods		
Polyfibre Goods	448.91	830.16
Mattresses & Cushions	7,149.21	9,553.88
EPE Sheet & Foam, others	448.77	362.67
Soft Furnishing	474.54	995.56
Others	1,384.11	1,181.85
Total - Sale of Traded Goods	9,905.54	12,924.12
Total - Sale of Products	80,754.93	1,02,737.11

(₹ in Lakh)

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Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(ii) Other operating revenues:		
Sale of scrap	178.32	213.58
Others - Raw Materials	890.12	1,306.25
Total - Other Operating Revenues	1,068.44	1,519.83

iii) Trade receivables and Contract Balances

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The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

Notes forming part of the standalone financial statements

20. Other Income (₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income, On Financial Assets at Amortised Cost		
Interest from banks on deposits	142.33	115.50
Interest on loans and advances to employees	0.46	66.29
Interest Others	108.60	1.23
(b) Gain on Fair Valuation of Current Investments	458.90	292.84
(c) Other non operating income		
Forex gain (Net)	2.77	-
Rental income	2.50	122.27
Miscellaneous Income	177.08	207.72
Liabilities no longer required, written back		36.44
Insurance claims	-	56.71
Total Other Income	892.64	899.00

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Notes forming part of the standalone financial statements

21.a Cost of Materials Consumed

(₹ in Lakh)

		•
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	3,735.56	3,770.10
Add: Purchases	34,808.62	39,775.95
	38,544.18	43,546.05
Less: Closing stock	4,487.83	3,735.56
Cost of Materials Consumed	34,056.35	39,810.49
Material consumed comprises:		
Latex	2,070.13	3,703.68
Coir	1,965.43	1,321.39
Spring chasis, foam, cloth	-	956.11
Upholstery	3,810.49	5,405.01
Chemical & Clay	756.71	603.22
Foam Chemicals	20,279.40	20,215.43
Springs and Related Products	1,446.63	2,823.80
Furniture & Sofa	1,066.81	1,858.30
Packing Materials	1,589.43	2,749.80
Others	1,071.30	173.75
	34,056.35	39,810.49

21.b Purchase of stock-in-trade

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Poly Fibre Goods	360.17	830.16
Traded Mattresses	6,836.81	9,206.40
Furnishing Textiles & others	219.56	995.56
Furniture	-	-
	7,416.54	11,032.12

21.c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	4779.12	4,376.64
Work-in-progress	1601.56	1,321.21
Stock-in-trade	978.95	937.46
	7,359.63	6,635.31
Inventories at the end of the year:		
Finished goods	3722.46	4,779.12
Work-in-progress	1786.98	1,601.56
Stock-in-trade	584.06	978.95
	6,093.50	7,359.63
Net (increase) / decrease	1,266.13	(724.32)

Notes forming part of the standalone financial statements

22. Employee Benefits Expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages	5,456.16	6855.48
(b) Contribution to provident and other funds	423.62	427.41
(c) Staff welfare expenses	173.79	393.07
Total	6,053.57	7,675.96

23. Finance Cost

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest expense	57.42	150.39
(b) Interest under INDAS-116	49.83	121.40
(c) Customer Financing Cost	90.78	187.52
(d) Other borrowing cost	31.90	117.79
Total	229.93	577.10

24. Depreciation and Amortisation Expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation for the year on property, plant and equipment	1,925.92	1,760.01
Amortization for the year on intangible assets	141.93	138.58
Amortisation of ROU Assets	410.29	711.02
Total	2,478.14	2,609.61

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Notes forming part of the standalone financial statements

25. Other Expenses (₹ in Lakh)

201 Other Expenses		(\ III Ear
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores and spares consumed	262.12	484.21
Power & Fuel oil consumed	703.99	1,165.98
Freight and handling charges	4,691.61	7,226.96
Rent including lease rentals	599.82	799.13
Repairs and maintenance - Buildings	15.51	51.51
Repairs and maintenance - Machinery	127.91	121.59
Repairs and maintenance - Others	277.75	219.49
Water charges	15.96	23.12
Failoring & Fabrication	2,936.50	3,739.50
Rates and taxes	186.39	217.90
Expenditure on corporate social responsibility (CSR) (refer note 34)	259.82	241.34
nsurance charges	297.75	289.79
oreign Exchange loss (Net)		58.78
Vatch and ward Charges	573.60	612.75
Oonations	-	2.48
Postage & Telephone	70.04	175.80
Payment to Auditor (Refer note below)	52.00	58.97
Advertisement, Promotion & Selling Expenses	3,444.31	5,192.06
ravelling Expenses	305.14	1,208.14
Printing and stationery	14.59	84.73
egal and professional	2,508.90	2,295.37
Director Sitting Fees	2.58	2.99
oss on Property, Plant & Equipment Sold	252.72	34.54
undry Creditors written off	13.14	-
ad Trade Receivables written off	1.35	2.32
Deposits written off	22.75	
Provision for doubtful trade receivables (Net of write back)	250.97	567.22
Provision for Warranty	97.18	353.91
Aiscellaneous Expenses	124.10	449.05
Total Other Expenses	18,108.49	25,679.63

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(Rs. in Lakh)

Payment to Auditor	For the year ended March 31, 2021	March 31, 2020
As Auditor:		
- For Statutory audit	49.00	54.00
- For Tax audit	3.00	3.00
- For Reimbursement of expenses	-	1.97
	52.00	58.97

27. Tax Expense

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Current income tax		
In respect of current year	1,622.00	2,650.42
In respect of earlier years	-	(244.39)
b) Deferred tax		
In respect of current year	774.28	(632.86)
Total	2,396.28	1,773.17

Notes forming part of the standalone financial statements

28 Earnings per share has been computed as under:

Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after Tax (₹ in Lakhs)	3,774.15	8,403.59
Weighted average number of Equity shares outstanding - Basic (Nos. in Lakhs) (Refer Note below)	365.52	363.82
Weighted average number of Equity shares outstanding - Diluted (Nos. in Lakhs) (Refer Note below)	365.52	365.52
Earnings per share - Basic (₹)	10.33	23.10
Earnings per share - Diluted (₹)	10.33	22.99
Face Value of Equity Shares (₹)	5/-	5/-

Note:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	365.52	363.82
Add: Effect of Shares to be issued pursuant to approved scheme (Refer Note 38) (Nos. in Lakhs)		1.70
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	365.52	365.52

29 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach and accordingly, the comparative information has not been restated.

he Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".

The Company has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than Rs. NA in value)

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2020, which is 8.00% for measuring the lease liability.

The company's leases have remaining lease terms of 0 to 12 years, some of which include options to extend the lease or terminate the lease.

Amounts recognized in profit and loss were as follows

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Notes forming part of the standalone financial statements

Amounts recognized in profit and loss were as follows

(₹	in	Lakh)
١,		Lakin

(₹ in Lakh)

716.94

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation Expenditure (Amount In INR)	410.29	711.02
Finance Cost on Lease Liabilities (Amount In INR)	49.83	121.40
Impact on the statement of profit and loss for the year ended March 31, 2021	460.12	832.42

As a lessor

The company had sublet certain office premises on a cancellable basis in the previous year which were further renewable at the option of the Company. The total lease income in respect of such leases recognized in the statement

a) Claims against the Company not acknowledged as debt

i. Disputed demands under appeal not provided -

of profit and loss for the period is NIL. (March-20 ₹ 122.27

The company does not have any non-cancellable leases as at March 31, 2021, hence the disclosure of the non-cancellable leases is not provided.

30 Contingent Liabilities

As at March 31, 2021	As at March 31, 2020
4,434.94	716.94

4,434.94

Total

Sales Tax matter*

* These cases are pending at various forums in the respective departments. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authorities and the Company's right for the future appeals before the judiciary. No reimbursements are expected.

ii. The Company has received a demand on 09 December 2014 for ₹ 2212.12 lakhs, against which ₹ 771.94 Lakhs (PY ₹ 771.94 Lakhs) has been paid under protest, and Personal

Penalty of ₹ 200.00 lakhs on Mr. T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014, towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. The Company has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow in this regard.

31 Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Capital commitments (net of Advances)	225.42	71.00
Total	225.42	71.00

32 Segment Reporting

Operating Segment:

a) The Company is predominantly engaged in the business of manufacture, purchase and sale of Mattress, foam and related products ('Mattress and Foam"). Considering the manner of review by the CODM in respect of i) Resources to be allocated to the segment and ii) Segment financial

performance, 'Mattress and Foam' has been identified as the single operating segment.

- b) The revenue from major products and services of the Company are as in Note 19(I) to the financial statements.
- c) Geographical segment information: Separate geographical segment information has not been disclosed as more than 99% of the Revenue is in the domestic market.

Notes forming part of the standalone financial statements

33 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro,

Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2021 and March 31, 2020 has been made in the financial statements based on information received and available with the Company.

(Rs. in Lakh)

		,
Particulars	As at March 31, 2021	As at March 31, 2020
(I) The principal amount remaining unpaid to any supplier at the end of each accounting year.	306.00	547.32
(ii) The interest due thereon remaining unpaid to any supplier at the end of each accounting year.	8.96	39.64
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.		_
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

34 Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and

culture, healthcare, destitute care and rehabilitation, environments sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per requirement of the companies act, 2013

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Gross Amount required to be spent by the company as per			
Section 135 of the act	237.82	238.43	
Amount spent during the year			
(I) Construction / acquisition of any asset	-	-	
(ii) On purpose other than (i) above	259.82	241.34	

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Notes forming part of the standalone financial statements

35. Related party disclosures

List of Related Parties and Relationships

Relationship	Related Parties					
Holding Company	Kurlon Limited					
	Kurlon Retail Limited					
Wholly Owned Subsidiaries	Komfort Universe Products & Services Limited (w.e.f January 18,2021)					
	Belvedore International Limited (w.e.f December 21,2020					
	Kanvas Concepts Private Limited (w.e.f from March 21,2021)					
Subsidiary Companies	Starship Value chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited) (w.e.f from March 21,2021)					
Follow Subsidions	Sevalal Solar Pvt Limited					
Fellow Subsidiary	Sirar Solar Energies Private Limited					
	Sirar Dhotre Solar Private Limited					
	Manipal Software & E-Commerce Pvt Limited (w.e.f March 25, 2021)					
	Maha Rashtra Apex Corporation Ltd					
	Jayamahal Trade and Investments Private Limited					
Enterprises owned or significantly	Manipal Advertising Services Private Limited					
influenced by key management personnel / Directors and their relatives	Metropolis Builders Private Limited					
(Where transactions have taken place	Jai Bharath Mills Private Limited					
during the year)	Starship Global VCT LLP					
	Home Komfort Retail LLP					
	Manipal Travels Pvt Ltd					
	Mr. T. Sudhakar Pai, Managing Director					
	Ms. Jaya S Pai, Director					
Key Management Personnel	Ms. Jyothi Pradhan, Chief Executive Officer					
	Mr. Ritesh Shroff, Chief Financial Officer					
	Mr. Monu Kumar, Company Secretary					

Notes forming part of the standalone financial statements

b) Related Party transactions

(₹ in Lakh)

Particulars	Key Management Ultimate Wholly personnel a Holding Owned nd their Company Subsidiary Relatives		Subs	Subsidiary		Enterprises owned or significantly influenced by Key Management Personnel / Directors and their relatives		Total				
	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
Transactions during the year:												
Remuneration												
T. Sudhakar Pai	261.71	405.83	-	-	-	-	-	-	-	-	261.71	405.83
Shambhu Kumar Bhotika	-	9.09	-	-	-	-	-	-	-	-	-	9.09
Jyothi Pradhan	44.67	-	-	-	-	-	-	-	-	-	44.67	-
Ritesh Shroff	48.05	37.60									48.05	37.60
Monu Kumar	10.33	6.54		-				-	-	-	10.33	6.54
Sitting Fee paid												
Nitin G Khot	0.65	0.92									0.65	0.92
S Ananthanarayanan	0.91	1.18	-	-	-	-	-	-	-	-	0.91	1.18
Jaya S Pai	1.02	0.89									1.02	0.89
Rent Paid												
Jayamahal Trade and Investments												
Private Limited									18.25	24.65	18.25	24.65
Kurlon Limited			18.00	18.00							18.00	18.00
Metropolis Builders Pvt Ltd									23.57	25.42	23.57	25.42
Jai Bharat Mills Private Limited								6.00	6.00	6.00	6.00	
Scheme Expenses												
Kurlon Retail Limited					734.50						734.50	
Professional and Other Expenses/Charges												
Kurlon Retail Limited		-	-	-	-	2.67	-	-	-	-		2.67
Kurlon Limited		-	-	-	-	-	-	-	-	-		-
SGVCT LLP									1,834.08		1,834.08	
Home Komfort Retail LLP	-	-	-	-	-	-	-	-	178.00	-	178.00	-
Manipal Software &												
E-Commerce Pvt Ltd									25.36		25.36	
Other Expense												
(Rate Difference on purchase)												
Kurlon Limited			465.00								465.00	
Other Income (Special Discount)												
Kurlon Limited				596.44								596.44
Rental Income												
Kurlon Retail Limited					197.38	109.80					197.38	109.80
Other Income												
Maha Rashtra Apex												
Corporation Limited										4.75		4.75
Kurlon Retail Limited						0.37						0.37
Kurlon Limited				0.86								0.86
SGVCT LLP									3.05		3.05	
Dividend Paid												
Kurlon Limited			1,084.99	928.40							1,084.99	928.40
Advertisement Expenses												
Manipal Advertising Services Private Limited	_								1,187.33	1,497.33	1,187.33	1,497.33
Travelling Expenses												
Manipal Travels (India)												
Private Limited									38.82	141.59	38.82	141.59
Interest Paid on Unsecured Loan												
Jaya S Pai	55.80	65.37									55.80	65.37
Advances Paid												
Kurlon Retail Limited						202.21						202.21
Capital Advance Paid												
Kurlon Limited			622.07								622.07	

Kurlon Enterprise Limited

Kurlon Enterprise Limited

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Notes forming part of the standalone financial statements

b) Related Party transaction Particulars	Key Man perso nd t	agement nnel a cheir tives	Hol	mate ding pany	Ow	Enterprises own or significantly Wholly influenced by K Owned Subsidiary Management Subsidiary Personnel / Directors and their relatives		ificantly ed by Key gement nnel / ors and				
	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
Sales												
Kurlon Limited			1,345.15	2,730.01							1,345.15	2,730.01
Kurlon Retail Limited					941.29	2,064.15					941.29	2,064.15
Kanvas Concepts Private Limited					1.29						1.29	
Home Komfort Retail LLP									741.01		741.01	
Sales-Building												
Kurlon Limited			42.04								42.04	
Purchases												
Kurlon Limited			7 117 75	11,928.56							7 117 75	11,928.56
Kurlon Retail Limited			-,,		75.74						75.74	
Repayment of Loan												
Jaya S Pai		20.00										20.00
Investment												
Kurlon Retail Limited					1,760.00	1,760.00					1,760.00	1,760.00
Sevalal Solar Private Limited					1,700.00	1,700.00	4.69	0.69			4.69	0.69
Sirar Dhotre Solar Private Limited							4.69	0.69			4.69	0.69
Sirar Solar Energies Private Limited							4.69	0.69			4.69	0.69
Komfort Universe Products &					-						F 00	
Services Limited					5						5.00	
Belvedore International Limited											5.00	
Kanvas Concepts Private Limited					1						1.00	
Starship Manufacturing and Services					0.5						0.50	
Private Limited					0.5						0.50	
Outstanding as at Year end:												
Amounts recoverable												
Maha Rashtra Apex Corporation Limited									1,222.76	1,222.76	1,222.76	1,222.76
Jayamahal Trade and Investments												
Private Limited			-									
Kurlon Limited			5,773.86	4,523.86							5,773.86	4,523.86
Kurlon Retail Limited					2,016.28	2,378.56					2,016.28	2,378.56
Manipal Advertising Services												
Private Limited										348.32		348.32
Sevalal Solar Private Limited							43.73	41.27			43.73	41.27
Sirar Dhotre Solar Private Limited							76.07	83.66			76.07	83.66
Sirar Solar Energies Private Limited							81.51	87.42			81.51	87.42
Kanvas Concepts Private Limited					85.00						85.00	
SGVCT LLP									180.18		180.18	
Home Komfort Retail LLP									76.53		76.53	
Amounts Payable												
Jayamahal Trade and Investments												
Private Limited										1.88		1.88
Metropolis Builders Pvt Ltd										2.32		2.32
Jai Bharat Mills Private Limited	-	-	-	-	-	-	-	-	15.85	12.90	15.85	12.90
Manipal Travels (India) Private Limited	-	-	-	-	-	-	-	-	6.09	3.71	6.09	3.71
Kurlon Retail Limited	-	-	-	-	19.00	-	-	-	-	-	19.00	-
Manipal Advertising Services												
Private Limited									45.03		45.03	
Manipal Software & E-Commerce Pvt Ltd	-	-	-	-	-	-	-	-	25.36	-	25.36	-
Unsecured Loans payable												
Jaya S Pai	676.30	676.30				-		-	-		676.30	676.30
Rent Deposit												
Metropolis Builders Pvt Ltd									30.00	30.00	30.00	30.00
Jayamahal Trade and Investments												
Private Limited									9.00	9.00	9.00	9.00
Jai Bharat Mills Private Limited									30.00	30.00	30.00	30.00
and a second second second contracts									55.50		30.00	30.00

Notes forming part of the standalone financial statements

36 Financial Instruments

A) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

(₹ in Lakh)

Particulars	As at 31-03-2021	As at 31-03-2020
Total equity attributable to the equity shareholders of the company	50,923.85	48,429.02
As a percentage of total capital	98%	95%
Current borrowings	1,187.25	2,389.02
Non-current borrowings	-	-
Total borrowings	1,187.25	2,389.02
As a percentage of total capital	2%	5%
Total Capital	52,111.10	50,818.04

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances along with investments in liquid securities/liquid mutual funds

B) Categories of financial instruments

The carrying amounts and fair values of the financial instruments by class are as follows:

(₹ in Lakh)

	Carrying	Amount	Fair Value		
Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	
Financial assets					
a) Measured at fair value through Profit and Loss					
Current assets					
- Investments	11,131.71	9,475.60	11,131.71	9,475.60	
Non Current assets					
- Deposit Rent	267.76	688.42	267.76	688.42	
b) Measured at Amortised Cost					
Non-current assets					
- Investments	1,785.57	1,762.07	1,785.57	1,762.07	
- Security Deposits	371.10	218.25	371.10	218.25	
- Loans		2,290.75		2,290.75	
Current assets					
- Investments	-	2,000.00	-	2,000.00	
- Trade receivables	4,923.52	6,779.68	4,923.52	6,779.68	
- Cash and cash equivalents	3,980.98	1,246.70	3,980.98	1,246.70	
- Other Bank Balances	147.63	141.29	147.63	141.29	
- Security Deposit	265.78	36.18	265.78	36.18	
Total	25,164.80	22,348.19	25,164.80	22,348.19	

Notes forming part of the standalone financial statements

The carrying amounts and fair values of the financial instruments by class are as follows:

(₹ in Lakh)

. •	•		, ,			
	Carrying	Amount	Fair Value			
Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020		
Financial Liabilities						
a) Measured at fair value through Profit and Loss						
Non Current liabilities						
- Lease Liabilities	271.73	655.59	271.73	655.59		
Current liabilities						
- Lease Liabilities	174.40	626.62	174.40	626.62		
b) Measured at Amortised Cost						
Non Current liabilities						
- Other Financials liabilities	5,478.53	5,802.27	5,478.53	5,802.27		
Current liabilities						
- Borrowings	1,187.25	2,389.02	1,187.25	2,389.02		
- Trade payables	9,134.72	12,364.05	9,134.72	12,364.05		
- Other financial liabilities	83.29	68.87	83.29	68.87		
Total	16,329.92	21,906.42	16,329.92	21,906.42		

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 1. The Company has disclosed financial instruments which comprise of borrowings, deposits, trade and other payables, investments, loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature.
- 2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken into the account for the expected losses of these receivables.

c) Financial Risk Management

The Company's principal financial liabilities, comprise of borrowings, deposits, trade and other payables.

The main purpose of these financial liabilities is to finance

the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

Notes forming part of the standalone financial statements

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analysis in the

following sections relate to the position as at March 31, 2021. The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2021.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Company evaluates exchange rate exposure arising from foreign currency

transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

(₹ in Lakh)

	Currency	As at March	31, 2021	As at March 31, 2020		
Foreign Currency (FC)	Symbol	Symbol FC INR		FC	INR	
Liabilities						
Trade Payables						
United States Dollar	\$	3,49,115.60	258.64	1,69,791.90	124.26	
Euro	€	29,996.68	24.84	3,000.00	1.49	
CHFCHF		5,555.56	4.37			
Advances from Customers						
United States Dollar	\$	30,358.67	21.82			
Assets						
Advance to Vendor						
United Stated Dollar	\$	22,209.30	16.13	81,573.79	59.70	
Euro	€	39,809.70	32.49	26,415.60	20.62	
Trade Receivables-United States Dollar	\$	57,224.26	40.06	34,911.54	24.39	
Net Liability (in INR)			216.62		25.40	

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Sensitivity (₹ in Lakh)

Particulars	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity	Increase / (Decrease) in Equity
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
5% Increase in all the foreign currencies	10.83	(1.27)	8.10	(0.95)
5% Decrease in all the foreign currencies	(10.83)	1.27	(8.10)	0.95

ii) Interest Rate Risk

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of loans and advances from related parties and security deposits; however these are not exposed to risk of fluctuation in market interest rates as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in Lakh)

As at 31-03-2021	As at 31-03-2020
4,081.37	884.91
-	495.82
676.30	676.30
510.95	1,216.90
	4,081.37 - 676.30

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit will be Rs. 5.11 Lakhs (Previous year: Rs.0.24 Lakhs) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk:

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its

operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade Receivables

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

Notes forming part of the standalone financial statements

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.

ii) Financial instruments and cash & bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

(₹ in Lakh)

Particulars	As at 31-03-2021	As at 31-03-2020	
Non-current assets			
- Investments	1,785.57	1,762.07	
- Security Deposits	371.10	218.27	
- Deposit Rent	267.76	688.42	
- Loans	2,290.75		
Current assets			
- Investments	11,131.71	11,475.60	
- Trade receivables	4,923.52	6,779.68	
- Cash and cash equivalents	3,980.98	1,246.70	
- Other Bank Balances	147.63	141.29	
- Security Deposit	265.78	36.18	
Total	25,164.80	22,348.21	

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

 $The ageing analysis and loss allowance of trade \ receivables \ given \ below \ has \ been \ considered \ from \ the \ date \ the \ invoice \ falls \ due:$

(₹ in Lakh)

Particulars	As at 31-03-2021	As at 31-03-2020
Not Due		
Due from 0 to 180 days	4,919.52	6,540.00
Due for more than 180 days	1,049.17	1,236.76
Less: Loss Allowance	(1,045.17)	(997.08)
Total	4,923.52	6,779.68

(C) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

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Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

			(₹ in Lakh)
Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2021			
Borrowings	1,187.25	1,187.25	-
Lease Liabilities	446.13	174.40	271.73
Trade payables	9,134.72	9,134.72	-
Other non-current financial liabilities	5,478.53	-	5,478.53
Other current financial liabilities	83.29	83.29	-
Total	16,329.92	10,579.66	5,750.26
			(Rs. in Lakh)
Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2020			
Borrowings	2,389.02	2,389.02	-
Lease Liabilities	1,282.21	626.62	655.59
	12.264.05	12,364.05	
Trade payables	12,364.05	12,304.03	-
Trade payables Other non-current financial liabilities	5,802.27	- 12,304.03	5,802.27
· ·		68.87	5,802.27

D) Fair value hierarchy

- Security Deposit

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a

significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Disclosures of fair value measurement hierarchy for financial instruments are given below: (₹ in Lakh)

			Carrying amour	nt/Fair value		
Particulars	As at	March 31, 20	21	As at March 31, 2020		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
a) Measured at fair value through Profit and						
loss/ Other Comprehensive income						
Current assets						
- Investments	11,131.71	-	-	9,475.60	-	-
Non Current assets						
- Deposit Rent	-	267.76	-	-	688.42	-
b) Measured at Amortised Cost						
Non Current Assets						
- Investments	-	-	1,785.57	-	-	1,762.07
- Security Deposits	-	-	371.10	-	-	218.25
- Loans			2,290.75			
Current assets						
- Investments	-	-	-	-	-	2,000.00
- Trade receivables	-	-	4,923.52	-	-	6,779.68
- Cash and cash equivalents		_	4,128.61			1,387.99

267.76

11,131.71

265.78

9,475.60

13,765.33

Notes forming part of the standalone

financial statements

	Carrying amount/Fair value						
Particulars	As a	t March 31, 20)21	As at March 31, 2020			
	L-1	L-2	L-3	L-1	L-2	L-3	
Financial liabilities							
Carrying amounts/fair value:							
a) Measured at fair value through profit & loss							
Non Current liabilities							
- Lease Liabilities	-	-	271.73	-	-	655.59	
Current liabilities							
- Lease Liabilities	-	-	174.40	-	-	626.62	
b) Measured at Amortised Cost							
Non Current liabilities							
- Other Financials liabilities	-	-	5,478.53	-	-	5,802.27	
Current liabilities							
- Borrowings	-	-	1,187.25	-	-	2,389.02	
- Trade payables	-	-	9,134.72	-	-	12,364.05	
- Other current financial liabilities	-	-	83.29	-	-	68.87	
Total	-	-	16,329.92	-	-	21,906.42	

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature.

Kurlon Enterprise Limited

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values.

(₹ in Lakh)

(₹ in Lakh)

Doublandons	March 31	March 31, 2021		, 2020
Particulars	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,187.25	1,187.25	2,389.02	2,389.02

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36.18

12,184.18

688.42

Kurlon Enterprise Limited

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Notes forming part of the standalone financial statements

37 Employee benefits

(a) Defined Benefit plans:

Gratuity: Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

Leave Encashment: Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 180 days which is payable/ encashable as per the policy on their separation. This policy has since been removed w.e.f 01st April 2021. Hence, there would be no future payoff's that would fall due under this policy.

(b) Defined Contribution plan:

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 235.17 lakhs (Previous Year: ₹282.33 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

(₹ in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution towards Provident Fund (PF)	235.17	282.33
Employer's contribution towards Labour Welfare Fund	0.19	0.25
Employer's contribution to Superannuation Fund	(0.02)	1.63

(c) Other disclosures of Defined Benefit plans as required under Ind AS-19 are as under

i. Reconciliation of the opening and closing balances of Defined Benefit Obligation:

(₹ in Lakh)

	Gra	tuity	Leave Encashment		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	
Present Value of Defined Benefit Obligation at the					
beginning of year	577.39	490.79	-	544.76	
Interest cost	31.15	31.51	-	33.17	
Current Service Cost	50.26	62.45	-	139.89	
Past Service Cost	-	-	-	-	
Benefit Paid	(185.53)	(13.05)	-	(68.99)	
Actuarial (Gain) / Loss arising from Change in					
Demographic Assumptions	-	9.38	-	18.37	
Actuarial (Gain) / Loss arising from Change in					
Financial Assumptions	(0.79)	14.52	-	24.40	
Actuarial (Gain) / Loss arising from Changes in					
Experience Adjustments	51.00	(18.22)	-	192.99	
Present value of the Defined Benefit Obligation					
at the end of year	523.48	577.39	-	884.59	

ii. Net Defined Benefit recognized in the Statement of Profit and Loss.

(₹ in Lakh)

	Gra	tuity	Leave Encashment		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	
Current Service Cost	50.26	62.45	-	139.89	
Past Service Cost	-	-	-	-	
Interest cost	31.15	31.51	-	33.17	
Interest income on plan asset	(37.60)	(37.80)	-	(57.43)	
Net Defined Benefit recognized in Statement of					
Profit and Loss	43.81	56.16	-	115.63	

Notes forming part of the standalone financial statements

iii. Net asset / (liability) recognized in the Balance Sheet

(₹ in Lakh)

	Gra	tuity	Leave Encashment		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	
Present value of Defined Benefit obligation at the end of the year	523.48	577.39	-	884.59	
Fair value of plan assets	506.26	662.61		951.12	
Net Defined Benefit recognized in the Balance Sheet	(17.23)	85.21	-	66.53	

iv. Recognized in Other Comprehensive Income

(₹ in Lakh)

	Gra	tuity	Leave Encashment		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	9.38	-	18.37	
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(0.79)	14.52	-	24.40	
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	51.00	(18.22)	-	192.99	
Return on Plan Assets (Greater)/Less than Discount rate	22.24	39.96	-	25.14	
Net actuarial Loss	72.45	45.64		260.89	

v. Sensitivity Analysis*

a) Impact of the change in the discount rate

(₹ in Lakh)

	Gra	tuity	Leave Encashment		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	
Present value of the Defined Benefit Obligation at the end of year	523.48	577.39	-	884.59	
a) Impact due to increase of 1% (PY-0.50%)	486.86	534.83	-	813.45	
b) Impact due to decrease of 1% (PY-0.50%)	565.37	626.36	-	967.93	

b) Impact of the change in the salary increase

(₹ in Lakh)

	Gra	tuity	Leave Encashment			
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020		
Present value of the Defined Benefit Obligation						
at the end of year	523.48	577.39	-	884.59		
a) Impact due to increase of 1% (PY-0.50%)	561.96	625.50	-	963.59		
b) Impact due to decrease of 1% (PY-0.50%)	489.39	534.93	-	816.16		

^{*}Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

^{*}Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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FINANCIAL Statements

Notes forming part of the standalone financial statements

vi. Maturity Profile (₹ in Lakh)

	Gra	tuity	Leave Encashment			
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020		
0 to 1 year	52.66	32.55	-	133.68		
1 to 2 Year	32.61	51.38	-	80.80		
2 to 3 Year	38.60	38.17	-	67.57		
3 to 4 Year	40.68	39.56	-	64.60		
4 to 5 Year	39.91	42.29	-	55.74		
5 to 6 Year	145.05	43.89	-	56.71		
6 Year onwards	173.96	329.55	-	425.49		

vii. Expected contribution for the next Annual reporting period

(₹ in Lakh)

	Gra	tuity	Leave Encashment		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020	
Service Cost	50.26	62.45	-	139.89	
Net Interest Cost	-6.46	-6.29	-	-24.26	
Expected Expense for the next annual reporting period	56.65	32.55	-	133.68	

viii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

(₹ in Lakh)

	Gra	atuity	Leave Encashment			
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020		
Method used	Projected un	credit method				
Discount rate	6.52%	6.50%		6.50%		
Salary Escalation	5.00%	5.00%		5.00%		
Mortality Rate	IALM (2012-14)	IALM (2012-14)		IALM (2012-14)		
Withdrawal rate up to 30/44 and above 44 years	10%	10%		10%		
Rate of return on plan assets	6.52%	6.50%		6.50%		

Notes forming part of the standalone financial statements

Notes forming part of the Standalone financial statements Accounting Policies

38 Business Combination accounted for in financial year 2019-2020.

The Board of Directors, at their meeting held on August 5, 2019 had approved a scheme of amalgamation ("the Scheme") of Spring Air Bedding Company (India) Limited ("SABCIL" of "Transferor Company") with Kurlon Enterprise Limited ("the Company" or "Transferee Company") with an appointed date of April 01, 2018. The Company then had filed an application of the Scheme with the National Company Law Tribunal ("NCLT"), Mumbai and NCLT Delhi. The Scheme was approved by the NCLT Mumbai and NCLT Delhi, vide their orders dated March 12, 2020 and May 05, 2020, respectively, and the aforesaid orders were filed with the Registrar of Companies on June 18, 2020.

In consideration of the Ministry of Corporate Affairs ("MCA") General Circular Ref. 09/2019 dated August 21, 2019 as regards the treatment of 'appointed date' as the 'acquisition date' under Indian Accounting Standard 103 ("Ind AS 103") – Business Combinations, the Management has considered the approvals of the NCLT's and filing of the same with the Registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date of April 01, 2018, which is also the earliest date of the periods presented in these financial statements.

In accordance with the scheme sanctioned, all assets and liabilities of SABCIL, as at the appointed date April 1, 2018, was transferred to, and vested with the Company at their respective fair values.

Pursuant to the Scheme, in consideration for the transfer and vesting of all the assets and liabilities.

I) The equity Shareholders of erstwhile SABCIL were issued 1 equity share of the Company of Rs. 5 each fully paid up, for every 331 equity shares of Rs. 10 each fully paid up, held by them in SABCIL. Accordingly 169,868 equity shares of Rs. 5 each fully paid up (aggregating to Rs. 8.49 Lakhs) were issued to the shareholders of the erstwhile SABCIL. Further, the erstwhile SABCIL during 2018-19 had issued 15,930,000 equity shares of Rs. 10 each fully paid up to its shareholders. Accordingly, 48,127 equity shares of the Company of Rs. 5 each fully paid up (aggregating to Rs. 2.41 Lakhs) were issued to the shareholders of erstwhile SABCIL. The above mentioned Shares which were disclosed under Monies pending allotment as at 31 Marchj 2021 under Other Equity have been allotted during the FY 2020-2021.

ii) The above mentioned Shares which were disclosed under Monies pending allotment in the previous year under Other Equity have been allotted during the FY 2020-21.

iii) The amalgamation was accounted under the ""Acquisition Method" as specified in Ind AS 103 and other accounting principles generally accepted in India in line with the approved Scheme. Accordingly the assets and liabilities as at April 1, 2018, of SABCIL have been taken over at their respective fair values.

The difference, aggregating to Rs. 2,103.16 Lakhs, between the fair values of net identifiable assets acquired as at the appointed date April 1, 2018, and the consideration for the acquisition has been recognized as goodwill, in accordance with the Scheme. The goodwill on acquisition of SABCIL has been determined as below.

Particulars	(₹ in Lakh)
Property, plant & equipment	306.26
Intangibles - Gross block	6.29
Other current assets	137.84
Deferred Tax Assets	1,846.38
Inventories	470.23
Trade Receivables	825.54
Cash and cash equivalents	5.00
Current financial assets - Loans	53.37
Total Assets taken over on Amalgamation (A)	3,650.91
Short term Borrowings	914.61
Trade Payables	2,622.38
Current Provisions	15.50
Other current liabilities	545.19
Total Liabilities Taken over on Amalgamation (B)	4,097.68
Less: Consideration in respect of shares outstanding in SABCIL as at April 1, 2018 (C)	1,656.39
Goodwill on Amalgamation (D) = (C) + (B) - (A)	2,103.16

SABCIL is engaged in manufacturing/ trading in diverse area such as Pillows, Spring & Foam Mattresses, Furnishing etc.



Notes forming part of the standalone financial statements

39. From April 1, 2019 onwards, the company has opted to pay income taxes under the concessional tax regime as prescribed under Section 115BAA of the Income Tax Act, 1961. Accordingly, Current tax Liability for the year ended March 31, 2020 and thereafter has been determined and recognized at the concessional rate. The impact arising from restating the deferred tax balances at the reduced rate has been recognised during the previous year.

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

For and on behalf of the Board of Directors

T. Sudhakar Pai

Managing Director DIN - 00043298

Jyothi Pradhan

Chief Executive Officer

Ritesh Shroff

Chief Financial Officer

Place : Bengaluru Date : October 28, 2021

H.N. Shrinivas

Director DIN - 07178853

Monu Kumaı

Company Secretary

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To The Members of Kurlon Enterprise Limited



Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kurlon Enterprise Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their 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 specified under section 143 (10) of the Act (Sas). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 (ICAI) 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We

believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and annexures to the Director's Report, but does not include the consolidated financial statements, standalone 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, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial

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Report on the Audit of the Consolidated Financial Statements

performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

AUDITOR'S

Report

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 respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such 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 the 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.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matters

We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of Rs. 5,470.21 Lakhs as at March 31, 2021, total revenues of

Rs. 2,484.98 Lakhs and net cash flows amounting to Rs. 13.77 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

- 1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other

AUDITOR'S Report

Report on the Audit of the Consolidated Financial Statements

Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- **d)** In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies. Our report expresses an unmodified opinion on the adequacy operating effectiveness of internal financial controls over financial reporting of those companies.

Date: 28-10-2021

Place: Bangalore.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.
- **ii)** The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- **iii)** There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

For Deloitte Haskins & Sells Chartered Accountants Firm's Registration No. 008072S Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN: 21206920AAAAMB3314

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Kurlon Enterprise Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 respective 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 internal financial controls over financial reporting of the Parent and its subsidiary companies, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section

143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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

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To The Members of Kurlon Enterprise Limited

Report on the Audit of the Consolidated Financial Statements

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 Over Financial Reporting

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

Opinion

Date: 28-10-2021

Place: Bangalore.

In our opinion, to the best of our information and according to the explanations given to us and based on

the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(I) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to eight subsidiary companies, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For Deloitte Haskins & Sells Chartered Accountants Firm's Registration No. 008072S Sathya P. Koushik Partner (Membership No. 206920) UDIN: 21206920AAAAMB3314

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Kurlon Enterprise Limited

Consolidated Balance Sheet as at March 31, 2021

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Particulars	Note No.	As at March 31, 2021	As a March 31, 202	
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3a	21,312.50	21,989.91	
(b) Right of Use assets	4a	4,387.94	5,954.89	
(c) Capital work-in-progress	4b	719.15	578.35	
(d) Goodwill	3b	2,103.16	2,103.16	
(e) Other Intangible assets	3c	405.14	543.50	
(f) Financial Assets				
(i) Security Deposits	7a	1,003.26	1,204.98	
(ii) Trade Receivable	6	1.52	-	
(iii) Other financial assets	7b	395.13	278.68	
(g) Non-Current Tax Assets (Net)	18b	629.63	1,113.58	
(h) Other Non-Current Assets	8	2,080.19	1,511.85	
Total Non - Current Assets		33,037.62	35,278.90	
Current assets		33,331.32		
(a) Inventories	9	11,664.93	12,289.92	
(b) Financial Assets			12,203.32	
(i) Investments	5	11,131.71	11,475.60	
(ii) Trade Receivables	6	4,929.64	6,705.36	
(ii) Cash and Cash equivalents	10	4,929.64	1,289.53	
• • •				
(iv) Bank Balances other than (iii) above	10	150.68	141.29	
(v) Security Deposits	7a	265.78	36.18	
(c) Other Current Assets	8	6,627.92	7,465.01	
Total Current Assets		38,808.26	39,402.89	
Total Assets		71,845.88	74,681.79	
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	11	1,827.61	1,819.12	
(b) Other Equity	12	46,549.95	44,775.40	
(c) Non-controlling Interest		1.10	13.86	
Total equity		48,378.66	46,608.38	
LIABILITIES				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	44.95	-	
(ii) Lease Liabilities	15a	3,673.04	4,533.28	
(iii) Other Financial Liabilities	15b	5,478.53	5,802.27	
(iv) Trade Payable	13	17.96	-	
(b) Provisions	14	656.17	409.42	
(c) Deferred tax liabilities (Net)	18.a	2,381.86	1,619.79	
(d) Other non-current liabilities	17	1.06		
Total Non - Current Liabilities		12,253.57	12,364.76	
Current Liabilities				
(a) Financial Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	1,194.50	2,389.02	
(ii) Lease Liabilities	15a	210.40	662.62	
• •	134		002.02	
(iii) Trade payables	12	206.00	F02 72	
(A) Total outstanding dues to Micro, small and Medium Enterprises	13	306.00	582.72	
(B) Total outstanding dues of creditors other than Micro, small and Medium Enterprises	13	8,990.90	11,365.62	
(iv) Other financial Liabilities	15b	83.29	68.87	
(b) Provisions	14	142.67	413.80	
(c) Other Current Liabilities	17	285.89	226.01	
Total Current Liabilities		11,213.65	15,708.65	
Total Equity and Liabilities		71,845.88	74,681.79	
Summary of Significant Accounting Policies	2.1			

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P. Koushik

Partner Membership No. 206920

Place : Bengaluru Date : 28.10.2021 For and on behalf of the Board of Directors of Kurlon Enterprise Limited

Director

H. N. Shriniyas

T. Sudhakar Pai Managing Director DIN - 00043298

Jyothi Pradhan Rites
Chief Executive Officer Chief
Place: Rengaluru

Place : Bengaluru Date : 28.10.2021

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Kurlon Enterprise Limited

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

				(₹in Lakh)
	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from operations	19	78,367.26	98,763.14
II	Other Income	20	893.23	793.38
Ш	Total Income (I+II)		79,260.49	99,556.52
IV	Expenses			
	Cost of materials consumed	21.a	34,045.74	41,891.10
	Purchases of stock in trade	21.b	7,441.12	11,054.65
	Changes in inventories of finished goods, stock in trade and work-in-progress	21.c	1,320.15	(532.56)
	Employee benefits expense	22	6,539.39	8,309.88
	Finance costs	23	526.99	941.37
	Depreciation and amortisation expense	24	3,176.03	3,330.45
	Other expenses	25	18,818.79	25,249.76
	Total Expenses (IV)		71,868.21	90,244.66
٧	Profit before Exceptional Items and tax (III-IV)		7,392.28	9,311.87
VI	Exceptional Items(Refer Note-5(i))		2,018.68	
			5,373.60	9,311.87
VII	Tax Expense			
	Current tax	27	1,622.00	2,664.04
	Tax credit of earlier years		0.11	(244.39)
	Deferred tax	27	762.07 2,384.18	(632.31) 1,787.34
VIII	Profit for the year(V-VI-VII)		2989.42	7,524.53
	Profit/(Loss) from continuing operations for the period attributable to:			
	Owners of the Company		2,991.84	7,537.27
	Non controlling interests		2,989.42	(12.74) 7,524.53
	Other comprehensive income		2,303.42	7,324.33
	(i) Items that will not be reclassified to profit or loss			
	(a) Re-measurements of the defined benefit plans [gain/ (loss)]		75.30	45.64
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(18.95)	(11.49)
ΙX	Total other comprehensive income		56.35	34.15
Х	Total comprehensive income for the year(VIII+IX)		3,045.77	7,558.68
	Total comprehensive income for the period attributable to:			
	Owners of the Company		3,048.19	7,571.42
	Non controlling interests		(2.42)	(12.74)
	Earnings per equity share :			
	Equity shares of par value Rs 5 each			
	(1) Basic (Rs)	28	8.33	20.78
	(2) Diluted (Rs)	28	8.33	20.68

The accompanying notes form an integral part of the financial statements

For Deloitte Haskins & Sells

Chartered Accountants (Firm's Registration No. 008072S)

As per our report of even date attached

Sathya P. Koushik

Membership No. 206920 Place : Bengaluru Date: 28-10-2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

H. N. Shrinivas

T. Sudhakar Pai Managing Director DIN - 00043298

Director DIN - 07178853 Jyothi Pradhan Ritesh Shroff

Chief Financial Officer Company Secretary

Place : Bengaluru Date: 28-10-2021

Chief Executive Officer

Kurlon Enterprise Limited

FINANCIAL Statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2021

		(₹in Lakh)
Particulars	Year ended	Year ended
Particulars	March 31, 2021	March 31, 2020
A. Cash flows from Operating Activities		
Profit for the year	2,991.84	7,537.27
Adjustments for:		
Exceptional Item	2,018.68	
Income tax expense recognised in profit or loss	2,384.18	1,787.34
Net (Gain)/ Loss on disposal of Property, Plant and Equipment	294.39	
Insurance claim received on Property, Plant and Equipment	<u> </u>	(56.71)
Liability written back	<u> </u>	(36.44)
Bad debts written off	17.68	5.08
Depreciation and amortisation expense	3,176.03	3,330.45
Interest Income recognised in profit or loss	(251.49)	(186.38)
Dividend Income recognised in profit or loss	(458.90)	(292.84)
Finance costs recognised in profit or loss	526.99	941.37
Allowance for expected Credit losses	250.97	568.86
	10,950.36	13,598.00
Movements in working capital:		
(Increase)/Decrease in Loans	(27.88)	(52.35)
(Increase)/Decrease in Trade Receivables	1,505.55	4,683.38
(Increase)/Decrease in Inventories	624.99	(560.68)
(Increase)/Decrease in Other Current Assets	912.38	82.12
(Increase)/Decrease in Other Non-Current Assets	998.61	(4,838.11)
(Increase)/Decrease in Other Other Financial Assets	(116.45)	(1)000122)
Increase/(Decrease) in Trade Payables	(2,633.48)	(962.93)
Increase/(decrease) in Other Current Financial Liabilities	(437.80)	682.04
Increase/(Decrease) in Other Non-Current Financial Liabilities	(1,182.92)	3,963.25
Increase/(Decrease) in Other Current Liabilities	59.88	(742.14)
Increase/(Decrease) in Other Current Liabilities Increase/(Decrease) in Current Provisions	(24.38)	4.38
increase/(Decrease) in Current Provisions	(321.50)	2,258.96
Cook Flavor garageted from Operating Activities	10,628.86	15,856.95
Cash Flows generated from Operating Activities	(1,157.11)	(3,105.86)
Income tax paid(Net of Refund)		
Net cash flow from operating activities (A)	9,471.76	12,751.09
B. Cash flows from Investing Activities		47.44
Proceeds on sale of Property, Plant and Equipment	149.89	47.14
Insurance claim received		56.71
Interest received	251.49	186.39
Other Dividends Received	458.90	292.84
(Purchase)/Sale of Investments	343.89	(7,748.91)
Placed in Bank Deposits not considered as Cash and Cash Equivalents	(9.39)	(8.63)
Investments Written Off	(2,018.68)	
Capital Expenditure on Property, Plant & Equipment including capital advance	(2,945.34)	(5,185.09)
Net cash flow from / (used in) Investing Activities (B)	(3,769.22)	(12,359.56)
C. Cash flows from Financing Activities		
Proceeds/ (Repayment) of Short term borrowings	(1,149.57)	150.96
Adjustment on account of Consolidation/Non Controlling Interest	1.42	71.01
Tax on Distributed Profits	-	(224.36)
Dividends paid to owners of the Company	(1,279.33)	(1,091.47)
Interest paid	(526.99)	(941.37)
Net cash flow from / (used in) financing activities (C)	(2,954.47)	(2,035.23)
Net increase / decrease in cash and cash equivalents (A+B+C)	2,748.06	(1,643.70)
Cash and cash equivalents at the beginning of the year	1,289.53	2,933.23
Cash and cash equivalents at the segiming of the year	4,037.59	1,289.53
Reconciliation of Cash & cash equivalents with the Balance Sheet	1,007.100	1,203.33
Add-Bank Balance held as margin money or security against borrowing, guarantees	150.68	141.29
and other commitments(*)		

"Notes:(*) These earmarked account balances with banks can be utilised only for the specific identified purposes. The accompanying notes form an integral part of the financial statements

For and on hebalf of

In terms of our report attached
For Deloitte Haskins & Sells Chartered Accountants (Firm's Registration No. 008072S)

Sathya P. Koushik

Place : Bengaluru Partner Place : Bengaluru Membership No. 206920 Date : 28-10-2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited **T. Sudhakar Pai** Managing Director DIN - 00043298 Jyothi Pradhan

H. N. Shrinivas Director DIN - 07178853 Ritesh Shroff Chief Financial Officer Company Secretary Place : Bengaluru

Date: 28-10-2021

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Chief Executive Officer



STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2021

A. Equity Share Capital

7 in Equity Strate Cupital	(₹in Lakh)
Particulars	Amount
Balance as at March 31 , 2020	1,819.12
Changes in equity share capital during the year	-
Issue of Equity Shares	8.49
Issue of Bonus Equity Shares	
Balance as at March 31 . 2021	1.827.61

B. Other equity

(₹in Lakh)

			Other Equity			1	
Particulars	Monies pending allotment (Refer Note 38)	"Capital Reserve arising on consolidation"	Securities premium	General reserve	Retained earnings	Total	
Balance as at April 1, 2019	3,249.40		11,619.58	1,286.11	22,044.18	38,634.85	
Transferred to general reserve			-	-		-	
Profit for the year	-		-	-	7,537.27	7,537.27	
Remeasurement of Defined Benefits Plan (net of tax)	-		-	-	34.15	34.15	
Retained earnings on RTU of previous year					(172.19)		
Dividends Paid	-		-	-	(1,091.47)	(1,091.47)	
Tax on dividends	-		-	-	(224.36)	(224.36)	
Capital Reserve arising on consolidation		57.14					
Shares to be issued pursuant to approved Scheme (Refer Note 1B)			-			-	
Fransfer from Shares Option Outstanding Account*					435.58		
Utilized during the year for issue of bonus share	-		-		-	-	
Balance as at March 31, 2020	3,249.40	57.14	11,619.58	1,286.11	28,563.17	44,775.40	
Profit for the period	-		-	-	2,991.85	2,991.85	
Remeasurement of Defined Benefits Plan (net of tax)	-		-	-	56.35	56.35	
Dividends paid**	-		_	-	(1,279.33)	(1,279.33)	
Tax on dividends	-			-	-	-	
Fransfer to Securities premium account on allotment of shares	(3,240.91)		3,240.91	-		-	
Capital Reserve arising on consolidation		3.83				3.83	
Adjustments on Consolidation					10.34	10.34	
Jtilized during the year for issue of bonus share				-	-		
Fransfer to Equity Share Capital on Allotment of shares	(8.49)			_	-	(8.49)	
Balance as at March 31, 2021	0.00	60.97	14,860.49	1,286.11	30,342.39	46,549.95	

* On July 14, 2015, the company had granted 468,864 options to certain employees. These options vest with the employees over a period of three years and exercisable over a period of four years. In accordance with the scheme, the options got fully vested with the employees in 2018-2019. The company has recognized the cost (difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to ₹ 435.58 Lakhs, as an expense in earlier years. However during 2019-2020, since the Holding company has issued shares to the said employees, the options of the company cannot be exercised. Hence the above amount has been transferred to Retained Earnings.

** In the Annual General Meeting held on 20th October 2020, the shareholders of the company had declared a dividend of Rs. 3.50/share aggregating to Rs. 1279.33 lakhs

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants (Firm's Registration No. 008072S)

Sathya P. Koushik

Partner
Membership No. 206920
Place: Bengaluru
Date: 28-10-2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai Managing Director DIN - 00043298 Jyothi Pradhan H. N. Shrinivas Director DIN - 07178853

Ritesh Shroff Chief Financial Officer

Monu Kumar Company Secretary

Place : Bengaluru Date : 28-10-2021

Chief Executive Officer

Kurlon Enterprise Limited

FINANCIAL Statements

3. Property, Plant and Equipment

a) Tangible Assets

b) Goodwill c)Intangible

Particulars	Freehold land	Buildings	Leasehold Land	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Computer Owned	Total	Goodwill	Computer software
Gross carrying value											
As at March 31, 2019	974.18	842.50	3,704.25	17,983.21	3,503.82	524.10	347.61	503.94	28,383.61	2,103.16	1,036.18
Additions	17.24	302.77	4,344.20	1,209.33	575.49	52.02	138.18	62.09	6,701.32	-	45.06
Disposals	-	-	-	4.10	0.17	0.64	161.89	3.48	170.27	-	-
Reclassified to Right of Use Assets	-	1,145.27	-	-	-	-	-	-	1,145.27	-	-
As at March 31, 2020	991.42	-	8,048.45	19,188.45	4,079.14	575.48	323.90	562.55	33,769.40	2,103.16	1,081.24
Additions/Adjustments	-	-	464.30	903.52	198.77	68.78	136.80	34.38	1,806.54		6.43
Disposals			58.85	165.53	341.28	4.19	110.38	24.82	705.05		
As at March 31, 2021	991.42	-	8,453.90	19,926.44	3,936.63	640.07	350.32	572.11	34,870.89	2,103.16	1,087.67
Accumulated Depreciation											
As at March 31, 2019	-	-	595.98	7,475.92	1,118.40	299.56	111.71	350.40	9,951.97	-	396.67
Additions		-	161.63	1,180.10	320.42	77.05	45.29	83.92	1,868.41	-	141.08
Disposals	-	-	-	3.09	-	0.21	79.37	1.18	83.85	-	-
As at March 31, 2020	-	-	757.61	8,652.93	1,475.82	378.43	78.94	435.75	11,779.48	-	537.75
Additions/Adjustments			256.40	1,364.85	240.88	71.39	44.99	61.18	2,039.68		144.78
Disposals			1.26	95.47	94.47	2.80	43.37	23.41	260.78		-
As at March 31, 2021	-		1,012.75	9,922.31	1,622.23	447.02	80.56	473.52	13,558.39		682.53
Net carrying value											
Balance as at March 31, 2021	991.42	-	7,441.15	10,004.12	2,314.40	193.05	269.75	98.59	21,312.50	2,103.16	405.14
Balance as at March 31, 2020	991.42		7,290.84	10,535.52	2,603.32	197.05	244.96	126.79	21,989.91	2,103.16	543.50

Goodwill is tested for impairment at least annually. Impairment is recognised, if present value of future cash flows is less than the carrying value of goodwill. Future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, Gross Margins, Earnings before interest and taxes and working capital requirement. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

Assumptions	As at	As at
Assumptions	31-Mar-21	31-Mar-20
Terminal growth rate (%)	5%	5%
Discount rate (%)	12%	12%

As at 31 March 2021 and 31 March 2020 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment needs to be recognized.

Kurlon Enterprise Limited

Notes forming part of the Consolidated financial statements

4a. Right of Use Assets

F	in	La	k	h:

Particulars	Land	Buildings	Total
Gross carrying value			
As at March 31, 2020	1,145.27	6,130.58	7,275.85
Op Bal Impact of adoption of Ind AS 116 (Refer Note 29)	-	90.32	90.32
Additions/Adjustments	-	1,030.59	1,030.59
Disposals/ Adjustments	1,145.27	5,190.31	6,335.58
As at March 31, 2021			
Accumulated Depreciation			
As at March 31, 2020	19.46	1,301.50	1,320.96
Op Bal Impact of adoption of Ind AS 116 (Refer Note 29)	19.46	956.97	976.43
Additions	-	349.75	349.75
Disposals	38.92	1,908.72	1,947.64
As at March 31, 2021			
Net carrying value	1,106.35	3,281.59	4,387.94
Balance as at March 31, 2021	1,125.81	4,829.08	5,954.89
Balance as at March 31, 2020			

4b. Capital work in progress

₹ in Lakhs

Particulars	As at March 31 2021	As at March 31 2020
Land	-	-
Building	645.37	205.14
Plant & Machinery	43.47	283.30
Others	30.30	89.90
	719.14	578.35

Kurlon Enterprise Limited

FINANCIAL Statements

Notes forming part of the Consolidated Financial Statements

5. Investments

	As at March 31, 2021			As at March 31, 2020		
Particulars	Nos.	Amount in Lakhs	Amount in Lakhs	Nos.	Amount in Lakhs	Amount in Lakhs
		Current	Non Current		Current	Non Curren
A. Cost						
I. Investment in Commercial Papers (at amortised cost)(Unquoted)						
Cox and Kings Limited (refer note 5(i) below)			-	400	2,000.00	
Total Unquoted Investments	1,53,94,536	-	-	400	2,000.00	-
B. Fair Value Through Profit and Loss						
I. Investments in Mutual funds (Quoted)						
Franklin India Banking & PSU Fund-Direct-Growth		-	-	1,94,79,860	3,295.78	-
HSBC Ultra Short Duration Fund Direct Growth				30,833	311.20	-
Tata Banking & PSU Debt Fund Direct Growth			-	49,59,639	515.44	-
ABSL Floating Rate Fund-Direct-Growth	2,03,278	550.24		2,03,278	512.86	
AXIS Short Term Fund-Direct-Growth	24,25,648	616.16		39,42,706	921.62	
Axis Banking & PSU Debt Fund-Direct Growth	48,070	1,008.41		26,104	506.68	_
Canara Robeco Short Duration Fund - Direct Growth	10,070	-		12,78,301	255.61	
Kotak Savings Fund-Regular-Growth				6,39,002	205.08	
Kotak Bond Short Term Fund-Direct-Growth	10,30,669	448.12		10,30,669	413.44	
Kotak Corporate Bond Fund-Direct-Growth	17,573	524.48		7,456	205.80	
Kotak BANKING AND PSU DEBT FUND-Direct-Growth	20,22,554	1,042.09		8,53,190	406.52	
Kotak BANKING AND PSU DEBT FUND-Regular-Growth	4,35,533	219.14		0,55,150	400.52	
L & T Banking & PSU Fund-Regular-Growth	22,84,679	443.33		22,84,679	410.89	
Sundaram Money Market Fund-Direct-Growth	22,84,073			54,87,966	614.77	
ICICI Prudential Banking & PSU Debt Fund-Direct-Growth	40,76,232	1,044.18		16,88,533	399.23	
LICMF Banking & PSU Debt Fund-Direct-Growth	16,42,874	474.95		11,14,132	300.56	
LICMF Banking & PSU Debt Fund-Regular-Growth	7,78,062	213.29		7,78,062	200.12	
Canara Robeco Corporate Bond Fund - Direct Growth	5,57,890	100.89		7,78,002	200.12	
DSP Banking and PSU Debt Fund-Direct Growth	37,20,875	713.81				
-		301.97				
DSP Corporate Bond fund Direct Growth	23,58,987					
DSP Low Duration Fund- Direct Growth	12,70,326	201.02				
HDFC Corporate Bond Fund Regular Growth	12,05,252	300.44				
HSBC Corporate Bond Fund Direct Growth	9,88,347	100.50				
Aditya Birla Sun life Banking & PSU Debt Fund-Direct-Growth	1,04,494	302.74				
ICICI Prudential Bond Fund - Direct Plan - Growth	3,14,599	100.67	-	-		
ICICI Prudential Corporate Bond Fund - Direct - Growth	17,21,136	404.58				
Kotak Low duration Fund Direct Growth	3,622	100.46				
SBI Banking &PSU Fund Direct Growth	31,504	804.62				
SBI Corporate Bond Fund-Direct-Growth	41,08,446	501.81				
Sundaram Banking and PSU Debt Fund-Direct Growth	17,95,790	613.80				
Total Aggregate Quoted Investments	3,31,46,439	11,131.71	-	4,38,04,409	9,475.60	-
TOTAL INVESTMENTS CARRYING VALUE (A)		11,131.71			11,475.60	-
Other Disclosures						
Aggregate amount of Quoted Investments & market value thereof		11 121 71			0.475.60	
		11,131.71	-		9,475.60	
Aggregate amount of Unquoted Investments					2,000.00	

Note No. 5(i)

"The Group had made an investment of Rs. 2,000 Lakhs in Commercial Paper (CP) issued by COX and Kings Limited ("C&K") in four Commercial Papers between June 14, 2019 and June 26, 2019. The amounts were due for maturity/redemption in 40-45 days from date of investment. The maturity dates for the four tranches commenced on 29 July 2019 and ended on August 6, 2019.

At the time of making the investment, the CP was rated as A1+ by Credit Rating agency 'CARE'. This rating indicated highest level of safety. Subsequent to making the investment, C&K defaulted in repayment of borrowings to its bankers from June 28, 2019 onwards, till date.

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring,

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring, encumbering, alienating or disposing off" of any assets belonging to Cox & Kings effective from October 22, 2019. The bench has appointed an interim resolution professional (IRP) who is overseeing the affairs of the entity. Considering the ongoing insolvency proceedings against C&K, the company is of the opinion that the probability of recovery is remote and hence has written off the same in the books of accounts, and has disclosed the same as an (Exceptional item) in the Statement of Profit and Loss.

Kurlon Enterprise Limited

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Notes forming part of the Consolidated Financial Statements

6. Trade Receivables		₹ in Lakh
Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables (Unsecured)		
(a) Considered good	4,929.64	6,705.36
(b) which have significant increase in Credit Risk	1,045.17	997.08
	5,974.81	7,702.44
Less: Allowance for Doubtful trade receivables	1,045.17	997.08
TOTAL	4,929.64	6,705.36
Trade Receivables (Non Current)		
b) Which have significant increase in Credit Risk	1.52	
	1.52	

6a. Movement in the Allowance for Doubtful trade receivables

ou. Wovement in the Anowance for boustar trade recen	vasies	₹ in Lakhs
Particulars	FY 2020-21	FY 2019-20
Balance at beginning of the year	997.08	688.89
Impairment losses recognised in the year based on	<u> </u>	
12 Month Expected Credit Loss		
On Receivables originated in the year	250.94	569.54
Amounts written off during the year as uncollectible	1.35	
Amounts Recovered/Written Off During the year	(204.20)	(261.35)
Balance at end of the year	1,045.19	997.08

7a. Security Deposits

a) Other Loans - unsecured, considered good

Loans to Employees

b) Loans to Others

		₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
(Carried at amortised cost)		
a) Security Deposits- (Carried at amortised cost)	551.75	129.98
b) Deposit Rent-(At Fair Value)	267.76	688.42
c) Related Parties	15.00	15.00
d) Deposits with Sales Tax authorities- Under Protest (Carried at amortised cost)	168.75	88.27
e) Others		283.31
TOTAL	1,003.26	1,204.98
Current (Carried at amortised cost)	_	
a) Security Deposits- Secured, considered good		36.18
b) Deposits-Rent- Unsecured, considered good	265.78	-
7b. Other financial assets		₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020

321.98

73.15

395.13

Kurlon Enterprise Limited

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Notes forming part of the Consolidated Financial Statements

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Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
(a) Capital Advances		
(i) For land-(Refer Note(ii) Below & Note 35)	1,408.64	1,510.23
(ii) For Building(Refer Note(i) below)	622.07	-
(iii) For Others	27.62	
(b) Balances with government authorities	0.97	1.62
(c) Loans		-
-Others	20.89	
OTAL	2,080.19	1,511.85
Current (a) Advances to suppliers -Related Parties-(Refer Note 35)	5,433.03	4,788.22
(a) Advances to suppliers -Related Parties-(Refer Note 35)	5,433.03	4,788.22
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others	5,433.03 588.68	678.85
(a) Advances to suppliers -Related Parties-(Refer Note 35)	<u> </u>	·
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others	<u> </u>	678.85
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties	588.68	678.85 348.32
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties (c) Advances to employees	26.04	678.85 348.32 36.51
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties (c) Advances to employees (d) Balances with government authorities	26.04	678.85 348.32 36.51
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties (c) Advances to employees (d) Balances with government authorities (e) Others	26.04	678.85 348.32 36.51 508.07
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties (c) Advances to employees (d) Balances with government authorities (e) Others Other Loans and Advances	26.04 178.80	678.85 348.32 36.51 508.07
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties (c) Advances to employees (d) Balances with government authorities (e) Others Other Loans and Advances Prepaid expenses	26.04 178.80	678.85 348.32 36.51 508.07 599.12 325.53
(a) Advances to suppliers -Related Parties-(Refer Note 35) - Others (b) Advances to Related Parties (c) Advances to employees (d) Balances with government authorities (e) Others Other Loans and Advances Prepaid expenses Insurance Claim	26.04 178.80 299.96	678.85 348.32 36.51 508.07 599.12 325.53 28.64

Note-(i)

Represents advance paid to Holding Company, Kurlon Limited towards acquistion of 3 manufacturing premises in and around Bengaluru, detailed below

Location /Address	Location /Address
Karnataka - No.49, 3rd Phase, Peenya Industrial Area,Bangalore-560058	
Karnataka - No.7,Survey No-106/107, KIADB Industrial Area,	45.99
Yedehalli Village, Dobbaspet, Bangalore - 562 211-Sofa Unit	341.04
Karnataka - No.22 & 23 KIADB Indl Area, Dobbaspet , Bangalore - 562 211	235.04
otal	622.07

Note -(ii)

During the year 2013-2014, the Company's Holding Company Kurlon Limited had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited(MA-CL)(a related Party) for purchase of Land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated 08th October 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated 20 April 2012 accorded its consent for the sale of land to Kurlon Limited. Hence the advance is considered good and recoverable. During the year 2014-2015, the advance was transferred by Kurlon Limited to the Company and has been carried in the books till date.

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278.68



Notes forming part of the Consolidated Financial Statements

9. Inventories*

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Raw materials	4,487.83	3,735.56
- Goods in transit	-	10.75
(b) Work-in-progress	1,786.98	1,601.56
(c) Finished goods	3,694.84	4,438.22
- Goods in transit	30.70	61.44
(d) Stock-in-trade	1,140.81	1,872.26
- Goods in transit	-	
(e) Stores and spares	523.77	570.13
Total Inventories at lower of Cost and Net Realisable Value (NRV)	11,664.93	12,289.92

^{*} The carrying value of Inventories as reflected above is net of provision for aged/slow moving stock of Rs. 839.69 Lakhs (Rs. 512.69 Lakhs during FY 19-20)

10. Cash and Bank Balances

₹ in Lakhs

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and Cash Equivalents		
(a) Balances with Banks	77.91	359.96
(b) Cheques, Drafts on hand	-	140.09
(c) Cash on Hand	9.47	45.05
(d) Others		
In deposit Accounts	3,950.22	744.43
TOTAL	4,037.60	1,289.53
Other Bank Balance		
(a) Earmarked balances with banks (refer note below)	143.25	140.49
(b) Unpaid dividend	7.43	0.80
TOTAL	150.68	141.29

Note - Deposits receipts pledged with banks for obtaining Letter of Credit, Bank guarantee facilities and Corporate Credit card facilities.

11. Equity Share Capital

	As at Marc	h 31, 2021	As at March 31, 2020	
Particulars	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Authorised*:				
Equity shares of ₹5/- each with voting rights	15,06,00,000	7,530.00	3,80,00,000	1,900.00
Issued, Subscribed and fully Paid:				
Equity shares of Rs.10/- each with voting rights		(0.00)	-	-
Equity shares of ₹ 5/- each with voting rights	3,65,52,261	1,827.61	3,63,82,393	1,819.12

^{*}Increase in Authorised Share Capital by virtue of merger of Spring Air Bedding Co India Ltd into Kurlon Enteprise Limited(Refer Note-38)

Kurlon Enterprise Limited



Notes forming Part of the Consolidated Financial Statements

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

	As at Marc	th 31, 2021	As at March 31, 2020	
Particulars	No. of shares	No. of shares Value (₹ in Lakhs)		Value (₹ in Lakhs)
Equity Shares				
At the beginning of the year	3,63,82,393	1,819.12	3,63,82,393	1,819.12
Fully paid shares allotted during the year	1,69,868	8.49		
Bonus issue (refer note : v)	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.61	3,63,82,393	1,819.12

(ii) Terms/Rights attached to Equity Shares

a. The company has only one class of equity shares having a par value of ₹ 5/- each (March 31,2020- ₹ 5/- each) per share. Each holder of equity shares is entitled to one vote per share

b. In the event of liquidation of the Company, the holders of equity shares would 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.

(iii) Details of Shares held by the Holding Company, the Ultimate Holding Company, Subsidiaries and Associates

	As at March	31, 2021	As at March 31, 2020	
Particulars	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Limited				
Equity shares of ₹ 5/- each with voting rights	3,09,49,615	84.67	3,09,46,755	85.06

(iv) Details of shares held by each shareholder holding more than 5% shares:

	As at March	31, 2021	As at March 31, 2020		
Class of shares / Name of Shareholder	No. of shares held	No. of shares held % holding in that class of shares		% holding in that class of shares	
Equity shares of ₹ 5/- each with voting rights					
Equity shares of ₹ 5/- each with voting rights Kurlon Limited	3,09,49,615	84.67	3,09,46,755	85.06	

(v) Details of Shares Issued for consideration other than cash during the preceding three years

Particulars Particulars	As at March 31,				
	2021	2020	2019	2018	2017
Equity Shares with Voting rights Fully paid up Bonus Shares (Nos)	-	-	85,95,013	53,09,120	-

Kurlon Enterprise Limited

₹ in Lakhs

Kurlon Enterprise Limited

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Notes forming part of the Consolidated Financial Statements

12. Other equity ₹ in I

Particulars	As at March 31, 2021	As at March 31, 2020
Securities Premium	14,860.49	11,619.58
Amounts received (on issue of shares) excluding the par value has been		
classified as securities premium.		
Monies Pending Allotment (Refer note 38)	-	3,249.40
121,735 equity shares and 48,135 equity shares of Rs.5 each fully paid up to		
pe issued to erstwhile SABCIL, pursuant to a scheme of a business		
combination (more fully described in Note 38), without payment	-	
peing received in cash.		
Shares option outstanding Account		
Balance at the beginning of the year		435.58
Add: amount recorded on grants during year	-	-
Less: Amount transferred to Retained Earnings		435.58
Closing balance	-	-
Compared Possonia		
Soneral Reserve		
General Reserve Balance at the beginning of the year	1,286.11	1,286.11
	1,286.11	1,286.11
Balance at the beginning of the year	1,286.11	1,286.11
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss	1,286.11 - - - 1,286.11	1,286.11 - - - 1,286.11
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares	-	- - -
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance	-	- - -
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company.	-	- - -
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings	1,286.11	1,286.11
Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year	- 1,286.11 28,563.17	1,286.11 22,044.18
Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss	28,563.17 2,991.85	22,044.18 7,537.27
Add: Transfer from the Statement of Profit & Loss Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI)	28,563.17 2,991.85	22,044.18 7,537.27
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI) Less: Transfer to general reserve	28,563.17 2,991.85 56.35	22,044.18 7,537.27 34.15
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI) Less: Transfer to general reserve Less: Dividend Paid	28,563.17 2,991.85 56.35	22,044.18 7,537.27 34.15
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI) Less: Transfer to general reserve Less: Dividend Paid Less: Tax on dividend	28,563.17 2,991.85 56.35	1,286.11 22,044.18 7,537.27 34.15 1,091.47 224.36
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI) Less: Transfer to general reserve Less: Dividend Paid Less: Tax on dividend Add: Transfer from Shares Option Outstanding Account	28,563.17 2,991.85 56.35	1,286.11 22,044.18 7,537.27 34.15 1,091.47 224.36 435.58
Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI) Less: Transfer to general reserve Less: Dividend Paid Less: Tax on dividend Add: Transfer from Shares Option Outstanding Account Less: Retained earnings on RTU of previous year	28,563.17 2,991.85 56.35	1,286.11 22,044.18 7,537.27 34.15 1,091.47 224.36 435.58
Add: Transfer from the Statement of Profit & Loss Less: Utilised during the year for issuing bonus shares Closing balance This represents appropriation of profit by the Company. Retained Earnings Balance at the beginning of the year Add: Transfer from the Statement of Profit & Loss Add: Transfer from Other Comprehensive Income (OCI) Less: Transfer to general reserve Less: Dividend Paid Less: Tax on dividend Add: Transfer from Shares Option Outstanding Account Less:Retained earnings on RTU of previous year Add: Adjustments on Consolidation	28,563.17 2,991.85 56.35 1,279.33	1,286.11 22,044.18 7,537.27 34.15 1,091.47 224.36 435.58 172.19

Notes forming part of the Consolidated Financial Statements

13. Trade Payables

_		_		
₹	in	ı	l/hc	

	As at M	As at March 31, 2020	
Particulars	Current Non- Current		Current
Total outstanding dues of micro enterprises and small			
enterprises (Refer Note 33)	306.00		582.72
Total outstanding dues of creditors other than micro			
enterprises and small enterprises	8,990.90	17.96	11,365.62
TOTAL	9,296.90	17.96	
			11,948.34

14. Provisions

₹ in Lakhs

	As at Marc	h 31, 2021	As at March 31, 2020	
Particulars	Current	Non- Current	Current	Non- Current
Provisions for Warranty (refer note (i) below)	142.67	656.17	409.42	409.42
Provision others			4.38	
TOTAL	142.67	656.17	413.80	409.42

(i) Movement in Provisions for warranty

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at Beginning of the year	818.84	818.84
Additional provisions recognised	97.18	353.91
Amounts utilised during the year	117.18	353.91
Balance as at end of the year	798.84	818.84

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Notes forming part of the Consolidated Financial Statements

15. Borrowings	A	A
Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Borrowings-Kurlon Limited	44.95	
TOTAL	44.95	-
15a. Lease Liabilities		₹ in Lakh
Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current Control of the Control o		
Lease Liabilities	3,673.04	4,533.28
TOTAL	3,673.04	4,533.28
Current		
Lease Liabilities	210.40	626.62
TOTAL	210.40	626.62
15b. Other Financial Liabilities		₹ in Lakh
Particulars	As at March 31, 2021	As at March 31, 2020
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	5,423.27	5,733.02
Deposits received from C & F Agent	46.01	57.00
Deposits-Transporters	9.25	12.25
TOTAL	5,478.53	5,802.27
Current		
Interest accrued on micro enterprises and small enterprises (Refer Note 33)	8.96	4.23
Unpaid dividend account	7.29	0.80
Gratuity Payable	17.22	
Others	49.82	63.84
TOTAL	83.29	68.87
16. Current Borrowings		# in Lab.
		₹ in Lakh
Particulars	As at March 31, 2021	As at March 31, 2020
A. Secured Borrowings		
(a) Loans repayable on demand		
From Banks	510.95	1,216.90
From Other		495.82
From Union Bank of India	7.25	
TOTAL	518.20	1,712.72
B. Unsecured Borrowings		
(a) Loans from related parties	676.30	676.30
TOTAL	1,194.50	2,389.02

Note: Loans repayable on demand are secured by Pari passu first charge on current assets of the Company.

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Notes forming part of the Consolidated Financial Statements

		Non-cash changes				
Particulars	As at April 1, 2020	As at April 1, 2020 Financing Cash Flow Foreign exchang				
Repayments to bank	1,216.90	(705.95)	-	510.95		
Borrowing from bank		7.25		7.25		
Borrowings from Other Financial Institutions	495.82	(495.82)	-	-		
Loans from related parties	676.30	676.30	-	676.30		
Total Borrowings	2,389.02	(1,194.52)	-	1,194.50		

	As at March 31, 2021		As at Mayah 21, 2020
Particulars	Current	Non- Current	— As at March 31, 2020
a. Advances received from customers	64.77	1.06	64.07
b. Other Payables	6.22		
c. Rent Deposit Received	0.35		
d. Statutory dues	-	-	-
- taxes payable (other than income taxes)	214.55	-	51.89
- Other payable		-	110.06
Total Other Liabilities	285.89	1.06	226.01

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	396.15	822.44
Deferred tax liabilities	(2,778.01)	(2,442.23)
Deferred tax liabilities (net)	(2,381.86)	(1,619.79)
		₹ in Lakhs
Deferred tax liabilities (net)	As at March 31, 2021	As at March 31, 2020
Deferred tax liability		
Depreciation and amortisation	(1,772.49)	(2,114.36)
Right to Use Asset	(384.90)	(327.87)
Goodwill	(529.37)	-
MTM on Mutual Fund Investment	(90.55)	-
Others	(0.70)	-
Gross deferred tax liability	(2,778.01)	(2,442.23)
Deferred tax asset		
a) Provision for doubtful debts	263.07	250.97
b) Provision for Warranty	0.00	206.10
c) 43B Disallowance	0.00	21.65
d) 35DD Income Tax Disallowance on Amalgamation expenses	20.79	20.99
e) Lease Liability-INDAS-116	112.29	322.73
f) Unabsorbed losses	-	-
Gross deferred tax asset	396.15	822.44
Net deferred tax liability	(2,381.86)	(1,619.79)
18.b Non-Current Tax Assets (net)		₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020

Advance tax	12,049.85	12,461.96
Mat Credit Entitlement	0.51	
Provision for Taxation	(11,420.73)	(11,348.38)
	629.63	1,113.58



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Notes forming part of the Consolidated Financial Statements

19. Revenue from Operations

₹ in Lakhs

For the year ended March 31, 2021	For the year ended March 31, 2020	
81,397.70	1,05,507.82	
1,207.05	1,608.05	
(4,237.49)	(8,352.75)	
78,367.26	98,763.14	
	March 31, 2021 81,397.70 1,207.05 (4,237.49)	

₹ in Lakhs

Deferred tax liabilities (net)	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Sale of products		
Manufactured goods		
Rubberized Coir Mattresses, Cushions	14,438.88	27,409.54
Foam and Foam Products	23,172.17	21,182.30
Sofa	1,693.36	2,370.08
Polyfibre Goods	3,024.07	2,645.09
Furniture	451.42	860.87
Foam Mattresses	20,731.43	24,838.41
Spring Mattresses	7,338.06	12,725.16
Total - Sale of manufactured goods	70,849.40	92,031.45
Traded goods		
Polyfibre Goods	465.61	744.55
Mattresses, Cushions & Others	7,621.90	10,326.15
EPE Sheet & Foam, others	448.77	353.79
Furniture	78.44	
Soft Furnishing	549.47	1,090.86
Others	1,384.10	961.02
Total - Sale of Traded Goods	10,548.30	13,476.37
Total - Sale of Products	81,397.70	1,05,507.82

₹ in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(ii) Other operating revenues:		
Sale of scrap	178.32	213.58
Others - Raw Materials	890.12	1,30 6 .25
Others - Sale of Services	44.53	
Other-Operating income	0.02	49.79
Revenue From Supply of Electricity	94.06	38.43
Total - Other Operating Revenues	1,207.05	1,608.05

iii) Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer. Trade receivable are presented net of impairment in the Balance Sheet.

Notes forming part of the Consolidated Financial Statements

20. Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income, On Financial Assets at Amortised Cost		
Interest from banks on deposits	142.42	115.50
Interest on loans and advances to employees	0.46	66.29
Interest Others	108.61	4.59
(b) Interest & FV on Mutual Fund Investments	458.90	292.84
(c) Other non operating income		
Forex gain	2.77	-
Rental income	2.50	12.47
Miscellaneous Income	177.57	208.54
Liabilities no longer required, written back		36.44
Insurance claims	-	56.71
Total Other Income	893.23	793.38

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Notes forming part of the Consolidated Financial Statements

Notes forming	part or the	Consolidated	i ii lai Kiat Stat	

21 .a Cost of Materials Consumed	₹ in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	3,735.56	3,770.10
Add: Purchases	34,798.01	41,856.56
	38,533.57	45,626.66
Less: Closing stock	4,487.83	3,735.56
Cost of Materials Consumed	34,045.74	41,891.10
Material consumed comprises:		
Latex	2,070.13	3,703.68
Coir	1,965.43	1,321.39
Spring chasis, foam , cloth	-	956.11
Upholstery	3,810.49	5,405.01
Chemical & Clay	756.71	603.22
Foam Chemicals	20,279.40	20,215.43
Springs and Related Products	1,446.63	2,823.80
Furniture & Sofa	1,066.81	1,858.30
Packing Materials	1,589.43	2,749.80
Others	1,060.69	2,254.36
	34,045.74	41,891.10

21.b Purchase of stock-in-trade

21.D Fulcilase of Stock-III-trade		₹ in Lakhs	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Poly Fibre Goods	469.67	733.96	
Traded Mattresses	6,547.95	9,631.83	
Furnishing Textiles & others	295.40	552.62	
Furniture	128.10	136.24	
	7.441.12	11.054.65	

21.c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹	in	l a	khs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	4499.66	4,246.12
Work-in-progress	1601.56	1,321.21
Stock-in-trade	1872.26	1,873.59
	7,973.48	7,440.92
Inventories at the end of the year:		
Finished goods	3725.54	4,499.66
Work-in-progress	1786.98	1,601.56
Stock-in-trade	1140.81	1,872.26
	6,653.33	7,973.48
Net (increase) / decrease	1,320.15	(532.56)

Notes forming part of the Consolidated Financial Statements

22. Employee Benefits Expense

_		_		
₹	in	10	kŀ	١.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages	5,856.86	7387.79
b) Contribution to provident and other funds	500.73	508.44
(c) Staff welfare expenses	181.80	413.65
Total	6,539.39	8,309.88

23. Finance Cost

₹ in Lakhs

Deferred tax liabilities (net)	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Interest expense	58.78	150.39
b) Interest under INDAS-116	334.79	460.98
c) Customer Financing Cost	90.78	187.52
d) Other borrowing cost	42.63	142.48
Total	526.99	941.37

24. Depreciation and Amortisation Expense

		VIII
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation for the year on property, plant and equipment	2,039.68	1,868.41
mortization for the year on intangible assets	144.78	141.08
Depreciation on ROU Asset	991.57	1,320.96
otal	3,176.03	3,330.45

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Kurlon Enterprise Limited

₹ in Lakhs

Notes forming part of the Consolidated Financial Statements

notes forming part of	the Consolidated	ı FillalıCıat Sta	tements
25. Other Expenses			

		(III Editiis
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores and spares consumed	262.12	484.21
Power & Fuel oil consumed	764.01	1,285.36
Freight and handling charges	4,705.73	7,269.73
Rent including lease rentals	971.44	1,194.57
Repairs and maintenance - Buildings	15.51	52.86
Repairs and maintenance - Machinery	128.68	124.52
Repairs and maintenance - Others	332.16	239.58
Water charges	15.96	23.12
Tailoring & Fabrication	2,956.98	3,739.50
Rates and taxes	203.34	237.53
Expenditure on corporate social responsibility (CSR) (refer note 34)	259.82	241.34
Insurance charges	299.71	290.38
Forex loss (net)		58.78
Watch and ward Charges	578.30	615.63
Donation Expenses	-	2.48
Postage & Telephone	75.08	181.66
Payment to Auditor (Refer note below)	61.08	69.97
Advertisement, Promotion & Selling Expenses (Refer note 19(v))	3,450.73	4,007.86
Travelling Expenses	312.28	1,224.84
Printing and stationery	16.56	88.97
Legal and professional	2,558.04	2,343.28
Director Sitting Fees	2.58	2.99
Loss on Fixed Assets Sold	294.39	36.88
Sundry Creditors written off	13.14	-
Bad debts written off	17.68	5.08
Deposit written off	22.75	5.00
Provision for doubtful trade receivables (net)	250.97	568.86
Provision for Warranty	97.18	353.91
Miscellaneous Expenses	152.58	505.87
Total Other Expenses	18,818.79	25,249.76
	10,010.73	
Note-26	For the year anded	₹ in Lakhs
Payment to Auditor	For the year ended March 31, 2021	For the year ended March 31, 2020
As Auditor:		
-For Statutory audit	54.38	62.34
-For Tax audit	6.50	4.70
-For Other Matters	0.16	0.91
-For Reimbursement of expenses	0.04	2.02
	61.08	69.97
27. Tax Expense		₹ in Lakhs
Payment to Auditor	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Current income tax		· · · · · · · · · · · · · · · · · · ·
In respect of current year	1,622.00	2,664.04
In respect of earlier years	0.11	(244.39)
b) Deferred tax		(2-17.55)
In respect of current year	762.07	(632.31)
Total		1,787.34
	2,384.18	1,/6/.34

Kurlon Enterprise Limited

FINANCIAL Statements

₹ in Lakhs

Notes forming part of the Consolidated Financial Statements

28. Earnings per share has been computed as under: **Earnings per share**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after Tax (₹ in Lakhs)	3,045.77	7,558.68
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs)		
(Refer Note below)"	365.52	363.82
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs)		
(Refer Note below)"	365.52	365.52
Earnings per share – Basic (₹)	8.33	20.78
Earnings per share – Diluted (₹)	8.33	20.68
Face Value of Equity Shares (₹)	5/-	5/-
Note:		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	365.52	363.82
Add: Effect of Shares to be issued pursuant to approved scheme		
(Refer Note 38) (Nos. in Lakhs)		1.70
Weighted average number of equity shares for Diluted EPS		
(Nos. in Lakhs)	365.52	365.52

29. Leases: The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach and accordingly, the comparative information has not been restated.

The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Group has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than Rs. NA in value)

The Group has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.

The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

The Group has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2020, which is 8.00% for measuring the lease liability The Group's leases have remaining lease terms of 0 to 12 years, some of which include options to extend the lease or terminate the lease.

Amounts recognized in profit and loss were as follows

Particulars	YE March 31, 2021	YE March 31, 2020
Depreciation Expenditure (Amount In INR)	991.57	1,320.96
Finance Cost on Lease Liabilities (Amount In INR)	334.79	460.97
Impact on the statement of profit and loss for the year ended March 31, 2021	1,326.36	1,781.93

30. Contingent Liabilities

4,434.94	716.94
4,434.94	716.94
_	

^{*} These cases are pending at various forums in the respective departments. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authorities and the Company's right for the future appeals before the judiciary. No reimbursements are expected.

Particulars	As at March 31, 2021	As at March 31, 2020
Capital commitments (net of Advances)	225.42	71.00
Total	225.42	71.00

32. Segment Reporting

Operating Segment: a) The Group is predominantly engaged in the business of manufacture, purchase and sale of Mattress, foam and related products ('Mattress and Foam''). Considering the manner of review by the CODM in respect of i) Resources to be allocated to the segment and ii) Segment financial performance, 'Mattress and Foam' has been identified as the single operating segment.

b) The revenue from major products and services of the Company are as in Note 19(i) to the financial statements

c) Geographical segment information: Separate geographical segment information has not been disclosed as more than 99% of the Revenue is in the domestic market.

ii. The Company has received a demand on 09 December 2014 for ₹ 2212.12 lakhs, against which ₹ 771.94 Lakhs (PY ₹ 771.94 Lakhs) has been paid under protest, and Personal Penalty of ₹ 200.00 lakhs on Mr. T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014, towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. The Company has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow in this regard.



Kurlon Enterprise Limited

FINANCIAL Statements

Notes forming part of the Consolidated Financial Statements

33. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2021 and March 31, 2020 has been made in the financial statements based on information received and available with the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The principal amount remaining unpaid to any supplier at the end of each		
accounting year;	306.00	547.32
(ii) The interest due thereon remaining unpaid to any supplier at the end of		
each accounting year;	8.96	39.64
(iii) The amount of interest paid by the buyer in terms of section 16 of the		
Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006),		
along with the amount of the payment made to the supplier beyond the		
appointed day during each accounting year;	-	-
(iv) The amount of interest due and payable for the period of delay in making		
payment (which has been paid but beyond year) but without adding the		
interest specified under the Micro, Small and Medium Enterprises		
Development Act, 2006;	-	-
(v) The amount of further interest remaining due and payable even in the		
succeeding years, until such date when the interest dues above are actually		
paid to the small enterprise, for the purpose of disallowance of a deductible		
expenditure under section 23 of the Micro, Small and Medium Enterprises		
Development Act, 2006	-	-

34. Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on Corporate Social Responsibility(CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environments sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per requirement of the Companies Act, 2013.

Particulars	As at March 31, 2021	As at March 31, 2020	
Gross Amount required to be spent by the company as per Section 135 of the act	237.82	238.43	
Amount spent during the year			
(i) Construction/acquisition of any asset	-	-	
(ii) on purpose other than (i) above	259.82	241.34	

Notes forming part of the Consolidated Financial Statements

35. Related party disclosures List of Related Parties and Relationships

Relationship	Related Parties
Holding Company	Kurlon Limited
Enterprises owned or significantly influenced by key management	Maha Rashtra Apex Corporation Lt
personnel /Directors and their relatives (Where transactions	Jayamahal Trade and Investments Pvt. Ltd
have taken place during the year)	Manipal Advertising Services Pvt Ltd.
	Metropolis Builders Private Limited
	Jai Bharath Mills Private Limited
	Starship Global VCT LLP
	Home Komfort Retail LLP
	Manipal Travels Pvt Ltd
	Manipal Software & E-Commerce Pvt Ltd (w.e.f March 25, 2021)
Fellow Subsidiary	Mr. T. Sudhakar Pai, Managing Director
Key Management Personnel	Ms. Jaya S Pai, Director
	Ms. Jyothi Pradhan, Chief Executive Officer
	Mr. Ritesh Shroff, Chief Financial Officer
	Mr. Monu Kumar,Company Secretary

Kurlon Enterprise Limited

FINANCIAL Statements

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

b) Related Party transactions

Travelling Expenses

Capital Advance Paid

Jaya S Pai

Sales

Kurlon Limited

Manipal Travels (India) Private Limited

Interest Paid on Unsecured Loan

								₹ in Lakhs	
Particulars		Key Management personnel and their Relatives		Ultimate Holding Company		Enterprises owned or significantly influenced by Key Management Personnel/Directors and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	
ransactions during the year:							-	-	
Remuneration							-	-	
T. Sudhakar Pai	261.71	405.83		-		-	261.71	405.83	
Shambhu Kumar Bhotika	-	9.09		-		-	-	9.09	
yothi Pradhan	44.67						44.67	-	
Ritesh Shroff	48.05	37.60		-			48.05	37.60	
Monu Kumar	10.33	6.54		-		-	10.33	6.54	
							-	-	
Sitting Fee paid							-	-	
Nitin G Khot	0.65	0.92		-			0.65	0.92	
Ananthanarayanan	0.91	1.18		-		-	0.91	1.18	
aya S Pai	1.02	0.89		-		-	1.02	0.89	
							-	-	
Rent Paid							-		

-	-	18.25	24.65	18.25	24.65
- 42	.43 72.87		-	42.43	72.87
-	-	23.57	25.42	23.57	25.42
-	-	6.00	6.00	6.00	6.00
		9.63	10.80	9.63	10.80
				-	
		1,834.08		1,834.08	
-		178.00		178.00	_
		25.36		25.36	-
				<u> </u>	
		_			
465	5.00			465.00	
				-	
	596.44				596.44
		_			
		_		-	
		_			
-			4.75		4.75
	0.86	_	-		0.86
		3.05		3.05	
- 1.084	.99 928.40	_		1.084.99	928.40
				-	
					-
-	-	1,187.33	1,497.33	1,187.33	1,497.33
	- 1,084	- 42.43 72.87 	- 42.43 72.87 - 23.57 - 6.00 9.63 1,834.08 178.00 25.36 465.00 596.44 - 0.86 3.05	- 42.43 72.87 - 23.57 25.42 - 6.00 6.00 9.63 10.80	- 42.43 72.87

55.80

65.37

622.07

1,345.15

2,730.01

₹	in	Iа	khs

Positional and Life (Internal And Life (Intern						Enterprises own	ed or significantly		\ III Lakiis
Home Komfort Retail LIP	Particulars					influenced by Key Management			
Seles-Building		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Kurlon Limited 42.04 42.04 42.04 42.04 42.04 7 7 7 7 1 2 1 2	Home Komfort Retail LLP					741.01		741.01	
Kurlon Limited 42.04 42.04 42.04 42.04 42.04 7 7 7 7 1 2 1 2								-	-
Purchases Comment of the c	Sales-Building							-	-
Kurlon Limited 7,117.75 11,928.56 C 7,117.75 11,928.56 7,117.75 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 12,725	Kurlon Limited			42.04				42.04	-
Kurlon Limited 7,117.75 11,928.56 C 7,117.75 11,928.56 7,117.75 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 11,725 12,725								=	-
Many Nomfort Retail LLP	Purchases							-	-
Repayment of Loan 20.00 C	Kurlon Limited		-	7,117.75	11,928.56		-	7,117.75	11,928.56
Agriculty Agri	Home Komfort Retail LLP					3.39		3.39	-
Agriculty Agri								-	-
Outstanding as at Year end: <	Repayment of Loan							-	-
Outstanding as at Year end: C L222.76 1,222.76	Jaya S Pai		20.00		-		-	-	20.00
Outstanding as at Year end: Commonts recoverable Co								-	-
Amounts recoverable - - 1,222.76 2,222.76 2,222.76 2 2 2 2 2 348.32 2 348.32								-	-
Maha Rashtra Apex Corporation Limited - 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 1,222.76 2.22.77 2.22.77 <td>Outstanding as at Year end:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td>-</td>	Outstanding as at Year end:							-	-
Agyamahal Trade and Investments Private Limited Company Comp	Amounts recoverable							-	-
Kurlon Limited - 5,773.86 4,758.22 - 5,773.86 4,758.22 Manipal Advertising Services Private Limited - - 180.18 180.18 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 - 348.32 -	Maha Rashtra Apex Corporation Limited		-		-	1,222.76	1,222.76	1,222.76	1,222.76
Manipal Advertising Services Private Limited - - 348.32 - 348.32 SGVCT LIP 180.18 180.18 180.18 -	Jayamahal Trade and Investments Private Limited		-		-		-	-	-
SGVCT LLP 180.18 180.18 180.18	Kurlon Limited		-	5,773.86	4,758.22		-	5,773.86	4,758.22
Home Komfort Retail LLP	Manipal Advertising Services Private Limited		-		-		348.32	-	348.32
Amounts Payable	SGVCT LLP					180.18		180.18	-
Amounts Payable - - 1.88 - - Jayamahal Trade and Investments Private Limited - - 1.88 - 1.88 Metropolis Builders Pvt Ltd - - 15.85 12.90 15.85 12.90 Jaißharat Mills Private Limited - - 15.85 12.90 15.85 12.90 Manipal Travels (India) Private Limited - 6.09 3.71 6.09 3.71 Manipal Advertising Services Private Limited - 6.09 3.71 6.09 3.71 Maharashtra Apex Corporation Ltd - 6.09 3.71 6.09 3.71 Sirar Solar Private Limited 9.45 1.03 0.81 1.03 0.81 Sirar Solar Private Limited 9.45 2.0 10.39 - - Sevalal Solar Private Limited 25.13 25.13 - - - - - - - - - - - - - - - - -	Home Komfort Retail LLP					74.32		74.32	-
Supamahal Trade and Investments Private Limited Composition of the Investments Private Limited Composition of the Investment Private Limited Composition of the Invest								-	-
Metropolis Builders Pvt Ltd - 2.32 - 2.32 JaiBharat Mills Private Limited - 15.85 12.90 15.85 12.90 Manipal Travels (India) Private Limited - 6.09 3.71 6.09 3.71 Manipal Advertising Services Private Limited 45.03 45.03 - - Maharashtra Apex Corporation Ltd 9.45 1.03 0.81 1.03 0.81 Sirar Dhotre Private Limited 9.45 - 9.45 - 9.45 - - - - - 9.45 -	Amounts Payable							-	-
DaiBharat Mills Private Limited	Jayamahal Trade and Investments Private Limited		-		-		1.88	-	1.88
Manipal Travels (India) Private Limited - 6.09 3.71 6.09 3.71 Manipal Advertising Services Private Limited 45.03 45.03 - Maharashtra Apex Corporation Ltd 1.03 0.81 1.03 0.81 Sirar Solar Private Limited 9.45 - 9.45 - 9.45 - 10.39 - - - 50.00 10.39 -	Metropolis Builders Pvt Ltd		-		-		2.32	-	2.32
Manipal Advertising Services Private Limited 45.03 45.03 45.03 0.81 Maharashtra Apex Corporation Ltd 1.03 0.81 1.03 0.81 Sirar Solar Private Limited 9.45 9.45 9.45 10.39 - Sevalal Solar Private Limited 25.13 25.13 25.13 - - Manipal Software & E-Commerce Pvt Ltd 25.36 25.36 25.36 -	JaiBharat Mills Private Limited		-		-	15.85	12.90	15.85	12.90
Maharashtra Apex Corporation Ltd 1.03 0.81 1.03 0.81 Sirar Solar Private Limited 9.45 9.45 9.45 10.39 10.30 </td <td>Manipal Travels (India) Private Limited</td> <td></td> <td>-</td> <td></td> <td>-</td> <td>6.09</td> <td>3.71</td> <td>6.09</td> <td>3.71</td>	Manipal Travels (India) Private Limited		-		-	6.09	3.71	6.09	3.71
Sirar Solar Private Limited 9.45 9.6 9.6 9.6 9.6 9.6 9.5 9.5 9.5 9.0 9.00 <td>Manipal Advertising Services Private Limited</td> <td></td> <td></td> <td></td> <td></td> <td>45.03</td> <td></td> <td>45.03</td> <td>-</td>	Manipal Advertising Services Private Limited					45.03		45.03	-
Sirar Dhotre Private Limited 10.39 10.39 - Sevalal Solar Private Limited 25.13 - 25.13 - Manipal Software & E-Commerce Pvt Ltd 25.36 25.36 25.36 - Unsecured Loans payable -	Maharashtra Apex Corporation Ltd	_				1.03	0.81	1.03	0.81
Sevalal Solar Private Limited 25.13 25.13 - Manipal Software & E-Commerce Pvt Ltd 25.36 25.36 - Unsecured Loans payable -<	Sirar Solar Private Limited	_		9.45				9.45	-
Manipal Software & E-Commerce Pvt Ltd 25.36 25.36	Sirar Dhotre Private Limited			10.39				10.39	-
Unsecured Loans payable	Sevalal Solar Private Limited			25.13				25.13	-
Jaya S Pai 676.30 676.30 - - 676.30 676.30 676.30 676.30 676.30 676.30 7 - <t< td=""><td>Manipal Software & E-Commerce Pvt Ltd</td><td></td><td></td><td></td><td></td><td>25.36</td><td></td><td>25.36</td><td>-</td></t<>	Manipal Software & E-Commerce Pvt Ltd					25.36		25.36	-
Jaya S Pai 676.30 676.30 - - 676.30 676.30 676.30 676.30 676.30 676.30 7 - <t< td=""><td>Hassaurad Lagus payable</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Hassaurad Lagus payable								
Rent Deposit - <t< td=""><td></td><td>676.30</td><td>676.30</td><td></td><td></td><td></td><td></td><td></td><td>676 30</td></t<>		676.30	676.30						676 30
Maharashtra Apex Corporation Ltd 15.00 15.00 15.00 15.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 9.00 <	Jaya J FdI		0/0.30						
Metropolis Builders Pvt Ltd - 30.00 30.00 30.00 30.00 30.00 30.00 30.00 30.00 90.0	Rent Deposit							-	-
Jayamahal Trade and Investments Private Limited - 9.00 9.00 9.00	Maharashtra Apex Corporation Ltd					15.00	15.00	15.00	15.00
<u> </u>	Metropolis Builders Pvt Ltd	_	-		-	30.00	30.00	30.00	30.00
JaiBharat Mills Private Limited - - 30.00 30.00 30.00 30.00	Jayamahal Trade and Investments Private Limited		-		-	9.00	9.00	9.00	9.00
	JaiBharat Mills Private Limited		-		-	30.00	30.00	30.00	30.00

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141.59

65.37

2,730.01

38.82

55.80

622.07

1,345.15

141.59

Kurlon Enterprise Limited Statem

FINANCIAL Statements

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

36) Financial Instruments

A) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

		t III Editiis
Particulars	As at March 31, 2021	As at March 31, 2020
Total equity attributable to the equity shareholders of the Group	48,378.66	46,608.38
As a percentage of total capital	98%	95%
Current borrowings	1,194.50	2,389.02
Non-current borrowings	-	-
Total borrowings	1,194.50	2,389.02
As a percentage of total capital	2%	5%
Total Capital	49,573.16	48,997.40

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances along with investments in liquid securities/liquid mutual funds being in excess of debt.

B) Categories of financial instruments

	Carrying	y class are as follows: Carrying amount		
Particulars				value
raticulais	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets				
a) Measured at fair value through Profit and Loss				
Current assets				
- Investments	11,131.71	9,475.60	11,131.71	9,475.60
Non Current assets				
- Deposit Rent	267.76	688.42	267.76	688.42
b) Measured at Amortised Cost				
Non-current assets				
- Investments		-		-
- Security Deposits	735.50	516.56	735.50	516.56
- Trade receivables	1.52		1.52	-
- Other Financial Assets	395.13	278.68	395.13	278.68
Current assets				
- Investments		2,000.00	-	2,000.00
- Trade receivables	4,929.64	6,705.36	4,929.64	6,705.36
- Cash and cash equivalents	4,037.60	1,289.53	4,037.60	1,289.53
- Other Bank Balances	150.68	141.29	150.68	141.29
- Security Deposits	265.78	36.18	265.78	36.18
Total	21,915.32	21,131.62	21,915.32	21,131.62
Financial Liabilities				
a) Measured at fair value through Profit and Loss				
Non Current liabilities				
- Lease Liabilities	3,673.04	4,533.28	3,673.04	4,533.28
Current liabilities				
- Lease Liabilities	210.40	662.62	210.40	662.62
b) Measured at Amortised Cost				
Non Current liabilities				
- Borrowings	44.95		44.95	
- Other Financials liabilities	5,478.53	5,802.27	5,478.53	5,802.27
- Trade Payables	17.96	-	17.96	-
Current liabilities				
- Borrowings	1,194.50	2,389.02	1,194.50	2,389.02
- Trade payables	9,296.90	11,948.34	9,296.90	11,948.34
- Other financial liabilities	83.29	68.87	83.29	68.87
Total	19,999.57	25,404.40	19,999.57	25,404.40

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 1. The Group has disclosed financial instruments which comprise of borrowings, deposits, trade and other payables, investments, loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature.
- 2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken into the account for the expected losses of these receivables.

C) Financial Risk Management

The Group's principal financial liabilities, comprise of borrowings, deposits, trade and other payables.

The main purpose of these financial liabilities is to finance the Froup's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at March 31, 2021. The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2021.

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Notes forming part of the Consolidated Financial Statements

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Group that have not been hedged by a derivative instrument or otherwise are as under:

₹	in	Lak

F	Currency Symbol As at March		31, 2021	As at March 31, 2020	
Foreign Currency (FC)			INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	3,49,115.60	258.64	4,05,756.90	304.07
Euro	€	29,996.68	24.84	3,000.00	1.49
CHF	CHF			5,555.56	4.37
Buyer's Credit	\$				
Advances from Customers					
United States Dollar	\$	30,358.67	21.82		
Assets					
Advance to Vendor					
United Stated Dollar	\$	22,209.30	16.13	81,573.79	59.70
Euro	€	39,809.70	32.49	26,415.60	20.62
Trade Receivables-United States Dollar	\$	57,224.26	40.06	34,911.54	24.39
Net Liability (in INR)			216.62		205.21

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				₹ in Lakhs	
Particulars	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity	Increase / (Decrease)	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	
5% Increase in all the foreign currencies	10.83	(10.26)	8.10	(7.68)	
5% Decrease in all the foreign currencies	(10.83)	10.26	(8.10)	7.68	

ii) Interest Rate Risk

Sensitivity

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group's financial liabilities comprises of loans and advances from related parties and security deposits; however these are not exposed to risk of fluctuation in market interest rates as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation

Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the Group to cash flow risk. Debt issued at fixed rate exposes the group to fair value risk. At the reporting date the interest rate profile of the group's interest-bearing financial instruments is as follows

₹	in	Lak

Particulars	As at March 31, 2021	As at March 31, 2020	
Fixed-rate instruments			
Financial assets			
Balance with banks held in deposit account	4,093.47	884.92	
Financial liabilities			
Borrowings from other parties	-	495.82	
Borrowings from related parties	676.30	676.30	
Variable-rate instruments			
Financial liabilities			
Borrowings from bank & other parties	518.20	1,216.90	

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit will be Rs. 5.18 Lakhs (Previous year: Rs.0.24 Lakhs) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk:

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Group'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 Group regularly

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 Group does not hold collateral as security. The Group 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.

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ii) Financial instruments and cash & bank deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

		₹ in Lakhs As at March 31, 2020	
Particulars	As at March 31, 2021		
Non-current assets			
- Investments	-		
- Security Deposits	735.50	516.56	
- Deposit Rent	267.76	688.42	
- Trade receivables	1.52	-	
- Other Financial Assets	395.13	278.68	
Current assets			
- Investments	11,131.71	11,475.60	
- Trade receivables	4,929.64	6,705.36	
- Cash and cash equivalents	4,037.60	1,289.53	
- Other Bank Balances	150.68	141.29	
- Security Deposits	265.78	36.18	
Total	21,915.32	21,131.62	

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks. The ageing analysis and loss allowance of trade receivables given below

		₹ in Lakhs	
Particulars	As at March 31, 2021	As at March 31, 2020	
Not Due			
Due from 0 to 180 days	4,924.63	6,453.49	
Due for more than 180 days	1,051.70	1,248.94	
Less: Loss Allowance	(1,045.17)	(997.08)	
Total	4,931.16	6,705.36	

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

68.87

10,335.55

15,068.85

			₹ in Lakhs
Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2021			
Borrowings	1,239.45	1,194.50	44.95
Lease Liabilities	3,883.44	210.40	3,673.04
Trade payables	9,314.86	9,296.90	17.96
Other non-current financial liabilities	5,478.53		5,478.53
Other current financial liabilities	83.29	83.29	-
Total	19,999.57	10,785.09	9,214.48
			₹ in Lakhs
Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2020			
Borrowings	2,389.02	2,389.02	-
Lease Liabilities	5,195.90	662.62	4,533.28
Trade payables	11,948.34	11,948.34	-
Other non-current financial liabilities	5,802.27		5,802.27

25,404.40

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D) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Disclosures of fair value measurement hierarchy for financial instruments are given below:

₹ in Lakhs

Discussives of full value measurement metaletry for infantial mistraments are	8					₹ in Lakhs
	Carrying amount/Fair value					
Particulars	As at	March 31,	2021	As at March 31, 2020		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
a) Measured at fair value through Profit and loss/Other Comprehensive income						
Current assets						
- Investments	11,131.71	-	-	9,475.60	-	-
Non Current assets						
- Deposit Rent		267.76			688.42	
b) Measured at Amortised Cost						
Non Current Assets						
- Investments		-			-	-
- Security Deposits		-	735.50	-	-	516.56
- Trade receivables			1.52			
- Other Financial Assets			395.13			278.68
Current assets						
- Investments		-			-	2,000.00
- Trade receivables		-	4,929.64		-	6,705.36
- Cash and cash equivalents	-	-	4,188.28		-	1,430.82
- Security Deposits			265.78			36.18
Total	11,131.71	267.76	10,515.85	9,475.60	688.42	10,967.60
Financial liabilities						
Carrying amounts/fair value:						
a) Measured at fair value through profit & loss						
Non Current liabilities						
- Lease Liabilities	-	-	3,673.04	-	-	4,533.28
Current liabilities						
- Lease Liabilities			210.40			662.62
b) Measured at Amortised Cost						
Non Current liabilities						
- Borrowings			44.95			
- Other Financials liabilities			5,478.53			5,802.27
- Trade Payables			17.96			
Current liabilities						
- Borrowings	-	-	1,194.50	-	-	2,389.02
- Trade payables	-	-	9,296.90		-	11,948.34
- Other current financial liabilities	-	-	83.29		-	68.87
Total	_		19,999.57			25,404.40

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

				₹ in Lakhs
Postfordana	31-Mar-	21	31-Mar-	20
Particulars	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,194.50	1,194.50	2,389.02	2,389.02

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

37 Employee benefits

(a) Defined Benefit plans:

Gratuity: Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

Leave Encashment: Employees of the Group are entitled to accumulate their earned/privilege leave up to a maximum of 180 days which is payable/encashable as per the policy on their separation. This policy has since been removed w.e.f 01st April 2021. Hence, there would be no future payoff's that would fall due under this policy.

(b) Defined Contribution plan:

Group's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Group makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 293.23 lakhs (Previous Year: ₹ 320.62lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution towards Provident Fund (PF)	268.02	282.33
Employer's contribution towards ESIC	0.19	0.25
Employer's contribution to Superannuation Fund	(0.02)	1.63

(c) Other disclosures of Defined Benefit plans as required under Ind AS-19 are as under

i. Reconciliation of the opening and closing balances of Defined Benefit Obligation:

₹	in	1	210

	Gra	tuity	Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Present Value of Defined Benefit Obligation at the beginning of year	590.36	490.79		544.76
Interest cost	31.78	31.51		33.17
Current Service Cost	54.79	62.45		139.89
Past Service Cost	-	-		-
Benefit Paid	(193.71)	(13.05)		(68.99)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions		9.38		18.37
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(1.35)	14.52		24.40
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	54.39	(18.22)		192.99
Present value of the Defined Benefit Obligation at the end of year	536.26	577.39		884.59

ii. Net Defined Benefit recognized in the Statement of Profit and Loss.

	Graf	tuity	Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Current Service Cost	54.79	62.45		139.89
Past Service Cost	-	-		-
Interest cost	31.78	31.51		33.17
Interest income on plan asset	(38.13)	(37.80)		(57.43)
Other Costs	0.54			
Net Defined Benefit recognized in Statement of Profit and Loss	48.98	56.16		115.63

iii. Net asset / (liability) recognized in the Balance Sheet

₹ in Lakhs

	Grat	uity	Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Present value of Defined Benefit obligation at the end of the year	536.26	577.39		884.59
Fair value of plan assets	509.77	662.61		951.12
Net Defined Benefit recognized in the Balance Sheet	(26.50)	85.21		66.53

iv. Recognized in Other Comprehensive Income.

₹ in Lakhs

	Gra	tuity	Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	9.38		18.37
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(1.35)	14.52		24.40
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	54.39	(18.22)		192.99
Return on Plan Assets (Greater)/Less than Discount rate	22.25	39.96		25.14
Net actuarial Loss	75.30	45.64		260.89

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v. Sensitivity Analysis*

a) Impact of the change in the discount rate

				₹ in Lakhs
	Grat	uity	Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Present value of the Defined Benefit Obligation at the end of year	536.26	577.39		884.59
a) Impact due to increase of 1% (PY-0.50%)	498.01	534.83		813.45
b) Impact due to decrease of 1% (PY-0.50%)	580.13	626.36		967.93

b) Impact of the change in the salary increase

₹ in Lakhs

	Graf	tuity	Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Present value of the Defined Benefit Obligation at the end of year	536.26	577.39		884.59
a) Impact due to increase of 1% (PY-0.50%)	576.68	625.50		963.59
b) Impact due to decrease of 1% (PY-0.50%)	500.56	534.93		816.16

^{*}Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

vi. Maturity profile ₹ in Lakhs

The state of the s				t III Editiis		
	Gra	Gratuity		Leave Encashment		
Particulars	Year ended	Year ended	Year ended	Year ended		
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020		
0 to 1 year	52.70	32.55		133.68		
1 to 2 Year	32.65	51.38		80.80		
2 to 3 Year	38.63	38.17		67.57		
3 to 4 Year	40.72	39.56		64.60		
4 to 5 Year	39.95	42.29		55.74		
5 to 6 Year	145.20	43.89		56.71		
6 Year onwards	186.41	329.55		425.49		

vii. Expected contribution for the next Annual reporting period

	Gratuity		Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Service Cost	54.79	62.45		1 3 9jngojakhs
Net Interest Cost	-6.35	-6.29		-24.26
Expected Expense for the next annual reporting period	63.96	32.55		133.68

viii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

	Grat	Gratuity		Leave Encashment	
Particulars	Year ended	Year ended	Year ended	Year ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	
Method used	Projected unit	credit method	Projected unit	credit method	
Discount rate	6.52%-7.12%	6.50%		6.50%	
Salary Escalation	5.00%	5.00%		5.00%	
Mortality Rate	IALM (2012-14)	IALM (2012-14)		IALM (2012-14)	
Withdrawal rate up to 30/44 and above 44 years	5%-10%	10%		10%	
Rate of return on plan assets	6.52%-7.12%	6.50%		6.50%	

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38 Business Combination accounted for in financial year 2019-2020

The Board of Directors, at their meeting held on August 5, 2019 had approved a scheme of amalgamation ("the Scheme") of Spring Air Bedding Group (India) Limited ("SABCIL" of "Transferor Group") with Kurlon Enterprise Limited ("the Group" or "Transferee Group") with an appointed date of April 01, 2018. The Group then had filed an application of the Scheme with the National Group Law Tribunal ("NCLT"), Mumbai and NCLT Delhi. The Scheme was approved by the NCLT Mumbai and NCLT Delhi, vide their orders dated March 12, 2020 and May 05, 2020, respectively, and the aforesaid orders were filed with the Registrar of Companies on June 18, 2020.

In consideration of the Ministry of Corporate Affairs ("MCA") General Circular Ref. 09/2019 dated August 21, 2019 as regards the treatment of 'appointed date' as the 'acquisition date' under Indian Accounting Standard 103 ("Ind AS 103") - Business Combinations, the Management has considered the approvals of the NCLT's and filing of $the same \ with the Registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date and the registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date and the registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date and the registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date and the registrar of Companies to represent adjusting events and has given the effect of the amalgamation in the effect of the registrar of the registr$ of April 01, 2018, which is also the earliest date of the periods presented in these financial statements.

In accordance with the scheme sanctioned, all assets and liabilities of SABCIL, as at the appointed date April 1, 2018, was transferred to, and vested with the Group at their respective fair values.

"Pursuant to the Scheme, in consideration for the transfer and vesting of all the assets and liabilities:

i) The equity Shareholders of erstwhile SABCILwere issued 1 equity share of the Group of Rs. 5 each fully paid up, for every 331 equity shares of Rs. 10 each fully paid up, held by them in SABCIL. Accordingly 169,868 equity shares of Rs. 5 each fully paid up (aggregating to Rs.8.49 Lakhs) were issued to the shareholders of the erstwhile SABCIL. Further, the erstwhile SABCIL during 2018-19 had issued 15,930,000 equity shares of Rs.10 each fully paid up to its shareholders. Accordingly, 48,127 equity shares of the Group of Rs.5 each fully paid up (aggregating to Rs.2.41 Lakhs) were issued to the shareholders of erstwhile SABCIL. The above mentioned Shares which were disclosed under Monies pending allotment as at 31 Marchj 2021 under Other Equity have been allotted during the FY 2020-2021. "

ii) The above mentioned Shares which were disclosed under Monies pending allotment in the previous year under Other Equity have been allotted during the FY 2020-21.

iii) The amalgamation was accounted under the ""Acquisition Method" as specified in Ind AS 103 and other accounting principles generally accepted in India in line with the approved Scheme. Accordingly the assets and liabilities as at April 1, 2018, of SABCIL have been taken over at their respective fair values.

The difference, aggregating to Rs. 2,103.16 Lakhs, between the fair values of net identifiable assets acquired as at the appointed date April 1, 2018, and the consideration for the acquisition has been recognized as goodwill, in accordance with the Scheme. The goodwill on acquisition of SABCIL has been determined as below:

Particulars		₹ In Lakhs
Property, plant & equipment		306.26
Intangibles - Gross block		6.29
Other current assets		137.84
Deferred Tax Assets		1,846.38
Inventories		470.23
Trade Receivables		825.54
Cash and cash equivalents		5.00
Current financial assets - Loans		53.37
Total Assets taken over on Amalgamation	A)	3,650.91
Short term Borrowings		914.61
Trade Payables		2,622.38
Current Provisions		15.50
Other current liabilities		545.19
Total Liabilities Taken over on Amalgamation (B)		
Less: Consideration in respect of shares ou	tstanding in SABCIL as at April 1, 2018 (C)	1,656.39
Goodwill on Amalgamation	(D) = (C) + (B) - (A)	2,103.16

SABCIL is engaged in manufacturing/ trading in diverse area such as Pillows, Spring & Foam Mattresses, Furnishing etc.

39 From April 1, 2019 onwards, the Group has opted to pay income taxes under the concessional tax regime as prescribed under Section 115BAA of the Income Tax Act, 1961. Accordingly, Current tax Liability for the year ended March 31, 2020 and thereafter has been determined and recognized at the concessional rate. The impact arising from restating the deferred tax balances at the reduced rate has been recognised during the previous year.

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

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^{*} Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2021

ACCOUNTING POLICIES

1 Corporate information

Kurlon Enterprise Limited was incorporated in Mumbai, India on October 03, 2011, as a public limited Group under the Companies Act. The Group is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/ trading in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Bonded Foam, Pillows, Spring Mattresses, Furniture, Furnishings, Sofas etc.

2 Significant accounting policies

Basis Of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:-

Basis of Accounting

- i) The financial statements of the Subsidiary Companies are drawn up to the same reporting date as of the Holding Company.
- ii) The consolidated financial statements have been prepared in accordance with Indian Accounting Standard 110 on "Consolidated Financial Statements".

Principles of Consolidation:

- i) The financial statements of the Holding Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Indian Accounting Standard 110 on "Consolidated Financial Statements".
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's separate financial statements except as otherwise stated in the Significant Accounting
- iii) The difference between the costs of investments in the Subsidiaries over the net assets at the time of acquisition of shares in the Subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.
- iv) Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively."

The Consolidated Financial Statements of the Holding Company includes the results of following entities

Name of Company	Country of Incorporation	Date of Acquisition	Proportion (%) of Shareholding as on 31.03.2021	Proportion (%) of Shareholding as on 31.03.2020
Subsidiary Companies				
Kurlon Retail Limited	India	20-07-2017	100.0%	100.0%
Sevalal Solar Private Limited	India	24-12-2019	93.8%	69.0%
Sirar Dhotre Private Limited	India	24-12-2019	93.8%	69.0%
Sirar Solar Private Limited	India	24-12-2019	93.8%	69.0%
Belvedore International Ltd	India	21-12-2020	100.0%	0.0%
Komfort Universe Products and Services Limited	India	18-01-2021	100.0%	0.0%
Starship Value chain and Manufacturing Private Limited				
(Formerly Starship Manufacturing & Services Private Limited)	India	21-03-2021	100.0%	0.0%
Kanvas Concepts Private Limited	India	21-03-2021	100.0%	0.0%

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values. Further Defined Benefit Plans and Plan Assets are measured at fair value at the end of each reporting period, as explained in the accounting policies below:-

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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, regardless of whether that price is directly observable or estimated using another valuation technique. 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability and the assumptions the market participants would consider when pricing the asset or liability at the measurement date, assuming that market participants act in their best economic interest. 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. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are unobservable for the asset or liability.

2.2 Use of estimates and judgement

In preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS, management of the Group has made estimates, judgements and assumptions that affect the application of Accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures relating to contingent liabilities as at the date of the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis

Key source of estimation uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year in respect of useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets/liabilities, provision for warranty and other provisions and contingent liabilities.

Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense prospectively.

Provision for income tax and valuation of Deferred Tax

The Group's tax jurisdictions is India. Judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit("Value in Use" from continuing operations) is less than its carrying value. The calculation which is based on discounted cash flow model involves use of significant estimates, business assumptionss and valuation assumptions such as turnover, Gross Margin, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate. future economic and market conditions.

Provisions and Contingent Liabilities

A provision is recognized when the Group has a present obligation arising out of past events and it is probable that an outflow of economic resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimates required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements but are disclosed appropriately. A contingent asset is neither recognized nor disclosed in the financial statements.

2.3 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items. Revenue earned by the Group is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Other income

Interest income-Interest income is recognised using effective interest rate method. The effective interest rate is rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend Income- Dividend income is accounted for when the right to receive is established.

2.4 Foreign currencies

The functional currency of the Group is Indian Rupees.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognised in the Statement of Profit and Loss. Non-monetary items of the Group are carried at historical cost.

2.5 Leases

"The Group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less . The Group recognises the lease payments associated with these leases as an expense over the lease term.

2.6 Employee benefits

Employee benefits include contribution to provident fund, gratuity fund and employee state insurance scheme.

Retirement benefit cost and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements):
- net interest expense or income; and
- Remeasurement

The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Compensated absence

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized at an actuarially determined liability at the present value of the defined benefit obligation as at the balance sheet date. Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years (Temporary Differences) and items that are never taxable or deductible(Permanent Differences). The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred ta

"Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Kurlon Enterprise Limited



Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized."

2.8 Property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.

The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Lease rentals and premium for lease hold are amortized over the primary lease period.

Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss

Capital work in progre

Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

The capital work- in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.9 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

"Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from Derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised/disposed

2.10 Impairment

Financial assets (other than at Fair Value

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non-financial asse

"Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss."

2.11 Inventory

Items of inventory are valued at lower of cost and net realizable value. Cost of raw materials, stores and spares, packing material and traded goods is determined on weighted average basis. In case of work-in-process and finished goods, cost includes an appropriate proportion of cost of conversion to bring the goods to its present condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

2.12 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

"When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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2.13 "Investment in Subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment. Where there is a decline, other than temporary, in the carrying amount of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist."

2.14 Financial Instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A) Financial assets

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order 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.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely navments of principal and interest on the principal amount outstanding

Financial assets at fair value through profit and loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.

Foreign exchange gains and losses

The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and less.

B) Financial liabilities and Equity

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using effective interest method.

Equity instrument

An equity instrument is contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue costs.

Foreign exchange gains and losses

"For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in ""Other income"

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the profit and

2.15 Earnings per share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Segment reporting

"The chief operating decision maker (CODM) identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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 financial statements relate to the Group's single business segment."

Kurlon Enterprise Limited



2.16 Segment reporting

"The chief operating decision maker (CODM) identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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 financial statements relate to the Group's single business segment."

2.17 Research and development

All revenue expenditure related to research and development are charged to the respective heads on the Statement of Profit and Loss. Capital expenditure incurred on research and development is capitalised as property, plant and equipment and depreciated in accordance with the depreciation policy of the Group

2.18 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.

2.19 Impact on COVID

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Group. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, intangibles and goodwill. The Group does not anticipate any material impact on the recoverability of the carrying value of the aforesaid assets. However, considering the nature of the pandemic, the eventual impact may differ from that considered as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions. The Group has resumed it business activities by reopening its factories on a gradual basis in line with the guidelines issued by the Government authorities.

2.2 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

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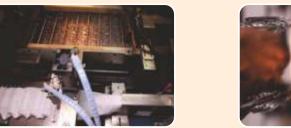


Our state of the art manufacturing facilities



State-of-art imported machinery in all our manufacturing facilities ensure world class quality, reliability & scalability of production. Use of virgin raw materials assure product quality, performance and durability. Modern testing facilities ensure that adherence to quality norms is maintained. Adapt R&D makes sure that we are second to none and churns out innovative products.









www.kurlon.com

Registered Office:

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

Corporate Office:

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042. Tel. No.: +91 80 40313131 Fax No.: +91 80 25587189 Email id: secretary@kurlon.com Website : www.kurlon.com





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www.kurlon.com

Corporate information

Founder

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

Managing Director

Sri. T. Sudhakar Pai

Non-Executive Non Independent Director

Mrs. Jaya S. Pai

Non-Executive Non Independent Director

Mr. Jamsheed Minoo Panday

Independent Director

Sri. H. N. Shrinivas

Sri. Sivaramakrishnan Nagarajan

Chief Executive Officer

Mrs. Jyothi Ashish Pradhan

Chief Financial Officer

Mr. Abhilash Kamti

Company Secretary Mr. Monu Kumar

Statutory Auditor

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

Internal Auditor

KD Practice Consulting Private Limited - CA Pooja Dharewa

Cost Auditor

M/s. GNV & Associates, Cost Accountants

Registered Office:

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

Mumbai - 400 059.

Corporate Office:

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042.

Tel. No.: +91 80 40313131.
Email id : secretary@kurlon.com Website : www.kurlon.com

Corporate Identity Number

U36101MH2011PLC222657

Share Transfer Agent

Purva Sharegistry (India) Private Limited

(Unit: Kurlon Enterprise Limited)

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

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

Email id: support@purvashare.com Website: www.purvashare.com



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About Kurl-on

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

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

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

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

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



Our Vision & Mission

VISION

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

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

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

Award And Recognition

Our never ending quest to provide healthy sleep solutions for India has led to an array of products that continue to raise benchmarks. It gives us great pride when our efforts are recognized. That's why we're honoured to receive "49th National Safety day award" conducted by the Government of Karnataka, under the category of 5TPH process boilers.





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

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



of helping india sleep healthy





THE KURL-ON TIMES



Started as Karnataka Coir **Products Pvt Ltd** with one factory in Arsikere - a small town in Karnataka.

1962



Kurl-On bags its first railway order.

1969



1988

and TV.

Initiates in-house

foam. Pioneers the

quilted mattress

becomes the first

mattress brand to

advertise on print

concept and

production of polyurethane



Becomes an ISO 9001 certified company.

2000



manufacture of spring mattresses at the Bangalore factory. Also introduces products like **sofas** and indigenous furnitures.

2006



Establishes 9 strategically-located manufacturing facilities across Karnataka, Orissa, Madhya Pradesh, Uttarakhand and Gujarat.

2013

2016



First brand to launch concept mattress called Wedding series.

2019



2022

1965

Rubberized Coir mattress launches

1972

Wins contract to manufacture car seats for Mahindra & Mahindra, Hindustan Motors.



1995

Introduces the campaign - 'Stand on, Sit on, Sleep on, Kurl-on.'



2002

Enters the retail industry with Kurlon Nest; the company's first retail venture across India.



2010

Starts the first franchise outlet -**Kurl-on Mattress** Express.



2021

Upgrades products Brand launches concept.



revolutionary Mattress in a bag



"There are two ways to make money in life.

One is the way everyone thinks "How can I become a billionaire?" Another way is to ask, "How can I make a difference?"

Late Mr. T. Ramesh U. Pai Kurlon Enterprises Ltd.

009





Key Differentiators



Strong Brand Value: Kurlon is one of the oldest and most trusted brand in India which always committed to fulfil and deliver soulful rest to its end consumers and serve as partner in their journey of growth.



Diversified Product Range in Premium Category: Kurlon Manufactured entire range of home comforts solution ranging from mattresses, PU Foam, furniture & highend soft furnishings products in the rich and premium category.



Widest Sales and Distribution Network:

Kurlon have retail reach out of more than 4000+ counters and 50+ Warehouses across India.



Customer - Oriented: dedicated CDT team guides our customers to choose a suitable products based on their needs; apprises them on the latest technology and benefits; and provides strong after sales support, adding value to their lives and enhancing their experience.



Vertical Integrated manufacturing: Kurlon is the only player in the industry which makes rubberized Coir Mattress, Spring Mattress, Foam and rebounded foam which give us the complete Control in the highest and premium Quality.



World Class Manufacturing Facilities at Multi Location: 12 strategically located manufacturing units across India helps us to fulfil our promise for quality, speedy delivery and better customer reach.



Environment and Sustainability: This is also very important taking care part of Planet and community. Kurlon did this through rain harvesting, using solar energy and Zero Carbon emission.



Research & Development: As technology leaders, we continuously add value to our existing products and formulate differentiated, more qualitative and comforting range through dedicated separate products development team.



O12 ANNUAL REPORT 2021-22 O13 Of HELPING INDIA SLEEP HEALTHY

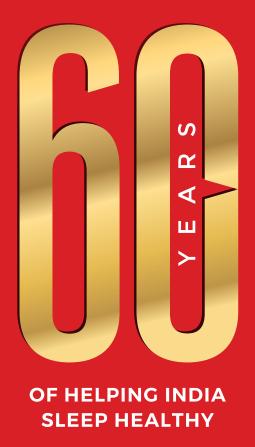
OPEN UP TO A WHOLE NEW WORLD



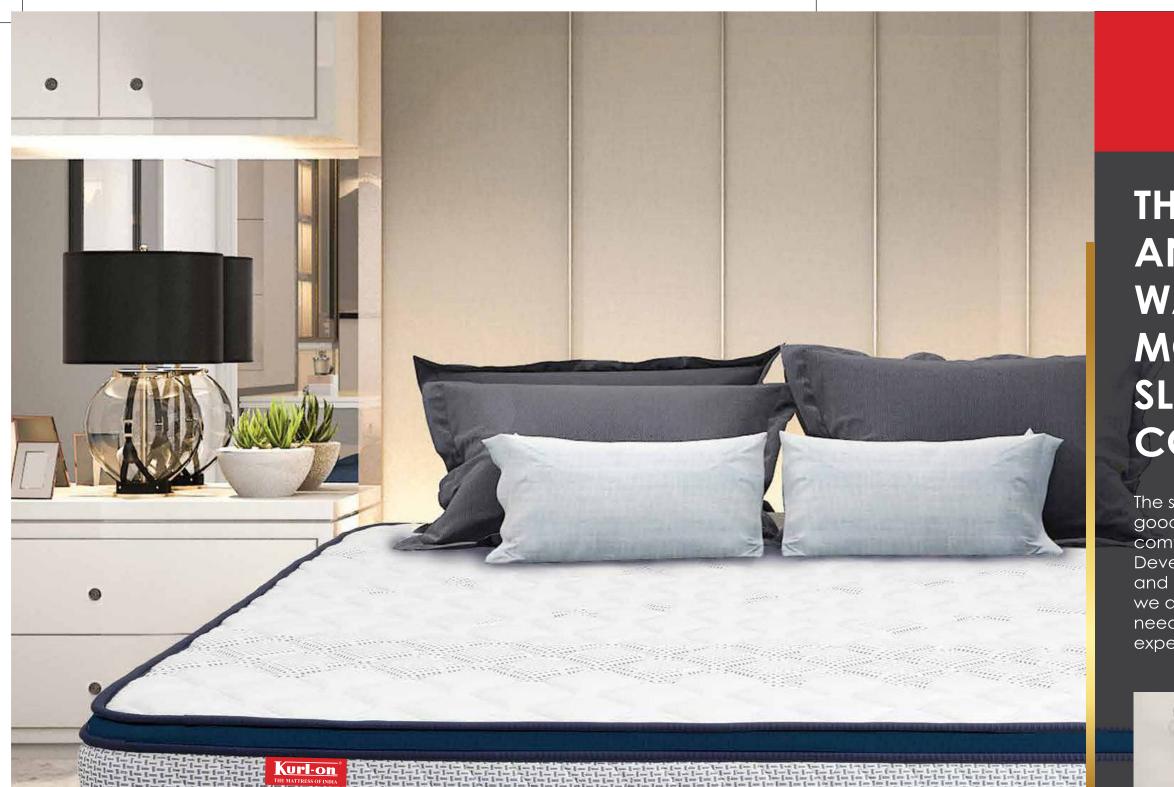
THE REVOLUTIONARY NEW KURL-ON MATTRESS.

Easy-to-use, Easy-to-carry and Unbelievably Comfortable.

Product Portfolio





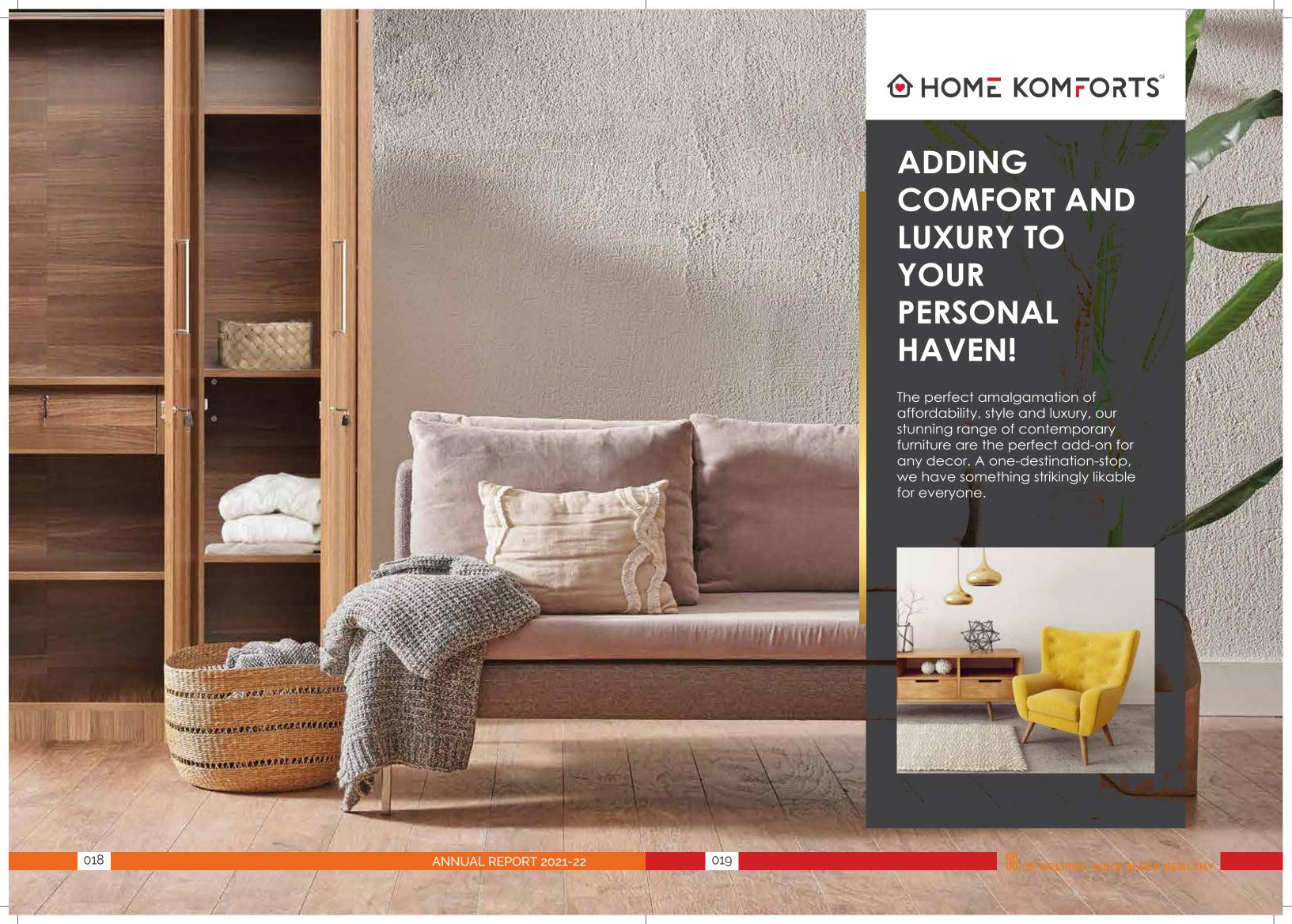




THE LEGACY AND THE WARMTH OF THE MOST RELAXING SLEEP CONTINUES!

The simplest form of happiness is a good night of sound sleep amidst the comfort and coziness of the bed. Developed after endless research and technological implementations, we are a brand that knows what you need for the ultimate relaxing experience the best.



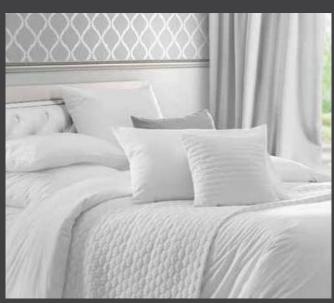




Kurlopillo

SLEEP ON PLUSH, COMFORTABLE AND SUPER SOFT CLOUDS!

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



60 OF F

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Get **/CTiV**now

INDIA LOVES A MATTRESS THAT KEEPS THEM GOING!

Perfect for everyone

"Bought this matters for the whole family, and it's the best purchase we have made this year"

Make the Switch!

"I've used traditional mattresses for the longest time, but switching to Activ has changed my life! No more body aches!"

It's a game changer

"Didn't know picking the right mattress could make so much difference. So happy to wake up energized everyday. Thank you Kurl-On!"







ш movers.

Т hustlers.

__ parents.

kids. pets.

O lovers of sleep.

L lovers of energy.

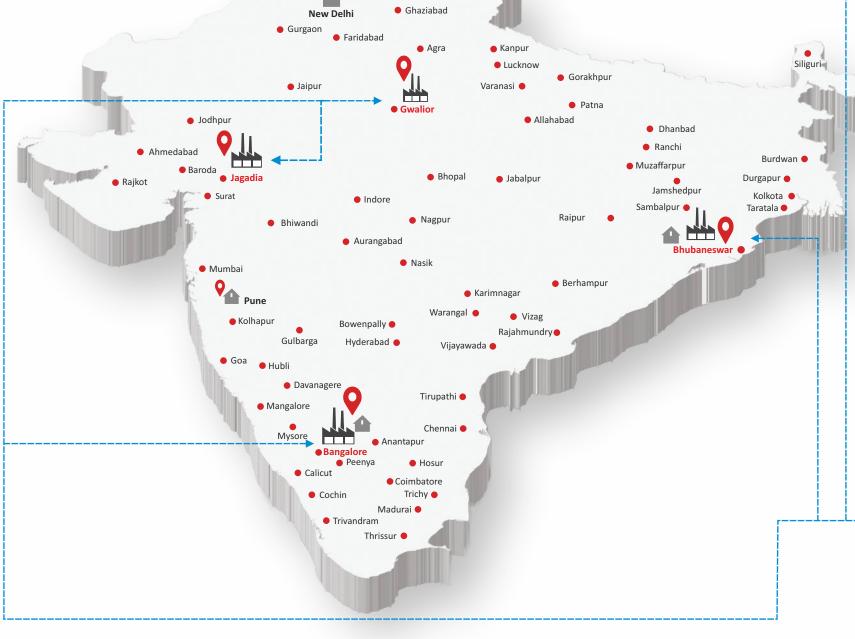


3-ZONE MATTRESSOrthopedic Mattress



5-ZONE MATTRESSOrthopedic Mattress





Nationwide presence to Serve you Better

12 K

12 Kurlon Factory

50+ Warehouses

Map not to scale and for illustrative purpose only.





From the desk of Managing Director

Dear Shareholders,

It gives me immense pleasure to place before you the 11th Integrated Annual Report of Kurlon Enterprise Limited for FY 2021-22. We are in the midst of improving transparency, ensuring sustainability, and promoting inclusive growth.

As we slowly transition toward normalcy, it is an opportunity for us to make this transition more resilient, inclusive, and sustainable. The past two years were challenging, but we as Kurlon has stood the test of time and emerged stronger and more confident to face the future. Before I begin to share our insights and experiences of the Financial Year 2021-2022. I would like to place on record my appreciation on behalf of the Board of Directors of the entire Kurlon family who has worked tirelessly even in exceptional circumstances for the greater good of the society. Their concerted efforts to ensure Kurlon's continuing success are phenomenal.

While the Indian economy is still struggling to overcome the rippling effects of the COVID-19 pandemic, we have reported a year of topline growth. Our consolidated revenue from operations pigged at Rs 79,515.38 Lakhs with an annual growth of 4.79% as compared to last year. This surge in growth is despite accelerating inflationary pressure in the last quarter and demonstrates kurlon's remarkable resilience and agility. On a standalone basis, net revenue from operations stood at Rs. 77,225.58 as against Rs. 74,447.86 Lakhs in FY 2020-21 registering a growth of 3.73%. whereas, Profit after tax for the year decreased to Rs. 357.96 Lakhs from Rs. 3,828.27 Lakhs in the previous fiscal. The financial results of the company have been impacted due to various transformation programs carried out. We expect that in the coming year these decisions will positively impact the financial results of the Company

In these unprecedented times, economies are facing one crisis after

another. We had not yet recovered from the aftermath of COVID, and a consequential crisis of high inflation hit us. Quarter 4 witnessed India's 8year high retail price inflation. The inflationary headwinds led to a dramatic surge in input costs, and Kurlon had to face the worst impacts of higher input costs. Under these exceptional circumstances, our strategy to combat the challenges posed by high input costs involved cost control measures. Our integrated thinking approach coupled with consumer-centric innovations has helped us stand the test of the most challenging times and preserve our 60-year-old legacy.

With mounting inflationary pressure

on key raw materials which is expected to grow even more in the coming months, Kurlon plans to monitor the situation closely to develop strategic ways to offset the increase in the price of raw materials through our synergies and cost efficiencies. We will continue to make sustained efforts to drive demands for our brands by enhancing our presence through various ecommerce platform. While we are applying our learnings from the last two years of the pandemic to enhance the efficiencies of our operations and build robust supply chains to function with minimum disruption in such exceptional circumstances. Our people are our most valuable asset, with their commitment and dedication, I am confident that we will continue to meet the demands of our consumers, live up to their expectations by providing long-term value, and generate sustainable long-term growth.

The Company is on the lookout for opportunities to scale up both organic and inorganic in India and internationally. I would like to state that we are consciously moving towards ESG: use of clean technologies which accelerates sustainability and also enables traceability and transparency.

Our Company is extremely well poised to take advantage of the growth opportunity in our segment. It is estimated that the organized mattress segment will grow over 15% YOY. Our deep connect with our customers and the strength of the brand will be leveraged to further strengthen the revenue growth post the challenges posed by the Covid years. The year forward will be to consolidate and strengthen our offerings, new product launches to address the requirement of all the segments and to get future ready specifically in the supply chain domain so that no customer is left out. Opportunities to take our brand outside of India is being actively pursued and explored. The Company is confident that the humble Coir will make a comeback in the 'healthy/non-toxic' avatar thereby bring the mojo back into the product suite we offer to the customers. Our Company is foraying into the technical foam category and is engaging with clients in the garment & automobile industry to replace foam which is currently being imported. We are confident that our R&D team will be able to meet the high standards and add to the 'Make in India' vision of our Honorable Prime

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

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

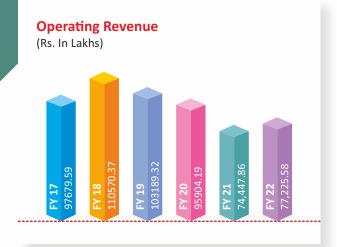
Regards
T. Sudhakar Pai
Managing Director

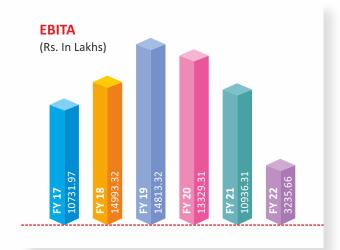
OF HELPING INDIA SLEEP HEALTHY

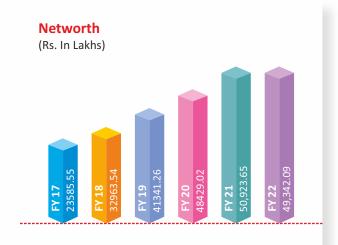


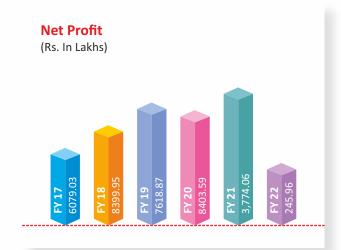
Kurlon Enterprise Limited (Standalone)

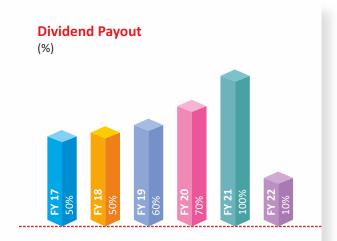
Kurlon Enterprise Limited (Consolidated)

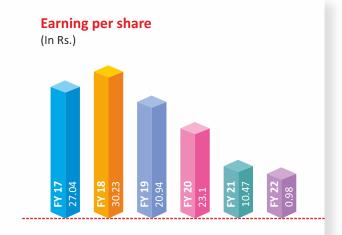


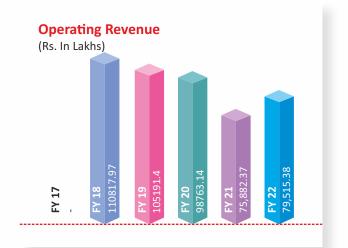


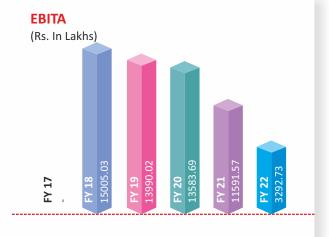


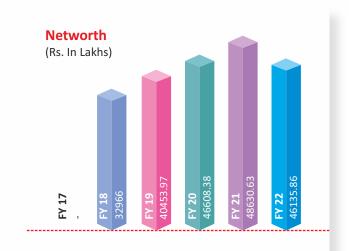


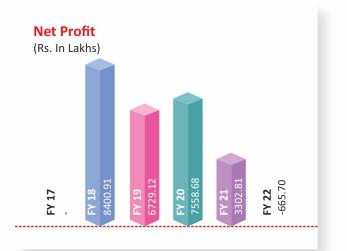


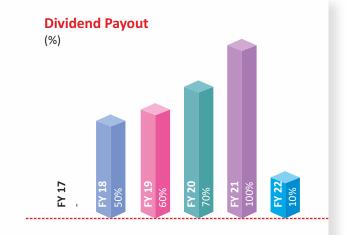


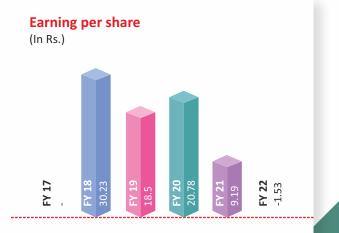












OF HELPING INDIA SLEEP HEALTHY



Director's Reports

Dear Members.

The Board of Directors are pleased to present the Company's 11th Integrated Annual Report and Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2022.

1. Financial highlights of the Company

The Company's financial performance (standalone and consolidated) for the year ended March 31, 2022 is summarized below:

(Rs. in Lakh)

	Stand	dalone	Consolidated	
Particulars Particulars	2021-2022	2020-2021	2021-2022	2020-2021
Revenue from operations	77,225.58	74,447.86	79,515.38	75,882.37
Other Income	966.79	841.17	1,364.81	842.87
Total Income	78,192.37	75,289.03	80,880.19	76,725.23
Profit Before Financial charges, tax and Depreciation	3,235.66	10,936.31	3,292.73	11,591.57
Less: Finance Charges	286.96	229.92	572.96	526.99
Less: Depreciation	2,511.98	2,426.69	3,604.62	3,125.37
Profit Before Tax and Exceptional items	436.72	8,279.70	(884.86)	7,939.20
Less: Exceptional Items	418.08	2,018.68	-	2,018.68
Net Profit Before Tax	18.64	6,261.02	(884.86)	5,920.52
Less: Current tax	475.96	1,658.47	575.12	1,798.47
Add/Less: Tax credit of earlier years	(130.20)		(154.20)	0.11
Add/Less: Deferred tax	(685.08)	774.28	(747.41)	762.07
Profit after tax	357.96	3,828.27	(558.37)	3,359.87
Other comprehensive income	(112.00)	54.21	(107.33)	(57.06)
Total comprehensive income for the year	245.96	3,774.06	(665.70)	3,302.81
Proposed Dividend on Equity Shares	182.76	1827.61	182.76	1827.61
Surplus in statement of P & L carried to Balance Sheet	31,367.78	32,949.43	28,100.69	30,595.45
Earnings per share (EPS).	0.98	10.47	(1.53)	9.19
				C . I

^{*} Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period,

Performance review and the state of Company's affairs:

During the current year, Net Revenue of the Company, on standalone basis, increased by 3.86 % from Rs. 75,289.03 Lakhs to Rs. 78,192.37 Lakhs whereas the Profit after tax (before other comprehensive income) for the current year decreased to Rs 357.96 Lakhs as against Rs 3,828.27.Lakhs previous year. Net profit of the Company (after other comprehensive Income) for the current year also decreased to Rs. 245.96 Lakhs as compared to Rs. 3,774.06 Lakhs in the previous year.

On Consolidated basis the Overall Revenue increased by 5.42% from Rs. 76,725.23 Lakhs to Rs. 80,880.18 Lakhs however The Consolidated Profit after tax and other comprehensive income decreased from Rs. 3,302.81 Lakhs to Loss of Rs. 665.70 Lakhs.

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

2. Impact of COVID-19 on the economy and Company's initiatives in addressing the challenges of the pandemic

The COVID-19 pandemic has led to the unprecedented health crisis and has disrupted economic activities and global trade while weighing on consumer sentiments. During the year under review, the nation experienced high severity and mortality of citizens brought by the second wave of the ongoing COVID-19 pandemic. With intermittent nationwide lockdowns and disruption in regular economic activities, there was price volatility of raw materials and sluggish market demand during first half of the year under review. However, the Company dealt with the pandemic by continuing to focus on operational excellence, marketing strategies, and keeping its employees and community at the core of it.

The health and safety of employees and the communities in which the Company operates continue to be the foremost priority of the Company. To mitigate the risks and challenges faced by the Company during the pandemic, the Company enhanced safety and hygiene norms at offices, implemented work from home, staggered shift timings for safety of employees and leveraged digital platforms for its day-to-day operations. Further, the Company's three pronged communication strategy – awareness, engagement and reinforcement helped spreading awareness amongst various communities. The operations of the company have been impacted due to COVID.

3. Dividend

Your Directors are pleased to recommend a Dividend of Rs. 0.50./- (i.e. 10%) per equity share of Rs. 5/- each fully paid up as final dividend for the financial year ended March 31, 2022 (Rs. 5/- (i.e 100% previous year), payable to those Shareholders whose names appear in the

Register of Members as on the Record Date. The dividend on Equity Shares is subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM) of the Company and if approved, the dividend would result in a cash outflow of Rs. 182.76 Lakhs (Rs. 1827.61 Lakhs Previous year).

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

4. Transfer to Reserves;

The Board of Directors have decided to retain the profit after distribution of dividend for the Financial Year 22 in the Statement of Profit and Loss hence no amount is being recommended to transfer to General reserve.

5. 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

6. 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 22.

7. Consolidated Financial Statement;

In accordance with the provisions of the Companies Act, 2013 and the applicable Accounting Standards on the Consolidated Financial Statements, your Directors have attached the consolidated financial statements of the Company together with the

Auditors' Report which form a part of this Annual Report

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

8. Change in the nature of business;

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

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

There was no reportable material event in the Company during the year except the Company has entered into lease agreement with its Holding Company and deposited a sum of Rs. 153 Crs upfront as lease rental deposit and rent. Further, Budhihal Furniture factory, even though, has been fully operational for last 10 years, but has not

been able to yield profits for the Company and is running into huge losses. There is no viability of furniture business in south Indian market. Therefore, the board on November 7, 2022, decided to close the Budhihal factory on the account of enviable and uneconomic business condition of manufacturing activities of furniture division w.e.f. November 30, 2022.

Besides, The Board of directors of the Company at their meeting held on November 28, 2022 have unanimously decided to commence a new factory at Dabaspet D3 for assembling of mattresses and other related products. The total estimated cash outflow would be Rs. 3.50 Crs.

At around 7:40AM, there was a short circuit which resulted in smoke arising on the back side of the Mattress production building. The team had immediately got into action in fighting out the fire. However, the pace of spread of the fire was very fast and within a few minutes, the entire building was engulfed with fire. This had caused damaged to the entire building structure, plant & machinery and stocks inside the building. The company has already intimated the loss details to the insurance company who have deputed surveyors and the loss assessment is ongoing. Since the company has an adequate insurance policy covering all types of risks, no major losses are anticipated due to this incident.

10. Indian Accounting Standards

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

11. Share capital

The authorized share capital of the Company as at March 31, 2022 is Rs. 75,30,00,000/- (Rupees Seventy Five Crores Thirty Lakhs Only) divided into 15,06,00,000 (Fifteen Crores Six Lakhs) Equity shares of Rs. 5/-(Rupees Five) each and The paid-up share capital of your Company is Rs. 18,27,61,305 (Rupees Eighteen Crores Twenty Seven Lakhs Sixty One Thousand Three Hundred and five only) during the year under review divided into 36552261 (Three Crores Sixty Five Lakhs Fifty Two Thousand Two Hundred and Sixty One) equity shares at Rs. 5/- each. There was no public issue, rights issue, bonus issue or preferential issue made by the Company during the year under review. The Company has not issued shares with differential voting rights or sweat equity shares. The Company has not bought back any of its securities during the year under review.

12. Directors and Key Managerial Personnel

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

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

^{*} W.e.f. 01.09.2022

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

At the 10th Annual General Meeting of the Company held on November 25, 2021, Mrs. Jaya S Pai (DIN: 00030515) has been reappointed as Non-Executive Director of the Company, liable to be retire by rotation.

The Company at its AGM held on November 25, 2021 had appointed Sri Sivaramakrishnan Nagarajan and Sri. H.N. Shrinivas as Non-Executive Independent Directors to hold the office till the conclusion of 13th Annual General Meeting of the Company to be held in the year of 2024.

The Company has appointed Mr. Jamsheed M Panday as an additional director on the Board of the Company w.e.f. September 1, 2022 in place of Mr. Vishal Tulsyan who ceased to be nominee director of the Company w.e.f. August 30, 2022.

The aforesaid Independent Directors have given declarations that they meet the criteria of independence as contemplated under Section 149(6) read with Schedule IV to the Act and the same were taken on record by the Board. There has been no change in the circumstances affecting their status as independent directors of the Company.

The Board of Directors appointed Mr. Abhilash Padmanabh Kamti as the CFO of the Company w.e.f 01/06/2022 at a remuneration as determined by the Board of Directors on the recommendation of Nomination and Remuneration Committee at their meeting held on June 4, 2022 in place of Mr. Ritesh Shroff

who ceased to be CFO of the Company w.e.f. December 7, 2021 due to his resignation.

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

13. Declaration by Independent Director;

The Independent Directors have given declarations that they meet the criteria of independence as contemplated under Section 149(6) read with Schedule IV to the Act and the same were taken on record by the Board.

The Ministry of Corporate Affairs vide its circular dated 22 October 2019 further amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by requiring an independent director to apply online, within September 30, 2020, to the Indian Institute of Corporate Affairs for inclusion of his/her name in the data bank for such period till he/she continues to hold office of an Independent Director in any Company. The new Independent Directors have confirmed to the Company that they have registered themselves with the data bank of Indian Institute of Corporate Affairs and are independent to the Management of the Company.

14. Familiarization Programme for Independent Directors

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

15. Deposit from Pubic

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.

16. Board and Committee Meetings

During the year under review, 5 (Five) Board Meetings, 4 (four) Audit Committee Meetings were convened and held apart from other Committee's meetings of the Company. The details of all the meetings including committee's meeting are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The calendar of Board and Committee Meetings were prepared and circulated in advance to the Directors.

17. Committees of the Board

The Committees of the Board focus on certain specific

areas and make informed decisions in line with the delegated authority.

The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee

Your Company has not applied for any loans from the banking sector for the last 3 years except working capital facilities. Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Annual Report. During the year under review, all recommendations made by the various committees have been accepted by the Board.

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

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

Annual Evaluation of Board and its Committees

Your Company believes that it is the collective effectiveness of the Board that impacts the Company's performance and thus, the primary evaluation platform is that of collective performance of the Board.

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

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

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

19. Policy on Directors' Appointment and Remuneration:

Sevalal Solar (P) Ltd

Sirar Dhotre Solar (P) Ltd

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The Board has, on the recommendation of the Nomination & Remuneration Committee framed and adopted a policy, inter alia, for remuneration and appointment of Directors, senior management and key managerial personnel of the Company. The details of Nomination and Remuneration Policy is stated in the Corporate Governance Report.

at	e Governance Report.	Details of Subsidiaries are as	Tollows.
	Name and address of the Company	CIN/GLN	Subsidiary/JV/Associate
	Kurlon Retail Limited	U36104KA2012PLC065664	Wholly Owned Subsidiary
	Komfort Universe Products and Services Limited	U52520KA2021PLC143244	Wholly Owned Subsidiary
	Belvedore International Limited	U52520KA2020PLC142418	Wholly Owned Subsidiary
	Starship Value Chain and Manufacturing (P) Limited	U36900KA2020PTC139535	Wholly Owned Subsidiary
	Kanvas Concepts Private Limited	U74999KA2020PTC138867	Wholly Owned Subsidiary
	Sirar Solar Energies (P) Ltd	U40106KA2016PTC097367	Subsidiary

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

Whereas M/s Kanvas Concepts Private Limited is engaged in the business of Home Interior décor, wherein the Company would explore its entire products including furniture items to increase its overall revenue and profitability. Further, Starship Value Chain and Manufacturing Private Limited provides value chain/logistic services to the company to gain momentum in the market and to offer contactless deliver to the end consumers of the Company.

Kurlon Retail Limited is engaged in retail segment and presently operating through 59 Retail stores PAN India.

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

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

21. Directors' Responsibility Statement

Your Directors make the following statement in terms of

20. Details of Subsidiary/Joint Ventures/Associate Companies

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

Details of Subsidiaries are as follows

U40106KA2016PTC094328

U40300KA2016PTC097314

Section 134(3)© & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

Subsidiary

Subsidiary

- **a.** That in the preparation of the annual accounts for the Financial Year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures and the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013
- **b.** That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2022 and of the Profit of your Company for the Financial Year ended March 31, 2022;
- **c.** That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- **d.** That the annual accounts for the Financial Year ended March 31, 2022 have been prepared on a going concern basis;
- **e.** That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

22. Management Discussion and Analysis Report;

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

23. Report on Corporate Governance;

The Company is committed to maintain the highest

standards of corporate governance and adhere to the corporate governance practice as set out in the Act. The Company is also committed to benchmarking itself with global standards for providing good Corporate Governance. A Report on Corporate Governance is disclosed as Annexure "B" forming part of this Report.

24. Auditors and Auditors' report

Statutory Audit:

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

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 2021-22 are part of the Annual Report.

Audit reports

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

Secretarial Audit:

Pursuant to the provisions of Section 204 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Deepak Sadhu, Practicing Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as Annexure D.

The report contains the following observations;

The observation with respect to the FCGPR compliance

pursuant to issue of Bonus shares remains the same.

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

Cost Audit:

Pursuant to Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Company are required to be audited. The Directors, on the recommendation of the Audit Committee, appointed M/s. GNV & Associates, Cost Accountants, Bangalore, to audit the cost accounts of the Company for the FY ending 31st March, 2023 on a remuneration of Rs 2,50,000/-(Rupees Two Lakh Fifty Thousand) plus out of pocket expenses and applicable taxes. The remuneration payable to the Cost Auditor is required to be ratified by the shareholders at the ensuing AGM.

Internal Audit

Mrs. Pooja Dharewa from KD Practice and Consulting Private Limited are the internal auditor of the Company during FY 2021-22.

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

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of a Company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF").

In terms of the foregoing provisions of the Act, there is no dividend which require to be transferred to the IEPF by the Company during the year ended 31st March 2022.

26. Particulars of Loans, Guarantees and Investments

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

Category	Date of Board meeting in which such loan / investment/ guarantee / security approved	Details of Loan / investment / Security / Guarantee	Name of the Company in which Investment / Loan / Guarantee is made / given	Purpose of which the loan / guarantee / security is proposed to be utilized by the recipient	Amount (In Lakhs)
Loan	27-07-2021	Loan / advances are provided to WOS for its operational purpose	provided to WOS for Kurlon Retail Limited		585.06
Loan	21-03-2021 07-12-2021 12-03-2022	Loan / advances are provided to WOS for its operational purpose	Kanvas Concepts Private Limited	Operational	77.76

Category	Date of Board meeting in which such loan / investment/ guarantee / security approved	Details of Loan / investment / Security / Guarantee	investment /		Amount (In Lakhs)
Loan	27-07-2021	Loan / advances are provided to WOS for its operational purpose	rovided to WOS for Komfort Universe Products		81.40
Loan	27-07-2021	Loan / advances are provided to WOS for its operational purpose	Belvedore International Limited	Operational	13.01

27. Particulars of Contracts or Arrangements with related parties

Related party transactions entered during the financial year under review are disclosed in Notes to the financial statements of the Company for the financial year ended 31st March, 2022. These transactions entered were at an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions with the Company's promoters, directors, management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions are given elsewhere in this report and the same forms part of this report

28. Risk Management System

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

Keeping the above in view, your Company has formulated a Risk Management Policy duly reviewed by the Board of Directors. The policy includes risk identification, analysis and prioritization of risk and development of risk mitigation plans. The Company has constituted a Risk Management Committee to look into the risk involved with the Company and its

Mitigation.

29. Safety, Health and Environment

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

The Company had implemented sanitization at all workplace, seating arrangement with a distance of 2

meters, Health and Travel declaration form, thermal scanning at gate entry to capture temperature of individual and generate alert in case of any abnormality to curb the spread of COVID.

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

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

The Company stands ahead of its peers for its management of natural resources, energy management, carbon emissions reduction, conservation of water resources and biodiversity and management of waste and is committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimizing our potential impact on the environment. The Company operates in compliance with all relevant environmental legislation and we will strive to use pollution prevention and environmental best practices.

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

- Proper management of Hazardous waste & solid waste
- Maintain 'Zero' discharge pattern by installation of Effluent Treatment Plant & Sewage Treatment Plant.

- Regular compliance of environmental Rules & Regulation.
- Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environment and sustainability issues.

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

30. Vigil Mechanism/ Whistle Blower Policy

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

31. Corporate Social Responsibility (CSR)

Your Company being a responsible Corporate Citizen and an early adopter of CSR initiatives, works primarily through various Trusts/societies, School and Colleges, towards supporting projects in the areas of promotion of health, Education and development; rehabilitation, enhancing vocational skills; promoting healthcare including preventive health care and rural development. The Company's CSR Policy is available on the website of the Company at www.kurlon.com. The CSR Policy of the Company is amended vide Board resolution dated May 7, 2021 to incorporate amendments brought about to the provisions of section 135 of the Act and rules vide notification dated 22nd January, 2021 issued by MCA. A report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as Annexure – E. The Board of Directors of the Company at their meeting held on May 7, 2021 have also reconstituted its CSR Committee comprising 4 (four) Directors with majority of independent Directors.

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

Livelihoods, Media Art and Culture, Urban Poverty and Livelihoods, Civil Society etc. in more controlled, effective, systematic and transparent manner.

32. Business Responsibility Report

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

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

Our Principle Wise Performance are as follows;

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

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

This covers the Company, subsidiaries and group companies

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

Consumer Complaints are being attended by a dedicated customer delight team (CDT) and are resolved expeditiously. During the year there have been 20230 Compliant received out of which 4 are open and rest are closed

Principle 2: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total number of employees as on 31st March 2022 were

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

Out of the total Employees, 12 were on contractual basis

3. Please indicate the Number of permanent women employees.

The number of women employees as on 31st March 2022 was 17.

4. Please indicate the Number of permanent employees with disabilities

Number of permanent employees with disabilities as on 31st March 2022 were ZERO.

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

No

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

 Not Applicable
- 7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

- 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- (a). Permanent Employees 100%
- (b). Permanent Women Employees 100%
- (c). Casual/Temporary/Contractual Employees-100%
- (d). Employees with Disabilities- Not Applicable

Principle 3 : Businesses should respect and promote human rights.

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

This covers the Company, subsidiaries and group companies

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

No complaint was received by the Company on Human rights issue

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

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

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

Confederation of Indian Industry (CII)

All India Manufactures Organization (AIMO) and

All India Coir Mattress Manufactures Association (AICMMA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies,

Yes, all of the above

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

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

As on 31 March, 2022 Company has 4 (four) consumer complaints pending.

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

Yes

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

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

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

 $Yes \ but \ for \ satisfaction \ and \ better \ improvement.$

Principle 6: Businesses should provide goods and

services that are safe and contribute to sustainability throughout their life cycle

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.
- (a). The company recycles the scrap foam to re-bonded foam and does not dispose any to the environment
- **(b).** the rubberized coir cuts are reused back to the mattress avoiding additional coir requirement or land fill.
- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
- **(a).** The reduction in foam scrap has increased the Yield reducing the requirement of raw material
- **(b).** the coir cuts were otherwise used as fuel / land fill which has been avoided
- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?
- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Company believes in sustainable sourcing and logistic solutions, today about roughly 10 % of our raw material are sourced in bulk. This eliminates wastage of packaging material and disposal concern.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

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

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

Company does have a mechanism to recycle waste/scrap. Some scrap products of the Company like foam is converted into re-bonded/ chip foam and also coir trim waste is effectively used for production of Coir Mattresses. EPE trim waste is recycled for production of fresh EPE products. The total percentage of recycling of the products and waste is 12%.

Principle 7: Businesses should respect the interests of, and be responsive to the needs of all stakeholders,

especially those who are disadvantaged, vulnerable, and marginalized.

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

Yes

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

Yes

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

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

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

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

It extends to the Subsidiaries and group companies.

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

The Company has installed Solar power plants at its factories for conserving energy. In addition the Company has 3 Subsidiaries Viz. Sirar Solar Energies Private Limited, Sirar Dhotre Solar Private Limited and Sevalal Solar Private Limited which produces clean energy addressing in its own small way global environmental issue of client change and global warming. For more details on conservation of energy Please refer the directors report.

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

Yes

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

Same as point 2 above.

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

Same as point 2 above.

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

Yes

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

No

Principle 9 : Businesses should support inclusive growth and equitable development

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

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

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

As of now "in house CSR team" of the Company, monitors and coordinates with external NGOs/Trust/other organizations to undertake such progammes/projects. The Company has recently formed "KURLON KARE FOUNDATION" to implement this going forward.

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

Not Applicable as per CSR Rules.

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

The Company and its CSR team has incurred a sum of Rs. 1,72, 77, 953/- on CSR projects comprising of health, Education, skill development and livelihood during the year.

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

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

33. Internal Financial Controls and Audit

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

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

34. Annual Return

The Annual Return of the Company as on March 31, 2022 will available on the Company's website at www.kurlon.com.

35. 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.

36. Secretarial Standards

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

37. 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.

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

The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure "F" to the Board's report.

39. Human resources and industrial relations

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

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

The HR department of the Company was continuously in touch with employees to guide and solve problems. It created awareness regarding COVID-19 and educated employees about precautions. The Company conducted all interviews through telephone and video calls in reference to the need for social distancing. The Company's permanent employee strength stood at 614 as on 31st March, 2022

40. Acknowledgements

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Date: 28-11-2021 Place: Bangalore. Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN: 07178853

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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 Limited	Holding Company	Purchase of goods	Ongoing	as per BTA	27.07.2021	7846.98
Kurlon Limited	Holding Company	Sale of Goods	Ongoing	as per BTA	27.07.2021	183.07
Mrs. Jyothi A Pradhan	CEO	Remuneration	NA	as per members resolution	21.03.2021	79.07
Mr. T Sudhakar Pai	Managing Director	Remuneration	Ongoing	as per members resolution	27.09.2017	75.92
Manipal Advertising Services (P) Ltd	Entity Significantly influenced by Director(s)	Advertisement Expenses	Ongoing	as per PO	27.07.2021	1301.93
Starship Global VCT LLP	Entity Significantly influenced by Director(s) and his relatives	Freight & Warehouse Charges	Ongoing	as per MOU	27.07.2021	5236.12
Starship Value Chain and Manufacturing Private Ltd.	WOS	Freight & Warehouse Charges	Ongoing	as per MOU	27.07.2021	1465.47
Manipal Travels (India) (P) Limited	Entity Significantly influenced by Director(s) and his relatives	Travel Expenses	Ongoing	as per MOU	27.07.2021	134.31
Kurlon Retail Limited	WOS	Sale of goods	Ongoing	as per MOU	27.07.2021	1171.67
Komfort Universe Products & Services Ltd	WOS	Sale of goods	Running	as per MOU	27.07.2021	6227.77

*Sale of goods to KL are Excluding of Rate Difference on purchase.

Note: Transactions like payment of managerial remuneration and Dividend are as per the terms approved by the shareholders. Transactions pertaining to rental, legal and professional fees, freight and warehouses charges, 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.

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)

Annexure - A

Part A: Subsidiaries

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

SI. No.	Particulars	Subsidiary 1	Subsidiary 2
1	Name of Subsidiary	KURLON RETAIL LIMITED	KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
2	Date of Incorporation	31/08/2012	18/01/2021
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	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
5	Share capital	763.33	5.00
6	Reserves & Surplus	(2,595.70)	(393.84)
7	Total Assets	2,368.05	235.85
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	4200.42	624.69
9	Investments	-	-
10	Turnover / Income from operations	1,650.35	4,499.65
11	Profit / (Loss) before Tax	(1,236.38)	(393.84)
12	Provision for Taxation	2.46	-
13	Profit/(Loss) After Tax	(1,238.84)	(393.84)
14	Proposed Dividend	-	-
15	% of shareholding	100%	100%

SI. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
1	Name of Subsidiary	BELVEDORE INTERNATIONAL LIMITED	KANVAS CONCEPTS PRIVATE LIMITED	STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED
2	Date of Incorporation	21/12/2020	22/09/2020	09/10/2020
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the NA relevant financial year in the case of foreign subsidiaries	NA	NA	
5	Share capital	5.00	1.00	0.50
6	Reserves & Surplus	(41.60) (113.20)		203.46
7	Total Assets	10.29	155.29	1,734.16
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	46.89	267.48	1530.20
9	Investments	-	-	-

SI. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
10	Turnover/Income from operations	-	36.73	2,137.81
11	Profit / (Loss) before Tax	(41.45)	(89.27)	160.62
12	Provision for Taxation	-	3.42	(43.01)
13	Profit / (Loss) After Tax	(41.45)	(92.69)	203.63
14	Proposed Dividend	-	-	-
15	% of shareholding	100%	100%	100%

SI. No.	Particulars	Subsidiary 6	Subsidiary 7	Subsidiary 8
1	Name of Subsidiary	SIRAR SOLAR ENERGIES PRIVATE LIMITED	SIRAR DHOTRE SOLAR PRIVATE LIMITED	SEVALAL SOLAR 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	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share capital	5.00	5.00	5.00
6	Reserves & Surplus	(42.48)	36.24	32.21
7	Total Assets	128.49	309.83	313.39
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	165.96	268.60	276.19
9	Investments	-	-	-
10	Turnover/Income from operations	103.89	78.88	70.48
11	Profit/(Loss)before Tax	(12.79)	14.02	10.81
12	Provision for Taxation	1.20	(5.68)	-6.77
13	Profit/(Loss) After Tax	(13.99)	19.70	17.58
14	Proposed Dividend	-	-	-
15	% of shareholding	93.80%	93.80%	93.80%

Notes:

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

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN: 07178853

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

However, your Company is not a listed company hence it is not bound to comply with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Company recognizes that good Corporate Governance is a Continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. The Company is conscious of its

Annexure - B

responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. BOARD OF DIRECTORS

I. Composition & Category of Directors;

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

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

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

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

As on the date of this report the Board comprises of 5 (Five) Directors, which include 2 (Two) Non-Executive Independent Directors, 1 (One) Executive Director, 1(One) Non-Executive Women Director and 1 (One) Additional Director.

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

Date: 28-11-2022

Place: Bangalore.

None of the Board of Directors of the Company is a member on more than 10 committees or Chairman of more than 5 committees, across all the listed / public limited Companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

II. Attendance at the Board meeting, last Annual General meeting and number of other Directorships and

chairmanships / memberships of committees of each Director in various Companies.

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the financial year ended 31st March, 2022 are as follows:-

Name of Director Designation / Category	No of Board Meetings attended during the F.Y. 2021-2022	Whether attended AGM held on 25.11.2021	No. of Directorships held in other Companies*	No. of Membership / Chairmanship in other Board Committee(s)**	
				Chairman	Member
Mr. T. Sudhakar Pai Managing Director Executive	5	Yes	7	-	2
Mrs. Jaya S Pai Non-Executive Director	5	Yes	4	2	4
Sri. S. Nagarajan Non-Executive Independent Director	5	Yes	2	2	6
Sri. H. N. Shrinivas Non-Executive Independent Director	5	No	2	4	4
Mr. Vishal Tulsyan Nominee Director, Non-Executive	5	No	2	-	3

- * Directorships held in Private Limited have been excluded. Directorship in all Public Limited entities including Kurlon Enterprise Limited are Shown.
- ** Memberships/ chairpersonships of Audit Committee, CSR, NRC and Stakeholders' Relationship Committee in all public limited Companies Including Kurlon Enterprise Limited have been considered.

III. Meetings;

Five (5) Board Meetings were held during the year ended 31st March, 2022 i.e. on 07.05.2021, 27.07.2021, 07.12.2021, 28.10.2021 and 12.03.2022 respectively.

The gap between any two meetings did not exceed one hundred and twenty days. In view of Covid-19 pandemic some of the board meetings were held through video conferencing / other audio-visual means mode as allowed by the MCA vide its Circular No.20/2020 dated 5th May, 2020.

A meeting of the Independent Directors was held on 09.07.2021 and inter-alia, discussed on matters pertaining to performance review of the Board, Chairman and Non-Independent Directors.

IV. Disclosure Regarding Appointment & Reappointment of Directors in the ensuing AGM

Details of directors seeking appointment/reappointment at the ensuing annual general meeting are provided in Annexure "A" annexed to the notice of AGM.

3. AUDIT COMMITTEE

a. Terms of Reference

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

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

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- To review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- To discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- To hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- To recommend to the Board the appointment, reappointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- To review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- To review with the management, performance of the statutory and internal auditors.
- To review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems, including the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.
- To evaluate internal financial controls and risk management systems.
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- To discuss any significant findings with internal auditors and follow-up thereon.

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- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To approve transactions, including any subsequent modifications, of the Company with related parties.
- To review and monitor the statement of use and application of funds raised through public offers and related matters.
- To review the functioning of the Whistle Blower/Vigil mechanism.
- To review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- To approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

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

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

Name of the Member	Designation		gs during the year 21-22
		Held	Attended
Sri. S. Nagarajan, Chairman	Non-Executive Independent Director	4	4
Sri. H. N. Shrinivas, Member	Non-Executive Independent Director	4 4	
Mr. T. Sudhakar Pai, Member	Managing Director, Executive	4	4
Mr. Vishal Tulsyan, Member	Nominee Director, Non-Executive	4 1	

Four (4) Audit Committee Meetings were held during the year ended 31st March, 2022, i.e., on 09.07.2021, 28.10.2021, 07.12.2021 and 12.03.2022. The gap between any two meetings did not exceed one hundred and twenty days and necessary quorum was present at all meetings. In view of Covid19 pandemic exists throughout the year, some of these Committee meetings were held through video conference or other audio visual means

mode as allowed by MCA vide its Circular No.20/2020 dated 5th May, 2020.

The Committee relies on the expertise and knowledge of the management, the internal auditor and the statutory auditor, in carrying out its oversight responsibilities. It also uses external expertise, if required. The management is responsible for the preparation, presentation and integrity of the Company's financial

statements, including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal controls.

The Chairperson of the Audit Committee attended the last Annual General Meeting of the Company held on 25th November, 2021. The Company Secretary acts as secretary to the meeting.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

The terms of reference of the Committee broadly cover the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013.

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

• Formulation of the criteria for determining

qualifications, positive attributes and independence of a director and

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

- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- To carry out evaluation of every Director's performance;
- To devise policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

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

Name of the Member	Designation	No. of meetings during the year 2021	
		Held	Attended
Sri H. N. Shrinivas* Chairman	Non-Executive Independent Director	3	3
Sri. S. Nagarajan* Member	Non-Executive Independent Director	3	4
Mrs. Jaya S. Pai Member	Non-Executive Director	3	4
Mr. Vishal Tulsyan Member	Nominee Director, Non-Executive	3	1

^{*} w.e.f. May 7, 2021

The constitution and composition of the Committee thus satisfy the requirements of Section 178 of the Act. The Committee during the financial year 2021–22, met on 03.05.2021, 27.07.2021 & 07.12.2021. The Chairman of the Nomination and Remuneration Committee did not attend last Annual General Meeting of the Company held on 25th November, 2021 due to preoccupation somewhere else. The Company Secretary acts as secretary to the meeting.

c. Remuneration policy:

In view of the requirement of the provision of section 178 of Companies Act, 2013, the NRC has suitably framed and implemented remuneration policy of the Company to keep pace with the business environment and market linked positioning. The NRC takes into consideration the best remuneration practices being followed in the

industry while fixing appropriate remuneration packages for Directors, Key managerial personnel and Senior Management which are designed based on the following set of principles:

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

Remuneration paid to Executive Directors & KMP(s)

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

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

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

a. Terms of Reference

The Committee, inter-alia, approves issuance of duplicate share certificates as well as oversees and

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

b. Composition and Attendance during the year;

During the financial year ended 31st March, 2022 the Committee met 2 times on 09.07.2021 and 07.12.2021. The necessary quorum was present at all meetings. The Company Secretary of the Company acts as the secretary to the meeting. The Chairman of the Committee did not attend last Annual General Meeting of the Company held on 25th November, 2021. The constitution of the Committee is in compliance with section 178 of the Act.

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

Name of the Member	Name of the Member Designation		uring the year 2021-22
		Held	Attended
Sri. H. N. Shrinivas Chairperson	Non-Executive Independent Director	2	2
Sri. S. Nagarajan, Member	Non-Executive Independent Director	2	2
Mr. T Sudhakar Pai, Member	Managing Director, Executive	2	2
Mr. Vishal Tulsyan, Member	Nominee Director, Non-Executive	2	-

$c.\,Details\,of\,investor\,complaints\,received, redressed\,and\,pending\,during\,the\,financial\,year\,ended\,31st\,March, 2022.$

Opening Balance	Received	Resolved	Closing balance
Nil	Nil	Nil	Nil

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

a. Term of reference

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

Company's CSR Policy periodically or to oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen and such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The Annual Report on CSR activities for the year 2021-22 is annexed as an Annexure F forms a part of the Board's Report.

$b. \, Composition \, and \, Attendance \, during \, the \, year; \,$

The Corporate Social Responsibility Committee of the Board ("CSR Committee") has been constituted pursuant

to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014.

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

Name of the Member	Designation No. of meet		uring the year 2021-22
		Held	Attended
Mrs. Jaya S. Pai, Chairperson	nairperson Non-Executive, Director		2
Sri. S. Nagarajan, Member	Non-Executive, Independent Director	3	2
Sri. H. N. Shrinivas, Member	Member Non-Executive, Independent Director		2
Mr. Vishal Tulsyan, Member	Mr. Vishal Tulsyan, Member Nominee Director, Non-Executive		1

The CSR Committee met 3 (Three) times during the FY 2021-22 as at 07.05.2021, 07.12.2021 & 12.03.2022 respectively. Mrs. Jaya S Pai acts as the Chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

7. RISK MANAGEMENT COMMITTEE ("RMC")

The Company has constituted a Risk Management Committee on November 5, 2015 for effective risk assessment and minimization procedures which are reviewed by the members periodically. The procedures comprise of an in-house exercise on Risk Management carried out periodically by the Company; including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time. The structure also comprises of risk identification and assessment by the concerned departments, identification of controls /mitigation process in place, updating of Risk registers by various departments, if required. The RMC deliberates extensively on the structure and identifies risks to ensure timely actions.

a. Term of reference:

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

- managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management managing risk;
- providing management and
- s with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks; and
- Regularly reporting to the Board on the status of material business risks.

b. Composition and Attendance during the year;

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

Name	Designation	No. of meetings	
		Held during the Year	Attended
Mr. T Sudhakar Pai, Chairperson	,		2
Sri. S. Nagarajan, Member	Non- Executive, Independent Director	2	2
Mr. Ritesh Shroff, Member*	1ember* Chief Financial officer ("CFO") 2		2

^{*} upto December 7, 2021.

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The RMC Committee met twice during the year, on 09.07.2021 & 12.03.2022 respectively. Necessary Quorum was present throughout the meetings and

Mr. T Sudhakar Pai acts as the chairperson to the meeting and Company Secretary acts as secretary to the meeting.

8. GENERAL BODY MEETINGS

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

AI	шц	SV	או כ	ם

Year	Particulars of the AGM	Day, date and Time	Venue	Summary of special resolution(s) passed if any,
2021	10TH AGM	Thursday 25.11.2021 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	No Special Resolution
2020	9TH AGM	Tuesday 20.10.2020 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	No Special Resolution
2019	8th AGM	Friday 27.09.2019 3.00 P.M.	GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian oil Nagar on Link Road, Andheri (West) Mumbai - 400053	Reappointment of Sri S Ananthanarayanan as Non- Executive, Independent Director of the Comp Reappointment of Dr. Nitin G Khot as Non-Executive, Independent Director of the Company

All resolutions moved at the last Annual General Meeting held on 25.11.2011 were passed by the requisite majority of shareholders through Ordinary resolution.

B. Extra ordinary General Meeting

There was No EoGM held during the year.

C. Postal Ballot

The Company during the financial year ended 31st March, 2022 did not conduct any postal ballot hence, passing of special resolution through postal ballot did not arise.

9. Reconciliation of Share Capital Audit

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

10. Disclosures

A. Related Party Transactions

During the financial year ended 31st March, 2022 there are no materially significant related party transactions, which have potential conflict with the interest of Company at large. Related party transactions entered during the financial year under review are disclosed in the notes to the audited financial statements of the company for the financial year ended 31st March, 2022. These transactions entered were at an arm's length basis and were in the ordinary course of business.

B. Disclosure of accounting treatment in preparation of

Financial Statements

In the financial statements for the year ended 31 March, 2022, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

C. Management Discussion and Analysis Report.

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

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

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

E. Whistle-Blower Policy/Vigil Mechanism

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

F. Risk management Framework.

The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews through Risk

Management Committee to ensure that critical risks are controlled by the management. The details of the Risk Management Committee are provided elsewhere in this Report and details of Risk Management Framework are provided in Director's Report.

11. GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

Day & Date	Time	Venue
Wednesday, 28.12.2022	11.30 A.M.	Venue- E - Meeting, through video Conference (VC) or other Audio visual Means (OAVM).
		Registered office shall be deemed venue for AGM

B. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 21.12.2022 to 28.12.2022 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

C. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on November 28, 2022 has recommended final dividend of Rs. 0.50 (i.e. 10 %) {Previous year Rs. 5.00 (i.e. 100%), the total outflow towards dividend on equity shares for the year would be Rs. 182.76 Lakhs Lakhs (Previous year Rs. 1827.61 Lakhs). The dividend payout is subject to the approval of shareholders at the ensuing annual general meeting and shall be subject to deduction of income tax at source at applicable rates. The dividend once approved, shall be paid to those shareholders whose name appear on the register of members of the Company on January 6, 2023 within the stipulated time frame as prescribed under

Companies Act, 2013.

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 2021-22 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	Mrs. Purva Shah/ Mr. Rajesh Shah	
Address	9, Shiv Shakti Ind. Estt. J. R. Boricha Marg, Lower Parel(E), Mumbai - 400 011.	
Phone Nos.	+91-022-2301-6761/2518	
Email ID	support@purvashare.com	

F. Distribution of Shareholding as on 31st March 2022:

Slab of Shareholding (Rs.)	No. of Shareholders	% of total	Nominal Value (in Rs.)	% of Shareholding
0-5000	1674	86.42	2055060	1.12
5001-10000	125	6.45	890270	0.49
10001-20000	56	2.89	759620	0.42
20001-30000	27	1.39	668755	0.37
30001-40000	21	1.08	719190	0.39
40001-50000	8	0.41	356245	0.19
50001-100000	12	0.62	781120	0.43
100001 and above	14	0.72	176531045	96.59
Total	1937	100.00	182761305	100.00

G. Categories-wise list of Shareholders

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Category	No. of Shareholders	% of Shares	Total
Individual Promoters	2	0.00	694
Corporate Promoter	1	84.60	30924115
N.R.I	55	0.52	187920
Bodies Corporate	41	0.20	73057
Clearing Members	1	0.01	3540
LLP	6	0.02	7665
Individuals	1754	4.17	1524145
Foreign Bodies Corporate	1	6.44	2354086
Trust	2	3.62	1324457
Hindu Undivided Family	72	0.10	35462
Foreign National	1	0.32	116986
NBFC registered with RBI	1	0.00	134
Total	1937	100.00	36552261

H. Dematerialization of shares and liquidity:

Percentage of shares held in physical and dematerialized form as on 31st March, 2022:

Physical form : Nil

Electronic form with NSDL & CDSL: 100.00%

I. Factories Locations

All factories location is mentioned somewhere in this Report.

J. Address for Correspondence:

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

Company Secretary

Date: 28-11-2022

Place: Bangalore.

Kurlon Enterprise Limited,

N-301, 3rd Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, Bangalore - 560 042. E-mail: secretary@kurlon.com.

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

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

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN: 07178853

MANAGEMENT DISCUSSION AND ANALYSIS REPORT ECONOMIC SCENARIO AND OUTLOOK

Global Economy

The global economy recovered strongly in PY 2021 even as new variants of the COVID-19 virus fueled additional waves of the pandemic. Robust policy support in advanced economies, availability of vaccines and relaxation of pandemic restrictions helped economies bounce back in 2021 & 2022 after the high market volatility and substantial lockdowns in 2020. However, the ongoing Russia-Ukraine crisis led to extensive loss of lives, triggered the biggest refugee crisis in Europe, and severely set back the global recovery. After a strong rebound, the economic indicators suggest that global activity has slowed. Global growth is projected to decline from 6.1% in 2021 to 3.6% in 2022 and 2023.

After the end of 2021, inflation in several regions surged to multi-decadal highs. A key driver of inflation across the world has been war, sanctions, the pandemic, supply chain disruptions and the rapid surge in energy, metals, food, and commodity prices. Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies which is 1.8 and 2.8 percentage points higher than projected in January. A few central banks have started tightening their stances in the second half of 2021 and others are expected to follow in response to domestic macroeconomic conditions, including rising inflationary pressures.(Source: IMF World Economic Outlook, April 2022)

INDIAN ECONOMY

The Indian economy that was on a path of recovery post the first wave of Covid-19 pandemic, was struck by two more waves of Covid during the fiscal year 2021-22. The localized lockdowns derailed the economic growth and dampened consumer sentiments. However, the successful rollout of COVID vaccination programme, pick-up in government expenditure and better preparedness compared with the first wave restricted the economic damage to some extent. Supply shocks caused by Russia's invasion of Ukraine lead to surge in crude oil and other commodity prices has further triggered a round of downward revisions in the GDP growth projections as well as surged in inflation across the globe. India is not an exception, it's retail price inflation surged to above 9 per cent in April 2022. This is the highest inflation India have witnessed in the last eight years. In a move to contain the raging inflation, the hike in interest rate is inevitable and which is expected to increase the cost of servicing loans for both consumers and producers and is likely to hurt the consumer and business sentiments going forward.

As per IMF, India's Gross Domestic Product (GDP) is estimated to have grown by 8.9% in FY 2021-22, and growth is expected at 8.2% in FY 2022-23, making India the fastest-growing major economy in the world. The Indian economy is expected to remain resilient despite the ongoing geopolitical conflicts, mainly due to the economy's inherent strengths, strong fundamentals, and growth promising sectors. Growth will be supported by various dynamic reforms undertaken by the government, such as significant increase in capital expenditure on infrastructure, thrust on domestic manufacturing and technology-enabled development, and recovery in consumer demand, among others. (Source: IMF World Economic Outlook, April 2022).

MARKET OVERVIEW

The Indian mattress market comprises Rubberized Coir, Spring Mattresses and PU Foam. Branded mattress players like Kurlon have seen an overall growth due to their constant efforts and investments to increase consumer awareness about premium and quality mattresses and development of retail infrastructure and marketing activities. Meanwhile, the introduction of omnichannel strategy by Kurlon is also expected to increase mattresses sales. Overall, the hospitality, healthcare and real estate sectors, introduction of customized mattresses catering to health-conscious customers, and greater offers and discounts offered by mattress companies will boost the growth of the industry. At present, there is a significant rise in the demand for various home furnishing products, such as mattresses, pillows, cushions and bed linens, on account of the increasing construction of residential complexes. Apart from this, due to the growing instances of back and posture-related problems caused by uncomfortable sleeping surfaces, there is widespread adoption of airbeds, waterbeds, foambased, coir based and spring based mattresses that offer superior comfort through even distribution of pressure and body weight. These mattresses can also be customized and aid in relaxing the spine while sleeping. Further, Rise in income levels and health consciousness and growth in the real estate and hospitality sectors are major factors that accelerated the growth of the Indian mattress market. A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product. In line with the changing times, mattress manufacturing companies that include both offline and online retailers, have adopted

innovative strategies to ensure customer satisfaction. It is expected to witness several new trends emerging in the mattress industry. The demand for customized and luxury mattresses is expected to increase, whereas companies may come up with new techniques to utilize their resources and technologies better. Mattresses are no longer considered as mere consumer durables, they are an indicator of the quality of life. The growth in the mattress market is largely led by factors, such as increased income levels and infrastructural developments, in terms of the increased number of residential units and hotels in the country. Demand for construction in both residential and institutional is growing in India, with the rising awareness regarding mattress types and brands. Among various sizes available, king size mattresses are the most preferred one, and comfort is the most important factor for their dominance in the market. However, due to the outbreak of the coronavirus disease (COVID-19), and the consequent lockdowns and disruptions in the supply chain have also impacted the industry growth.

OUR BUSINESS

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

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

The Online segment is a key focus for the Company. With COVID 19 pandemic, this segment has attained great significance and its potential has multiplied. Kurlon is targeting this segment through its own website i.e. www.kurlon.com as well as through emarketplace partners.

Your Company's distribution network and brand name is recognized. Mattress requires high consultative selling; the dealer has a very high influence on converting the customer to our brand. By reaching out to such dealers, training them on the features of each of the mattress, creating high quality speak about the

Annexure - C

product & improving the customer experience, we target upgrading the customer to better products from the Company's stable and increasing their satisfaction. Company has also taken several measures to sensitize its distribution network partners about the dangers from COVID 19, keep in regular contact with them and extend help as necessary to ensure the health and safety of all its partners.

The main orientation of the company is to focus on being the Growth Facilitator of India's Mattress Industry in such to Shift product preferences (i.e. demand for comfortable products that align to health benefits), Increased awareness of quality mattresses (such as right quality mattresses for enhancing sleep experience is fuelling the demand for quality mattresses), Demand for innovative products (quality and customized products), Growing awareness of branded products (boosting housing and institutional sector demand) etc.

VISION & MISSION:-

Kurl-on will sustain Brand leadership with highest Consumer delight through our World class Manufacturing Processes, Innovation and making it the best place to work thereby delivering, exponential Growth and Maximized wealth, for channel and stakeholders in a socially responsible way.

FINANCIAL OVERVIEW

For FY22, the Company's total revenue (standalone) was pegged at ₹ 78,192.37 Lakhs, a growth of 3.86% against last year whereas Profit after Tax (before other comprehensive Income) for FY 22 stood at ₹ 357.96 Lakhs as compared to ₹ 3,828.27 Lakhs. Net Profit after tax and other comprehensive Income for FY 22 stood at ₹ 245.96 Lakhs as compared to ₹ 3,774.06 Lakhs.

On a Consolidated basis, the Company's total revenue was pegged at ₹80,880.18 Lakhs, a Growth of 5.42 % against the last year revenue of ₹76,725.23 Lakhs. Whereas Profit after tax and other comprehensive income decreased from Rs. 3,302.81 Lakhs to Loss of Rs. 665.70 Lakhs.

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

OUTLOOK ON FUTURE PROSPECTS, OPPORTUNITIES, THREATS, RISKS AND CONCERNS:-

Future Prospects & Opportunities

Our Company is extremely well poised to take advantage of the growth opportunity in our segment. It

is estimated that the organized mattress segment will grow over 15% YOY. Our deep connect with our customers and the strength of the brand will be leveraged to further strengthen the revenue growth post the challenges posed by the Covid years. The year forward will be to consolidate and strengthen our offerings, new product launches to address the requirement of all the segments and to get future ready specifically in the supply chain domain so that no customer is left out. Opportunities to take our brand outside of India is being actively pursued and explored. The Company is confident that the humble Coir will make a comeback in the 'healthy/non toxic' avatar thereby bring the mojo back into the product suite we offer to the customers. Our Company is foraying into the technical foam category and is engaging with clients in the garment & automobile industry to replace foam which is currently being imported. We are confident that our R&D team will be able to meet the high standards and add to the 'Make in India' vision of our Honorable Prime Minister.

Threats, Risks & Concerns

The Company's dependency on the Petrochemical based raw material with high degree of volatility is one of the major concerns. Though the company has been able to pass the price increase whenever required to the customers, the volatility is the concern. The onset of new-age mattress companies with willingness to forgo profitability in pursue of revenue is new to the industry.

INTERNAL CONTROL SYSTEM & ADEQUACY

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

CSR INITIATIVES

Date: 28-11-2022

Place: Bangalore.

Kurlon, since beginning, has been determined to focus

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

MATERIAL DEVELOPMENT IN HUMAN RESOURCES:

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's intent, expectations or predictions may be "forward looking statements" within the meaning of applicable laws. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations, tax laws, natural calamities including critically of Pandemic Corona virus (Covid 19), litigation and industrial relations, economic developments within the country and other factors. The Company bears no obligations to update any such forward looking statement.

For and on Behalf of the Board For Kurlon Enterprise Limited

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

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

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

FOR THE FINANCIAL YEAR ENDED: 31.03.2022

To,

The Members,

KURLON ENTERPRISE LIMITED,

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2022 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED during the audit period for the financial year ended on 31.03.2022 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder:
- **ii.** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made the reunder;
- **iii.** The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment Overseas Direct Investment and External Commercial Borrowings:
- v. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies the following laws / acts are also inter alia, applicable to the Company:
- a) The Environment (Protection) Act, 1986
- b) Water (Prevention and Control of Pollution), Act, 1974
- c) The Legal Metrology Act, 2009
- d) Air (Prevention and Control of Pollution), Act, 1981
- e) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

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

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

During the period under review the Company has complied $% \left(x\right) =\left(x\right) +\left(x\right) +\left($

Annexure - D

with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Following observations were made during the audit:

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

I have not examined compliance by the Company with:

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

I further report that:

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

Appointment of Sri NAGARAJAN SIVARAMAKRISHNAN having DIN 03060429 as Non-Executive Independent Director of the Company in vacancy caused by retirement of Dr. Nitin G Khot who voluntarily retired from the independent Directorship of the Company w.e.f. March 21, 2021 and appointment of HOLEBASAVANAHALLI NAGARAJ SHRINIVAS having DIN 07178853 as Non-Executive Independent Director of the Company in vacancy caused by voluntary retirement of Sri S Ananthnarayanan vide his letter dated March 17, 2021 from the post of Independent directorship of the Company due to his age related health issue via board meeting held during 07th May 2021. The appointment of Independent Directors was held well in compliance accordance with provision of section 161(4), section 149 read with Schedule IV of the Companies Act, 2013. The Independent Directors have been regularized in the Annual General Meeting held on 25th November, 2021.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in accordance with the provisions of the Companies Act, 2013 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period:

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

For DEEPAK SADHU, COMPANY SECRETARIES

Sd/-(DEEPAK SADHU)

Authorized Signatory ACS: 39541; CP No: 14992, Bangalore

Date : 29th August 2022 | UDIN : A039541D000864521 Peer Review Number: 2387/2022

ANNEXURE to the Secretarial Audit Report

To

The Members,

KURLON ENTERPRISE LIMITED

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

- **1.** Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and

practices, I followed, provide are as on able basis for my opinion.

- **3.** I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- **4.** Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- **5.** Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
- 6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For DEEPAK SADHU, COMPANY SECRETARIES

Sd/-(DEEPAK SADHU) Authorized Signatory ACS: 39541; CP No: 14992, Bangalore

Date : 29th August 2022 UDIN : A039541D000864521 Peer Review Number: 2387/2022

REPORT ON CSR ACTIVITIES

A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

At Kurlon, CSR is no mere acronym, is an integral part of the Company's culture imbibed by one and all involved in the working of the Company. Our vision is to actively contribute to the social and economic development of the communities in which we operate. By doing so will build a better and sustainable way of life for the weaker sections of the society and help raise the country's human Development Index. The company in today's context is working in the areas of preventive healthcare, education, environment and other focus areas under sustainable development goals.

JOURNEY TOWARDS SOCIAL CHANGE AND IMPACTFUL BUSINESS

On April 1, 2014, India became the first country to legally mandate corporate social responsibility. The new rules in Section 135 of India's Companies Act make it mandatory for companies of a certain turnover and profitability to spend two percent of their average net profit for the past three years on CSR. Kurlon Enterprise Limited setup an CSR Committee and defined the organization CSR policy approved by Board of Director to focus on CSR Activity locally in the area where a company is present, for that Kurlon have set up an dedicated CSR Department in the organization looking for overall CSR Strategy and implementation as per new.

VISION: Connecting people changing lives

MISSION: We empower local communities to alleviate poverty by creating opportunities and a sustainable environment thereby bringing joy and comfort.

OUR VALUE PROPOSITION

- 1. We care
- 2. We connect
- 3. We share

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4. We respect

OUR FOCUS AND COMMUNITITY LED DEVELOPMENT

Building inclusive models that sustain across geographies and sectors, rural and urban.



Annexure - E

- 1. Health & WASH
- 2. Livelihood
- 3. Education
- 4. Environment
- 5. Employee Volunteering

OUR SPOTLIGHT OF THE YEAR

Strengthening Infrastructure of hospitals and quarantine facilities during Covid -19 3rd wave

COVID-19 cases surge in India, the demand for hospital beds and oxygen cylinders were rapidly rising. While the healthcare community and government are doing everything possible to fight the pandemic, it is imperative that corporates come forward and support the nation. Kurlon, has once again risen to the occasion to support healthcare efforts across the country.



Continuing its partnership with the NGO's like Aahwahan Foundation, Leprosy Mission Trust India, Kurlon supported Mattresses, pillows, blankets & bed sheets to different quarantine facilities in Odisha, Gurgaon, Bangalore, Chattisgarh & Andhrapradesh. These support were well appreciated by the District Administration of the respective states.

Kurlon collaboration with Oxfam reached out to the Hospitals in 4 states of India

Since 2020, COVID 19 pandemic has penetrated the deepest core of the life and livelihoods of people in India. Due to the disastrous effect of two waves of COVID-19, India was staggering under severe health and livelihoods crisis. There are some states and specific areas and communities across India that are more vulnerable due to their social/ economic or locational disadvantageous position.

Kurlon supported Oxfam India's Flagship Project Mission Sanjeevani which reached out to Government Hospitals and charitable hospitals catering to the needs of marginalised communities with material and equipment for quality health care support. Considering the dynamic nature of the epidemic in both the first as well as second waves, Joint team of Kurlon & Oxfam India Humanitarian Team strategically kept the provision for accommodating the emerging requirements from the field into the project plans to make the intervention further effective.

Mission Sanjeevani tried to address the situation through its key strategy to improved access to Material, Services, Facilities and Information by the communities to adopt COVID-19 appropriate practices and access better healthcare facilities during the

Response

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Based on the request and needs on the ground we

District Reached	through Kurl On				
Mattresses					
State	District				
Gujarat	Kutch, Ahmedabad				
Pondicherry	Pondicherry				
Maharashtra	Osmanabad, Beed 10 hospitals supported across 4 states /UT				
Uttarakhand	Haridwar				

developed a plan to strengthen the hospitals. Several request letters were received form respective hospitals as there was a shortage of beds and mattresses in the hospital which was preventing the hospital to take in more patients for treatment. In Gujarat we worked with an organisation that provides supported to Persons with disability especially those with locomotor disorder and visual impairments. In Uttarakhand we reached out to 4 hospitals, in Maharashtra – 2 hospitals, in Gujarat – 3 Hospitals and in Pondicherry-1 hospital was supported.

In Pondicherry, the Hon'ble Chief Minister N Rangasami was present during the handover of material in the hospitals. Similarly, in Osmanabad in Maharashtra, the Member of Legislative Assembly, Mr. Kailash Ghadge was also present during the ceremony.

Oxfam India in collaboration with Kurlon reached out to hospitals in Maharashtra, Tamil Nadu, Gujarat and Uttarakhand. Below are the details of the hospitals



State/UT	Name of the Hospital	Quantity
Gujarat	Bareja General Hospital Complex	123
	Kachchh Comprehensive Rehabilitation Centre	
	(KCRC)	k
	Smt. Bellaben and Shri Yogeshbhai	26
	Patel Eye Hospital (A unit of BPA & Shri K K Shah	
	Arogya Mandal)	
Pondicherry	Indira Gandhi Government General Hospital	200
Maharashtra	Osmanabad Government District Hospital	201
	Beed Government District Hospital	201
Uttarakhand	Harmila Government Hospital	90
	Chainrai Jila Mahila Hospital	30
	Government Mela Hospital	90
	Yog Mata Pilot Baba Hospital	30

Annexure - E



Lockdown, against COVID-19 has been an unprecedented event in the history of the world. With this swap of life, there emerged a big transformation within the day-today activities of families. Sense of anxiety and fear has swathed the entire globe. In the best of circumstances with prior intimation and preparation, locking down around 1.35 billion population for several days was bound to create myriad problems. In the second wave of COVID-19, the highly affected areas in Bihar were recognized in Nalanda district, especially the rural peripheries of these districts. These districts have been known for massive migration of people in the metro cities and states like Maharashtra and New Delhi in search of job, livelihood options & other employment opportunities, and therefore it also emerged as the hotspot for COVID in the form of reverse migration. The people who came back to their homes, fearing of COVID



lockdown had made the district vulnerable for others as there was virus transmission, haunting every resident of these districts. Considering, state government's restriction of COVID lockdown, we set up a strategy that did not allowed a huge gathering of people on the fields. A strategy was made in order to support Government and Private health institutions, for better amenities for patients in the hospitals. This support was presented with the duo collaboration of Kurlon CSR and Bhartiya Jan Utthan Parishad (BJUP), in which the operational areas were:

- To provide mattresses ensuring delicacy of comfort of patients in the hospital.
- To provide quilt ensuring the fulfilment of needs of the patients in the hospital.

Intervention

COVID relief response in Kurlon project focused on the delicacy of comfort of the patients those, who are admitted in the hospitals. For this BJUP and Kurlon together got on the ground for providing the basic amenities in hospital so that they do not suffer more than what they are already suffering.

Engagement and outreach

BJUP and Kurlon CSR had focused its work on the quilt and mattress distribution for the patients in the Government and private health institutions. Here is the list of hospitals and the units in which mattresses were sent:

Sl. No.	Hospital / Department name	Unit
1	Sparsh Hospital,Patna	25
2	District Health Department, Nalanda	60
3	Kumar Hospital, Bihar Sharif	25
4	S.G. Hospital, Bihar Sharif	15
5	Dr. Alok Clinic, Nawada	25
Total		150

Relief Response

Sl. No.	Hospital / Department name	Unit
1	Sparsh Hospital,Patna	20
2	Kumar hospital, bihar sharif	15
3	S.G. Hospital, Bihar Sharif	15
4	Dr. Alok Clinic, Nawada	25
Total		75

Outcome

Hospitals were found to be overloaded due to the COVID-19 pandemic. The patients suffered a lot medically, and into this if their comfort was not paid attention, it led to a next phase of medically unfitness into them. It was taken into care by providing them the right kind of sleep stretch through which they felt relief, as it is always said that the solution to any illness starts from taking rest. Hence in this direction BJUP along with Kurl-on CSR worked and observed that the people had less stress due to good sleep and spine stretch.



Supporting school Kits to unprivileged students of Govt. Schools

Education has always been a priority in the CSR intervention of Kurlon. Kurlon seeks to support and strengthen the quality education in its operational area which is in line with the Govt. norms of Right to Education (RTE) and Sarva Sikshya Abhiyan (SSA). Kurlon's area of operation in Pan India mostly consists of Semi-urban & rural areas. The facilities and learning environment in vernacular schools in our factories periphery is having shortfalls of basic infrastructures. These shortfalls are directly affecting the dropout rate among the Govt. supported schools. To tackle this magnitude and scale of supply side issues in schools, Kurlon with its partner NGO's child fund & BJUP initiated a drive named "Vidya Ratna" to support the schools. These supports also included masks for Covid-19 precautions, bags, tiffin box, books and stationaries.



Strengthening Education System in the North - East (HOPE FOUNDATION ACADEMY, LANGMEI, TAMEI SUBDIVISION) with the Help of Sunbird Trust

We have generously agreed to support Digital Literacy programme at HFA by supporting the establishment of a computer laboratory in a building built for this purpose.

- **5.** The Kurlon-Sunbird Trust Computer Lab is aimed at meeting the following objectives: -
- **a.** Help students and teachers alike learn digital skills to compete in the 21st century world.
- **b.** Successfully reduce the geographical remoteness of the school virtually.
- **c.** Provide equity in education to lesser resourced students in an insurgency affected area.
- **d.** Being a "window to the world" for both students and teachers. e. Bring elements of audio-visual and interactive learning alive in classrooms.





Jammu and Kashmir. The project was named Project Sahuliyat – To Ease Lives" which focused on supporting communities in the remotest place of J&K. Since Kashmir is a cold place where winters are harsh. The challenges it brings with it for poor in terms of keeping

Annexure - E

themselves warm to survive the cold are not easy to cope with due to lack of resources. 21 families were supported through this initiative. The beneficiaries that were the recipient of the donation this time mostly comprised of orphans, widows and persons with disabilities. The beneficiaries were supported with bed sheets, blankets, mattresses and comforters.



Kurlon Joined hands with HOPE DISABILITY CENTRE (HDC)-an undertaking of SHE HOPE SOCIETY FOR WOMEN ENTREPRENEURS for supporting the border affected communities of J&K under Kurlon Sleep Initiative

A special initiative was undertaken by Kurlon in collaboration with Hope Disability Centre which works in the remote, border and disaster prone areas of



1. Composition of CSR Committee:

SI. 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	3	3
2	Sri. Sivaramakrishnan Nagarajan	Member, Independent, Non-Executive Director	3	2
3	Sri H.N. Shrinivas	Member, Independent, Non-Executive Director	3	2
4	Mr. Vishal Tulsyan*	Member, Nominee Non-Executive Director	3	1

^{*} upto August 30, 2022

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

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

- 3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable
- 4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any are as follows;

SI. 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	2020-21	-	21,99,945		
	Total	-	21,99,945		

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

Year	Amount (in Lakhs)
2018-2019	12705.55
2019-2020	11099.68
2020-2021	8746.13
Total	32551.36
Average	10850.45

Annexure - E

6. Prescribed CSR Expenditure for FY 2021-22;

Particulars	Amount (in Lakhs)
a). Two percent of average net profit of the company as per section 135(5)	217.01
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	22.00
Total CSR obligation for the financial year (7a+7b-7c).	195.01

7. a). CSR amount spent or unspent for the financial year;

Total Amount Spent	Amount Unspent (in Rs.)							
for the Financial Year (in Rs.)		t transferred to Account as per	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			
2,02,98,599/-	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)
SI. No	Name of the Projec t.	Item from the list of activitie s in	Loca I area (Yes / No)	Locati project Stat e.	on of the ct. District	Project Duratio n.	Amoun t allocate d for the project	Amoun t spent in the current financi al Year	Amount transferr ed to Unspent CSR Account	Mode of Imple menta tion Direct	Mode of Implem entatio n
		Schedul e VII to the Act.					(in Rs.).	(in Rs.).	for the project as per Section 135(6) (in Rs.).	(Yes/ No).	h Implem enting Agency
	-	-	-	-	-	-	-	-	-	-	-

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

(1)	(2)	(3)	(4)	(5)			(8)	(10)	(11)	
SI. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Loc al are a (Ye s/	Location project.	of Distric	the	Amount spent for the project (in Rs.).	Mode of Imple menta tion- Direct	Mode o Implem - Throug Implem Agency Name	entation gh
			No)					(Yes/N o)		registr ation

									Numb er.
1	Donation to the corpus of Trust	Clause I & II of Schedule VII	Yes	Mahara shtra	Mumbai	60,00,000	Yes	NA	NA
2.	Promotion of health, Education and developm ent for underprivileged society and Government schools	Clause I & II of Schedule VII	No	Pan India	Pan India	1,42,98,599	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 (7b+7c+7d+7e): Rs. 202.99 Lakhs
- g). Excess amount for set off, if any: Rs. 7.98 Lakhs

Particulars	Amount (in Lakhs)
(i). Two percent of average net profit of the company as per section 135(5)	217.01
(ii). Total amount spent for the Financial Year	202.99
(iii). Excess amount spent for the financial year [(ii)-(i)]	14.02
(iv). Surplus arising out of the CSR projects or programmes or activities of the previous financial years	22.00
(v). Amount available for set off in succeeding financial years [(iii)-(iv)]	7.98

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

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

Annexure - E

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

SI.	Project	Name	Financial	Project	Total	Amount	Cumulative	Status of
No.	ID.	of the	Year in	duration	amount	spent on	amount	the project -
		Project.	which the		allocated	the	spent at	Completed
			project was		for the	project in	the end of	1
			commenced.		project	the	reporting	Ongoing.
					(in Rs.).	reporting	Financial	
						Financial	Year.	
						Year	(in Rs.)	
						(in Rs.).		
-	-	-	-	-	-	-	-	-

9. 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).	

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

Sd/T. Sudhakar Pai
Managing Director
Sd/T. Sudhakar Pai
Chairman of CSR Committee

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

A. Conservation of Energy

The Company accords great importance to conservation

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

I) The steps taken or impact on conservation of energy

RRSR Unit

- Installed VRF ac unit instead of split ac in admin building.
- Installed soft starter for conveyor system.

Spring-2 Unit (Peenya-3):

- Introduced a 1.5kw variable frequency drive to the tape edge machine -05 to regulate the corner and main speed by using 2no's potential meter and a 14 pin relay.
- 6no's of the Polycarbonate roof sheets has been installed to use natural light during the day time.

Foam unit (Dabaspet):

• Economic friendly chemical is used to clean the solar panel. It avoids carbon build-up in the solar panel, increasing power generation.

Furniture Unit

- Replaced 36 no. metal halide light fitting's by LED Lighting fittings.
- Replaced the new LED Lights for Office inside 36w.

Jhagadia Unit:

- Installation of 160 KVA UPS for use of foam production reduce the diesel consumption cost during foaming.
- Replaced 81 no. metal halide light fitting's by LED Lighting fittings.
- Temperature control system installed for material cooling in production area to reduce from 18 hrs to 12 hrs avg. power consumption of chiller.
- Replaced the frequent tripping VCB & installed new RMU system (630A).

Sofa Unit (Dabaspet):

- Provide EAPL-B1DCAX timer 10 and 20 HP dust collector rotary air lock motor to avoid continuously running.
- Economic friendly chemical is used to clean the solar panel. It avoids carbon build-up in the solar panel, increasing power generation.

Spring unit (Peenya-1):

- Installed 3 HP, 30 STAGE, 2800 RPM pump for Bore well instead of 7 HP pump.
- 20 W LED tube lights [14 no's,] provided for all sections, instead of 36 W tube light.
- 8 nos. 100 W industrial fan provided for all sections, instead of 200 W fan.
- Installed 15 HP VFD to compressor for motor safety and energy conservation.

UTL Unit:

- Installed 40 watts (8 no's) Flame proof LED lights in place of all 80 watts (6 no's) normal LED lights.
- Design and developed 3 KW heater in place of 6 kW electric heating stoves for cushion section.

Yeshwanthapur unit:

- Replacement of old 75HP reciprocating compressor by 75HP Screw compressor with necessary modification.
- Replacement of old 10HP reciprocating compressor, 7.5 HP reciprocating compressor and 5 HP reciprocating compressor by 25HP Screw compressor with necessary modification.

Annexure - F

		 Insulating all the Live steam Line with metal clad and glass wool to reduce the radiation loss. Replaced 15 no. metal halide light fitting's by LED Lighting fittings. Provided Polycarbonate roof sheet in quilting section, cushion shed, vulcanizer bay, maintenance room and near bundling area to prevent the usage of auxiliary light in day time. And also the energy consumption is reduced. Peeling machine-2 automation with servo drive and length measurement system. Combined all unit. 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. Implemented and certified the Energy Management System, ISO 50001-2018. Created awareness among employees about energy saving by imparting regular training.
(ii)	The steps were taken by the company for utilizing alternate sources of energy	BBSR unit: Installed 1 KWP solar power plant
(iii)	The capital investment on energy conservation equipment's	 Invested 3.4 Cr INR on solar plant. Invested 2.7 L INR on energy efficient vrf ac unit. Spring-2 Unit (Peenya-3): Invested 2 L INR on 1.5 kw variable frequency drive. Invested 1 L INR on polycarbonate sheet. Invested 2.5 L INR on the Economic friendly chemical is used to clean the solar panel. Furniture Unit: Invested 2.5 L INR on LED Lighting fittings. Jhagadia Unit: Invested 3 L INR on new RMU unit Invested 22 L INT on the new 160KVA UPS system for foaming machine. Invested 3.5 L INR on LED Lighting fittings. Spring Unit (Peenya-1): Invested 22000 INR on the 3 HP bore well pump. Invested 3500 INR on LED Lighting fittings Invested 50000 INR 100 W Fan. Invested 31000 INR on the 15 HP VFD. UTL Unit: Invested 100000 INR on LED Lighting fittings Yeshwantpur Unit: ELGI Screw Compressor 75 HO 15 L INR ELGI Screw Compressor 25 HP 6 L INR Steam line Insulation 4 L INR Peeling machine automation 2.5 L INR

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B. Technology absorption

(i) The efforts made towards technology absorption

BBSR Unit:

• LDR sensors are used to operate lights

Spring-2 Unit (Peenya-3):

- Designed and installed new 60mm Nylon gear for the border machine to advance the frequent changeover of the size.
- Installed new 24V DC charging unit for 125KVA DG to charge the battery.

Foam (Dabaspet) Unit:

- Replacement of old 320kva DG set by 160kva DG set.
- Replaced 5 no. mercury 120 W lights to LED80W lights for energy saving.
- Cooling tower installed to remove the heat generated in the chipping machine.
- Installed the air drier unit of 108 CFM to remove the moisture for the compressed air.
- Auto laser machine installed to embossing the wording over the foam pads.

Jhagadia Unit:

- Production area block cutting panel and IPF HMI panel merged for operator ease and smooth control.
- All water coolers water filters installed for efficient & purity of RO water and foot switch is provided for less water consumption.
- Interlocking provided between DG and GEB power for safety purpose.
- New LOTO and permit system developed for more safety accuracy.
- In Jokey pump of fire hydrant system VFD installed in place of DOL starter for safety system stability and smooth starting and minimum breakdown of motor.

Sofa Unit (Dabaspet):

- Installed new air dryer (ELRD-100CFM) to remove the moisture in the air line.
- Installed the Micro controller base digital fuel monitoring system for 125KVA DG. This accurately measures the net Consumption of the Engine and eliminate the manual calculation.
- Design and fabricated the Piping Folder for beading and piping cord for easy sewing and increase the productivity to 250 piece from 100 piece.
- Up-Down movement of pillar drilling machine is modified by using double acting pneumatic cylinder and now operate by one person instead of two nerson

Spring Unit (Peenya-1):

- Installed 20 KVA voltage stabilizer for maintaining 380 V to automatic tape edge machine.
- Installed new 24 v battery charges units to 125KVA Gensets. Eliminating daily start of gen-set to charge the battery
- Automatic oil spraying system installed to FC 60 bonnel coiler to avoid manual operation.
- Installed automatic blade motor unit to pocket assembler for bare pocket pad cutting, to avoid manual operation.

UTLUnit:

- Designed and developed new Electric trolley for materials transfer from one place to other place.
- New LED board installed at near main gate entrance for displaying the all PCB data. We are transferring the PCB data through Mobile app.

Yeshwanthapur Unit:

• Installation of VCB for the HT line with all the safety features like Earth fault, overvoltage fault, short circuit fault, phase failure

Annexure - F

		 Replacement of 2CT 2PT meter cubicle by 3CT 3PT meter cubicle for the better accuracy. Design and Installed new fire extinguisher line for the 100HP bag filter chamber with auto sprinkler system. Installed new PLC and HMI for old rollator machine and programming done. Provided servo motor and roller vertical movement mechanism. At quilting GB-1 installed a MS roller of 50MM X 2830 dimension with geared motor and motor controller. Now the border panels are made to roll over the rollers and removed after the batch is completed. Fabricated and installed pusher unit for matpress-2 to push the pad after the process has completed. Bundling section gunny bag sealing line overhead line has been provided with the wire rope cable trolley. New underground tank has been provided at 1st spray area to collect the latex.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	 BBSR Unit: After the VFD instllation for dust exhaust system starting current is reduced Easy movement of pads through conveyou from one building to other building. Foam (Dabaspet) Unit: With Economic friendly chemical used to solar panel cleaning is reduce corban formation on solar panel and improve the power generation efficiency from 55 to 75%. With the air drier system there is reduce in the break down and spare cost of pneumatic staple guns. (from 0.5% to 0.1%). Bonded machine maintenance is reduced and bearing life is increased by providing cooling system. By installing the embossing machine pollution is minimized. Jhagadia Unit: Silica gel installed in storage tank of a building in TDI room over the tank to minimize the moisture. Programmed the rollator machine via using PLC and HMI for ease of operation and better accurate result. Spare shuttle conveyor developed for break down in existing conveyor for more productivity and zero breakdown. Sofa unit (Dabaspet): With Economic friendly chemical used to solar panel cleaning improve the power generation efficiency from 55 to 75%. With installation of air drier system there is a reduction in the break down and spare cost of pneumatic staple guns. (From 0.5% to 0.1%). Spring Unit (Peenya-1): Automatic oil spraying system provided in the bonel coiler machine, oil is poured with set time, so avoided the wastage of oil. Reduce the capacity of bore well pump and industrial fan, 50 % energy saving for these two areas. Providing VFD for compressor, safety for compressor motor. UTL Unit: Bonded foam yield increased from 87.77% (2020-21) to 88.12% (2021-22) Installed Photo sensor with hooter for Gates automatic stop when obstacles comes

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		 Yeshwanthapur Unit: Installed VCB to trip the electrical system in the case of the external/internal electrical faults. Installed the 3CT-3PT MC for the better accuracy of the consumption and as per the norms set by BESCOM. Programmed the rollator machine via using PLC and HMI for ease of operation and better accurate result. Installed the roller at GB-1 for rolling the quilt panel output, to ease the material handling. Installed the pusher unit for the mat press unit-2 for ease of material moment. Installed new fire hydrant line with auto sprinkler for the 100 hp dust exhaust dust bag filter chamber to quench the fire if there is a fire accident in the bag filter chamber.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	 BBSR Unit: Procured Quilting machine HMI from Gribetz, USA. Energy efficient steam recovery system from Armstrong International, Canada. UTL Unit: Imported M/s. Yuan titan make AUTOMATIC tape edge machines (3nos) from China. Imported M/s. ESUN, PU foam sheet/block pressing machine from china. Yeshwanthapur Unit: SA330 quitting machine CPU from Foshan Yuantian Mattress Machinery Co., Ltd, China. Procured the spares for the tape edge from James Cash Pvt Ltd.
	(a) The details of technology imported	 BBSR Unit: HMI installed for Quilting machine. Heat exchangers with working pressure 3kg UTL Unit: Automatic mattress flipping without manual intervention. Mattress loading and unloading over conveyor. Yeshwanthapur Unit: Servo drive control unit for SA330 quilting machine. Spares for the tape edge.
	(b) The year of import;	BBSR Unit: • year 2020 • Year 2021 UTL Unit: • March 2018 • July 2019 Yeshwanthapur Unit: • year 2019 • Year 2021 • Year 2022

Annexure - F

(c) Whether the technology been fully absorbed (d) If not fully absorbed, areas where absorption	 BBSR Unit: Yes, HMI installed for quilting machine. Yes, the heat exchangers have been installed at the tunnel drier Yeshwanthapur Unit: Yes, the heat exchangers have been installed at the tunnel drier. Yes, the CPU is installed on yuantian quilting machine. Yes, the spares have been installed.
has not taken place, and the reasons thereof	
(iv) The expenditure incurred on Research and Development	 BBSR Unit: 800000 INR invested for dust exhaust VFD System 40000 INR invested HMI for the quilting machine 310000 INR invested for material handling Conveyor system 650000 INR invested for the energy efficient steam recovery. Foam Unit (Dabspet): 800000 INR invested for the new Laser embossing machine 360000 INR invested for the new Pillow machine control panel. Jhagadia Unit: Invested 3L INR on new RMU unit Invested 22L INT on the new 160KVA UPS system for foaming machine. Sofa unit (Dabaspet): INR 70000 invested to Security main gate mortised system. INR 15000 invested on economically friendly chemical for solar panel cleaning. INR 7000 invested on the Piping Folder for beading and piping cord sewing INR 25000 invested on the Micro controller base digital fuel monitoring system for 125KVA DG. Spring Unit (Peenya): INR 18000 for spray gun. Yeshwanthapur Unit: INR 140000 invested on the 100 HP fire extinguish system. INR 250000 invested on the peeling machine automation. INR 300000 invested on the rollator machine automation. INR 10000 invested on the roller to roll the border panel.

C. Foreign Exchange Earnings and Outgo

(in Lakh)

	2021-2022	2020-2021
Total foreign exchange inflow	64.64	46.96
Total foreign exchange outflow	1659.81	132.37

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN: 07178853

Date: 28-11-2022 Place: Bangalore.

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To the Members of Kurlon Enterprise Limited
Report on the Audit of the STANDALONE Financial Statements

Opinior

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income/(loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does

not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Financial Statements

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

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

To the Members of Kurlon Enterprise Limited Report on the Audit of the STANDALONE Financial Statements

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

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

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

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

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

exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The standalone financial statements of the Company for the year ended March 31, 2021, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on October 28, 2021.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive

INDEPENDENT Auditor's Report

of Helping India Sleep Healthy

Kurlon Enterprise Limited

INDEPENDENT Auditor's Report

To the Members of Kurlon Enterprise Limited Report on the Audit of the STANDALONE Financial Statements

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) 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- **(f)** With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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 38 to the standalone financial statements;
- **ii.** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- **iii.** There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 45 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 45 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 subclause (a) and (b) contain any material misstatement.
- v. As disclosed in note 15(g) to the standalone financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

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

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Place : Bengaluru Membership No

Date: November 28, 2022

Membership No.: 213803 UDIN: 22213803BEIYPP6579

To the Members of Kurlon Enterprise 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 Kurlon Enterprise Limited

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

- (i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- **(B)** The Company has maintained proper records showing full particulars of intangible assets.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification to cover all the items in a phased manner over period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of Free hold land and Buildings included in property, plant and equipment are held in the name of the Company and in respect of immovable properties of land and buildings that have taken on lease and disclosed as Right-of-use assets in the standalone financial statements, the lease agreements are in the name of

the Company.

- (d) The Company has not revalued its property, plant and equipment or intangible assets (including Right-of use assets) during the year ended March 31, 2022.
- **(e)** There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in Note 45 to the standalone financial statements.
- (ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory have not been noted during the physical verification by the management. There are no inventories lying with third parties.
- (b) As disclosed in Note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks in respect of gross value of collateral security (excluding the impact of period end cut off adjustments) are in agreement with the books of accounts of the Company.
- (iii)(a) During the year, the Company has provided loans, advances in the nature of loans to companies and other parties as follows:

Particulars	Loans (Rs. in Lakhs)	Advances in the nature of Loans (Rs. in Lakhs)
Aggregate amount granted/provided during the year		-
- Subsidiaries	756.28	-
- Others	-	39.59
Balance outstanding(principal) as at March 31, 2022		
- Subsidiaries	2,614.36	-
- Others	56.74	50.29

To the Members of Kurlon Enterprise Limited Report on the Audit of the STANDALONE Financial Statements

The aforesaid Balance outstanding as at balance sheet date in respect of subsidiaries is net of provision made for doubtful recovery of loans given to subsidiaries amounting to Rs 418.08 lakhs. Also, refer note 8 and 9 in the standalone financial statements.

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

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

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

- (d) There are no amounts of loans and advances in the nature of loans granted to companies or other parties which are overdue for more than ninety days. Also, refer note 8 and 9 in the standalone financial statements.
- (e) There were no loans granted to subsidiary companies which had fallen due during the year. There were no loans or advance in the nature of loans granted to companies (other than subsidiaries) or other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties. Also, refer note 8 and 9 in the standalone financial statements.
- (f) As disclosed in note 8 in the standalone financial statements, the Company has granted loans which are repayable on demand to subsidiary companies. Following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

	Related Parties (Amount Rs. lakhs)
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (Gross amount)	3,032.44
Percentage of loans/ advances in nature of loans to the total loans	98.16%

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

- (iv) The provisions of section 185 and 186 of the Act in respect of loans and investments have been complied with by the Company. There are no guarantees and security in respect of which provisions of sections 186 of the Act are applicable. Also, refer note 8 and 9 in the standalone financial statements.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are

deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

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

To the Members of Kurlon Enterprise Limited Report on the Audit of the STANDALONE Financial Statements

(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 though there has been a slight delay in remittance of employee's state insurance, professional tax and provident fund a few cases.

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, salestax, 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 Statue	Nature of Dues	Amount Disputed (Rs. in Lakhs)*	Period to which the amount relates to	Forum where Dispute is Pending
The Central Excise Act, 1944	Excise Duty	1,440.18	2011-14	Central Excise and Service Tax Appellate Tribunal
The Income Tax act, 1961	Income tax	1072.45	2017-18	Commissioner Of Income Tax (Appeals)
		24.97	2013-14	
Value Added Tax,	Value Added Tax,	3419.26	2014-15	
Sales Tax and	Sales Tax and	320.91	2015-16	The Joint Commissioner - Commercial Taxes
Entry Tax	Entry Tax	386.13	2016-17	- Commercial taxes
		101.30	2017-18	_

^{*} net of Rs 140.14 lakhs paid under protest.

The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in Note 45 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) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)© of the Order is not applicable to the Company.
- (d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for longterm purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its

Report on the Audit of the STANDALONE Financial Statements

To the Members of Kurlon Enterprise Limited
Report on the Audit of the STANDALONE Financial Statements

subsidiaries. The Company does not have any associate or joint venture.

- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. The company does not have any associate or joint venture.
- (x)(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii)(a) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- **(b)** The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore,

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

- (c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)© of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any noncash 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 not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) The previous statutory auditors of the Company have resigned during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios disclosed in Note 44 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 39 to the standalone financial statements.

To the Members of Kurlon Enterprise Limited

(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 39 to the standalone financial statements.

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Place : Bengaluru Membership No.: 213803 Date : November 28, 2022 UDIN: 22213803BEIYPP6579

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To the Members of Kurlon Enterprise 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 KURLON ENTERPRISE LIMITED

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

We have audited the internal financial controls with reference to standalone financial statements of Kurlon Enterprise Limited ("the Company") as of March 31, 2022 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

To the Members of Kurlon Enterprise Limited Report on the Audit of the STANDALONE Financial Statements

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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Place : Bengaluru Membership No.: 213803 Date : November 28, 2022 UDIN: 22213803BEIYPP6579

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O of Helping India Sleep Healthy

Standalone Balance Sheet as at March 31, 2022

			(₹ in Lakh)	
Particulars	Note No.	As at March 31, 2022	As at March 31, 2021	
ASSETS		_		
Non-current assets				
Property, plant and equipment	4	20,706.94	20,409.71	
Capital work-in-progress	4	398.26	701.18	
Goodwill	5	2,103.16	2,103.16	
Other intangible assets	5	263.75	397.81	
Right of use assets	6	2,051.16	1,529.21	
Financial assets				
Investments	7	1,785.57	1,785.57	
Loans	8	2,614.36	2,376.68	
Other financial assets	9	665.71	938.87	
Income tax assets (net)	10	1,445.98	643.68	
Other non-current assets	11	2,149.04	2,058.34	
		34,183.93	32,944.21	
Current assets		2 1,200.00	52,5 :22	
Inventories		11,540.36	11,105.08	
Financial assets			11/105100	
Investments	7	10,710.91	11,131.71	
Trade receivables	13	5,446.95	5,473.43	
Cash and cash equivalents	14	147.50	39.83	
Other bank balances	14	4,247.50	3,710.66	
Loans	8	56.74		
Other financial assets	9	158.79	343.89	
Other current assets	11	6,056.71	6,442.52	
other current ussets		38,365.46	38,247.12	
Total		72,549.39	71,191.33	
EQUITY AND LIABILITIES		1 2,0 10100	7 2,23 2.03	
Equity				
Equity share capital	15	1,827.62	1,827.62	
Other equity	16	47,514.47	49,096.03	
other equity		49,342.09	50,923.65	
Liabilities		15,5 12105	30,520.00	
Non-current liabilities				
Financial liabilities				
Lease liabilities		547.88	271.73	
Other financial liabilities	18	5,361.77	5,478.51	
Provisions	19	500.79	656.17	
Deferred tax liabilities (net)	20	1,698.54	2,383.62	
		8,108.98	8,790.03	
Current liabilities		5,253.25		
Financial liabilities				
Borrowings	21	687.56	1,187.24	
Lease liabilities	17	454.78	174.39	
Trade payables	22		27 1103	
Total outstanding dues of micro enterprises and small enterprises		355.45	314.96	
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,314.77	8,218.63	
Other financial liabilities	18	1,085.21	667.44	
Provisions	19	531.21	159.89	
Other current liabilities	23	669.34	755.10	
		15,098.32	11,477.65	

As per our report of even date attached

Summary of significant accounting policies

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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

Per Rajeev Kumar

Partner Membership No.: 213803 Place : Bengaluru

Date: November 28, 2022

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

Tonse Sudhakar Pai H. N. Shrinivas
Managing Director DIN: 00043298 DIN - 07178853

Jyothi Ashish Pradhan Chief Executive Officer Abhilash Padmanabh Kamti Chief Financial Officer

Monu Kumar Company Secretary

71,191.33

Place : Bengaluru Date : November 28, 20212 Standalone Statement of Profit and Loss for the year ended March 31, 2022

			(₹ in Lakh)
Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	24	77,225.58	74,447.86
Other income	25	966.79	841.17
Total income		78,192.37	75,289.03
Expenses			
Cost of raw material consumed	26	36,337.47	32,504.37
Purchase of traded goods	27	8,749.41	7,437.94
Changes in inventories of finished goods, work-in-progress and traded goods	28	341.82	1,266.15
Employee benefit expense	29	5,144.30	5,908.91
Finance costs	30	286.96	229.92
Depreciation and amortisation expense	31	2,511.98	2,426.69
Other expenses	32	24,383.71	17,235.35
Total expenses		77,755.65	67,009.33
Profit before exceptional items and tax		436.72	8,279.70
Exceptional items	32(A)	418.08	2,018.68
Profit before tax		18.64	6,261.02
Tax expense	43		<u> </u>
Current tax		475.96	1,658.47
Tax relating to earlier years		(130.20)	
Deferred tax (credit)/charge		(685.08)	774.28
Total tax expense		(339.32)	2,432.75
Profit for the year		357.96	3,828.27
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss in subsequent profit.	eriod		
Re-measurement gain/(loss) on defined benefit plan		(149.68)	(72.45)
Income tax effect		37.68	18.24
Total other comprehensive income/(loss) for the year		(112.00)	(54.21)
Total comprehensive income for the year		245.96	3,774.06
Earnings per equity share (EPS) :			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2021 : Rs. 5)]	33	0.98	10.47
Summary of significant accounting policies	3		

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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

Per Rajeev Kumar Partner Membership No.: 213803

Place : Bengaluru Date : November 28, 2022 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Director
DIN - 07178853
han Abhilash Padma

H. N. Shrinivas

Jyothi Ashish Pradhan
Chief Executive Officer

Abhilash Padmanabh
Chief Financial Officer

Abhilash Padmanabh Kamti
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bengaluru Date : November 28, 20212

1. Corporate information

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

The Company's standalone financial statements for the year ended March 31, 2022 were approved by Board of Directors on November 28, 2022.

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

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

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

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

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

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

- **Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

for the year ended March 31, 2022

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:

Notes to the **STANDALONE** Financial Statements

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

- Note 3.1 and Note 3.2 Useful life of property, plant and equipment and intangible assets;
- Note 3.8 Measurement of defined benefit obligations: key actuarial assumptions.
- Note 3.9 Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 3.14 Valuation of financial instrument; and
- Note 3.15 Lease classification and determination of lease term;

Assumption and estimation uncertainties:

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

- Note 2(a) Fair value measurement
- Note 3.3 Impairment of financial assets
- Note 3.3 Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 3.9 Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- Note 3.11 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

3. Summary of significant accounting policies

3.1. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable 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. 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 assured, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

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

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

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

Asset description	Useful life in years
Computer software	6

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a

steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

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

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 creditimpaired) or to the amortised cost of the liability.

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3.8. Employee benefits

Notes to the **STANDALONE** Financial Statements

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:

Notes to the **STANDALONE** Financial Statements for the year ended March 31, 2022

- (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 Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

3.9. Income taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except

to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax

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

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- 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 reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the

measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

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

3.10. Earnings/(loss) per share

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

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

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

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

3.11. Provision and contingent liabilities

Provisions

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

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

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.

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

Financial assets: Business model assessment

would otherwise arise.

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:

for the year ended March 31, 2022

- 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

Notes to the **STANDALONE** Financial Statements

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

Notes to the STANDALONE Financial Statements Notes to the STANDALONE Financial Statements for the year ended March 31, 2022 for the year ended March 31, 2022

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 straightline basis over the term of the relevant lease.

3.16. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- -Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- -Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the standalone financial statements relate to the company's single business segment. 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 40.

(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. Standards issued but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 1, 2022.

(i) 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 for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. 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. The amendments are effective for annual reporting periods beginning on or after April 1, 2022. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

"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 also 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. The amendments are effective for annual reporting periods beginning on or after April 1, 2022. The amendments are not expected to have a material impact on the Company.

(iii) 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. The amendments are effective for annual reporting periods beginning on or after April 1, 2022. The amendments are not expected to have a material impact on the Company.

(iv) 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 amendments are effective for annual reporting periods beginning on or after April 1, 2022. The amendments are not expected to have a material impact on the Company.

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Kurlon Enterprise Limited

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Standalone Cash Flow Statement for the year ended March 31, 2022

	_	(₹ in Lakh
Particulars	Year ended March 31, 2022	Year ended March 31, 2022
	Widi Cii 31, 2022	iviaitii 31, 202
A. Cash flows from Operating Activities	426.72	0.270.70
Profit before exceptional items and tax	436.72	8,279.70
Non cash adjustment to reconcile profit before tax to net cash flows	2.544.00	2 426 60
Depreciation and amortisation expense	2,511.98	2,426.69
Loss on sale of property, plant and equipment Advance to suppliers written off	152.21	252.71 13.13
Bad debts written off	130.90	1.35
Deposits written off Gain on modification of lease	(0.92)	22.75
Provision for bad and doubtful debts	594.68	250.96
Provision for doubtful advances	24.92	230.30
Provision for warranty	328.80	97.17
Fair value gain on mutual fund at fair value through profit or loss	(125.48)	(411.97)
Gain on sale of investments in mutual funds	(355.41)	(46.92)
Liabilities no longer required written back	(40.48)	(40.32)
Interest expenses	169.30	107.24
Interest income	(263.60)	(199.92)
Operating cash flow before working capital changes	3,563.62	10,792.89
Movements in working capital:	3,303.02	10,732.83
Increase/(decrease) in trade payables	3,114.04	(3,852.55)
Increase/(decrease) in other financial liabilities	198.72	211.28
Increase/(decrease) in other liabilities	(45.28)	613.75
Increase/(decrease) in provisions	(262.54)	(91.46)
Decrease/(increase) in inventories	(435.28)	570.99
Decrease/(increase) in trade receivables	(568.29)	1,053.94
Decrease/(increase) in loans	(712.50)	(2,376.68)
Decrease/(increase) in other financial assets	142.12	(56.58)
Decrease/(increase) in other invalidatessets	360.89	6,118.36
Cash generated from operations	5,355.50	12,983.94
Direct taxes paid (net of refunds)	(1,110.38)	(1,148.39)
Net cash flow from operating activities (A)	4,245.12	11,835.55
B. Cash flows from investing activities	4,245.12	11,033.33
Purchase of property, plant and equipment, including capital work in progress and capital advances	(2,195.69)	(5,327.83)
Investment in bank deposits	(3,790.00)	(3,863.05)
Redemption in bank deposits	3,563.05	-
Investment in subsidiary		(23.50)
Purchase of investments	(8,999.58)	(7,657.69)
Sale of investments	9,901.28	6,460.47
Proceeds from sale of property, plant and equipment	17.91	149.83
Movement in earmarked balances, net	(1.60)	0.30
Interest received	236.53	103.52
Net cash flow (used in) investing activities (B)	(1,268.10)	(10,157.95)
C. Cash flows from financing activities	()	(, , , , , , , , , , , , , , , , , , ,
Net (repayment of)/proceeds from short-term borrowings	(499.68)	(1,201.78)
Repayment of lease liabilities	(395.35)	(305.08)
Interest paid	(146.71)	(98.28)
Dividend paid	(1,827.61)	(1,279.33)
Net cash flow (used in) financing activities (C)	(2,869.35)	(2,884.47)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	107.67	(1,206.87)
Cash and cash equivalents at the beginning of the year	39.83	1,246.70
Cash and cash equivalents at the end of the year	147.50	39.8
Components of cash and cash equivalents as at end of the year		
Cash in hand	3.13	3.13
Balances with banks :		
In current accounts	144.37	36.70
Total cash and cash equivalents (Refer Note 14)	147.50	39.83
Non-cash investing and financing activities		
Acquisitions to right-of-use assets (Refer Note 6)	1,005.00	90.3

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Membership No.: 213803

Place : Bengaluru Date: November 28, 2022 For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

H. N. Shrinivas

Tonse Sudhakar Pai Managing Director DIN: 00043298

Chief Executive Officer

Director DIN - 07178853 Jyothi Ashish Pradhan

Abhilash Padmanabh Kamti Chief Financial Officer

Company Secretary

Place: Bengaluru Date: November 28, 20212 Statement of Changes in Equity for year ended March 31, 2022

(a) Equity share capital

Equity share of Rs. 5 each (March 31, 2021 Rs. 5) issued, subscribed and fully paid

(₹ in Lakh)

	March 3	31, 2022	March	31, 2021
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,63,82,393	1,819.12
Changes during the year		-	1,69,868	8.50
At the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Other Equity (₹ in Lakh)

	Share application money pending allotment	Securities premium	General reserve	Retained earnings	Total
Balance as at April 01, 2020	3,249.40	11,619.58	1,286.11	30,454.70	46,609.79
Transfer to equity share capital on issue of shares	(8.50)	-	-	-	(8.50)
Transfer to securities premium on issue of shares	(3,240.90)	3,240.90	-	-	-
Profit for the year	-	-	-	3,828.27	3,828.27
Other comprehensive income / (loss)	-	-	-	(54.21)	(54.21)
Dividend paid	-	-	-	(1,279.33)	(1,279.33)
Balance as at March 31, 2021	-	14,860.48	1,286.11	32,949.43	49,096.02
Profit for the year	-	-	-	357.96	357.96
Other comprehensive income / (loss)	-	-	-	(112.00)	(112.00)
Dividend paid	-	-	-	(1,827.61)	(1,827.61)
Balance as at March 31, 2022	-	14,860.48	1,286.11	31,367.78	47,514.37

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 attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Membership No.: 213803 Place : Bengaluru Date: November 28. 2022 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

H. N. Shrinivas Director DIN - 07178853

Jyothi Ashish Pradhan Abhilash Padmanabh Kamti Chief Executive Officer Chief Financial Officer

Place : Bengaluru Date: November 28, 20212

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Monu Kumar

Company Secretary

OF HELPING INDIA SLEEP HEALTHY

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Kurlon Enterprise Limited

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

4. Property, plant and equipment and Capital working in progress

(₹in	Lakh)
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				Furniture					
	Freehold land	Buildings	Plant & Equipment	& Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2020	991.42	8,048.45	19,188.43	3,041.54	549.71	532.09	323.90	32,675.54	578.36
Additions	-	464.30	903.50	93.08	66.96	27.95	136.80	1,692.59	444.08
Disposals	-	(58.85)	(165.53)	(300.84)	(2.97)	(24.82)	(110.38)	(663.39)	(321.26)
At March 31, 2021	991.42	8,453.90	19,926.40	2,833.78	613.70	535.22	350.32	33,704.74	701.18
Additions	-	1,071.33	668.41	403.53	169.42	121.03	65.31	2,499.03	339.36
Disposals	-	(63.25)	(36.35)	(225.50)	-	-	(24.25)	(349.35)	(642.28)
Adjustments *	-	-	126.92	19.70	16.03	22.99	49.52	235.16	-
At March 31, 2022	991.42	9,461.98	20,685.38	3,031.51	799.15	679.24	440.90	36,089.58	398.26
Depreciation									
At April 01, 2020	-	757.60	8,652.93	1,344.64	372.01	423.77	78.94	11,629.89	-
Charge for the year	-	256.40	1,364.85	142.74	66.43	50.51	44.99	1,925.92	-
Disposals	-	(1.26)	(95.47)	(94.47)	(2.80)	(23.41)	(43.37)	(260.78)	-
At March 31, 2021	-	1,012.74	9,922.31	1,392.91	435.64	450.87	80.56	13,295.03	-
Charge for the year	-	280.04	1,363.36	218.13	71.64	53.88	44.67	2,031.72	-
Disposals	-	(17.15)	(20.36)	(136.25)	-	-	(5.51)	(179.27)	-
Adjustments *	-	-	51.20	90.06	21.43	22.96	49.51	235.16	-
At March 31, 2022	-	1,275.63	11,316.51	1,564.85	528.71	527.71	169.23	15,382.64	-
Net block									
At March 31, 2021	991.42	7,441.16	10,004.09	1,440.87	178.06	84.35	269.76	20,409.71	701.18
At March 31, 2022	991.42	8,186.35	9,368.87	1,466.66	270.44	151.53	271.67	20,706.94	398.26

^{*} Represents reclass adjustments between gross block and accumulated depreciation.

Capital work-in-progress (CWIP) 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, 2022					
Projects in progress	339.36	37.31	2.08	19.51	398.26
Projects temporarily suspended	-	-	-	-	-
Total	339.36	37.31	2.08	19.51	398.26
As at March 31, 2021					
Projects in progress	444.09	149.82	35.34	71.93	701.18
Projects temporarily suspended	-	-	-	-	-
Total	444.09	149.82	35.34	71.93	701.18

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

_			
	Goodwill*	Computer Software	Total
Cost			
At April 01, 2020	2,103.16	1,073.95	3,177.11
Additions	-	0.75	0.75
Disposals	-	-	-
At March 31, 2021	2,103.16	1,074.70	3,177.86
Additions	-	2.90	2.90
Disposals	-	-	-
At March 31, 2022	2,103.16	1,077.60	3,180.76
Amortisation			
At April 01, 2020	<u> </u>	534.96	534.96
Charge for the year		141.93	141.93
Disposals	-	-	-
At March 31, 2021	-	676.89	676.89
Charge for the year	-	136.96	136.96
Disposals	<u> </u>	-	-
At March 31, 2022	-	813.85	83.85
Net block			
At March 31, 2021	2,103.16	397.81	2,500.97
At March 31, 2022	2,103.16	263.75	2,366.91

5. Intangible assets (contd.)

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Company including SABCIL has been considered as a single cash generating unit. The Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management considered the 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, 2020	1,145.27	1,994.20	3,139.47	
Additions	-	90.32	90.32	
Disposals	-	(929.02)	(929.02)	
At March 31, 2021	1,145.27	1,155.50	2,300.77	
Additions	<u> </u>	1,005.00	1,005.00	
Disposals		(625.22)	(625.22)	
Adjustments *		(84.38)	(84.38)	
At March 31, 2022	1,145.27	1,450.90	2,596.17	
Amortisation				
At April 01, 2020	19.45	691.56	711.01	
Charge for the year	19.45	339.39	358.84	
Disposals	<u> </u>	(298.31)	(298.31)	
At March 31, 2021	38.90	732.64	771.54	
Charge for the year	19.45	454.66	474.11	
Disposals		(616.24)	(616.24)	
Adjustments *	-	(84.38)	(84.38)	
At March 31, 2022	58.35	486.68	545.03	
Net block				
At March 31, 2021	1,106.37	422.86	1,529.23	
At March 31, 2022	1,086.92	964.22	2,051.14	

^{*} Represents reclass adjustments between gross block and accumulated amortisation.

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Notes to the **STANDALONE** Financial Statements for the year ended March 31, 2022

7. Investment (₹ in Lakh)

7. Investment				(< in Laki
	March 31, 2022		March 31, 2021	
	Nos.	Amount	Nos.	Amount
Measured at cost				
Non-current investments, unquoted				
Investments in equity instruments of subsidiary (all fully paid)				
Kurlon Retail Limited (Formerly known as Kurlon Retail				
Private Limited) (Shares of Rs. 5/- each fully paid up)	1 50 65 466	4 750 00	1 50 65 466	1 700 00
(refer Note 7(ii) below)	1,52,65,466	1,760.00	1,52,65,466	1,760.00
Sirar Solar Energies Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sevalal Solar Private Limited (Shares of Rs. 100/-	4,030	4.03	4,030	4.03
each fully paid up)	4,690	4.69	4,690	4.69
Sirar Dhotre Solar Private Limited (Shares of Rs. 100/-	.,			
each fully paid up)	4,690	4.69	4,690	4.69
Belvedore International Limited (Shares of Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Komfort Universe Products and Services Limited				
(Shares of Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Starship Value Chain and Manufacturing Private Limited				
(Formerly known as Starship Manufacturing & Services	5 000	0.50	F 000	0.50
Private Limited) (Shares of Rs. 10/- each fully paid)	5,000	0.50	5,000	0.50
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000	1.00	10,000	1.00
Total	1,53,94,536	1,785.57	1,53,94,536	1,785.57
Measured at fair value through profit and loss				
Current investments, quoted			_	
Investments in mutual funds	20.22.604	4 402 04	24.50.006	4 264 24
Kotak Banking & PSU Debt Fund Direct Growth	20,33,681	1,103.94	24,58,086	1,261.24
Axis Short Term Plan-D-G	35,96,142	959.55	24,25,648	616.16
DSP Banking and PSU Debt Fund-Direct Growth	42,32,783	845.36	37,20,875	713.81
IDFC Corporate Bond Fund Regular Plan-Growth	45,34,078	713.42	- 40.76.222	-
ICICI Prudential Banking & PSU Debt Fund	22,00,468	592.37	40,76,232	1,044.18
Kotak Bond Short Term Fund - Direct Growth	12,56,924	574.36	10,30,669	448.12
Kotak Corporate Bond Fund - Direct Growth	17,573	550.54	17,573	524.48
Mirae Asset Corporate Bond Fund-R G LIC MF PSU Banking Fund Direct Growth	48,46,475	505.80	10 42 974	474.05
	16,42,874	493.42	16,42,874	474.95
HSBC Corporate Bond Fund Direct Growth Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	39,27,087	419.78	9,88,347	100.50
	29,009	306.34	- -	<u>-</u>
ICICI Prudential Ultra short term Fund -D G JM Low Duration Fund - R G	12,71,606	304.05	- 	<u> </u>
Canara Robeco Corporate Bond Fund - Direct Growth	9,96,504	301.12		100.80
·	11,09,397	209.37	5,57,890	100.89
PGIM India Low Duration Fund D G	7,96,144	203.30	- 	<u> </u>
Mahindra Manulife Short Term Fund D G Trust MF Short Term Fund D G	19,22,171	203.04	- -	<u>-</u>
	19,695	202.27	- -	<u>-</u>
Tata Corporate Bond Fund D G	19,99,900	202.26	- -	<u>-</u>
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G	18,83,463	201.97	<u> </u>	-
Axis CPSE Plus SDL 2025 Debt Index Fund D G	19,99,900	201.65	<u>-</u>	-
Canara Robeco Short Term Duration Fund -D G Truct ME Panking & PSU Dobt Fund - Popular - Growth	8,98,208	201.47	<u> </u>	-
Trust MF Banking & PSU Debt Fund - Regular - Growth	19,076	200.28		-

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

(₹ in Lakh)

	March 31, 2022		March	31, 2021
	Nos.	Amount	Nos.	Amount
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,15,282	102.10	17,21,136	404.58
Nippon Short Term Fund - D G	2,23,873	101.92	-	
ABSL Floating Rate Fund -D G	35,907	101.81	-	-
Tata Banking & PSU Debt Fund D G	8,56,480	101.73	-	-
Invesco India Corporate Bond Fund - D G	3,716	101.63	-	-
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	9,93,561	101.41	-	-
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	9,93,996	101.38	-	-
Invesco India Medium Duration Fund- D G	9,826	101.33	-	-
L & T Low Duration Fund Direct Growth	4,21,328	100.53	-	
Nippon India Corporate Bond Fund - D G	2,02,851	100.51	-	
DSP Short Term Fund-D G	2,47,808	100.47	-	-
ABSL Crisil Aaa Jun 2023 Index Fund D G	10,00,261	100.43	-	-
SBI Banking & PSU Fund Direct Growth	-	-	31,504	804.62
Sundaram Banking And PSU Debt Fund-Direct Growth	-	-	17,95,790	613.80
Axis Banking PSU fund Direct Growth	-	-	48,070	1,008.41
ABSLFloating Rate Growth Direct Plan	-	-	2,03,278	550.24
SBI Corporate Bond Fund-Direct Plan-Growth	-	-	41,08,446	501.81
L & T Banking & PSU Debit Fund-Growth	-	-	22,84,679	443.33
ABSL Banking & PSU Debt Fund-Growth-Direct Plan	-	-	1,04,494	302.74
LIC MF Banking And PSU Debt Fund - Regular Plan-G	-	-	7,78,062	213.29
DSP Low Duration Fund- Direct Growth	-	-	12,70,326	201.02
ICICI Prudential Bond Fund - Direct Plan - Growth	-	-	3,14,599	100.67
Kotak Low Duration Fund Direct Growth	-	-	3,622	100.46
DSP Corporate Bond Fund Direct Growth	-	-	23,58,987	301.97
HDFC Corporate Bond Fund Regular Growth	-	-	12,05,252	300.44
Total	4,66,38,045	10,710.91	3,31,46,439	11,131.71
Aggregate amount of unquoted investments		1,785.57		1,785.57
Aggregate amount of cost of quoted investments		10,140.87		10,676.04
Aggregate amount of market value of quoted investments		10,710.91		11,131.71

7. Investment (contd.)

(i) The Company had made an investment of Rs. 2,000 lakhs in Commercial Paper (CP) issued by Cox and Kings Limited (C&K) in four Commercial Papers between June 14, 2019 and June 26, 2019. The amounts were due for maturity/redemption in 40-45 days from date of investment. The maturity dates for the four tranches commenced on July 29, 2019 and ended on August 6, 2019. At the time of making the investment, the CP was rated as A1+ by Credit Rating agency 'CARE'. This rating indicates highest level of safety. Subsequent to making the investment, C&K defaulted in repayment of borrowings to its bankers from June 28, 2019 onwards till date.

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring, encumbering, alienating or disposing off" of any assets belonging to C&K effective from October 22, 2019. The bench has appointed an interim resolution professional (IRP) who is overseeing the affairs of the entity. Considering the ongoing insolvency proceedings against C&K, the Company was of the opinion that the probability of recovery is remote and hence had written off the same in the books of accounts and had disclosed the same as an ""Exceptional item" in the Statement of Profit and Loss for the year ended March 31, 2021.

On December 16, 2021 vide order no. 587/2021, the NCLT has approved the liquidation of the Company and appointed the liquidator to initiate the liquidation process. Accordingly, the Company has filed an application for claims submission to the liquidator.

(ii) As at March 31, 2022, the Company has invested Rs. 1,760.00 lakhs in 15,265,466 equity shares of Rs. 5 each of Kurlon Retail Limited. Further, the Company has so far given loans aggregating to Rs. 2,601.34 lakhs (March 31, 2021: Rs. 2,016.28 lakhs). The net worth of the subsidiary as on March 31, 2022 and March 31, 2021 is fully eroded. However, the management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and profitability, the Company is of the opinion that presently there is no impairment in the carrying value of the above investment and the loans so far granted to it. In estimating the value in use, the management considered the following assumptions:

	March 31, 2022	March 31, 2021
Terminal growth rate (%)	5.00%	1.00%
Discount rate (%)	9.59%	12.00%

8. Loans

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FINANCIAL Statements

Kurlon Enterprise Limited

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

for the year ended March 31, 2022

Notes to the **STANDALONE** Financial Statements

				•
	Non - C	Non - Current		rent
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Unsecured, at amortised cost				
Loans				
- Subsidiaries (Refer Note 35)	2,614.36	2,303.53	-	-
- Others		73.15	56.74	-
	2,614.36	2,376.68	56.74	-
Loans				
- Subsidiaries (Refer Note 35)	418.08	-	-	-
Less : Loss allowance	(418.08)	-	-	-
	-	-	-	-
	2,614.36	2,376.68	56.74	-

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

(₹ in Lakh)

(₹ in Lakh)

	Rate of	Due date of March 31, 2022 Ma	March 31, 2022		March 3	March 31, 2021	
Name of the subsidiary	interest	repayment (Note (b))	Gross	Allowance (Note (c))	Gross	Allowance	
Kurlon Retail Limited (Refer Note (d))	8.50%	On demand	2,601.34	-	2,017.23	-	
Kanvas Concepts Private Ltd (Refer Note (e))	8.50%	On demand	162.76	(162.76)	85.00	-	
Komfort Universe Products and Services							
Private Limited (Refer Note (e))	8.50%	On demand	81.40	(81.40)		_	
Sirar Solar Energies Private Limited	8.50%	On demand	74.59	(74.59)	81.51	-	
Sirar Dhotre Solar Private Limited	8.50%	On demand	68.81	(68.81)	76.07	-	
Sevalal Solar Private Limited	8.50%	On demand	30.53	(30.53)	43.72	-	
Belvedore International Ltd (Refer Note (e))	8.50%	On demand	13.01		-	-	
Total			3,032.44	(418.08)	2,303.53	-	

⁽b) The Company has granted various loans to its subsidiary companies to meet their working capital requirements which has been approved by the Board of Directors. The aforesaid loans are repayable on demand along with interest and management believes that these terms are not prejudicial to the Company's interests. The Company has not demanded the aforesaid loans along with interest during the year.

(f) Except as disclosed above in note 8, 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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Considered good unless otherwise stated				
Unsecured, at amortised cost				
Interest accrued on fixed deposits	-	-	84.44	78.11
Security deposits	665.71	638.87	74.35	265.78
Other bank balance				
Deposits with remaining maturity for more than 12 months	5			
(Refer note 14)	-	300.00	-	-
	665.71	938.87	158.79	343.89

9. Other financial assets (₹ in Lakh)

	Non - 0	Non - Current		rent
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Unsecured, credit impaired				
Interest accrued on loan given to subsidiaries	-	-	16.82	-
Less : Loss allowance (Refer Note 35 and below)	-	-	(16.82)	-
	-		-	-
	665.71	938.87	158.79	343.89

Pertains to interest on loan given to subsidiaries which are payable on demand along with respective principal amounts. Considering the financial position of these subsidiaries, the Company has provided loss allowance on the interest accrued on loan given to subsidiaries on outstanding interest amount as of March 31, 2022. Refer Note 8(a) for details.

10. Income tax assets (net)

(₹ in Lakh)

	March 31, 2022	March 31, 2021
Advance income tax net of provision for current tax & including tax deducted at source	1,445.98	643.68
	1,445.98	643.68

11. Other assets

(₹ in Lakh)

	Non - 0	Non - Current		rent
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Unsecured, considered good				
Capital advances (Refer Note (i) below)	2,149.04	2,058.34	-	-
Advances recoverable in cash or kind				
- Related parties (Refer Note 35)	-		4,715.56	5,431.21
- Others	-	_	698.39	583.86
Advance to employees	-	-	50.23	24.55
Prepaid expenses	-	-	285.69	299.05
Leave encashment fund	-	-	7.23	101.41
Balances with statutory/government authorities	-	-	299.61	2.44
	2,149.04	2,058.34	6,056.71	6,442.52
Unsecured, credit impaired				
Advances recoverable in cash or kind				
- Others	-		24.92	-
Less : Provision for doubtful advances	-	-	(24.92)	-
			_	
Total	2,149.04	2,058.34	6,056.71	6,442.52

(I) Capital advances includes the following:

(a) During the year 2013-2014, the Kurlon Limited ("Holding Company") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with 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. During the financial year 2014-2015, the advance was transferred by Holding Company to the Company and has been carried in the books till date. The Company and MRACL is in the process of completing necessary steps required for the aforesaid execution of sale deed.

⁽c) Considering the financial position of these subsidiaries, the Company has provided loss allowance on the aforesaid outstanding loan amount as of March 31, 2022 and same has been shown as exceptional item.

⁽d) The loan provided to Kurlon Retail Limited ('KRL'), wholly owned subsidiary, is repayable on demand along with interest and the management does not have intention to demand in the near future. Accordingly, the Company has not accrued the interest on the aforesaid loan considering revenue recognition policy of the Company. As detailed in Note 7(ii), the Company is confident on recovery of loan from KRL considering future business plan and accordingly, no loss allowance has been made as of March 31, 2022. (e) Considering the financial position of these subsidiaries, the Company has not accrued the interest on the aforesaid loan considering revenue recognition policy of the Company.

(b) Advance paid to Holding Company, Kurlon Limited towards acquistion of 3 manufacturing premises in and around Bengaluru, detailed below:

Location/Address	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, Dobbaspet, Bangalore - 562211 - Sofa Unit	341.04
Karnataka - No. 22 & 23 KIADB Indl Area, Dobbaspet, Bangalore - 562211	235.04
	622.07

Subsequent to the year end, the Company has adjusted above advance against security deposit towards lease agreement entered with its Holding Company.

12. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Raw materials (includes in transit Rs. 657.89 lakhs (March 31, 2021 - Rs. Nil))	5,242.40	4,487.83
Work in progress	1,836.54	1,786.97
Finished goods (includes in transit Rs. Nil (March 31, 2021 - Rs. 30.70 lakhs))	3,536.69	3,722.45
Spares and consumables	546.30	523.77
Traded goods	378.43	584.06
	11,540.36	11,105.08

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 706.79 lakhs (March 31, 2021: Rs. 920.88 lakhs).

13. Trade receivables

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Financial assets, at amortised cost		
Unsecured, considered good	5,446.95	5,473.43
Unsecured, credit impaired	1,592.89	1,045.17
	7,039.84	6,518.60
Provision for doubtful receivables	(1,592.89)	(1,045.17)
	5,446.95	5,473.43

Notes

- (i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.
- (ii) For balances with related parties, refer Note 35.
- (iii) Trade Receivables ageing schedule:.

(₹ in Lakh)

		Outstanding for following periods from the due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
March 31, 2022		-						
Undisputed trade receivables - considered good	571.63	4,673.51	185.51	13.65	1.83	0.82	5,446.95	
Undisputed trade receivables - credit impaired	_	_	-	872.50	227.37	151.86	1,251.73	
Disputed trade receivables - credit impaired	_		-	76.28	104.38	160.50	341.16	
	571.63	4,673.51	185.51	962.43	333.58	313.18	7,039.84	

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

Trade Receivable (contd.)							(₹ in Lakh)	
		Outstanding for following periods from the due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
March 31, 2021								
Undisputed trade receivables - considered good	3,172.41	1,747.11	553.91	_	-		5,473.43	
Undisputed trade receivables - credit impaired	-	-	58.32	385.70	199.44	82.15	725.61	
Disputed trade receivables - credit impaired	_	-	10.95	51.51	96.38	160.72	319.56	
	3,172.41	1,747.11	623.18	437.21	295.82	242.87	6,518.60	

14. Cash and bank balances (₹ in Lakh)

	Non - Current		Cur	rent
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cash and cash equivalents				
Cash in hand	-	-	3.13	3.13
Balances with banks :				
In current accounts	-	-	144.37	36.70
	-	-	147.50	39.83
Other bank balances				
Deposits with remaining maturity for less than 12 months	-	-	4,090.00	3,563.05
Deposits with remaining maturity for More than 12 months	300.00		-	-
Earmarked balances with banks *	-	-	141.79	140.19
Unclaimed dividend account	-	-	15.71	7.42
	300.00	-	4,247.50	3,710.66
Less: Amount disclosed under other non- current				
financial assets (Refer note 9)	(300.00)	-	-	-
	-	-	4,395.00	3,750.49
				·

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

15. Equity share capital (₹ in Lakh)

March 3	March 31, 2022		31, 2021
Nos.	Amount	Nos.	Amount
15,06,00,000	7,530.00	15,06,00,000	7,530.00
15,06,00,000	7,530.00	15,06,00,000	7,530.00
3,65,52,261	1,827.62	3,65,52,261	1,827.62
3,65,52,261	1,827.62	3,65,52,261	1,827.62
	Nos. 15,06,00,000 15,06,00,000 3,65,52,261	Nos. Amount 15,06,00,000 7,530.00 15,06,00,000 7,530.00 3,65,52,261 1,827.62	Nos. Amount Nos. 15,06,00,000 7,530.00 15,06,00,000 15,06,00,000 7,530.00 15,06,00,000 3,65,52,261 1,827.62 3,65,52,261

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Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

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

(₹ in Lakh)

	March 3	1, 2022	March 31, 2021	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,63,82,393	1,819.12
Issued during the year	-	-	1,69,868	8.50
Outstanding at the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company

(₹ in Lakh)

	March 31	March 31, 2022		1, 2021
	Nos.	%	Nos.	%
urlon Limited, the Holding Company				
quity shares of Rs. 5/- each	3,09,24,115	84.60%	3,09,49,615	84.67%
	3,09,24,115	84.60%	3,09,49,615	84.67%

d. Details of shareholders holding more than 5% shares in the Company

(₹ in Lakh)

	March 31	March 31, 2022		1, 2021
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kurlon Limited	3,09,24,115	84.60%	3,09,49,615	84.67%
Indian Business Excellence Fund II A	23,54,086	6.44%	23,54,086	6.44%

 $^{^{}st}$ Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

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

(₹ in Lakh)

	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Equity shares of Rs. 5/- each with voting	rights				
Fully paid up bonus shares	-	-	-	85,95,013	53,09,120
	-	-	-	85,95,013	53,09,120

f. Details of shares held by promoters

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
Kurlon Limited	3,09,49,615	(25,500)	3,09,24,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	3,09,50,309	(25,500)	3,09,24,809	84.60%	-0.08%

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

15. Equity share capital (contd.)

(₹ 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
Kurlon Limited	3,09,46,755	2,860	3,09,49,615	84.67%	0.01%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	3,09,47,449	2,860	3,09,50,309	84.67%	0.01%

g. Dividend made and proposed

(₹ in Lakh)

	March 31, 2 Dividend/Share		March 31 Dividend/Sha	-
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2021 paid in financial year 2021-22: Rs 1,827.61 lakhs (for the year ended March 31, 2020 paid in financial year 2020-21: Rs 1,279.33 lakhs)	5.00	1,827.61	3.50	1,279.33
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2022 :	0.50	402.76	5.00	4 007 64
Rs 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61

March 31.

16. Other equity

	As at March 31, 2022	As at March 31, 2021
Share application money pending allotment		
Balance at the beginning of the year	-	3,249.40
Add : Transfer to equity share capital on issue of shares		(8.50)
Add : Transfer to securities premium on issue of shares	-	(3,240.90)
Balance as at end of the year	-	-
Securities premium account		
Balance at the beginning of the year	14,860.49	11,619.59
Add : Premium on issue of shares	-	3,240.90
Balance as at end of the year	14,860.49	14,860.49
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	1,286.11	1,286.11
Retained earnings		
Balance at the beginning of the year	32,949.52	30,454.70
Add : Profit for the year	357.96	3,828.27
Add : Other comprehensive income/(loss) for the year	(112.00)	(54.21)
Less : Dividend paid	(1,827.61)	(1,279.33)
Balance as at end of the year	31,367.87	32,949.43
Total	47,514.47	49,096.03

17. Lease liabilities (₹ in Lakh)

	Non - C	Current	Current		
	March 31, 2022 March 31, 2021		March 31, 2022	March 31, 2021	
Lease liabilities	547.88	271.73	454.78	174.39	
	547.88	271.73	454.78	174.39	

The movement of lease liabilities during the year is as below:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	446.12	1,282.21
Additions	961.79	-
Interest expense	82.30	49.83
Payments	(477.65)	(354.91)
Termination of leases	(9.90)	(531.01)
At the end of the year	1,002.66	446.12

The maturity analysis of lease liabilities are disclosed in Note 42.

18. Other financial liabilities

(₹ in Lakh)

				, ,		
	Non - 0	Non - Current		Current		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
Unsecured, at amortised cost						
Security deposits	5,361.77	5,478.51	-	-		
Employee related liabilities	-	-	918.57	603.11		
Payable for capital goods	-	-	150.93	56.91		
Unpaid dividend account	-		15.71	7.42		
	5,361.77	5,478.51	1,085.21	667.44		

^{*} represents security deposits received from customers.

19. Provisions

(₹ in Lakh)

	Non - C	urrent	Current		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Provision for warranty*	374.32	656.17	444.52	142.67	
Provision for employee benefits					
Gratuity (Refer Note 40)	126.47	-	86.69	17.22	
	500.79	656.17	531.21	159.89	

^{*} Provision for warranty :

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The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Balance as at beginning of the year	 798.84	818.84
Provisions created during the year	328.64	97.18
Amounts utilised during the year	(308.64)	(117.18)
Balance as at end of the year	818.84	798.84
Current	444.52	142.67
Non-current	374.32	656.17

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

20. Deferred tax liabilities (net)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Deferred tax liabilities	2,609.66	2,779.77
Deferred tax assets	(911.12)	(396.15)
	1,698.54	2,383.62

Refer Note 43 for further details.

21. Borrowings

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Secured borrowings		
Loans from banks	11.26	510.94
Unsecured borrowings		
Loans from related parties (Refer Note 35)	676.30	676.30
	687.56	1,187.24

- (a) Loan from banks of Rs. 11.26 lakhs (March 31, 2021: Rs. 510.94 lakhs)
- (I) The Company has obtained various facilities from Axis Bank and IDBI Bank. The loan is secured by first pari passu charge on entire current assets of the Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a. and 1 year MCLR + 0.1% p.a. on the cash credit facility respectively. The outstanding balance against the aforesaid facility as of March 31, 2022 is Rs. Nil (March 31, 2021: Rs. 498.94 lakhs).
- (ii) The Company has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2022 is Rs. 11.26 lakhs (March 31, 2021: Rs. 12.00 lakhs).
- (b) Loan from related parties of Rs. 676.30 lakhs (March 31, 2021: Rs. 676.30 lakhs)

The Company has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 8.5% p.a.

The table below depicts changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes:

Reconciliation of liabilities arising from financing activities

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2022				
Loans from banks	510.94	(499.68)	-	11.26
Loans from related parties	676.30	-	-	676.30
Lease liabilities	446.12	(395.35)	951.89	1,002.66
	1,633.36	(895.03)	951.89	1,690.22
March 31, 2021				
Loans from banks	1,216.90	(705.96)	-	510.94
Loans from other financial institutions	495.82	(495.82)	-	-
Loans from related parties	676.30	-	-	676.30
Lease liabilities	1,282.21	(305.08)	(531.01)	446.12
	3,671.23	(1,506.86)	(531.01)	1,633.36

22. Trade payables	(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises		
(Refer Note 36)	355.45	314.96
Total outstanding dues of creditors other than micro enterprises		
and small enterprises	11,314.77	8,218.63
	11,670.22	8,533.59

Ageing of trade payables (₹ in Lakh)

	Outstanding for following periods from the date of transaction					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
Undisputed trade payables -						
Non MSME	4,861.25	6,356.19	65.68	10.29	21.36	11,314.77
Total	4,892.79	6,680.10	65.68	10.29	21.36	11,670.22
March 31, 2021						
Undisputed trade payables - MSME	8.96	306.00	-	-	-	314.96
Undisputed trade payables -						
Non MSME	2,168.12	6,036.17	9.01	5.33	-	8,218.63
Total	2,177.08	6,342.17	9.01	5.33	-	8,533.59

23. Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Contract liabilities - Advance from customers	436.82	574.52
Statutory dues payables	232.52	180.58
	669.34	755.10

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

24. Revenue from operations

	As at March 31, 2022	As at March 31, 2021
Revenue from contracts with customers		
Sale of products		
Finished goods	73,182.76	70,652.55
Traded goods	12,677.06	9,461.95
Less : Schemes & rebates	(8,858.68)	(5,844.95)
Other operating revenue		
Scrap sales	224.44	178.31
Revenue from operations	77,225.58	74,447.86

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

(a) Timing of revenue from operations (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Goods transferred at a point in time	77,225.58	74,447.86
	77,225.58	74,447.86

(b) Reconciliation of amount of revenue recognised with contract price

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Revenue as per contract price	86,084.26	80,292.81
Less : Discounts	(8,858.68)	(5,844.95)
	77,225.58	74,447.86

(c) Movement in contract liabilities during the year*

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Opening balance	574.52	15.74
Less : Revenue recognised during the year	(574.52)	(15.74)
Add : Amount of consideration received during the year	436.82	574.52
	436.82	574.52

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

25. Other income

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Interest income		
- On fixed deposits	235.17	142.32
- On security deposits	20.74	18.29
- On Others	7.69	39.31
Fair value gain on mutual fund at fair value through profit or loss	125.48	411.97
Gain on sale of investments in mutual funds	355.41	46.92
Liabilities no longer required written back	40.48	-
Gain on modification of lease	0.92	-
Foreign currency exchange gain (net)	-	2.77
Miscellaneous income	180.90	179.59
	966.79	841.17

26. Cost of raw materials consumed

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Inventories at the beginning of the year	4,487.83	3,735.56
Add: Purchases	37,092.04	33,256.64
Less: Inventories at the end of the year	(5,242.40)	(4,487.83)
Cost of raw materials consumed	36,337.47	32,504.37

(₹ in Lakh)

27. Purchase of traded goods	(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Purchase of traded goods	8,749.41	7,437.94
	8,749.41	7,437.94

28. Changes in inventories of finished goods, work-in-progress and traded goods

	As at March 31, 2022	As at March 31, 2021
Inventories at the end of the year		
Finished goods	3,536.69	3,722.45
Work in progress	1,836.54	1,786.97
Traded goods	378.43	584.06
	5,751.66	6,093.48
Inventories at the beginning of the year		
Finished goods	3,722.45	4779.12
Work in progress	1,786.97	1601.56
Traded goods	584.06	978.95

29. Employee benefit expenses

	As at March 31, 2022	As at March 31, 2021
Salaries, wages and bonus	4,660.38	5,456.16
Gratuity expenses (Refer Note 40)	58.10	43.81
Contribution to provident and other funds (Refer Note 40)	244.97	276.80
Staff welfare expenses	180.85	132.14
	5,144.30	5,908.91

30. Finance costs

	As at March 31, 2022	As at March 31, 2021
Interest expenses		
- On borrowings	87.00	57.41
- On lease liabilities	82.30	49.83
Customer financing costs	89.79	90.78
Other	27.87	31.90
	286.96	229.92

31. Depreciation and amortisation expense

	As at March 31, 2022	As at March 31, 2021
Depreciation of property, plant and equipment *	1,900.91	1,925.92
Amortisation of intangible assets	136.96	141.93
Amortisation of right to use assets	474.11	358.84
	2,511.98	2,426.69

^{*} Net of depreciation cross charged to group companies amounting to Rs. 130.81 lakhs (March 31, 2021 : Rs. Nil)

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

32. Other expenses

	As at March 31, 2022	As at March 31, 2021
Consumption of stores, spares and consumables	324.71	262.12
Power and fuel	861.72	703.99
Freight outward	6,574.02	4,691.60
Rent	58.96	599.81
Repairs and maintenance		
Buildings	81.83	15.50
Plant and machinery	147.73	127.90
Others	289.02	277.74
Tailoring and fabrication	3,093.63	2,936.49
Rates and taxes	126.46	186.55
Expenditure on corporate social responsibility	202.99	259.82
Insurance expenses	305.62	297.75
Foreign currency exchange loss (net)	16.51	-
Security expenses	565.34	573.60
Warehouse charges	974.47	86.93
Postage and telephone expenses	134.42	70.04
Payment to auditors *	55.00	52.00
Advertisement, promotion and selling expenses	3,852.45	2,484.37
Travelling and conveyance expenses	916.95	305.14
Legal and consultancy charges	4,423.34	2,508.88
Director's sitting fees	1.67	2.58
Loss on sale of property, plant and equipment	152.21	252.71
Advance to suppliers written off	-	13.13
Bad debts written off	130.90	1.35
Deposits written off	-	22.75
Provision for bad and doubtful debts	594.68	250.96
Provision for doubtful advances	24.92	-
Provision for warranty	328.80	97.17
Miscellaneous expenditure	145.36	154.47
·	24,383.71	17,235.35
* Payment to auditors (excluding goods and service tax)		
Audit services :		
Statutory audit (refer note (a) below)	55.00	49.00
Tax audit	-	3.00
Out of pocket expenses	-	-
	55.00	52.00

⁽a) Payments to auditors for the year ended March 31, 2021 is pertaining to erstwhile auditors.

32(A) Exceptional Item

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Provision for loans to related parties [Refer Note 8(a)]	418.08	-
Impairment on Investments [Refer Note 7(I)]		2,018.68
	418.08	2,018.68

(₹ in Lakh)

7,359.63

1,266.15

(₹ in Lakh)

(₹ in Lakh)

(₹ in Lakh)

6,093.48 341.82

33. Earnings per share (EPS)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Profit for the year	357.96	3,828.27
Weighted average number of equity shares outstanding (Basic and diluted)	3,65,52,261	3,65,52,261
Earnings per share (Basic and diluted)	0.98	10.47

34. 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 assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

35. Related party disclosure

Names of related parties and related party relation	nships
Names of related parties where control exists irresp	ective of whether transactions have occurred or not
Holding Company	Kurlon Limited
Other related parties with whom transactions have	taken place during the year
Wholly Owned Subsidiaries	Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedore International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited Starship Global VCT LLP Home Komfort Retail LLP
Subsidiary Entities	Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited
Enterprises owned or significantly influenced by key management personnel / Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahal Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels Private Limited
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Ms. Jaya S Pai, Director Ms. Jyothi Pradhan, Chief Executive Officer Mr. H N Shrinivas, Non-Executive Director (w.e.f. May 07, 2021) Mr. Nagarajan S, Non-Executive Director (w.e.f. May 07, 2021) Mr. Nitin G Khot Non-Executive Director (up to May 07, 2021) Mr. S Ananthanarayanan Non-Executive Director (up to May 07, 2021) Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022) Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021) Mr. Monu Kumar, Company Secretary

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

The transactions that have been entered into with related parties during the year are as follows:

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	As at March 31, 2022	As at March 31, 2021
Sale of products		
Komfort Universe Products & Services Limited	4,990.85	-
Kurlon Retail Limited	945.39	901.67
Home Komfort Retail LLP	988.94	741.01
Manipal Advertising Services Private Limited	0.30	-
Kanvas Concepts Private Limited	-	1.10
	6,925.48	1,643.78

35. Related party disclosure (contd.)

	As at March 31, 2022	As at March 31, 2021
Scheme expenses		
Kurlon Retail Limited	226.28	734.50
Komfort Universe Products & Services Limited	1,236.92	-
Home Komfort Retail LLP	0.05	-
	1,463.25	734.50
Interest income on loan given		
Sevalal Solar Private Limited	6.82	-
Sirar Dhotre Solar Private Limited	6.37	-
Sirar Solar Energies Private Limited	3.63	-
	16.82	-
Rental income		
Starship Global VCT LLP	4.31	2.50
	4.31	2.50
Purchases		
Kurlon Limited	8,749.41	7,437.94
Komfort Universe Products & Services Limited	8.81	-
	8,758.22	7,437.94
Managerial remuneration		
T Sudhakar Pai	75.92	261.71
Jyothi Pradhan	79.07	44.67
Ritesh Shroff	41.83	48.05
Monu Kumar	12.77	10.33
	209.59	364.76
Interest paid on unsecured loan		
Jaya S Pai	52.88	55.80
	52.88	55.80
Freight outward		
Starship Global VCT LLP	4,436.18	197.38
Starship Value Chain and Manufacturing Private Limited	1,290.94	-
	5,727.12	197.38

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	As at March 31, 2022	As at March 31, 2021
Warehouse charges		
Starship Global VCT LLP	799.94	86.93
Starship Value Chain and Manufacturing Private Limited	174.53	-
	974.47	86.93
Legal and consultancy charges		
Starship Global VCT LLP	2,282.90	1,549.77
Starship Value Chain and Manufacturing Private Limited	560.59	-
Home Komfort Retail LLP	-	3.50
Kanvas Concepts Private Limited	33.34	-
Manipal Software & E-Commerce Private Limited	344.38	156.55
	3,221.21	1,709.83
Advertisement and sales promotion expenses		
Manipal Advertising Services Private Limited	1,301.93	1,187.33
Kurlon Retail Limited	47.75	83.39
Kanvas Concepts Private Limited	18.75	-
Komfort Universe Products & Services Limited	10.00	-
	1,378.43	1,270.72
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	134.31	38.80
	134.31	38.80
Sitting fees		
Nitin G Khot	0.13	0.65
S Ananthanarayanan	0.13	0.91
laya S Pai	0.64	1.02
S Nagarajan	0.39	-
H N Shrinivas	0.39	-
	1.68	2.58

35. Related party disclosure (contd.)

(₹ in Lakh)

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As at March 31, 2022	As at March 31, 2021
1,546.24	1,084.99
1,546.24	1,084.99
99.09	111.96
180.74	-
13.23	-
18.75	-
311.81	111.96
	1,546.24 1,546.24 99.09 180.74 13.23 18.75

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

The balances receivable from and payable to related parties as at year end are as follows : (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Investment in subsidiaries		
Kurlon Retail Limited	1,759.93	1,759.93
Sevalal Solar Private Limited	4.69	4.69
Sirar Dhotre Solar Private Limited	4.69	4.69
Sirar Solar Energies Private Limited	4.69	4.69
Komfort Universe Products & Services Limited	5.00	5.00
Belvedore International Limited	5.00	5.00
Kanvas Concepts Private Limited	0.50	0.50
Starship Manufacturing and Services Private Limited	1.00	1.00
	1,785.50	1,785.50
Capital advances		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
Kurlon Limited	622.00	622.00
	1,844.76	1,844.76
Security deposit		
Jayamahal Trade and Investments Private Limited	4.17	9.00
Metropolis Builders Private Limited	22.05	20.41
Jai Bharath Mills Private Limited	27.78	28.31
	54.00	57.72
Trade receivables		
Komfort Universe Products & Services Limited	218.14	-
Home Komfort Retail LLP	-	76.53
	218.14	76.53
Loan to related parties		
Kurlon Retail Limited	2,601.34	2,016.28
Kanvas Concepts Private Limited	162.76	85.00
Komfort Universe Products & Services Limited	81.40	-
Sirar Solar Energies Private Limited	74.59	81.50
Sirar Dhotre Solar Private Limited	68.81	76.07
Sevalal Solar Private Limited	30.53	43.73
Home Komfort Retail LLP	-	-
Belvedore International Limited	13.01	-
	3,032.44	2,302.58
Interest income receivable		
Sevalal Solar Private Limited	6.82	-
Sirar Dhotre Solar Private Limited	6.37	-
Sirar Solar Energies Private Limited	3.63	-
	16.82	-
Advance against supply of goods and services to related parties		
Kurlon Limited	4,295.19	5,150.84
Starship Global VCT LLP	280.37	280.37
Manipal Advertising Services Private Limited	140.00	-
<u> </u>	4,715.56	5,431.21
Unsecured loans payable		
Unsecured loans payable Jaya S Pai	676.30	676.30



35. Related party disclosure (contd.)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Trade payables		
Jai Bharath Mills Private Limited	0.45	15.85
Starship Global VCT LLP	-	109.82
Starship Value Chain and Manufacturing Private Limited	1,131.93	-
Manipal Travels (India) Private Limited	10.73	6.09
Manipal Advertising Services Private Limited		45.03
Manipal Software & E-Commerce Pvt Ltd	45.38	25.36
	1,188.49	202.15
Advance from customers		
Home Komfort Retail LLP	22.19	-
	22.19	-
Lease liabilities		
Metropolis Builders Private Limited	108.55	127.29
Kurlon Limited	96.24	106.11
Jai Bharath Mills Private Limited	5.75	4.35
Jayamahal Trade and Investments Private Limited	163.90	-
	374.44	237.75

36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(₹ in Lakh)

s at March 31, 2022	As at March 31, 2021
323.91	306.00
31.54	8.96
355.45	314.96
-	-
21.32	-
31.54	8.96
21 54	
	31.54

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

37. 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. 58.96 lakhs (March 31, 2021: Rs. 599.81 lakhs) have been recognised in the statement of profit and loss.

38. Contingent liabilities and capital commitments

(a) Contingent liabilities

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	-
- Sales tax	4,394.26	4,434.94
- Excise duty	2,212.13	2,212.13

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.

(b) Capital commitments

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Capital commitments (net of advances)	35.21	225.42

39. 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.

	As at March 31, 2022	As at March 31, 2021
Gross amount required to be spent by the Company during the year	217.01	237.82

Amount spent during the year ended March 31, 2022

(₹ in Lakh)

-	-	-
202.99	-	202.99
		/s ·
		(₹ in Lakh)
In cash	Yet to be paid in cash	Total
In cash	Yet to be paid in cash	

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Yet to be paid in cash

Kurlon Enterprise Limited

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

Changes in the fair value of plan assets

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	506.26	662.61
Contributions made	11.85	-
Interest income	29.35	37.60
Payments	(124.01)	(171.71)
Return on plan assets	37.33	(22.24)
Balance at end of the year	460.78	506.26

Statement of profit and loss

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Service cost	57.36	50.26
Interest cost net of income	0.74	(6.45)
Total	58.10	43.81

Other comprehensive (income)/loss

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Remeasurements - Actuarial loss/(gain)	187.02	50.21
Return on plan assets	(37.33)	22.24
Total	149.69	72.45

Principal assumptions used in determinining defined benefit obligation

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Discount rate	7.13%	6.52%
Expected return on plan assets	6.52%	6.52%
Salary escalation	5.00%	5.00%
Employee turnover	10.00%	10.00%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
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.

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

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

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Opening balance	22.00	-
Amount required to be spent during the year	217.01	237.82
Amount spent during the year	202.99	259.82
Closing balance *	7.98	22.00

^{*} Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

40. 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. 230.18 lakhs (March 31, 2021: Rs 256.80 lakhs) towards Provident fund contributions, Rs 14.66 lakhs (March 31, 2021: Rs 19.81 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.13 (March 31, 2021: Rs 0.19 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

 $The following \, tables \, summarises \, the \, amounts \, recognised \, in \, the \, standal one \, financial \, statements: \, and \, statements \, statement$

Balance Sheet (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Defined benefit obligation	673.94	523.48
Plan assets	460.78	506.26
Net liability	213.16	17.22
Current	86.69	17.22
Non-current	126.47	

Changes in the present value of defined benefit obligation

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	523.48	577.39
Service cost	57.36	50.26
Interest cost	30.09	31.15
Remeasurements - Actuarial loss/(gain)	187.02	50.21
Benefit paid	(124.01)	(185.53)
Balance at end of the year	673.94	523.48

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Kurlon Enterprise Limited

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

(₹ in Lakh)

	March 3	March 31, 2022		1, 2021
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at amortised cost				
Non-current assets				
Investments	1,785.57	1,785.57	1,785.57	1,785.57
Loans	2,614.36	2,614.36	2,376.68	2,376.68
Other financial assets	665.71	665.71	938.87	938.87
Current assets				
Trade receivables	5,446.95	5,446.95	5,473.43	5,473.43
Cash and cash equivalents	147.50	147.50	39.83	39.83
Other bank balances	4,247.50	4,247.50	3,710.66	3,710.66
Loans	56.74	56.74	-	-
Other financial assets	158.79	158.79	343.89	343.89
	15,123.12	15,123.12	14,668.93	14,668.93
Financial liabilities measured at amortised cost				
Non-current liabilities				
Lease liabilities	547.88	547.88	271.73	271.73
Other financial liabilities	5,361.77	5,361.77	5,478.51	5,478.51
Current liabilities				
Borrowings	687.56	687.56	1,187.24	1,187.24
Lease liabilities	454.78	454.78	174.39	174.39
Trade payables	11,670.22	11,670.22	8,533.59	8,533.59
Other financial liabilities	1,085.21	1,085.21	667.44	667.44
	19,807.42	19,807.42	16,312.90	16,312.90

42. 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.

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

40. Employee benefits- (Continued)

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

As at March 31, 2022 As at March 31, 2021 Discount rate 1% increase (43.67)(36.62)49.56 41.88 1% decrease Salary escalation 46.90 38.47 1% increase 1% decrease (42.27)(34.09)Employee turnover 4.51 2.50 1% increase

Maturity profile of defined benefit obligation

(₹ in Lakh)

(2.82)

(5.05)

	As at March 31, 2022	As at March 31, 2021
Within 1 year	50.67	52.66
1-2 year	63.75	32.61
2-3 year	57.15	38.60
3-4 year	65.81	40.68
4-5 year	54.16	39.91
5-10 year	192.20	145.05
10 years onwards	190.19	173.96
	_	

The average duration of the defined benefit obligation at the end of the reporting year is 9.73 years (March 31, 2021: 9.68 years).

41. Financial instruments

1% decrease

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below:

	March 31, 2022		March 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value through profit and	loss			
Current assets				
Investments	10,710.91	10,710.91	11,131.71	11,131.71
	10,710.91	10,710.91	11,131.71	11,131.71

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Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

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

i. Currency risk

The Company's exposure to currency risk as at year end is as below:

(₹ in Lakh)

	ı	March 31, 2022			March 31, 2021			
	Currency	Foreign Currency	Rs. Lakhs	Currency	Foreign Currency	Rs. Lakhs		
Trade payables	USD	3,60,732	272.58	USD	3,49,156	258.64		
	EUR	40,529	34.89	EUR	29,997	24.84		
Advances from customers	USD	2,242	1.70	USD	30,359	21.82		
Advance to suppliers	USD	53,257	40.81	USD	22,209	16.13		
	EUR	6,223	5.42	EUR	39,810	32.49		
Trade receivables	USD	24,859	18.70	USD	57,224	40.06		

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

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Basis point	Effect on profit	before tax
+5%	(12.21)	(10.83)
-5%	12.21	10.83

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Basis point	Effect on profit	before tax
+1%	-	(4.99)
-1%	-	4.99

(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

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The loans to subsidiaries are unsecured loans. The management makes an assessment, of the credit risk on the loans based on the evaluation of the subsidiary's ability to repay the loans, as at date of reporting. The Company uses expected credit loss model to assess the impairment loss. Based on an evaluation of the credit risk of the subsidiaries, loss allowance on the loans and on interest accrued thereon have been recognised.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows:

(₹ in Lakh)

	Trade receivables		Loans & other financial assets		Other assets	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
At the beginning of the year	1,045.17	997.08	-	-	-	-
Allowance created/(reversed) during the year	547.72	48.09	434.90	-	24.92	-
At the end of the year	1,592.89	1,045.17	434.90	-	24.92	-

(c) Liquidity risk

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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.

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

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	687.56	-	-	687.56
Lease liabilities	474.40	554.08	162.18	1,190.66
Trade payables	11,670.22	-	-	11,670.22
Other financial liabilities	1,085.21	5,361.77	-	6,446.98
Total	13,917.39	5,915.85	162.18	19,995.42
March 31, 2021				
Borrowings	1,187.24	-	-	1,187.24
Lease liabilities	201.65	271.62	54.00	527.27
Trade payables	8,533.59	-	-	8,533.59
Other financial liabilities	667.44	5,478.51	-	6,145.95
Total	10,589.92	5,750.13	54.00	16,394.05

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

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43. Income tax

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

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Statement of profit or loss		
Current tax	475.96	1,658.47
Deferred tax charge/(credit)	(685.08)	774.28
Income tax expense/(credit)	(209.12)	2,432.75
Tax relating to earlier years	(130.20)	-
Income tax expense/(credit) reported in the statement of profit and loss	(339.32)	2,432.75
Income tax recognised in other comprehensive income/(loss)		
- Tax arising on income and expense recognised in other comprehensive income/	(loss) 37.68	18.24
Total	37.68	18.24

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, 2022	As at March 31, 2021
Profit before tax	18.64	6,261.02
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	4.69	1,575.90
Effect of :		
(Reversal)/Creation of deferred tax liability on goodwill	(297.74)	529.37
Reversal of deferred tax asset on warranty provision provided in earlier year	-	227.75
Reversal of provision for current tax relating to earlier year	(130.20)	-
Tax charge on disallowance of corporate social responsibility expenditure	51.09	65.39
Others	32.84	34.34
Total income tax expense	(339.32)	2,432.75

Deferred tax

Deferred tax relates to the following :

(₹ in Lakh)

	Balance Sheet		Statement of Profit and Loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Property, plant and equipment	(1,718.31)	(1,774.95)	(56.64)	(328.96)
Right of use assets	(516.30)	(384.90)	131.40	57.03
Goodwill	(231.58)	(529.37)	(297.79)	529.37
Marked to market on mutual fund investment	(143.47)	(90.55)	52.92	90.55
Gross deferred tax liability	(2,609.66)	(2,779.77)	(170.11)	347.99
Deferred tax asset				
Provision for doubtful debts	412.72	263.07	(149.65)	(12.10)
Provision for doubtful advances	6.27	-	(6.27)	206.10
Provision for loans to related parties	105.22	-	(105.22)	-
Section 43B disallowance	69.65	-	(69.65)	21.65
Section 35DD disallowance on amalgamation expenses	12.62	20.79	8.17	0.20
Lease liabilities	252.35	112.29	(140.06)	210.44
Provision for gratuity	52.29	-	(52.29)	-
Net deferred tax assets (net)	(1,698.54)	(2,383.62)	(685.08)	774.28
Net deferred tax credit/(charge)			(685.08)	774.28

Notes to the STANDALONE Financial Statements for the year ended March 31, 2022

44. Ratio analysis and its elements

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Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.54	3.33	-24%	
Debt equity ratio	Total debt	Shareholder's equity	0.01	0.02	-40%	Due to decrease in borrowings in current year leading to the improvement of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses	Debt service = Interest and lease payments + Principal repayments	3.35	3.95	-15%	
Return on equity ratio	Net profits after taxes - Preference dividend	Average shareholder's equity	0.01	0.08	-91%	Due to reduction in profit during the year.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.01	3.62	11%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	14.14	12.15	16%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.95	5.54	25%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.32	2.78	19%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	0.00	0.05	-91%	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	0.01	0.12	-95%	Due to reduction in profit during the year.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.04	0.01	188%	Due to sale of investments in current year leading to the improvement of the ratio.

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Kurlon Enterprise Limited

Notes to the **STANDALONE** Financial Statements for the year ended March 31, 2022

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Borrowings	687.56	1,187.24
Less: Cash and cash equivalents and other bank balances	4,395.00	3,750.49
Net debt (A)	(3,707.44)	(2,563.25)
Equity	49,342.09	50,923.65
Total equity capital (B)	49,342.09	50,923.65
Total debt and equity (C)=(A)+(B)	45,634.65	48,360.40
Gearing ratio (A)/(c)	-8%	-5%

The gearing ratio is negative since the company is predominantly equity funded.

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

- 47. The Code on Social Security, 2020 (the "Code") relating to employee benefits during employment and postemployment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact accordingly.
- 48. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2021.

45. 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.

Notes to the **STANDALONE** Financial Statements

- (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) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

46. 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.

As per our report of even date attached

For S. R. Batliboi & Associates LLP **Chartered Accountants**

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Membership No.: 213803

Place: Bengaluru

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

H. N. Shriniyas

Director

Tonse Sudhakar Pai Managing Director DIN: 00043298 Jyothi Ashish Pradhan

DIN - 07178853 Chief Executive Officer

Abhilash Padmanabh Kamti Monu Kumar **Chief Financial Officer** Company Secretary

Place : Bengaluru

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To the Members of Kurlon Enterprise Limited Report on the Audit of the CONSOLIDATED Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Kurlon Enterprise Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance sheet as at March 31, 2022, 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, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, 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, 2022, 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 Qualified Opinion

As stated in note 8 to the accompanying consolidated financial statements, certain subsidiaries of the Holding Company has provided loans to one of its erstwhile Director and to the entity in which such Director holds substantial interest amounting to Rs 276.68 lakhs. In the absence of sufficient and appropriate audit evidence regarding compliance with relevant provisions of the Act and recoverability of the loans, the consequential impact is presently unascertainable.

Further, the auditors of these subsidiaries have issued Qualified Opinion in their respective audit reports issued for the year ended March 31, 2022, with regard to the aforesaid matter.

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 Qualified audit opinion on the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibility of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income/(loss) and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding

To the Members of Kurlon Enterprise Limited Report on the Audit of the CONSOLIDATED Financial Statements

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 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

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INDEPENDENT Auditor's Report

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Kurlon Enterprise Limited

Report on the Audit of the CONSOLIDATED Financial Statements

INDEPENDENT Auditor's Report

To the Members of Kurlon Enterprise Limited Report on the Audit of the CONSOLIDATED Financial Statements

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

a) We did not audit the financial statements and other financial information, in respect of eight subsidiaries, whose financial statements include total assets of Rs. 3,733.97 lakhs as on March 31, 2022, and total revenues of Rs. 15,667.62 lakhs and net cash outflows of Rs 179.18 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 subsections (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.

b) The consolidated financial statements of the Group for the year ended March 31, 2021, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on October 28, 2021.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary companies, incorporate in India, as noted in the 'Other Matter

paragraph' we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.

- 2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
- (a) We/the other auditors whose report we have relied upon have sought and except for the matter described in the Basis of Qualified Opinion Paragraph, 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) Except for the matter described in the Basis for Qualified Opinion Paragraph, 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;
- (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
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (f) On the basis of the written representations received from the directors of the Holding Company and one subsidiary Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and such subsidiary Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Holding Company and subsidiary Companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to these consolidated financial

statements of the Holding Company and its subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (h) In our opinion and based on the consideration of reports of other statutory auditors of subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with provisions of section 197 read with Schedule V to the Act to the extent applicable; and
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other Matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group- Refer note 38 to the consolidated financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2022;
- iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, that to the best of its knowledge and belief, as disclosed in the note 45 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;

To the Members of Kurlon Enterprise Limited

- b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, that to the best of its knowledge and belief, as disclosed in the note 45 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 which are companies incorporated in India and whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement
- v. As disclosed in note 15(g) to the consolidated financial statements, the final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

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

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803 Date: November 28, 2022 UDIN: 22213803BEIYVL5960

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Place: Bengaluru

INDEPENDENT Auditor's Report

UU OF HELPING INDIA SLEEP HEALTHY

Kurlon Enterprise Limited

INDEPENDENT Auditor's Report

To the Members of Kurlon Enterprise 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 Kurlon Enterprise Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records

examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

SI.	Name	CIN	Holding company / subsidiary	Clause number of the CARO report which is qualified
1	Kurlon Enterprise Limited	U36101MH2011PLC222657	Holding Company	3 (vii)(a)
2	Kurlon Retail Limited	U36104KA2012PLC065664	Subsidiary	3(ix)(d)
3	Belvedore International Limited	U52520KA2020PLC142418	Subsidiary	3(vii)(a)
4	Komfort Universe Products and Services Limited	U52520KA2021PLC143244	Subsidiary	3(vii)(a)
5	Kanvas Concepts Private Limited	U74999KA2020PTC138867	Subsidiary	3(vii)(a)
6	Sirar Dhotre Solar Private Limited	U40300KA2016PTC097314	Subsidiary	3(iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f), (vii)(a)
7	Sirar Solar Energies Private Limited	U40106KA2016PTC097367	Subsidiary	3(iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f), (vii)(a)
8	Sevalal Solar Private Limited	U40106KA2016PTC094328	Subsidiary	3(iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f), (vii)(a)
9	Starship Value Chain & Manufacturing Private Limited	U36900KA2020PTC139535	Subsidiary	None
	Starship Value Chain &		·	

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Place: Bengaluru Date: November 28, 2022

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KURLON **ENTERPRISELIMITED**

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

In Conjunction with our audit of the consolidated financial statements of Kurlon Enterprise Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

Per Rajeev Kumar

Membership No.: 213803

UDIN: 22213803BEIYVL5960

The respective Board of Directors of the Holding Company, its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its

To the Members of Kurlon Enterprise Limited Report on the Audit of the CONSOLIDATED Financial Statements

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, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matters

a) Our report under Section 143(3)(I) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements insofar as it relates to 7 subsidiaries which are companies incorporated in India, is based on the corresponding report of the auditors of such Companies incorporated in India.

b) Our report under Section 143(3)(I) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements does not cover 2 subsidiary limited liability partnership firms as the internal financial controls over financial reporting is not applicable for this entity.

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

> Per Rajeev Kumar Partner

Membership No.: 213803 Place: Bengaluru Date: November 28, 2022 UDIN: 22213803BEIYVL5960

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OF HELPING INDIA SLEEP HEALTHY

Kurlon Enterprise Limited

FINANCIAL Statements

Consolidated Balance Sheet as at March 31, 2022

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Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	21,106.61	21,316.45
Capital work-in-progress	4	415.16	703.33
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	274.26	405.19
Right of use assets	6	3,489.62	4,387.96
Financial assets			
Loans	8	321.92	394.99
Other financial assets	9	1,249.19	1,531.85
Income tax assets (net)	10	1,702.48	606.20
Other non-current assets	11	2,149.04	2,058.34
		32,811.44	33,507.47
Current assets			
Inventories	12	12,014.03	11,679.75
Financial assets			
Investments	7	10,710.91	11,131.71
Trade receivables	13	5,606.76	5,481.07
Cash and cash equivalents	14	512.98	574.28
Other bank balances	14	4,250.71	3,718.21
Loans	8	56.74	-
Other financial assets	9	164.90	362.94
Other current assets	11	6,162.05	6,335.95
		39,479.08	39,283.91
Total		72,290.52	72,791.38
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	44,308.24	46,803.01
Non-controlling interest		2.54	1.09
		46,138.40	48,631.72
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	21	62.87	44.96
Lease liabilities	17	1,853.20	3,043.89
Other financial liabilities	18	5,361.77	5,478.51
Provisions	19	521.89	658.13
Deferred tax liabilities (net)	20	1,634.45	2,381.86
		9,434.18	11,607.35
Current liabilities			
Financial liabilities			
Borrowings	21	693.58	1,196.87
Lease liabilities	17	831.68	839.54
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		355.45	314.96
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,636.31	8,447.74
Other financial liabilities	18	1,202.86	689.52
Provisions	19	602.70	167.20
Other current liabilites	23	1,395.36	896.48
		16,717.94	12,552.31
Total		72,290.52	72,791.38
10441			

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner Membership No.: 213803 Place : Bengaluru

Date: November 28, 2022

Tonse Sudhakar Pai Managing Director DIN: 00043298 Jyothi Ashish Pradhan

Chief Executive Officer Place : Bengaluru

Date: November 28, 20212

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Director

H. N. Shrinivas DIN - 07178853

Abhilash Padmanabh Kamti

Company Secretary

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

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Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	24	79,515.38	75,882.37
Other income	25	1,364.81	842.87
Total income		80,880.19	76,725.23
Expenses			
Cost of raw material consumed	26	36,361.81	32,529.63
Purchase of traded goods	27	8,856.30	7,461.91
Changes in inventories of finished goods, work-in-progress and traded goods	28	442.82	1,293.18
Employee benefit expense	29	7,362.27	6,680.60
Finance costs	30	572.96	526.99
Depreciation and amortisation expense	31	3,604.62	3,125.37
Other expenses	32	24,564.27	17,168.34
Total expenses		81,765.05	68,786.03
Profit/(Loss) before exceptional items and tax		(884.86)	7,939.20
Exceptional items [Refer Note 7(I)]		-	2,018.68
Profit/(Loss) before tax		(884.86)	5,920.52
Tax expense			
Current tax		575.12	1,798.47
Tax relating to earlier years		(154.20)	0.11
Deferred tax charge/(credit)		(747.41)	762.07
Total tax expense		(326.49)	2,560.65
Profit/(Loss) for the year		(558.37)	3,359.87
Profit/(Loss) for the year attributable to :			
Owners of the Company		(559.81)	3,361.54
Non-controlling interest		1.44	(1.67)
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss in subsequent pe	eriod		
Re-measurement gain/(loss) on defined benefit plan		(145.01)	(75.30)
Income tax effect		37.68	18.24
Total other comprehensive income/(loss) for the year		(107.33)	(57.06
Total comprehensive income/(loss) for the year		(665.70)	3,302.81
Total comprehensive income/(loss) for the year attributable to :			
Owners of the Company		(667.14)	3,305.23
Non-controlling interest		1.44	(2.42)
Earnings/(Loss) per equity share :			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2021 : Rs. 5)]	33	(1.53)	9.19
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the consolidated financial staten	nents		

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803 Place : Bengaluru Date: November 28, 2022 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

H. N. Shrinivas

Director

Tonse Sudhakar Pai Managing Director DIN: 00043298

Jyothi Ashish Pradhan Chief Executive Officer

Place : Bengaluru Date: November 28, 20212 DIN - 07178853 Abhilash Padmanabh Kamti Chief Financial Officer

Company Secretary

UU OF HELPING INDIA SLEEP HEALTHY

Kurlon Enterprise Limited

FINANCIAL Statements

Consolidated Cash Flow Statement for the year ended March 31, 2022

Particulars	Year ended March 31, 2022	(₹ in Lakh) Year ended March 31, 2021
	Warth 31, 2022	IVIAICII 51, 2021
A. Cash flows from Operating Activities		
Profit/(Loss) before exceptional items and tax	(884.86)	7,939.20
Non cash adjustment to reconcile profit/(loss) before tax to net cash flows	2 504 52	2.425.27
Depreciation and amortisation expense	3,604.62	3,125.37
Loss on sale of property, plant and equipment	339.09	294.38 29.45
Advance to suppliers written off Bad debts written off	0.09	1.35
Deposits written off		
Gain on modification/termination of lease	31.46	22.75
Provision for bad and doubtful debts		250.96
Provision for doubtful advances	45.31	250.96
Provision for warranty		97.17
Fair value gain on mutual fund at fair value through profit or loss	328.80	
Gain on sale of investments in mutual funds		(411.97)
		(46.92)
Liabilities no longer required written back		393.59
Interest expenses		
Interest income Operating cash flow before working capital changes	(297.97)	(200.87)
	3,314.75	11,494.46
Movements in working capital:	2 200 47	(3,164.43)
Increase/(decrease) in trade payables	3,206.47	. , ,
Increase/(decrease) in other financial liabilities Increase/(decrease) in other liabilities		233.36
	539.36	670.47
Increase/(decrease) in provisions	(174.55)	(170.36)
Decrease/(increase) in inventories	(334.28)	610.17
Decrease/(increase) in trade receivables	(716.99)	971.97
Decrease/(increase) in loans	16.33	(394.99)
Decrease/(increase) in other financial assets	28.81	(87.45)
Decrease/(increase) in other assets	128.59	4,151.14
Cash generated from operations	6,302.78	14,314.34
Direct taxes paid (net of refunds)	(1,479.52)	(1,272.96)
Net cash flow from operating activities (A)	4,823.26	13,041.38
B. Cash flows from investing activities	(2.202.01)	/F 4F4 2C\
Purchase of property, plant and equipment, including capital work in progress and capital advances	(2,302.01)	(5,454.36)
Investment in bank deposits	(3,785.50)	(3,867.55)
Redemption in bank deposits Purchase of investments	3,563.05	(7.657.60)
Sale of investments	(8,999.58)	(7,657.69)
Proceeds from sale of property, plant and equipment		6,460.47
Movement in earmarked balances, net	(1.76)	149.89 (2.75)
	270.95	104.42
Interest received		
Net cash flow (used in) investing activities (B) C. Cash flows from financing activities	(1,266.75)	(10,267.57)
	(405.30)	(1 147 10)
Net (repayment of)/proceeds from short-term borrowings Repayment of lease liabilities	(485.38)	(1,147.19)
Interest paid	(881.65)	(645.25)
Dividend paid	(418.96)	(384.65)
Net cash flow (used in) financing activities (C)	(1,827.61)	(1,279.33)
	(3,613.60)	(3,456.42)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(57.09)	(682.61)
Cash and cash equivalents at the beginning of the year	564.09	1,246.70
Cash and cash equivalents at the end of the year	507.00	564.09
Components of cash and cash equivalents as at end of the year		0.00
Cash in hand	6.78	9.96
Balances with banks :		FF / 10
In current accounts	500.22	554.13
Total cash and cash equivalents (Refer Note 14)	507.00	564.09
Non-cash investing and financing activities		
Acquisitions to right-of-use assets (Refer Note 6)	1,547.16	501.30
Refer Note 21 for change in liabilities arising from financing activities Summary of significant accounting policies 3		

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner Membership No.: 213803

Place: Bengaluru

Date: November 28, 2022

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director

DIN: 00043298 Jyothi Ashish Pradhan

DIN - 07178853 Abhilash Padmanabh Kamti Chief Executive Officer

H. N. Shrinivas

Director

Chief Financial Officer

Place : Bengaluru Date: November 28, 20212

Company Secretary

Statement of Changes in Equity for year ended March 31, 2022

(a) Equity share capital

Equity share of Rs. 5 each (March 31, 2021: Rs. 5 each) issued, subscribed and fully paid

(₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,63,82,393	1,819.12
Changes during the year	-	-	1,69,868	8.50
At the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Other Equity (₹ in Lakh)

	Attributable to the equity holders of the Holding Company				pany			
	Share application money pending allotment	Capital reserve	Securities premium	General reserve	Retained earnings	Total	Non- controlling interests	Total equity
Balance as at April 01, 2020	3,249.40	57.14	11,619.58	1,286.11	28,561.79	44,774.02	0.93	44,774.95
Transfer to equity share capital on issue of shares	(8.50)	-	_		_	(8.50)	-	(8.50)
Transfer to securities premium on issue of shares	(3,240.90)	-	3,240.90	-	-	-	-	-
Capital reserve arising on consolidation	-	3.83	-			3.83	-	3.83
Transfer to non-controlling interest	-	-	-		(0.16)	(0.16)	0.16	-
Adjustments on consolidation	-	-	-	-	10.34	10.34	-	10.34
Profit for the year	-	-	-	-	3,359.87	3,359.87	-	3,359.87
Other comprehensive income	-	-	-	-	(57.06)	(57.06)	-	(57.06)
Dividend paid	-	-	-	-	(1,279.33)	(1,279.33)	-	(1,279.33)
Transferred to capital reserve (Refer Note 16(a))		251.27			(251.27)	-	-	-
Balance as at March 31, 2021	-	312.24	14,860.48	1,286.11	30,344.18	46,803.01	1.09	46,804.10
Profit for the year	-		-	-	(558.37)	(558.37)	-	(558.37)
Other comprehensive income	-	-	-	-	(107.33)	(107.33)	-	(107.33)
Transfer to non-controlling interest					(1.44)	(1.44)	1.44	
Dividend paid	-	-	-	-	(1,827.61)	(1,827.61)		(1,827.61)
Balance as at March 31, 2022	-	312.24	14,860.48	1,286.11	27,849.41	44,308.24	2.54	44,310.79
<u> </u>								

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 attached

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Raieev Kumar

Partner Membership No.: 213803 Place : Bengaluru Date: November 28, 2022 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Director DIN - 07178853

H. N. Shrinivas

Jyothi Ashish Pradhan Abhilash Padmanabh Kamti Chief Executive Officer Chief Financial Officer

Monu Kumar Company Secretary

Place : Bengaluru Date: November 28, 20212

1. Corporate information

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

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

SI. No.	Name of the entity	Country of incorporation	Relationship	% Ownership interest as at March 31, 2022	% Ownership interest as at March 31, 2021
1	Kurlon Retail Limited	India	Subsidiary	100%	100%
2	Sevalal Solar Private Limited	India	Subsidiary	93.8%	93.8%
3	Sirar Dhotre Private Limited	India	Subsidiary	93.8%	93.8%
4	Sirar Solar Private Limited	India	Subsidiary	93.8%	93.8%
5	Belvedore International Limited	India	Subsidiary	100%	100%
6	Komfort Universe Products and Services Limited	India	Subsidiary	100%	100%
7 S	tarship Value chain and Manufacturing Private Limited #	India	Subsidiary	100%	100%
8	Kanvas Concepts Private Limited	India	Subsidiary	100%	100%
9	Home Komfort Retail LLP *	India	Subsidiary	100%	-
10	Starship Global VCT LLP #	India	Subsidiary	100%	100%

* The Holding Company has considered Home Komfort Retail LLP as controlled entity w.e.f. April 01, 2021, as the partners of the said LLP are holding ownership on behalf of Holding Company and accordingly, the said LLP has been consolidated w.e.f. April 01, 2021 as a subsidiary.

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 47).

The Group's consolidated financial statements for the year ended March 31, 2022 were approved by Board of Directors on November 28, 2022.

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.

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

(a) Measurement of fair values

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

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

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

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

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

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

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

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated financial statements on a recurring basis,

the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- 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 noncurrent 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

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reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements:

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

- Note 3.1 Business combination: Whether the Group has de facto control over an investee;
- Note 3.2 and Note 3.3 Useful life of property, plant and equipment and intangible assets;
- Note 3.8 Measurement of defined benefit obligations: key actuarial assumptions.
- Note 3.9 Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 3.14 Valuation of financial instrument; and
- Note 3.15 Lease classification and determination of lease term;

Assumption and estimation uncertainties:

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

- Note 2(a) Fair value measurement
- Note 3.3 Impairment of financial assets
- Note 3.3 Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 3.9 Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- Note 3.11 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

3. Summary of significant accounting policies

3.1. Business combination:

In accordance with Ind AS 103, the Group accounts for

business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in Other Comprehensive Income ("OCI") and accumulated in equity as capital reserve if there exist clear evidence of the underlying reason for classifying the business combination as resulting in bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as 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 remeasured 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

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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.

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Equity accounted investee

Notes to the CONSOLIDATED Financial Statements

The Group's interest in equity accounted investees comprise interests in associate. An associate is an entity in which Group has significant influence, but no control or joint control over the financial and operating policies. Interest in associate are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit and loss and OCI of equity- accounted investees until the date on which significant influence ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3.2. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

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

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

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Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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.

3.3. 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 assured, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

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

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

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

Asset description	Useful life in years
Computer software	6

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

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

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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 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

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

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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.

${\bf 3.6.}\ For eign \, currency \, transactions$

i) Functional and presentation currency:

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

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

3.7. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to

customers at an amount that reflects the consideration to which the Group expect to be entitled for those goods/services.

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

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

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

Variable consideration

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

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

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 income or interest expense

income' in the statement of profit and loss.

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 creditimpaired) or to the amortised cost of the liability.

3.9. Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related

service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

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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 remeasurement 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 reassessed 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.

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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.

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.

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Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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3.13. Cash and cash equivalents

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

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

3.14. Cash flow statement

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

3.15. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at 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

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carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting

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

3.16. Leases

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

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

The Group as a lessee

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

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance 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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of

low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

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

The Group as a lessor

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

3.17. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- -Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- -Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.18. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the consolidated financial statements relate to the Group's single business segment. Refer Note 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

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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 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 reasonable to expect ultimate collection.

3.21. Standards issued but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 1, 2022.

(i) 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 for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. 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. The amendments are effective for annual reporting periods beginning on or after April 1, 2022. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(ii) 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 also 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. The amendments are effective for annual reporting periods beginning on or after April 1, 2022. The amendments are not expected to have a material impact on the Group.

(iii) 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. The amendments are effective for annual reporting periods beginning on or after April 1, 2022. The amendments are not expected to have a material impact on the Group.

(iv) 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 amendments are effective for annual reporting periods beginning on or after April 1, 2022. The amendments are not expected to have a material impact on the Group.

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4. Property, plant and equipment and Capital working in progress

(₹ in Lakh)

				Furniture					
	Freehold land	Buildings	Plant & Equipment	& Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2020	991.42	8,048.45	19,188.43	4,079.14	575.48	562.55	323.90	33,769.37	578.36
Additions	-	464.30	904.60	198.77	68.79	38.04	136.80	1,811.30	446.23
Disposals	-	(58.85)	(165.53)	(341.28)	(4.19)	(24.82)	(110.38)	(705.05)	(321.26)
At March 31, 2021	991.42	8,453.90	19,927.50	3,936.63	640.08	575.77	350.32	34,875.62	703.33
Additions	-	1,071.33	700.53	441.30	170.13	131.22	65.31	2,579.82	354.11
Disposals	-	(63.25)	(36.35)	(607.14)	(12.39)	(20.98)	(24.25)	(764.36)	(642.28)
Adjustments *	-	-	126.92	94.65	17.64	25.19	49.52	313.92	-
At March 31, 2022	991.42	9,461.98	20,718.60	3,865.44	815.46	711.20	440.90	37,005.00	415.16
Depreciation									
At April 01, 2020	-	757.60	8,652.93	1,475.82	378.43	435.74	78.94	11,779.46	-
Charge for the year	-	256.40	1,364.93	240.87	71.39	61.91	44.99	2,040.49	-
Disposals	-	(1.26)	(95.47)	(94.47)	(2.80)	(23.41)	(43.37)	(260.78)	-
At March 31, 2021	-	1,012.74	9,922.39	1,622.22	447.02	474.24	80.56	13,559.17	-
Charge for the year	-	280.04	1,366.43	536.07	78.27	63.30	44.67	2,368.78	-
Disposals	-	(17.15)	(20.36)	(279.73)	(8.01)	(12.72)	(5.51)	(343.48)	-
Adjustments *	-		51.20	165.01	23.04	25.16	49.51	313.92	-
At March 31, 2022	-	1,275.63	11,319.66	2,043.57	540.32	549.98	169.23	15,898.39	-
Net block									
At March 31, 2021	991.42	7,441.16	10,005.11	2,314.41	193.06	101.53	269.76	21,316.45	703.33
At March 31, 2022	991.42	8,186.35	9,398.94	1,821.87	275.14	161.22	271.67	21,106.61	415.16

^{*} Represents reclass adjustments between gross block and accumulated depreciation.

Capital work-in-progress (CWIP) 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, 2022					
Projects in progress	354.11	39.46	2.08	19.51	415.16
Projects temporarily suspended	-	-	-	-	-
Total	354.11	39.46	2.08	19.51	415.16
As at March 31, 2021					
Projects in progress	446.24	149.82	35.34	71.93	703.33
Projects temporarily suspended	-	-	-	-	-
Total	446.24	149.82	35.34	71.93	703.33

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.

5. Intangible assets

	Goodwill*	Computer Software	Total	
Cost				
At April 01, 2020	2,103.16	1,083.10	3,186.26	
Additions	-	6.43	6.43	
Disposals	-	-	-	
At March 31, 2021	2,103.16	1,089.53	3,192.69	
Additions	-	13.68	13.68	
Disposals	-	(5.34)	(5.34)	
At March 31, 2022	2,103.16	1,097.87	3,201.03	
Amortisation				
At April 01, 2020	-	539.56	539.56	
Charge for the year	-	144.78	144.78	
Disposals	-	-	-	
At March 31, 2021	-	684.34	684.34	
Charge for the year	-	139.62	139.62	
Disposals	-	(0.35)	(0.35)	
At March 31, 2022	-	823.61	823.61	
Net block				
At March 31, 2021	2,103.16	405.19	2,508.35	
At March 31, 2022	2,103.16	274.26	2,377.42	

5. Intangible assets (contd.)

Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Holding Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Holding Company including SABCIL has been considered as a single cash generating unit. The Holding Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

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6. Right to use assets	Leasehold Land	Buildings	Total
Cost			
At April 01, 2020	1,145.27	6,330.58	7,475.85
Additions	-	501.30	501.30
Disposals	-	(1,510.27)	(1,510.27)
At March 31, 2021	1,145.27	5,321.61	6,466.88
Additions	-	1,547.16	1,547.16
Disposals	-	(3,063.54)	(3,063.54)
Adjustments *	-	(84.38)	(84.38)
At March 31, 2022	1,145.27	3,720.85	4,866.12
Amortisation			
At April 01, 2020	19.45	1,451.23	1,470.68
Charge for the year	19.45	920.65	940.10
Disposals	-	(331.86)	(331.86)
At March 31, 2021	38.90	2,040.02	2,078.92
Charge for the year	19.45	1,075.50	1,094.95
Disposals	- -	(1,712.99)	(1,712.99)
Adjustments *	- -	(84.38)	(84.38)
At March 31, 2022	58.35	1,318.15	1,376.50
Net block			
At March 31, 2021	1,106.37	3,281.59	4,387.96
At March 31, 2022	1,086.92	2,402.70	3,489.62
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^{*} Represents reclass adjustments between gross block and accumulated amortisation

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7. Investment (₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Nos.	Amount	Nos.	Amount
Measured at fair value through profit and loss				
Current investments, quoted				
Investments in mutual funds				
Kotak Banking & PSU Debt Fund Direct Growth	20,33,681	1,103.94	24,58,086	1,261.24
Axis Short Term Plan-D-G	35,96,142	959.55	24,25,648	616.16
DSP Banking and PSU Debt Fund-Direct Growth	42,32,783	845.36	37,20,875	713.81
IDFC Corporate Bond Fund Regular Plan-Growth	45,34,078	713.42	-	-
ICICI Prudential Banking & PSU Debt Fund	22,00,468	592.37	40,76,232	1,044.18
Kotak Bond Short Term Fund - Direct Growth	12,56,924	574.36	10,30,669	448.12
Kotak Corporate Bond Fund - Direct Growth	17,573	550.54	17,573	524.48
Mirae Asset Corporate Bond Fund - R G	48,46,475	505.80	-	-
LIC MF PSU Banking Fund Direct Growth	16,42,874	493.42	16,42,874	474.95
HSBC Corporate Bond Fund Direct Growth	39,27,087	419.78	9,88,347	100.50
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	5,57,890	100.89
PGIM India Low Duration Fund D G	7,96,144	203.30	-	-
Mahindra Manulife Short Term Fund D G	19,22,171	203.04		-
Trust MF Short Term Fund D G	19,695	202.27	_	-
Tata Corporate Bond Fund D G	19,99,900	202.26	_	-
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G	18,83,463	201.97		-
Axis CPSE Plus SDL 2025 Debt Index Fund - D G	19,99,900	201.65	_	-
Canara Robeco Short Term Duration Fund - D G	8,98,208	201.47		-
Trust MF Banking & PSU Debt Fund - Regular - Growth	19,076	200.28	_	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,15,282	102.10	17,21,136	404.58
Nippon Short Term Fund - D G	2,23,873	101.92		-
ABSL Floating Rate Fund - D G	35,907	101.81		-
Tata Banking & PSU Debt Fund - D G	8,56,480	101.73		-
Invesco India Corporate Bond Fund - D G	3,716	101.63		-
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	9,93,561	101.41		-
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	9,93,996	101.38	_	-
Invesco India Medium Duration Fund - D G	9,826	101.33		-
L & T Low Duration Fund Direct Growth	4,21,328	100.53		-
Nippon India Corporate Bond Fund - D G	2,02,851	100.51	_	-
DSP Short Term Fund - D G	2,47,808	100.47	-	-
ABSL Crisil Aaa Jun 2023 Index Fund D G	10,00,261	100.43	_	-
SBI Banking & PSU Fund Direct Growth		_	31,504	804.62
Sundaram Banking And PSU Debt Fund-Direct Growth	_	_	17,95,790	613.80
Axis Banking PSU fund Direct Growth	-	-	48,070	1,008.41
ABSLFloating Rate Growth Direct Plan		-	2,03,278	550.24
SBI Corporate Bond Fund-Direct Plan - Growth	-	-	41,08,446	501.81
L & T Banking & PSU Debit Fund - Growth		-	22,84,679	443.33
ABSL Banking & PSU Debt Fund-Growth - Direct Plan				
Abst banking & Pso Debt Fund-Growth - Direct Plan		-	1,04,494	302.74

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(₹ in Lakh)

	March 3	31, 2022	March 31, 2021	
	Nos.	Amount	Nos.	Amount
DSP Low Duration Fund - Direct Growth	-	-	12,70,326	201.0
ICICI Prudential Bond Fund - Direct Plan - Growth	-	-	3,14,599	100.6
Kotak Low Duration Fund Direct Growth	-	-	3,622	100.4
DSP Corporate Bond Fund Direct Growth	-	-	23,58,987	301.9
HDFC Corporate Bond Fund Regular Growth	-	-	12,05,252	300.4
Total	4,66,38,047	10,710.91	3,31,46,439	11,131.7
Aggregate amount of cost of quoted investments		10,140.87		10,676.0
Aggregate amount of market value of quoted investments		10,710.91		11,131.7

(i) The Holding Company had made an investment of Rs. 2,000 lakhs in Commercial Paper (CP) issued by Cox and Kings Limited ("C&K") in four Commercial Papers between June 14, 2019 and June 26, 2019. The amounts were due for maturity/redemption in 40-45 days from date of investment. The maturity dates for the four tranches commenced on July 29, 2019 and ended on August 6, 2019. At the time of making the investment, the CP was rated as A1+ by Credit Rating agency 'CARE'. This rating indicates highest level of safety. Subsequent to making the investment, C&K defaulted in repayment of borrowings to its bankers from June 28, 2019 onwards till date.

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring, encumbering, alienating or disposing off" of any assets belonging to C&K effective from October 22, 2019. The bench has appointed an interim resolution professional (IRP) who is overseeing the affairs of the entity. Considering the ongoing insolvency proceedings against C&K, the Holding Company was of the opinion that the probability of recovery is remote and hence had written off the same in the books of accounts and had disclosed the same as an ""Exceptional item"" in the Statement of Profit and Loss for the year ended March 31, 2021.

On December 16, 2021 vide order no. 587/2021, the NCLT has approved the liquidation of the Holding Company and appointed the liquidator to initiate the liquidation process. Accordingly, the Holding Company has filed an application for claims submission to the liquidator.

8. Loans (₹ in Lakh)

	Non - C	Current	Current		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Unsecured, at amortised cost					
Loans					
- Related parties (Refer Note 35)	276.68	278.66	-	-	
- Others	45.24	116.33	56.74		
	321.92	394.99	56.74	-	

The Group has provided loans to one of its erstwhile director of subsidiaries and to the entity in which such director holds substantial interest amounting to Rs. 276.68 lakhs (March 31, 2021: Rs. 278.66 lakhs). The Group has taken legal action against aforesaid director and entity for recovering the aforesaid loan amount. Management is confident of obtaining the above proceeds.

Except as disclosed above, there are no loans to Directors or other officers of the Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

9. Other financial assets (₹ in Lakh)

	Non - C	Current	Current		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Unsecured, at amortised cost					
Interest accrued on fixed deposits	-	-	84.44	78.16	
Security deposits	1,249.19	1,231.85	80.46	265.78	
Others	-	-	-	19.00	
Other bank balance					
Deposits with remaining maturity for more than					
12 months (Refer note 14)		300.00			
	1,249.19	1,531.85	164.90	362.94	

10. Income tax assets (net)

for the year ended March 31, 2022

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Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

(₹ in Lakh)

	March 31, 2022	March 31, 2021
Advance income tax net of provision for current tax & including tax deducted at source	1,701.97	605.69
MAT credit entitlement	0.51	0.51
	1,702.48	606.20

Notes to the **CONSOLIDATED** Financial Statements

11. Other assets (₹ in Lakh)

			, ,		
	Non - Current		Cur	rent	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Unsecured, considered good					
Capital advances (Refer Note (i) below)	2,149.04	2,058.34	-	-	
Advances recoverable in cash or kind					
- Related parties (Refer Note 35)	-	-	4,435.19	5,150.90	
- Others	-	-	732.82	607.21	
Advance to employees	-	-	65.70	26.70	
Prepaid expenses	-	-	298.99	303.75	
Leave encashment fund	-	-	-	70.03	
Balances with statutory/government authorities	-	-	629.35	177.36	
	2,149.04	2,058.34	6,162.05	6,335.95	
Unsecured, credit impaired					
Advances recoverable in cash or kind					
- Others	-	-	43.23	-	
- Employees	-	-	2.08	-	
Less : Provision for doubtful advances	-	-	(45.31)	-	
Total	2,149.04	2,058.34	6,162.05	6,335.95	
·					

(I) Capital advances includes the following :

(a) During the year 2013-2014, the Kurlon Limited had paid an advance of Rs. 1,222.76 lakhs to Maha Rashtra Apex Corporation Limited (MRACL) (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 had 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. During the financial year 2014-2015, the advance was transferred by Kurlon Limited to the Holding Company and has been carried in the books till date. The Holding Company and MRACL is in the process of completing necessary steps required for the aforesaid execution of sale deed.

(b) Represents advance paid to Kurlon Limited towards acquistion of 3 manufacturing premises in and around Bengaluru, detailed below:

(₹ in Lakh)

Location/Address	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, Dobbaspet, Bangalore - 562211 - Sofa Unit	341.04
Karnataka - No. 22 & 23 KIADB Indl Area, Dobbaspet, Bangalore - 562211	235.04
	622.07

Subsequent to the year end, the Holding Company has adjusted above advance against security deposit towards lease agreement entered with Kurlon Limited.

12. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Raw materials (includes in transit Rs. 657.89 lakhs (March 31, 2021 - Rs. Nil))	5,242.40	4,487.83
Work in progress	1,875.96	1,804.89
Finished goods (includes in transit Rs. Nil (March 31, 2021 - Rs. 30.70 lakhs))	3,536.69	3,722.45
Spares and consumables	546.30	523.77
Traded goods	812.68	1,140.81
	12,014.03	11,679.75

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 752.67 lakhs (March 31, 2021: Rs. 920.88 lakhs).

13. Trade receivables (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Financial assets, at amortised cost		
Unsecured, considered good	5,606.76	5,481.07
Unsecured, credit impaired	1,592.89	1,045.17
	7,199.65	6,526.24
Provision for doubtful receivables	(1,592.89)	(1,045.17)
	5,606.76	5,481.07

Notes:

- (I) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.
- (ii) For balances with related parties, refer Note 35.
- (iii) Ageing of trade receivables

(₹ in Lakh)

		Outstanding for following periods from the due date of payment								
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total			
March 31, 2022										
Undisputed trade receivables - considered good	571.64	4,756.29	261.62	14.56	1.83	0.82	5,606.76			
Undisputed trade receivables - credit impaired	-	-	-	872.50	227.37	151.86	1,251.73			
Disputed trade receivables - credit impaired	-	-	-	76.28	104.38	160.50	341.16			
Total	571.64	4,756.29	261.62	963.34	333.58	313.18	7,199.65			
March 31, 2021										
Undisputed trade receivables - considered good	3,172.41	1,754.75	553.91	-	-		5,481.07			
Undisputed trade receivables - credit impaired		-	58.32	385.70	199.44	82.15	725.61			
Disputed trade receivables - credit impaired	-	-	10.95	51.51	96.38	160.72	319.56			
Total	3,172.41	1,754.75	623.18	437.21	295.82	242.87	6,526.24			
	_									

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Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

14. Cash and bank balances (₹ in Lakh)

Non - (Current	Current	
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
-	-	6.78	9.96
-		500.22	554.13
-	-	5.98	10.18
-	-	512.98	574.28
-		4,090.00	3,567.55
-	300.00	-	-
-		145.00	143.24
-		15.71	7.42
-	300.00	4,250.71	3,718.21
_	(300.00)		
-	-	4,763.69	4,292.49
	March 31, 2022		March 31, 2022 March 31, 2021 March 31, 2022 - - 6.78 - - 500.22 - - 5.98 - - 512.98 - - 4,090.00 - - 300.00 - - 145.00 - - 15.71 - 300.00 - - (300.00) -

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

15. Equity share capital

(₹ in Lakh)

	March 3	March 31, 2022		31, 2021
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	15,06,00,000	7,530.00
	15,06,00,000	7,530.00	15,06,00,000	7,530.00
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.62	3,65,52,261	1,827.62
	3,65,52,261	1,827.62	3,65,52,261	1,827.62

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year (₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,63,82,393	1,819.12
Issued during the year	-	-	1,69,868	8.50
Outstanding at the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Terms and rights attached to equity shares

The Holding Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

(₹ in Lakh)

	March 3	March 31, 2022		31, 2021
	Nos.	Amount	Nos.	Amount
Kurlon Limited				
Equity shares of Rs. 5/- each with voting rights	3,09,24,115	84.60%	3,09,49,615	84.67%
	3,09,24,115	84.60%	3,09,49,615	84.67%

d. Details of shareholders holding more than 5% shares in the Company

(₹ in Lakh)

	March 3	March 31, 2022		31, 2021
	Nos.	Amount	Nos.	Amount
Equity shares of Rs. 5/- each				
Kurlon Limited	3,09,24,115	84.60%	3,09,49,615	84.67%
Indian Business Excellence Fund II A	23,54,086	6.44%	23,54,086	6.44%

Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

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

(₹ in Lakh)

	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Equity shares of Rs. 5/- each					
Fully paid up bonus shares	-	-	-	85,95,013	53,09,120
	-	-	-	85,95,013	53,09,120

f. Details of shares held by promoters

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
Kurlon Limited	3,09,49,615	(25,500)	3,09,24,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	0.00%
Jaya Sudhakar Pai	347	-	347	0.00%	0.00%
	3,09,50,309	(25,500)	3,09,24,809	84.60%	-0.08%

15. Equity share capital (contd.)

As at March 31, 2022

(₹ in Lakh)

No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
3,09,46,755	2,860	3,09,49,615	84.67%	0.01%
347	-	347	0.00%	0.00%
347	-	347	0.00%	0.00%
3,09,47,449	2,860	3,09,50,309	84.67%	0.01%
	3,09,46,755 347 347	beginning of the year 3,09,46,755 2,860 347 - 347 -	beginning of the year the year the end of the year 3,09,46,755 2,860 3,09,49,615 347 - 347 347 - 347	beginning of the year the year the end of the year shares 3,09,46,755 2,860 3,09,49,615 84.67% 347 - 347 0.00% 347 - 347 0.00%

g. Dividend made and proposed (₹ in Lakh)

	March 31, 2022 Dividend/Share Rs.		March 31, 2 Dividend/Share	2021 Rs.
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2021 paid in financial year 2021-22: Rs 1,827.61 lakhs (for the year ended March 31, 2020 paid in financial year 2020-21: Rs 1,279.33 lakhs)	5.00	1.827.61	3.50	1,279.33
Proposed dividend on equity shares*	3.00	1,027.01	3.30	1,279.33
Proposed dividend for the year ended March 31, 2022 : Rs 182.76				
Lakhs(for the year ended March 31, 2021: Rs 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61

^{*}Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

16. Other equity (₹ in Lakh)

16. Other equity		(< III Lakii)
	As at March 31, 2022	As at March 31, 2021
Share application money pending allotment		
Balance at the beginning of the year	-	3,249.40
Add : Transfer to equity share capital on issue of shares		(8.50)
Add : Transfer to securities premium on issue of shares	-	(3,240.90)
Balance as at end of the year	-	-
Securities premium account		
Balance at the beginning of the year	14,860.48	11,619.58
Add : Premium on issue of shares	-	3,240.90
Balance as at end of the year	14,860.48	14,860.48
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	1,286.11	1,286.11
Capital reserve		
Balance at the beginning of the year	312.24	57.14
Add: Transfer from surplus in the statement of profit and loss (Refer Note (a) below and 47) -	251.27
Add : Adjustment on consolidation	-	3.83
Balance as at end of the year	312.24	312.24
Retained earnings		
Balance at the beginning of the year	30,344.18	28,561.79
Add : Profit for the year	(558.37)	3,359.87
Add : Other comprehensive income/(loss) for the year	(107.33)	(57.06)
Less : Non-controlling interest	(1.44)	(0.16)
Less : Transferred to capital reserve (Refer Note (a) below and 47)	-	(251.27)
Add : Adjustment on consolidation	-	10.34
Less : Dividend paid	(1,827.61)	(1,279.33)
Balance as at end of the year	27,849.41	30,344.18
Total	44,308.24	46,803.01

(a) 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.

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

17. Lease liabilities (₹ in Lakh)

	Non - C	Current	Current		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Lease liabilities	1,853.20	3,043.89	831.68	839.54	
	1,853.20	3,043.89	831.68	839.54	

The movement of lease liabilities during the year is as below:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	3,883.43	5,196.42
Additions	1,396.95	410.97
Interest expense	346.73	334.29
Payments	(1,228.38)	(979.54)
Termination of leases	(1,713.85)	(1,078.71)
At the end of the year	2,684.88	3,883.43

The maturity analysis of lease liabilities are disclosed in Note 41.

18. Other financial liabilities

(₹ in Lakh)

	Non - C	Non - Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Unsecured, at amortised cost					
Security deposits	5,361.77	5,478.51	18.00	-	
Employee related liabilities	-	-	1,018.22	625.19	
Payable for capital goods	-	-	150.93	56.91	
Unpaid dividend account	-	-	15.71	7.42	
	5,361.77	5,478.51	1,202.86	689.52	

19. Provisions (₹ in Lakh)

	Non - Current		Current		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Provision for warranty *	374.32	656.17	444.52	142.67	
Provision for employee benefits					
Gratuity (Refer Note 40)	147.57	1.96	123.57	24.53	
Compensated absences	-	-	34.61	-	
	521.89	658.13	602.70	167.20	

19. Provisions (contd.)

The Holding Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

^{*} Provision for warranty

Kurlon Enterprise Limited

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

Reconciliation of liabilities arising from financing activities

(₹ in Lakh)

(₹ in Lakh)

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2022				
Loans from banks	520.57	(503.29)	-	17.28
Loans from related parties	721.26	17.91	-	739.17
Lease liabilities	3,883.43	(881.65)	(316.90)	2,684.88
	5,125.26	(1,367.03)	(316.90)	3,441.33
March 31, 2021				
Loans from banks	1,216.90	(696.33)	-	520.57
Loans from other financial institutions	495.82	(495.82)	-	-
Loans from related parties	676.30	44.96	-	721.26
Lease liabilities	5,196.42	(645.25)	(667.74)	3,883.43
	7,585.44	(1,792.44)	(667.74)	5,125.26

At amortised cost Total outstanding dues of micro enterprises and small enterprises (Refer Note 36) Total outstanding dues of creditors other than micro enterprises and small enterprises 11,636.31 11,991.76 (₹ in Lakh) As at March 31, 2022 As at March 31, 2021 11,991.76 8,762.70

Ageing of trade payables (₹ in Lakh)

Outstanding for following periods from the date of transaction

1,395.36

	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	_	_	_	355.45
Undisputed trade payables -						
Non MSME	6,048.39	5,479.40	65.68	12.41	30.43	11,636.31
Total	6,079.93	5,803.31	65.68	12.41	30.43	11,991.76
March 31, 2021						
Undisputed trade payables - MSME	8.96	306.00	-	-	-	314.96
Undisputed trade payables -						
Non MSME	2,410.61	6,006.44	17.89	12.80	-	8,447.74
Total	2,419.57	6,312.44	17.89	12.80		8,762.70

23. Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Contract liabilities - Advance from customers	616.83	615.62
Statutory dues payables	560.64	272.07
Payables to related parties	98.11	(0.00)
Other liabilites	119.78	8.79

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

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Balance as at beginning of the year	798.84	818.84
Provisions created during the year	328.64	97.18
Amounts utilised during the year	(308.64)	(117.18)
Balance as at end of the year	818.84	798.84
Current	444.52	142.67
Non-current	374.32	656.17

20. Deferred tax liabilities (net)

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Deferred tax liabilities	2,613.78	2,780.47	-	-
Deferred tax assets	(979.33)	(398.61)	-	-
	1,634.45	2,381.86	-	

Refer Note 43 for further details

21. Borrowings

(₹ in Lakh)

	Non - 0	Non - Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Secured borrowings					
Loans from banks	-	-	17.28	520.57	
Unsecured borrowings					
Loans from related parties (Refer Note 35)	62.87	44.96	676.30	676.30	
	62.87	44.96	693.58	1,196.87	

(a) Loan from banks of Rs. 17.28 lakhs (March 31, 2021: Rs. 520.57 lakhs)

(I) The Group has obtained various facilities from Axis 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. and 1 year MCLR + 0.1% p.a. on the cash credit facility respectively. The outstanding balance against the aforesaid facility as of March 31, 2022 is Rs. Nil (March 31, 2021: Rs. 498.94 lakhs).

(ii) The Group has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2022 is Rs. 17.28 lakhs (March 31, 2021: Rs. 21.63 lakhs).

(b) Loan from related parties of Rs. 739.17 lakhs (March 31, 2021: Rs. 721.26 lakhs)

(i) The Group has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 8.5% p.a. The outstanding balance against the aforesaid facility as of March 31, 2022 is Rs. 676.30 lakhs (March 31, 2021 : Rs. 676.30 lakhs).

(ii) The Group has obtained a loan from Kurlon Limited. The loan is unsecured and is repayable on demand and carries interest rate of 8% p.a. The outstanding balance against the aforesaid facility as of March 31, 2022 is Rs. 62.87 lakhs (March 31, 2021 : Rs. 44.96 lakhs).

The table below depicts changes in the Group liabilities arising from financing activities, including both cash and non-cash changes:

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Kurlon Enterprise Limited

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

24. Revenue from operations

	As at March 31, 2022	As at March 31, 2021
Revenue from contracts with customers		
Sale of products		
Finished goods	70,847.88	69,750.88
Traded goods	15,658.69	10,953.72
Less : Schemes & rebates	(7,486.13)	(5,110.45)
Sale of services	13.56	1.33
Other operating revenue		
Scrap sales	224.73	178.31
Others	256.65	108.58
Revenue from operations	79,515.38	75,882.37

(a) Timing of revenue from operations

(₹ in Lakh)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Goods transferred at a point in time	79,501.82	75,881.04
Services transferred over time	13.56	1.33
	79,515.38	75,882.37

(b) Reconciliation of amount of revenue recognised with contract price

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Revenue as per contract price	87,001.51	80,992.82
Less : Discounts	(7,486.13)	(5,110.45)
	79,515.38	75,882.37

(c) Movement in contract liabilities during the year*

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Opening balance	615.62	64.07
Less : Revenue recognised during the year	(615.62)	(64.07)
Add : Amount of consideration received during the year	616.83	615.62
	616.83	615.62

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

25. Other income (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Interest income		
- On fixed deposits	269.45	143.23
- On security deposits	20.74	18.29
- On others	7.78	39.35
Fair value gain on mutual fund at fair value through profit or loss	125.48	411.97
Gain on sale of investments in mutual funds	355.41	46.92
Liabilities no longer required written back	40.48	-
Gain on modification/termination of lease	363.83	-
Foreign currency exchange gain (net)	-	2.77
Miscellaneous income	181.64	180.34
	1,364.81	842.87

26. Cost of raw materials consumed

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Inventories at the beginning of the year	4,487.83	3,735.56
Add: Purchases	37,116.38	33,281.90
Less: Inventories at the end of the year	(5,242.40)	(4,487.83)
Cost of raw materials consumed	36,361.81	32,529.63

27. Purchase of traded goods

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Purchase of traded goods	8,856.30	7,461.91
	8.856.30	7.461.91

28. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Inventories at the end of the year		
Finished goods	3,536.69	3,722.45
Work in progress	1,875.96	1,804.89
Traded goods	812.68	1,140.81
	6,225.33	6,668.15
Inventories at the beginning of the year		
Finished goods	3,722.45	4,779.12
Work in progress	1,804.89	1,601.56
Traded goods	1,140.81	1,580.65
	6,668.15	7,961.33
	442.82	1,293.18

29. Employee benefit expenses	(₹ in Lakh
23. Liliployee beliefit expelises	(\ III Lan

	As at March 31, 2022	As at March 31, 2021
Salaries, wages and bonus	6,668.09	6,151.67
Gratuity expenses (Refer Note 40)	111.49	48.98
Contribution to provident and other funds (Refer Note 40)	364.24	327.42
Staff welfare expenses	218.45	152.53
	7,362.27	6,680.60

30. Finance costs (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Interest expenses		
- On borrowings	91.99	58.79
- On lease liabilities	346.73	334.80
Customer financing costs	89.79	90.78
Other 44.45	42.62	
	572.96	526.99

31. Depreciation and amortisation expense

	As at March 31, 2022	As at March 31, 2021
Depreciation of property, plant and equipment	2,372.25	2,040.49
Amortisation of intangible assets	138.05	144.78
Amortisation of right to use assets	1,094.32	940.10
	3,604.62	3,125.37

32. Other expenses (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Consumption of stores, spares and consumables	324.71	262.12
Power and fuel	941.94	759.41
Freight outward	8,088.67	5,337.70
Rent	409.08	971.07
Repairs and maintenance		
Buildings	81.83	15.50
Plant and machinery	150.76	128.67
Others	421.11	337.54
Tailoring and fabrication	3,094.72	2,956.97
Manpower charges	519.21	209.23
Office expenses	132.11	-
Rates and taxes	197.14	203.01
Expenditure on corporate social responsibility	202.99	259.82
Insurance expenses	311.07	299.71
Foreign currency exchange loss (net)	16.51	-
Security expenses	565.34	578.30

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

32. Other expenses (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Postage and telephone expenses	138.32	75.24
Payment to auditors *	65.00	52.00
Advertisement, promotion and selling expenses	4,453.40	2,404.91
Travelling and conveyance expenses	1,066.53	339.40
Legal and consultancy charges	1,697.16	1,020.77
Director's sitting fees	1.67	2.58
Loss on sale of property, plant and equipment	339.09	294.38
Advance to suppliers written off	-	29.45
Bad debts written off	0.09	1.35
Deposits written off	31.46	22.75
Provision for bad and doubtful debts	594.68	250.96
Provision for doubtful advances	45.31	-
Provision for warranty	328.80	97.17
Miscellaneous expenditure	345.57	258.33
	24,564.27	17,168.34
* Payment to auditors (excluding goods and service tax)		
Audit services :		
Statutory audit (Refer Note (a))	65.00	49.00
Tax audit	-	3.00
Others	<u> </u>	-
Out of pocket expenses		-
	65.00	52.00

⁽a) Payments to auditors for the year ended March 31, 2021 is pertaining to erstwhile auditors.

33. Earnings per share (EPS)

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Profit/(Loss) for the year	(558.37)	3,359.87
Weighted average number of equity shares outstanding (Basic and diluted)	3,65,52,261	3,65,52,261
Earnings/(loss) per share (Basic and diluted)	(1.53)	9.19

34. Segment reporting

The Group primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. In addition, certain subsidiaries of the Holding Company are engaged in the generation of solar power which is not material at Group level. Considering the size of solar operations, the Group does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group operates and manages its business as a single segment. As the Group's long-lived assets are all located in India and the Group's revenues are derived from India, no geographical information is presented.

(₹ in Lakh)

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

35. Related party disclosure

33. KE	elated party disclosure				
Na	Names of related parties and related party relationships Names of related parties where control exists irrespective of whether transactions have occurred or not				
Na					
Но	olding Company	Kurlon Limited			
Ot	ther related parties with whom transactions have taken p	place during the year			
Su	bsidiaries	Kurlon Retail Limited, Komfort Universe Products & Services Limited Belvedore 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.			
Fe	llow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited			
	sterprises owned or significantly influenced by key anagement personnel /Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahal Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels Private Limited Anant Solar Systems			
Dii	rectors and Key Management Personnel (KMP)	T. Sudhakar Pai, Managing Director Jaya S. Pai, Director Jyothi Pradhan, Chief Executive Officer Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022) Ritesh Shroff, Chief Financial Officer (up to December 07, 2021) Monu Kumar, Company Secretary H. N. Shrinivas, Director (w.e.f. May 07, 2022) Nagarajan S, Director (w.e.f. May 07, 2022) Nitin G. Khot, Non-Executive Director (up to May 07, 2022) S. Ananthanarayanan, Non-Executive Director (up to May 07, 2022) Ashoka Bhima Dhotre, Director of subsidiary Savitha Ashok Dhotre, Director of subsidiary Basaka Bhima Dhotre, Director of subsidiary Shakuntala Naik, Director of subsidiary Sunil Roopsingh Rathod, Director subsidiary Sham Sunder, Director of subsidiary			

The transactions that have been entered into with related parties during the year are as follows:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Sale of products		
Manipal Advertising Services Private Limited	0.30	-
	0.30	-
Purchases		
Kurlon Limited	8,749.41	7,437.94
	8,749.41	7,437.94
Managerial remuneration		
T Sudhakar Pai	75.92	261.71
Jyothi Pradhan	79.07	44.67
Ritesh Shroff	41.83	48.05
Monu Kumar	12.77	10.33
Ashoka Bhima Dhotre	15.75	18.00
Savitha Ashok Dhotre	2.25	6.44
	227.59	389.20

35. Related party disclosure (contd.)

	As at March 31, 2022	As at March 31, 2021
Interest expenses		
Jaya S Pai	52.88	55.80
Kurlon Limited	4.87	1.38
	57.75	57.18
Legal and consultancy charges		
Manipal Software & E-Commerce Pvt Ltd	344.38	156.55
Savitha Ashok Dhotre	6.08	-
Basaka Bhima Dhotre	1.50	-
	351.96	156.55
Advertisement and sales promotion expenses		
Manipal Advertising Services Private Limited	1,302.21	1,187.33
	1,302.21	1,187.33
Travelling and conveyance		
Manipal Travels (India) Private Limited	166.69	38.80
	166.69	38.80
Rent		
Shakuntala Naik	56.15	-
Sunil Roopsingh Rathod	18.00	18.00
Kurlon Limited	4.37	-
	78.52	18.00
Expense reimbursed to related parties		
Kurlon Limited	0.09	-
	0.09	-
Sitting fees		
Nitin G Khot	0.13	0.65
S Ananthanarayanan	0.13	0.91
Jaya S Pai	0.64	1.02
S Nagarajan	0.39	-
H N Shrinivas	0.39	-
	1.68	2.58
Dividend paid		
Kurlon Limited	1,546.24	1,084.99
	1,546.24	1,084.99

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

(₹	in	Lal	kh)
----	----	-----	-----

	As at March 31, 2022	As at March 31, 2021
Capital advances		
Maha Rashtra Apex Corporation Ltd	1,222.76	1,222.76
Kurlon Limited	622.00	622.00
	1,844.76	1,844.76

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Security deposit		
Jayamahal Trade and Investments Private Limited	4.17	9.00
Metropolis Builders Private Limited	22.05	20.41
Jai Bharath Mills Private Limited	27.78	28.31
Maha Rashtra Apex Corporation Ltd.	15.00	15.00
	69.00	72.72
Advance against supply of goods and services to related parties		
Kurlon Limited	4,295.08	5,150.84
Manipal Advertising Services Private Limited	140.00	-
	4,435.08	5,150.84
Borrowings		
Jaya S Pai	676.30	676.30
Kurlon Limited	62.87	44.96
	739.17	721.26
Interest payable on borrowings		
Kurlon Limited	4.87	1.38
	4.87	1.38

35. Related party disclosure (contd.)

(₹ in Lakh)

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	As at March 31, 2022	As at March 31, 2021
Loans		
Anant Solar Systems	250.36	252.34
Sham Sunder	26.33	26.33
	276.69	278.67
Managerial remuneration payable		
Savitha Ashok Dhotre	1.35	-
Ashoka Bhima Dhotre	1.30	-
	2.65	-
Trade payables		
Jai Bharath Mills Private Limited	0.45	15.85
Manipal Travels (India) Private Limited	10.95	6.09
Manipal Advertising Services Private Limited	-	45.61
Manipal Software & E-Commerce Pvt Ltd	45.38	25.36
Manipal Travels (India) Private Limited	0.22	-
Shakuntala Naik	56.15	-
Basaka Bhima Dhotre	1.00	-
Maha Rashtra Apex Corporation Ltd.	-	1.03
	114.15	93.94
Lease liabilities		
Metropolis Builders Private Limited	108.55	127.29
Kurlon Limited	96.24	106.11
Jai Bharath Mills Private Limited	5.75	4.35
Jayamahal Trade and Investments Private Limited	163.90	-
Sunil Roopsingh Rathod	173.79	177.18
Ashoka Bhima Dhotre	173.79	177.17
	722.02	592.10

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

36. 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, 2022	As at March 31, 2021
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	323.91	306.00
Interest due on above	31.54	8.96
	355.45	314.96
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.	21.32	
The amount of interest accrued and remaining unpaid at the end of each accounting year	31.54	8.96
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	

The information given above is to the extent such parties have been identified by the Group on the basis of information disclosed by the suppliers.

37. Leases

Short-term leases and lease of low-value assets

The Group also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 409.08 lakhs (March 31, 2021: Rs. 971.07 lakhs) have been recognised in the statement of profit and loss.

38. Contingent liabilities and capital commitments

(a) Contingent liabilities

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Claims against the Group not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	-
- Sales tax	4,394.26	4,434.94
- Excise duty	2,212.13	2,212.13

The Group is contesting these demands and the management of the Holding Company, 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 Group financial position and results of operations.

Capital commitments (₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Capital commitments (net of advances)	35.21	225.42

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Notes to the **CONSOLIDATED** Financial Statements for the year ended March 31, 2022

Notes to the **CONSOLIDATED** Financial Statements for the year ended March 31, 2022

39. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Holding Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013.

(₹ in Lakh)

Gross amount required to be spent by the Group during the year		As at March 31, 2022	As at M	larch 31, 2021
		217.01		237.82
Amount spent during the year ended March 31, 2022				(₹ in Lakh)
	In cash	Yet to be paid	in cash	Total
Construction/acquisition of assets		-	-	-
On purpose other than above	202.9	9	-	202.99
Amount spent during the year ended March 31, 2021				(₹ in Lakh)
	In cash	Yet to be paid	in cash	Total

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

(₹ in Lakh)

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259.82

	As at March 31, 2022	As at March 31, 2021
Opening balance	22.00	-
Amount required to be spent during the year	217.01	237.82
Amount spent during the year	202.99	259.82
Closing balance *	7.98	22.00

259.82

40. Employee benefits

Defined contribution plans

Construction/acquisition of assets On purpose other than above

The Group makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Group recognised Rs. 345.67 lakhs (March 31, 2021: Rs 302.02 lakhs) towards Provident fund contributions, Rs 18.44 lakhs (March 31, 2021: Rs 25.21 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.13 (March 31, 2021: Rs 0.19 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 plan is funded by the Group.

The following tables summarises the amounts recognised in the consolidated financial statements:

Balance Sheet		(₹ in Lakh)
	As at March 31, 2022	As at March 31, 2021
Defined benefit obligation	735.43	536.26
Plan assets	464.29	509.77
Net liability	271.14	26.49
Current	123.57	24.53
Non-current	147.57	1.96
Changes in the present value of defined benefit obligation		(₹ in Lakh)
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	536.26	590.36
Service cost	109.83	54.79
Interest cost	31.00	31.78
Remeasurements - Actuarial loss/(gain)	182.35	53.04
Benefit paid	(124.01)	(193.71)
Balance at end of the year	735.43	536.26
Changes in the fair value of plan assets		(₹ in Lakh)
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	509.77	674.02
Contributions made	11.85	0.31
Interest income	29.60	38.13
Payments	(124.01)	(179.89)
Expenses on plan assets	(0.26)	(0.54)
Return on plan assets	37.34	(22.24)
Remeasurements - Actuarial loss/(gain)	-	(0.02)
Balance at end of the year	464.29	509.77
Statement of profit and loss		(₹ in Lakh)
	As at March 31, 2022	As at March 31, 2021
Service cost	109.83	54.79
Interest cost net of income	1.40	(6.35)
Expenses on plan assets	0.26	0.54
Total	111.49	48.98
Other comprehensive (income)/loss		(₹ in Lakh)
	As at March 31, 2022	As at March 31, 2021
Remeasurements - Actuarial loss/(gain)	182.35	53.06
	(27.24)	

(37.34)

145.01

22.24

75.30

Return on plan assets

Total

^{*} Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period. The Group does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

OF HELPING INDIA SLEEP HEALTHY

Kurlon Enterprise Limited

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Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

40. Employee benefits (contd.)

Principal assumptions used in determinining defined benefit obligation

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Discount rate	7.13% to 7.52%	6.52% to 7.12%
Expected return on plan assets	6.52% to 7.12%	6.52% to 7.12%
Salary escalation	5% to 8%	5.00%
Employee turnover	5% to 10%	5% to 10%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Investment with insurance companies	100.00%	100.00%

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.

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Discount rate		
1% increase	(49.55)	(38.30)
1% decrease	56.53	43.88
Salary escalation		
1% increase	53.66	40.42
1% decrease	(48.06)	(35.70)
Employee turnover		
1% increase	3.85	2.52
1% decrease	(4.40)	(2.90)

Maturity profile of defined benefit obligation

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021
Within 1 year	50.86	54.30
1-2 year	63.93	34.16
2-3 year	57.45	40.07
3-4 year	66.03	42.07
4-5 year	54.68	50.25
5-10 year	193.84	149.56
10 years onwards	228.49	198.76

The average duration of the defined benefit obligation at the end of the reporting year is 9.73 to 15.48 years (March 31, 2021 : 9.68 to 15.28 years).

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

41. 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).

 $The carrying \ values \ and \ fair \ value \ measurement \ hierarchy of the Group's \ financial \ assets \ and \ financial \ liabilities \ are \ as \ below:$

(₹ in Lakh)

				•
	March 31	March 31, 2022		, 2021
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value through profit as	nd loss			
	10,710.91	10,710.91	11,131.71	11,131.71
	10,710.91	10,710.91	11,131.71	11,131.71
	March 31	l, 2022	March 31	., 2021
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at amortised cost				
Non-current assets				
Loans	321.92	321.92	394.99	394.99
Other financial assets	1,249.19	1,249.19	1,531.85	1,531.85
Current assets				
Trade receivables	5,606.76	5,606.76	5,481.07	5,481.07
Cash and cash equivalents	512.98	512.98	574.28	574.28
Other bank balances	4,250.71	4,250.71	3,718.21	3,718.21
Loans	56.74	56.74	-	-
Other financial assets	164.90	164.90	362.94	362.94
	12,163.20	12,163.21	12,063.34	12,063.34
Financial liabilities measured at amortised cost				
Non-current liabilities				
Borrowings	62.87	62.87	44.96	44.96
Lease liabilities	1,853.20	1,853.20	3,043.89	3,043.89
Other financial liabilities	5,361.77	5,361.77	5,478.51	5,478.51
Current liabilities				
Borrowings	693.58	693.58	1,196.87	1,196.87
Lease liabilities	831.68	831.68	839.54	839.54
Trade payables	11,991.76	11,991.76	8,762.70	8,762.70
Other financial liabilities	1,202.86	1,202.86	689.52	689.52
	21,997.72	21,997.72	20,055.99	20,055.99

42. Financial risk management objectives and policies

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The 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.

Market ris

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.

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Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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

i. Currency risk

The Company's exposure to currency risk as at year end is as below:

(₹ in Lakh)

		March 31, 2022			March 31, 2021		
	Currency	Foreign Currency	Rs. Lakhs	Currency	Foreign Currency	Rs. Lakhs	
Trade payables	USD	3,60,732	272.58	USD	3,49,156	258.64	
	EUR	40,529	34.89	EUR	29,997	24.84	
Advances from customers	USD	2,242	1.70	USD	30,359	21.82	
Advance to suppliers	USD	53,257	40.81	USD	22,209	16.13	
	EUR	6,223	5.42	EUR	39,810	32.49	
Trade receivables	USD	24,859	18.70	USD	57,224	40.06	

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021	
Basis point	Effect on profit l	pefore tax	
+5%	(12.21)	(10.83)	
-5%	12.21	10.83	

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:

(₹ in Lakh)

	As at March 31, 2022	As at March 31, 2021	
Basis point	Effect on profit	before tax	
+1%	-	(4.99)	
-1%	-	4.99	

(b) Credit risk

Credit risk is the risk of financial loss to the Group 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 Group'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 Group 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 Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

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The movement in respect of allowance for expected credit losses is as follows:

(₹ in Lakh)

	Trade receivables		Loans & other financial assets		Other assets	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
At the beginning of the year	1,045.17	997.08	-	-	-	-
Allowance created/(reversed) during the year	547.72	48.09	-	-	45.31	-
At the end of the year	1,592.89	1,045.17	-	-	45.31	-

(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.

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

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	693.58	62.87	-	756.45
Lease liabilities	896.25	1,796.15	742.01	3,434.41
Trade payables	11,991.76	-	-	11,991.76
Other financial liabilities	1,202.86	5,361.77	-	6,564.63
Total	14,784.45	7,220.79	742.01	22,747.25
March 31, 2021				
Borrowings	1,196.87	44.96	-	1,241.83
Lease liabilities	926.15	2,998.65	1,162.18	5,086.98
Trade payables	8,762.70	-	-	8,762.70
Other financial liabilities	689.52	5,478.51	-	6,168.03
Total	11,575.24	8,522.12	1,162.18	21,259.54
				

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

43. Income tax

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

(₹ in Lakh)

As at March 31, 2022	As at March 31, 2021
575.12	1,798.47
(747.41)	762.07
(172.29)	2,560.54
(154.20)	0.11
(326.49)	2,560.65
ne/(loss) 37.68	18.24
37.68	18.24
	575.12 (747.41) (172.29) (154.20) (326.49) ne/(loss) 37.68

O of helping india sleep health

OF HELPING INDIA SLEEP HEALTHY

FINANCIAL Statements

Kurlon Enterprise Limited

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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, 2022	As at March 31, 2021
Profit before tax	(884.86)	5,920.52
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	(222.72)	1,490.20
Effect of :		
(Reversal)/Creation of deferred tax liability on goodwill	(297.74)	529.37
Reversal of deferred tax asset on warranty provision provided in earlier year	-	227.75
Reversal of provision for current tax relating to earlier year	(154.20)	0.11
Tax charge on disallowance of corporate social responsibility expenditure	51.09	65.39
Others	297.08	247.83
Total income tax expense	(326.48)	2,560.65

Deferred tax

Deferred tax relates to the following:

(₹ in Lakh)

	Balance Sheet		Statement of Profit and Loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Property, plant and equipment	(1,718.31)	(1,774.95)	(56.64)	(341.17)
Right of use assets	(516.30)	(384.90)	131.40	57.03
Goodwill	(231.58)	(529.37)	(297.79)	529.37
Marked to market on mutual fund investment	(143.47)	(90.55)	52.92	90.55
Gross deferred tax liability	(2,609.66)	(2,779.77)	(170.11)	335.78
Deferred tax asset				
Provision for doubtful debts	412.72	263.07	(149.65)	(12.10)
Provision for doubtful advances	6.27	-	(6.27)	206.10
Provision for loans to related parties	105.22	-	(105.22)	-
Section 43B disallowance	69.65	-	(69.65)	21.65
Section 35DD disallowance on amalgamation expenses	12.62	20.79	8.17	0.20
Disallowance under Sec 40a(ia)	54.97	1.76	(53.21)	-
Provision for Leave Encashment	4.95	-	(4.95)	-
Lease liabilities	252.35	112.29	(140.06)	210.44
Provision for gratuity	56.47	-	(56.47)	-
Net deferred tax assets (net)	(1,634.44)	(2,381.86)	(747.42)	762.07
Net deferred tax credit /(charge)			(747.42)	762.07

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

44. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.36	3.13	-25%	
Debt equity ratio	Total debt	Shareholder's equity	0.02	0.03	-36%	Due to decrease in borrowings in current year leading to the improvement of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses	Debt service = Interest and lease payments + Principal repayments	2.04	3.18	-36%	Due to reduction in profit during the year.
Return on equity ratio	Net profits after taxes – Preference dividend	Average shareholder's equity	-0.01	0.07	-117%	Due to reduction in profit during the year.
Inventory turnover ratio	Cost of goods sold	Average inventory	3.85	3.44	12%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	14.34	12.45	15%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.80	5.59	22%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.49	2.84	23%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	-0.01	0.04	-116%	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	-0.01	0.13	-105%	Due to reduction in profit during the year.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.04	0.01	200%	Due to sale of investments in current year leading to the improvement of the ratio.

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FINANCIAL Statements

Kurlon Enterprise Limited

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

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

(₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	357.88	-64%	3,828.33	114%
Subsidiaries				
Kurlon Retail Limited	(1,238.84)	222%	(771.47)	-23%
Sirar Dhotre Private Limited	19.68	-4%	(5.14)	0%
Sirar Solar Private Limited	(13.99)	3%	(26.18)	-1%
Sevalal Solar Private Limited	17.58	-3%	(7.74)	0%
Belvedore International Limited	(41.46)	7%	(0.15)	0%
Komfort Universe Products and Services Limited	(393.84)	71%	-	0%
Starship Value Chain and Manufacturing Private Limited				
(including Starship Global VCT LLP, also refer note 47)	293.47	-53%	252.27	8%
Kanvas Concepts Private Limited	(92.68)	17%	(20.51)	-1%
Home Komfort Retail LLP	(2.39)	0%	-	0%
Total	(1,094.56)	196%	3,249.41	97%
Adjustments arising out of consolidation	536.19	-96%	110.46	3%
Total	(558.37)	100%	3,359.87	100%

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

(₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(112.00)	104%	(54.21)	95%
Subsidiaries				
Kurlon Retail Limited	4.67	-4%	(2.85)	5%
Sirar Dhotre Private Limited	-	0%	-	0%
Sirar Solar Private Limited	-	0%	-	0%
Sevalal Solar Private Limited	-	0%	-	0%
Belvedore International Limited	-	0%	-	0%
Komfort Universe Products and Services Limited	-	0%	-	0%
Starship Value Chain and Manufacturing Private Limited (including Starship Global VCT LLP, also refer note 47)	-	0%	-	0%
Kanvas Concepts Private Limited	-	0%	-	0%
Home Komfort Retail LLP	-	0%	-	0%
Total	(107.33)	100%	(57.06)	100%
Adjustments arising out of consolidation	-	0%	-	0%
Total	(107.33)	100%	(57.06)	100%

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

45. 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 do not have any transactions with companies struck off.
- (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 Group (Ultimate Beneficiaries) or
- (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,
- 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).

46 Additional information

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

(₹ in Lakh)

the contribution of the assets, (master), in the consonitation interest in the second		(m Eak		
	March 31,	March 31, 2022		2021
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	49,341.99	107%	50,923.71	105%
Subsidiaries				
Kurlon Retail Limited	(1,832.37)	-4%	(598.19)	-1%
Sirar Dhotre Private Limited	41.22	0%	21.53	0%
Sirar Solar Private Limited	(37.47)	0%	(23.49)	0%
Sevalal Solar Private Limited	37.21	0%	19.62	0%
Belvedore International Limited	(36.61)	0%	4.85	0%
Komfort Universe Products and Services Limited	(388.84)	-1%	5.00	0%
Starship Value Chain and Manufacturing Private Limited (including Starship Global VCT LLP, also refer note 47)	546.24	1%	252.77	1%
Kanvas Concepts Private Limited	(112.19)	0%	(19.51)	0%
Home Komfort Retail LLP	(2.39)	0%	-	0%
Total	47,556.79	103%	50,586.29	104%
Adjustments arising out of consolidation	(1,418.38)	-3%	(1,954.57)	-4%
Total	46,138.39	100%	48,631.72	100%
Total	46,138.39	100%	48,631.72	1

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46 Additional information (contd.)

Holding Company

Kurlon Retail Limited

Subsidiaries

Kurlon Enterprise Limited

Sirar Dhotre Private Limited

Sevalal Solar Private Limited

Belvedore International Limited

Kanvas Concepts Private Limited

Adjustments arising out of consolidation

Home Komfort Retail LLP

47. Business combinations

Total

Total

Komfort Universe Products and Services Limited

Starship Value Chain and Manufacturing Private Limited (including Starship Global VCT LLP, also refer note 47)

Sirar Solar Private Limited

for the year ended March 31, 2022

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

Notes to the CONSOLIDATED Financial Statements

March 31, 2022

-37%

185%

-3%

2%

-3%

6%

59%

-44%

14%

0%

181%

-81%

100%

Amount

245.88

(1,234.17)

19.68

(13.99)

17.58

(41.46)

(393.84)

293.47

(92.68)

(2.39)

536.19

(665.70)

(I) Acquisition of Starship Global VCT LLP under common control during the year ended March 31, 2022

consideration of Rs. 0.5 lakhs and has recorded Rs. 251.27 lakhs as 'Capital Reserve'.

During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private

Limited has acquired business from Starship Global VCT LLP which was carrying on business on behalf of the Holding

Company, Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the

acquired business under the common control method. The subisidary 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

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on

(1,201.89)

Kurlon Enterprise Limited

Notes to the CONSOLIDATED Financial Statements for the year ended March 31, 2022

48. Capital management

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

of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Group includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

	As at March 31, 2022	As at March 31, 2021
Borrowings	756.45	1,241.83
Less: Cash and cash equivalents and other bank balances	4,763.69	4,292.49
Net debt (A)	(4,007.24)	(3,050.66)
Equity	46,138.40	48,631.72
Total equity capital (B)	46,138.40	48,631.72
Total debt and equity (C)=(A)+(B)	42,131.15	45,581.06
Gearing ratio (A)/ (C)	-10%	-7%

- 49. The Code on Social Security, 2020 (the "Code") relating to employee benefits during employment and postemployment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements

(₹ in Lakh)

		,	
	As at March 31, 2022	As at March 31, 2021	
Borrowings	756.45	1,241.83	
Less: Cash and cash equivalents and other bank balances	4,763.69	4,292.49	
Net debt (A)	(4,007.24)	(3,050.66)	
Equity	46,138.40	48,631.72	
Total equity capital (B)	46,138.40	48,631.72	
Total debt and equity (C)=(A)+(B)	42,131.15	45,581.06	
Gearing ratio (A)/ (C)	-10%	-7%	

The gearing ratio is negative since the Group is predominantly equity funded

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

related impact accordingly.

50. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2021.

Fair value recognised on acquisition

April 01, 2021.

(₹ in Lakh)

(₹ in Lakh)

114%

-23%

0%

-1% 0%

0%

0%

8%

-1% 0%

97%

3%

100%

March 31, 2021

Amount

3,774.12

(774.32)

(5.14)

(26.18)

(7.74)

(0.15)

252.27

(20.51)

3,192.35

3,302.81

110.46

	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)

Amount
(208.05)
(670.07)
(140.00)
251.77
0.50
251.27

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Raieev Kumai

Partner Membership No.: 213803

Place : Bengaluru Date: November 28, 2022 Managing Director DIN: 00043298

> Jyothi Ashish Pradhan Chief Executive Officer

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Abhilash Padmanabh Kamti Chief Financial Officer

H. N. Shrinivas

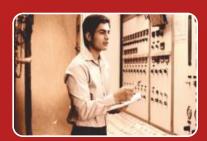
DIN - 07178853

Director

Monu Kuma Company Secretary

Place : Bengaluru

Date: November 28, 20212









Our state of the art manufacturing facilities



State-of-art imported machinery in all our manufacturing facilities ensure world class quality, reliability & scalability of production. Use of virgin raw materials assure product quality, performance and durability. Modern testing facilities ensure that adherence to quality norms is maintained. Adapt R&D makes sure that we are second to none and churns out innovative products.









www.kurlon.com

Registered Office:

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

Corporate Office:

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042. Tel. No.: +91 80 40313131 Email id: secretary@kurlon.com Website : www.kurlon.com









ANNUAL REPORT 2022-23



www.kurlon.com •





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

Managing Director

Sri. T. Sudhakar Pai

Non-Executive Non Independent Director Mrs. Jaya S. Pai

Non-Executive Non Independent Director

Mr. Jamsheed Minoo Panday

Independent Director

Sri. H. N. Shrinivas Sri. Sivaramakrishnan Nagarajan

Chief Executive Officer

Mrs. Jyothi Ashish Pradhan

Chief Financial Officer

Mr. Abhilash Kamti

Company Secretary

Mr. Monu Kumar

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

Internal Auditor

M/s S G S K & Company **Chartered Accountant**

Cost Auditor

M/s. GNV & Associates, Cost Accountants

Registered Office:

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

Corporate Office:

Jai Bharat Industrial Area, Jalahalli, Camp Road, Yeshwanthpur, Bangalore - 560 022. E-mail:secretary@kurlon.com Website: www.kurlon.com

Corporate Identity Number U36101MH2011PLC222657

Share Transfer Agent

Purva Sharegistry (India) Private Limited (Unit: Kurlon Enterprise Limited) 9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel (E), Mumbai - 400 011. Tel. No.: +91-022-2301-6761/2518 E-mail: support@purvashare.com Website: www.purvashare.com



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Our Vision & Mission

VISION

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

- World-class manufacturing processesInnovation
 - Making it the best place to work

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





Award & Recognition

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



WINNER

Unnatha Suraksha Puraskara Award



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



THE BRAND OF THE DECADE AWARD 2021-22 BY THE BARC ASIA & JURY PANEL

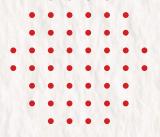
Our never ending quest to provide healthy sleep solutions for India has led to an array of products that continue to raise benchmarks. It gives us great pride when our efforts are recognized. That's why we're honoured to receive 'The Brand of The Decade Award 2021-22' - In the mattress category by the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



<u>_</u>__

ANNUAL REPORT 2022-23 0 of helping india sleep healthy





A PEEK INTO OUR HISTORY

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



OUR LEGACY 60 YEARS LATER

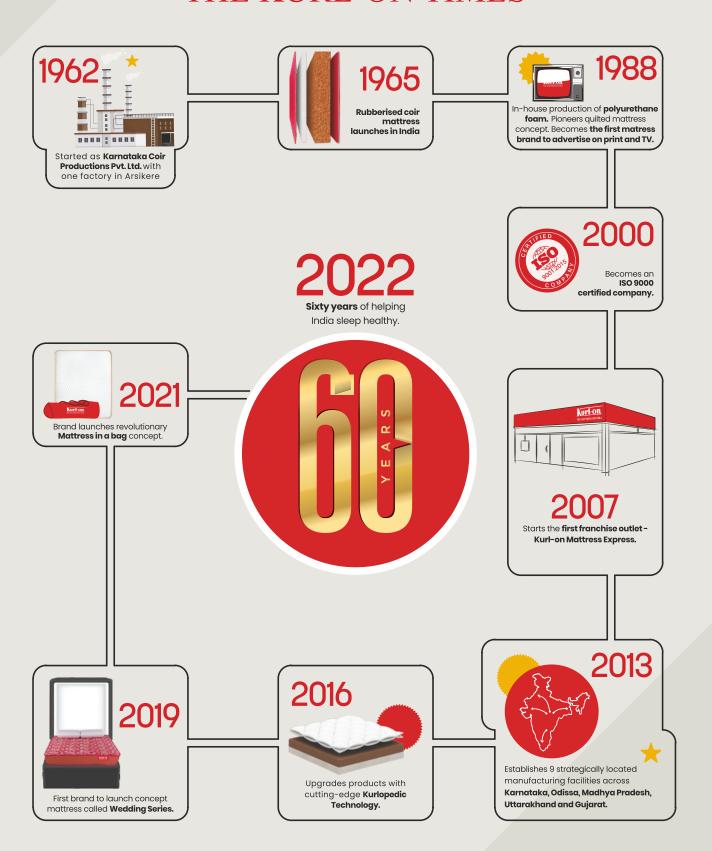


Kurl-on, one of India's oldest mattress brands, began its magnanimous journey 60 years ago in 1962. This pioneering brand is, even today, one of India's most loved brands. Kurl-on has found its place in the homes of millions of Indians, with an even more diversified portfolio, and foraying into the market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

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

OF HELPING INDIA SLEEP HEALTHY

THE KURL-ON TIMES







Six Decades of the BEST SLEEP Solutions

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

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



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

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

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

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

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





Strong Brand Value:

Kurlon is one of the oldest and most trusted brand in India which always committed to fulfil and deliver soulful rest to its end consumers and serve as partner in their journey of growth.



Widest Sales and Distribution Network:

Kurlon have retail reach out of more than 4000+ counters and 50+ Warehouses across India.



Diversified Product Range in Premium Category:

Kurlon Manufactured entire range of home comforts solution ranging from mattresses, PU Foam, furniture & high-end soft furnishings products in the rich and premium category.



Customer - Oriented :

dedicated CDT team guides our customers to choose a suitable products based on their needs; apprises them on the latest technology and benefits; and provides strong after sales support, adding value to their lives and enhancing their experience.



Kurlon is the only player in the industry which makes rubberized Coir Mattress, Spring Mattress, Foam and rebounded foam which give us the complete Control in the highest and premium Quality.



Environment and Sustainability:

This is also very important taking care part of Planet and community. Kurlon did this through rain harvesting, using solar energy and Zero Carbon emission.



World Class Manufacturing Facilities at Multi Location:

12 strategically located manufacturing units across India helps us to fulfil our promise for quality, speedy delivery and better customer



Research & Development:

As technology leaders, we continuously add value to our existing products and formulate differentiated, more qualitative and comforting range through dedicated separate products development team.



KEYDifferentiators

ANNUAL REPORT 2022-23



PRODUCT PORTFOLIO

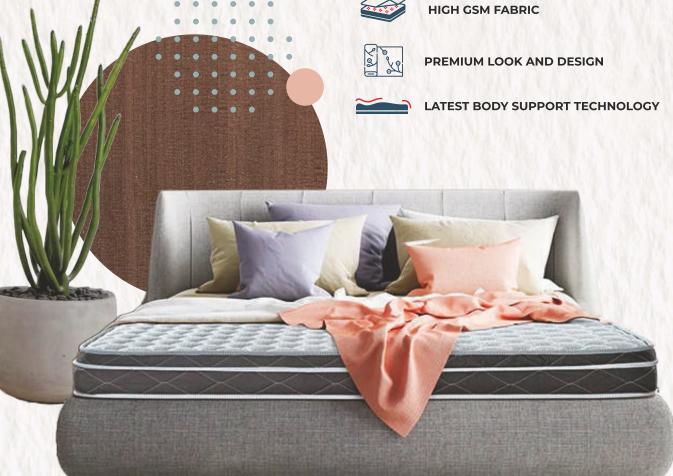
URBAN

FOR THE FAST-PACED LIFESTYLE



TOP QUALITY FOAM AND QUILTING







Celebration

FOR THE FAST-PACED LIFESTYLE





SIDE WALLS TO PREVENT SAGGING



BREATHABLE PREMIUM FABRIC



DESIGNER FABRIC FOR A TRENDY LOOK



EXCLUSIVE RANGE FOR WEDDINGS AND FUNCTIONS





TRENOY

MADE FOR COMFORT, ENHANCED BY STYLE!





relax

RELAXED SLEEP, EVERYDAY



BREATHABLE KNITTED FABRIC



PROVIDES COMPLETE BACK SUPPORT



LIGHTWEIGHT FOAM MATTRESS



HIGH DENSITY FOAM CORE FOR EXTRA SUPPORT









THE KOMFORT YOUR BODY DESERVES



FOR EVERY KINDA ACTIVE

COMFORTS SPINE AND BACK PAIN



PROVIDES ZONAL SUPPORT TO THE BODY



THERAPEUTIC MATTRESS



FOR PEOPLE WITH AN ACTIVE LIFESTYLE



SMOOTH POLY COTTON FABRIC



LATEST BODY SUPPORT TECHNOLOGY



THICK QUILTING ON TOP ADDING COMFORT



BONDED FOAM TO HELP MAINTAIN POSTURE



Komfort KOLLECTIONS





LIE ON THEM, RELY ON THEM



FIRM SUPPORT TO HEAD AND NECK



GOOD NIGHT'S REST GUARANTEED



ZERO PRESSURE POINTS



EXCLUSIVE RANGE CATERING TO ALL REQUIREMENTS





WIDE RANGE OF BEDSHEETS



EXCLUSIVE COLLECTION OF FITTED-SHEETS



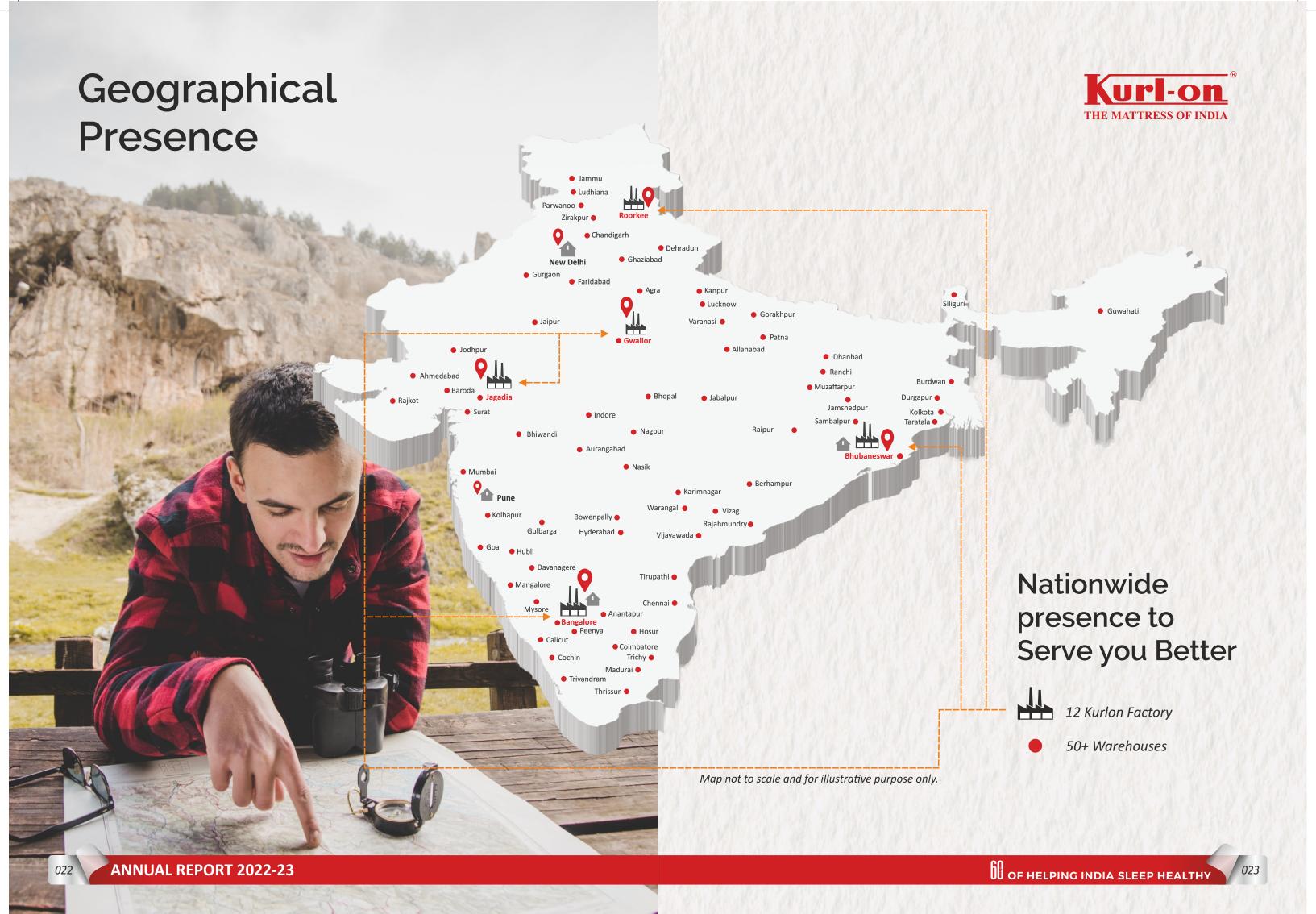
PILLOW COVERS TO MATCH EVERY MOOD



COMFORTERS FOR YOU, AND YOUR HOME











From the desk of Managing Director

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

Dear Shareholders,

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

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

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

We will continue to make sustained efforts to drive demands for our brands by enhancing our presence through various ecommerce platform. While we are applying our learnings from the last two years of the pandemic to enhance the efficiencies of our operations and build robust supply chains to function with minimum disruption in such exceptional circumstances. Our people are our most valuable asset, with their commitment and dedication, I am confident that we will continue to meet the demands of our consumers, live up to their expectations by providing long-term value, and generate sustainable long-term growth.

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

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

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

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

Sincerely, T. Sudhakar Pai Managing Director

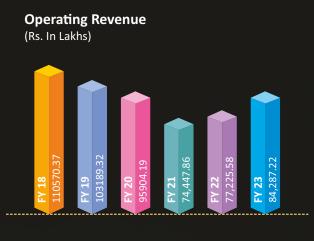
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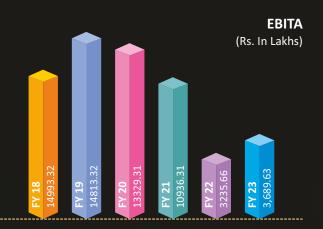


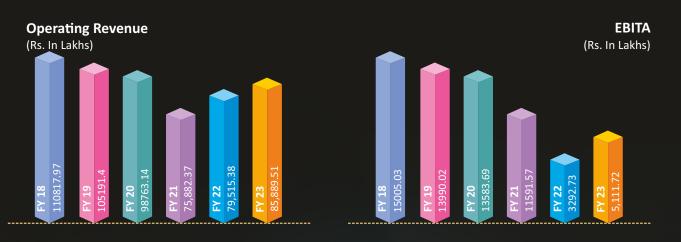


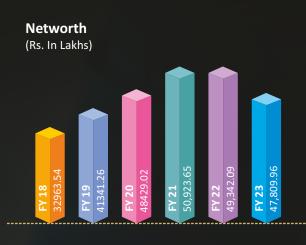
Kurlon Enterprise Limited (Standalone)

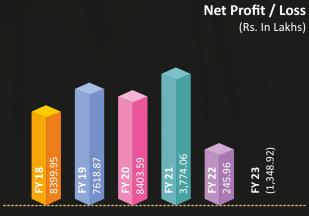
Kurlon Enterprise Limited (Consolidated)



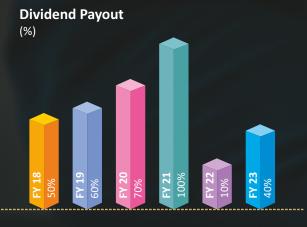


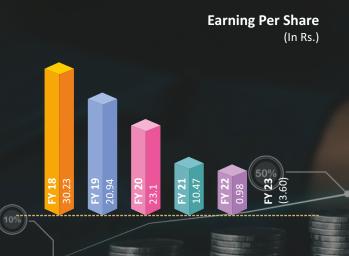




















To the Members of Kurlon Enterprise Limited, The Board of Directors of your Company have pleasure in presenting the 12th Board Report on the business and operations of Kurlon Enterprise Limited ('KEL' or 'Company'), along with the summary of standalone and consolidated financial statements for the financial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

1. Financial highlights of the Company

(₹ in Lakh)

Doublandons	Audited S	Standalone	Audited Co	nsolidated
Particulars Particulars	As on 31st March, 2023	As on 31st March, 2022	As on 31st March, 2023	As on 31st March, 2022
Revenue from operations	84,287.22	77,225.58	85,889.51	79,515.38
Other Income	665.67	966.79	842.55	1,364.81
Total Income	84,952.89	78,192.37	86,732.06	80,880.19
Profit Before Financial charges, tax and Depreciation	3,689.63	3,235.66	5111.72	3,292.73
Less: Finance Charges	376.40	286.96	729.03	572.96
Less: Depreciation	2,532.52	2,511.98	3,590.98	3,604.62
Profit Before Tax and Exceptional items	780.71	436.72	791.71	(884.86)
Less: Exceptional Items	2,555.67	418.08	-	-
Net Profit / Loss Before Tax	(1,774.96)	18.64	791.71	(884.86)
Less: Current tax	647.68	475.96	824.35	575.12
Add / Less: Tax credit of earlier years	(45.49)	(130.20)	(45.45)	(154.20)
Add / Less: Deferred tax	(1,059.70)	(685.08)	(1,033.85)	(747.41)
Profit / Loss after tax	(1,317.45)	357.96	1,046.69	(558.37)
Other comprehensive income	(31.47)	(112.00)	(17.42)	(107.33)
Total comprehensive income for the year	(1,348.92)	245.96	1,029.24	(665.70)
Proposed Dividend on Equity Shares	731.04	182.76	731.04	182.76
Surplus in statement of P & L carried to Balance Sheet	29,835.74	31,367.87	28,713.69	27,849.43
Earnings per share (EPS).	(3.60)	0.98	2.86	(1.53)

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

Performance review and the state of Company's affairs:

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

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

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

2. Dividend

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

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

3. Transfer to Reserves;

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

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

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

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

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

6. Consolidated Financial Statement;

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

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

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

The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the



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

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

7. Change in the nature of business;

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

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

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

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

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

9. Indian Accounting Standards

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

10. Share capital

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

11. Directors and Key Managerial Personnel

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

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

^{*}W.e.f. 01.09.202



DIRECTOR'S Report

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

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

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

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

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

12. Declaration by Independent Director;

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

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

13. Familiarization Programme for Independent Directors

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

14. Deposit from Pubic

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

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

15. Board and Its Committee Meetings

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

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

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

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

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

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

17. Annual Evaluation of Board and its Committees

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

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





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

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

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

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

18. Policy on Directors' Appointment and Remuneration:

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

19. Details of Subsidiary/Joint Ventures/Associate Companies

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

Details of Subsidiaries are as follows.

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

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

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

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

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

Sirar Solar Energies Private Limited, Sevalal Solar Private Ltd and Sirar Dhotre Solar Private Limited are engaged in the business of generation of electricity through Solar System and supply its power to HESCOM as per PPA. As required under the provisions of Section 129 of the Companies Act, 2013, read with Companies (Accounts) Rule, 2013, a statement containing salient features of the financial statements of subsidiaries is provided in the prescribed format AOC-1 as Annexure-A of the Board Report.

20. Directors' Responsibility Statement

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

- a. That in the preparation of the annual accounts for the Financial Year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures and the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013
- **b.** That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2023 and of the Profit of your Company for the Financial Year ended March 31, 2023;
- **c.** That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- **d.** That the annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis:
- **e.** That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

21. Management Discussion and Analysis Report;

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

22. Report on Corporate Governance;

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

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

23. Auditors and Auditors' report

Statutory Audit:

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

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

Audit reports

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

Secretarial Audit:

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

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

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

Cost Audit:

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





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

Internal Audit

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

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

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

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

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

25. Particulars of Loans, Guarantees and Investments

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

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

26. Particulars of Contracts or Arrangements with related parties

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

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

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

27. Risk Management System

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

Keeping the above in view, your Company has formulated a Risk Management Policy duly reviewed by the Board of Directors. The policy includes risk identification, analysis and prioritization of risk and development of risk mitigation plans. The Company has constituted a Risk Management Committee to look into the risk involved with the Company and its Mitigation.

28. Safety, Health and Environment

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

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

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

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

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

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

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

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

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

29. Vigil Mechanism/ Whistle Blower Policy

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

30. Corporate Social Responsibility (CSR)

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





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

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

31. Business Responsibility Report

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

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

Our Principle Wise Performance are as follows;

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

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

This covers the Company, subsidiaries and group companies

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

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

Principle 2: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

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

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

Out of the total Employees, 2 were on contractual basis

3. Please indicate the Number of permanent women employees.

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

4. Please indicate the Number of permanent employees with disabilities

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

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

Nο

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

Not Applicable

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

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

- 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- (a) Permanent Employees 100%
- (b) Permanent Women Employees 100%
- © Casual/Temporary/Contractual Employees-100%
- (d) Employees with Disabilities- Not Applicable

Principle 3: Businesses should respect and promote human rights.

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

This covers the Company, subsidiaries and group companies

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

No complaint was received by the Company on Human rights issue

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

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

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

Confederation of Indian Industry (CII)

Indian Sleep Product Federation (ISPF)

Indian Poly Urithane Association (IPUA)

All India Coir Mattress Manufactures Association (AICMMA)

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

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

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

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

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

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

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

No

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

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

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

Yes, for satisfaction and better improvement.

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





DIRECTOR'S Report

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
- (a) The company recycles the scrap foam to re-bonded foam and does not dispose any to the environment
- **(b)** the rubberized coir cuts are reused back to the mattress avoiding additional coir requirement or land fill.
- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
- (a) The reduction in foam scrap has increased the Yield reducing the requirement of raw material
- **(b)** the coir cuts were otherwise used as fuel / land fill which has been avoided
- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?
- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

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

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

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

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

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

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

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

Yes

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

Yes

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

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

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

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

It extends to the Subsidiaries and group companies.

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

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

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

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

Yes

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

Same as point 2 above.

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

Same as point 2 above.

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

Yes

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

No

Principle 9 : Businesses should support inclusive growth and equitable development

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

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

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

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

FOUNDATION" to implement this going forward which is in transition

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

Not Applicable as per CSR Rules.

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

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

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

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

32. Internal Financial Controls and Audit

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

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





DIRECTOR'S Report

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

33. Annual Return

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

34. Significant and Material Orders

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

35. Secretarial Standards

Date: 29-08-2023

Place: Bangalore.

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

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

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

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

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

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

38. Human resources and industrial relations

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

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

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

39. Acknowledgements

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

For and on Behalf of the Board For Kurlon Enterprise Limited

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

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

Form AOC-2

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

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

transactions under third proviso thereto

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

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

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





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

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

FORM AOC - 1

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

Part A: Subsidiaries

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

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

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





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

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

Notes:

Date: 29-08-2023

Place: Bangalore.

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

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-

(T. Sudhakar Pai) **Managing Director**

Sd/-(H. N. Shrinivas) **Independent Director**

DIN: 00043298 DIN: 07178853

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE **GOVERNANCE**

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

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

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

However, your Company is not a listed company hence it is not bound to comply with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Company recognizes that good Corporate Governance is a Continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. BOARD OF DIRECTORS

I. Composition & Category of Directors;

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

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

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

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

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





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

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

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

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

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

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

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

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

III. Meetings;

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

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

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

IV. Disclosure Regarding Appointment & Reappointment of Directors in the ensuing AGM

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

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

3. AUDIT COMMITTEE

a. Terms of Reference

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

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

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

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

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

b. Composition & Attendance during the year

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

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

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

^{***} upto 01-09-2022

^{****} w.e.f. 01-09-2022





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

^{*} Upto 01-09-2022

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

The terms of reference of the Committee broadly cover the

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

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

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

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

- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- To carry out evaluation of every Director's performance;
- To devise policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

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

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

^{*}upto 01-09-2022

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

c. Remuneration policy:

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

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

Remuneration paid to Executive Directors & KMP(s)

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

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

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

a. Terms of Reference

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

b. Composition and Attendance during the year;

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

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

Name of the Member	Designation	No. of meetings during the year 202	
		Held	Attended
Sri. H. N. Shrinivas, Chairperson	Non-Executive Independent Director	2	2
Sri. S. Nagarajan, Member	Non-Executive Independent Director	2	2
Mr. T. Sudhakar Pai, Member	Managing Director, Executive	2	2
Mr. Vishal Tulsyan, Member*	Nominee Director, Non-Executive	2	-
Mr. Jamsheed M. Panday**	Non-Executive Director	2 -	
Member			

^{*}upto 01-09-2022

^{**} w.e.f. 01-09-2022

^{**}w.e.f. 01-09-2022

^{**}w.e.f. 01-09-2022





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

Opening Balance	Received	Resolved	Closing balance
Nil	Nil	Nil	Nil

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

a. Term of reference

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

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

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

b. Composition and Attendance during the year;

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

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

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

^{*}upto 01-09-2022

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

7. RISK MANAGEMENT COMMITTEE ("RMC")

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

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

a. Term of reference;

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

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

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

b. Composition and Attendance during the year;

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

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

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

8. GENERAL BODY MEETINGS

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

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

B. Extra ordinary General Meeting

There was No EoGM held during the year.

C. Postal Ballot

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

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

9. Reconciliation of Share Capital Audit

As stipulated by Companies Amendment Act, a qualified

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

10. Disclosures

A. Related Party Transactions

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

^{**}w.e.f. 01-09-2022





Annexure - B

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

B. Disclosure of accounting treatment in preparation of **Financial Statements**

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

C. Management Discussion and Analysis Report.

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

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

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

E. Whistle-Blower Policy / Vigil Mechanism

The Company has adopted a Whistle Blower Policy, to

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

F. Risk management Framework.

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

11. GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

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

B. Dates of Book Closure

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

C. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on August 29, 2023 has recommended final dividend of Rs. 2.00/- (i.e 40 %) {Previous year Rs. 0.50 (i.e. 10%), the total outflow towards dividend on equity shares for the year would be Rs. 731.04 Lakhs (Previous year Rs. 182.76 Lakhs). The dividend payout is subject to the approval of shareholders at the ensuing annual general meeting and shall be subject to deduction of income tax at source at applicable rates. The dividend once approved, shall be paid to those shareholders whose name appear on the register of members of the Company as on the cut-off date as on 22.09.2023.

D. Listing on Stock Exchanges:

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

Payment of Depository Fees

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

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

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

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

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

G. Categories-wise list of Shareholders

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





Annexure - C

H. Dematerialization of shares and liquidity:

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

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

I. Factories Locations

All factories location is mentioned somewhere in this Report.

J. Address for Correspondence:

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

Company Secretary

Kurlon Enterprise Limited,

N-301, 3rd Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, Bangalore - 560042.

E-mail: secretary@kurlon.com.

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

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

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

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298 Sd/-(H. N. Shrinivas) Independent Director DIN: 07178853

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO AND OUTLOOK

Global Economy

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000-19) average of 3.8 percent.

The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017-19) levels of about 3.5 percent.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing costs could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

INDIAN ECONOMY

In FY23 the Indian economy witnessed a 7.2% growth with the GDP touching USD 3.75 trillion mark. Currently, India is the fifth largest economy in the world after the USA, China, Japan and Germany. While manufacturing sector grew at 8.6%, the services sector grew at 8.8% in FY23.

The outlook for FY24 is muted given the global slowdown and recession worries. However, the strong domestic consumption could absorb some of the shocks. Private consumption in the country is already back to prepandemic levels. The International Monetary Fund (IMF)

expects India to grow by 5.9% in FY 2023–24 and by an average rate of 6.1% over the next five years.

Market Overview

Rise in income levels and health consciousness and growth in the real estate and hospitality sectors are major factors that accelerated the growth of the Indian mattress market. A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product. In line with the changing times, we at "Kurlon" have adopted innovative strategies to ensure customer satisfaction. It is expected to witness several new trends emerging in the mattress industry. The demand for customized and luxury mattresses is expected to increase, whereas companies may come up with new techniques to utilize their resources and technologies better. Mattresses are no longer considered as mere consumer durables, they are an indicator of the quality of life. The growth in the mattress market is largely led by factors, such as increased income levels and infrastructural developments, in terms of the increased number of residential units and hotels in the country. Demand for construction in both residential and institutional is growing in India, with the rising awareness regarding mattress types and brands. Among various sizes available, king size mattresses are the most preferred one, and comfort is the most important factor for their dominance in the market.

The Indian mattress market comprises Rubberized Coir, Spring Mattresses and PU Foam. Branded mattress players like Kurlon have seen an overall growth due to their constant efforts and investments to increase consumer awareness about premium and quality mattresses and development of retail infrastructure and marketing activities. Meanwhile, the introduction of Omni channel strategy by Kurlon is also expected to increase mattresses sales. Overall, the hospitality, healthcare and real estate sectors, introduction of customized mattresses catering to health-conscious customers, and greater offers and discounts offered by mattress companies will boost the growth of the industry. At present, there is a significant rise in the demand for various home furnishing products, such as mattresses, pillows, cushions and bed linens, on account of the increasing construction of residential complexes. Apart from this, due to the growing instances of back and posture-related problems caused by uncomfortable sleeping surfaces, there is widespread adoption of airbeds, waterbeds, foam-based, coir based and spring based mattresses that offer superior comfort

Date: 29-08-2023 Place: Bangalore.





Annexure - C

through even distribution of pressure and body weight. These mattresses can also be customized and aid in relaxing the spine while sleeping.

Our Business

Kurlon is the Mattress of India. Our motto is to have more and more people enjoying a happy and healthy life by using a Kurlon product.

For over 60 years, Kurl-on has been a symbol of komfort, trust, and healthy sleep for families across India. Our brand is built on a deep understanding of our customers and a commitment to providing them with the support they need for a good night's sleep. We believe that komfort is a right, not a luxury, and our goal is to make it accessible to everyone. Kurl-on's legacy began in 1962, when it was established as Karnataka Coir Products. In 1965, our first plant opened in Bangalore to produce rubberized coir mattresses, which quickly became synonymous with the brand. Over the years, we have expanded our product line to include foam and spring mattresses and entered the furniture and furnishings business. That's how Kurl-on became The Mattress of India. Our Brand Purpose is to continue delivering high-quality products and innovative sleep solutions that bring happiness and komfort to people's lives. With a focus on customer satisfaction, accountability, and a passion for what we do, we're working to help India sleep healthy and create a legacy of komfort for generations to come.

Kurlon is a leading mattress manufacturing company in India, it has now 3 different verticals in home furnishing such as Mattresses, Sofa & PU Foam. With 12 manufacturing plants across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujarat and 50+ ASOs/Branches and over 4000 Plus active dealers, Kurlon has geographical presence across all cities in India (PAN INDIA) reaching consumers directly through various channels such as Exclusive counters (Company owned Company Operated Stores (COCO) and Franchisees (FOFO), Multi Brand Outlets, Large format retail outlets, etc. to millions of consumers every year and the numbers are growing. Kurlon supplies high ended premium quality products to its customers across India.

The Online segment is a key focus for the Company. The Company is targeting this segment through its own website i.e. www.kurlon.com as well as through emarketplace partners.

Our Vision & Mission:-

Our Brand aim is to be the market leader through brand led

communication and products that bring about high consumer delight. Our goals for this historic brand are:

- Ensuring the comfort of Kurl-on is present in every household.
- Helping India sleep healthier.
- Spreading the message that the comfort of Kurl-on is for everyone.
- Innovating new and exciting ideas in the mattress and rest space.
- Expanding our legacy of comfort to new generations.
- Thereby delivering exponential growth and maximized wealth, for the channel and stakeholders, in a socially responsible way.

Financial Overview

For FY23, the Company's total revenue (standalone) was pegged at ₹ 84,952.89 Lakhs, a growth of 8.65% against last year whereas Loss for the year (before other comprehensive Income / Loss) for FY 23 stood at ₹ 1,317.45 Lakhs as compared to Profit of ₹ 357.96 Lakhs during last year. Net Loss afer tax and other comprehensive Income for FY 23 stood at ₹ 1,348.92 Lakhs as compared to Net Profit of ₹ 245.96 Lakhs. This loss is merely due to impairment of loans and advances given to subsidiary Companies.

On a Consolidated basis, the Company's total revenue was pegged at ₹ 85,889.51 Lakhs, a Growth of 8.02 % against the last year revenue of ₹ 80,880.19 Lakhs. Whereas Profit afer tax and other comprehensive income increased from a loss of Rs. 665.70 Lakhs to Profit of Rs. 1,029.27 Lakhs.

The financial results of the company have been impacted due to various transformation programs carried out. We expect that in coming year these decisions will positively impact the financial results of the Company.

Outlook On Future Prospects, Opportunities, Threats, Risks And Concerns: -

Future Prospects & Opportunities

Despite the current challenges and temporary losses, the Company holds a significant advantage in the market with its 60-year legacy and positive historical growth. It is estimated that India's health and wellness market is expected to expand at a CAGR of 5.55% during 2023-2028. The company's total revenue of over 84952.89 Lakhs during the year underscores its established presence in the industry. While facing setbacks presently, the company's strong foundation and commitment to innovation place it in a favourable position for future

growth and success. The company's efforts to recalibrate its strategy indicate a proactive approach to addressing the current challenges. By synergizing operations and replanning, the company aims to streamline processes, reduce inefficiencies, and enhance overall performance. This strategic revamp, positions the company to operate more effectively and capture new market opportunities. With a well-crafted strategy and commitment to excellence, the company can undoubtedly capitalize on its strengths and secure a successful future in the home furnishing industry.

Threats, Risks & Concerns

The ongoing inflationary pressures can significantly impact the company's profitability. Price hikes in raw materials, manufacturing, and transportation costs can erode profit margins and lead to increased product prices. Such price volatility can make customers more price-sensitive, affecting their purchasing decisions and loyalty to the brand. Consumer preferences within the home furnishing industry can be highly volatile. Changing trends, evolving lifestyles, and competitive offerings can swiftly alter customer preferences. The company needs to be agile in adapting to these changes, ensuring that its product offerings remain relevant and appealing to the target market.

Internal Control System & Adequacy

The Company has an adequate system of internal controls commensurate with the size and nature of business of the company designed to provide reasonable assurance that assets are safeguarded; transactions are executed in accordance with the management's authorization and properly recorded. Accounting records are adequate for preparation of financial statements and other financial information. Internal audit is conducted on a continuous basis to ascertain the adequacy and effectiveness of internal control systems. Their observations are reviewed by the senior management and the Audit Committee.

CSR Initiatives

Kurlon, since beginning, has been determined to focus on holistic development, including the growth of society as a whole, particularly in the region of its operations. This is done with the aim to establish social license to operate and maintain a harmonious relationship with local stakeholders. For last two years, more focus has been given on expanding the CSR footprint in our operational areas along with meeting the expectations of the people. In doing so, our Major NGO partners, play a pivotal role in strategically planning and systematically executing our CSR initiatives. For more details on Corporate Social Responsibility at Kurlon, refer director's report.

Material Development In Human Resources:

Human capital being the most crucial asset of the company, the Company has to continue to invest in the development of its employees, which is very important for ensuring sustained high performance. The Company is in the process of strengthening and introducing a system that would enable employees to track their own progress as well as bring up issues that concerns them and the company for better performance. The company has put in place a feedback mechanism wherein each and every employee of the company can provide constructive feedback on their views on any activities pertaining to the company. The industrial relations continued to remain cordial throughout the year.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's intent, expectations or predictions may be "forward looking statements" within the meaning of applicable laws. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations, tax laws, natural calamities, litigation and industrial relations, economic developments within the country and other factors. The Company bears no obligations to update any such forward looking statement.

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-(T. Sudhakar Pai) Managing Director DIN: 00043298

Sd/-(H. N. Shrinivas) Independent Director DIN : 07178853

Date: 29-08-2023 Place: Bangalore.





Annexure - D

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED: 31.03.2023

To.

The Members, **KURLON ENTERPRISE LIMITED.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KURLON ENTERPRISE LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2023 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliancemechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED during the audit period for the financial year ended on 31.03.2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment Overseas Direct Investment and External Commercial Borrowings;

- v. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies the following laws / acts are also inter alia, applicable to the Company:
- a) The Environment (Protection) Act, 1986
- b) Water (Prevention and Control of Pollution), Act, 1974
- c) The Legal Metrology Act, 2009
- d) Air (Prevention and Control of Pollution), Act, 1981
- e) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- I have also examined compliance with the applicable clauses of the following:
- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Following observations were made during the audit:

The observation with respect to the FCGPR compliance pursuant to issue of Bonus shares remains the same.

I have not examined compliance by the Company with:

a. Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any during the period under review were carried out in compliance with the provisions of the Act.

The Company has appointed JAMSHEED MINOO PANDAY having DIN 00232768 as non-executive director on the board of the Company. Whereas Mr. VISHAL TULSYAN ceased to be a nominee director of the company w.e.f. August 30, 2022 due to his resignation, as the promoters of the company provided an exit to the erstwhile investors of the company.

Mr. T Sudhakar Pai was reappointed as Managing director of the company for a further period of 5 years in its last AGM held on December 28, 2022. w.e.f. September 1,

2022.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in accordance with the provisions of the Companies Act, 2013.

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 10th AGM appointed M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004) as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 10th AGM until the conclusion of 15th AGM of the Company.

During the reporting year a dividend of Rs.2.00/share was

declared.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period

a. There was no other event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For DEEPAK SADHU, COMPANY SECRETARIES

Sd/- DEEPAK SADHU

Authorized Signatory

ACS: 39541; CP No: 14992, Bangalore, Date: 17th July, 2023 UDIN: A039541E000625742, Peer Review Number: 2387/2022

ANNEXURE to the Secretarial Audit Report

То

The Members, **KURLON ENTERPRISE LIMITED**

My report of even date is to be read along with this letter.

- 1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed, provide are as on able basis for my opinion.

- 3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
- 6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For DEEPAK SADHU, COMPANY SECRETARIES

Sd/- DEEPAK SADHU

Authorized Signatory

ACS: 39541; CP No: 14992, Bangalore, Date: 17th July, 2023 UDIN: A039541E000625742, Peer Review Number: 2387/2022

OF HELPING INDIA SLEEP HEALTHY

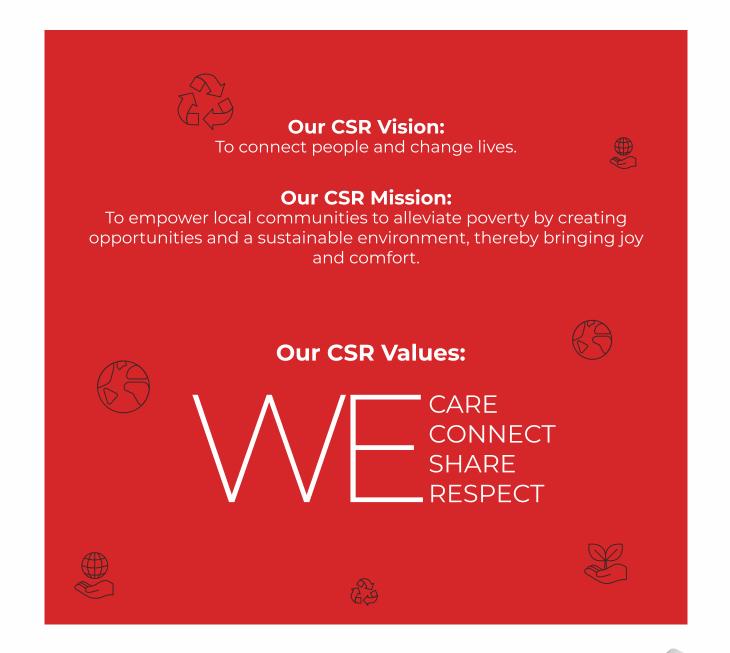






CSR activities at Kurlon

At Kurlon, CSR activities are purposefully chosen to align with our vision and mission. We aim to direct our activities in diverse sectors in order to aid the overall development of the country. Using the Sustainable Development Goals as a guide, we work in different f elds like environment, healthcare, education, and more.









Shaktidhama Women Rehabilitation Centre, Mysore

Shaktidhama, a voluntary organisation in Mysore, is supported by actor Rajkumar's family. It provides shelter to rape victims, those rescued from prostitution, domestic violence, human traff cking, and destitute women. The women are given training in life skills to instil conf dence. Around 4,000 women have benef ted so far. Currently, there are 230 women inside the campus who are leading a meaningful life. This organisation was supported with 50 mattresses and 50 pillows. The formal handing over was done by our CPO Mr Ravi Prasad V, Zonal Manager of Karnataka Mr Sathish Shetty, and other staff of Kurlon.



KSR Trust in Bhubaneswar, Odisha works exclusively towards rehabilitating elderly people in their old age homes. We have supported this organisation with 25 mattresses and 25 pillows. The formal handing over was done by Mr Jyotirmaya Panda, Factory Head of Bhubaneswar along with other team members.

Sunbird Trust, Assam

We collaborated with Sunbird Trust in Assam and supported 6 schools where underprivileged students study with mattresses, pillows, and bed sheets. The beneficiaries included 660 underprivileged children.

A Special Csr Project In Collaboration With Sunbird Trust And The Indian Army

The last mile population of Assam, Nagaland, and Manipur were targeted through this project. It focused on supporting education and carrying out the Kurlon Comfort Sleep Initiative. Need identif cation of schools to be supported in the North-east was done by the Indian Army and coordinated by Sunbird Trust. Support to schools was provided by Kurlon, where hostels were provided with Kurlon products. 25 computers were provided for the students.

























CSR ACTIVITIES

EMPLOYEE VOLUNTEERING

The Joy of Giving is originally an Employee Volunteering part of Kurlon founded by employees with the goal of empowering society. The aim of Joy of Giving is to bring employees together and contribute one day in a year towards social causes or projects. Here Kurlon as employers provide support and encouragement to enable employees to volunteer in the community. The areas of intervention included:

- 1. CSR Projects
- 2. Activities
- 3. Virtual volunteering
- 4. Celebration of Annual Events / Special days at Kurlon

The target benef ciaries include Kurlon employees pan India, dealers, customers, and other stakeholders.

Outcomes of the initiative

- Motivated employees.
- Employees connect with the community services.
- · Brand recognition.

Cultural Encyclopedia World Diversity Day - 21st May 2022

46 employees created a cultural encyclopaedia shared through virtual volunteering among unprivileged children in NGOs pan India.

World Environment Day - 5th June 2022

Following the theme set by the United Nations, "Only one Earth", some major activities were carried out. These included:

- Plantation drives inside factory premises, communities, and government schools.
- · Drawing competitions in government schools.

Volunteers participated: 245 Saplings planted: 245 Volunteering hours: 518

Visit to The Akshaya Patra Foundation Kitchen

Employee volunteers visited The Akshayapatra Foundation in Rajaji Nagar where they toured the kitchen facilities and learned about the operation and logistics of the world's largest midday meal provider for government schools. The volunteers also served hot lunch at the government high school in Saneguruvanahalli, Bengaluru and interacted with the children.

Cancer Awareness and Self-Detection Workshop 7th November 2022

The employees attend a virtual workshop where they learnt about the prevalence of different types of cancers and the importance of early detection. They were taught different self-detection techniques and tests to undergo for early detection.

Workshop on "Good to be Me"

In order to build employee morale and well-being, a virtual workshop was conducted and over 40 employees attended. Participants were taught techniques to remain positive in every situation. They also learnt breathing techniques to calm themselves easily.























Seed-Ball Making in Bhubaneswar

74 volunteers participated in the 'Seed Balls Making' activity which was organised at Bhubaneswar Factory, which is an initiative that works towards greening the environment. The aim of this activity was to make the employees aware of the environment and its conservation. They learnt how to make seed balls which are an eff cient method of seed disperal.



71 employees participated virtually for a workshop on sign language. The participants learned basic sign language for interacting with People with Disabilities (PWDs).



55 employees participated virtually for this activity conducted in honour of the jawans. Participants penned letters to jawans in local languages, expressing their gratitude for their service.



In accordance with the theme set by the United Nations, "Yoga for Humanity", over 140 employees participated in the virtual event. A yoga workshop was conducted, engaging participants and aiding their wellbeing.













CSR ACTIVITIES

SUPPORTING SCHOOLS WITH SCIENCE LAB EQUIPEMNT (LAB IN CLASSROOM)

Through this project, Kurlon aims to help children develop an interest in science. To ignite the students' minds, we are providing a kit of various learning-by-doing, easy-to-use science experiments, models, charts, books, etc. These kits are mapped with the syllabus of the state board of the respective states where we support the schools. We are training the teachers of the respective schools so that they can easily use the "Lab in a Classroom Kit". This project focuses on direct improvement in the learning outcomes of the students.

Currently, we are providing science lab equipment to three schools in Bangalore, aiding experimental learning and improving learning outcomes. The beneficiaries include 1059 students and 34 teachers in these 3 schools:

- · Government High School, Hullegowdanahalli.
- · Government Higher Primary School, Goraguntepalya North.
- $\cdot \ \, \text{Government Model Primary School, Tigalara palya}.$

Outcomes of the project:

- · Direct Improvement in Learning Outcomes.
- \cdot Development in scientif c temperament.
- · Development in an inquisitive mind, analytical skills, and spatial judgment.
- · Development in logical thinking.
- Development in scientific skills like observation and measurement.











CSR ACTIVITIES

SAFE DRINKING WATER FOR GOVERNMENT PRIMARY SCHOOL

As a part of our CSR program "Safe Drinking Water Facilities for Government Primary Schools" we aim that schools and other establishments can offer pure and safe drinking water to all. Primary Schools, in particular, should ensure that clean and pure drinking water is available for students 24/7. This will help keep many health-related risks at bay. Most children have a sensitive immune system and as such, one can't stress enough about the importance of having safe drinking water in schools. Through this initiative Kurlon will address this issue by safeguarding 18 primary schools with safe drinking water facilities. We supported Girl's Govt. Primary School, Srirampuram, Bangalore with an RO system (50 Lph) capacity. This RO will provide pure and safe drinking water to approximately 200 students. The RO was handed over with a traditional ritual by our Head of People Immersion, Mrs Shilpi Saxena.

Outcomes of the intervention:

- · Increased attendance due to less water borne diseases among students.
- Reducing student dehydration in schools has been associated with improved cognitive abilities.
- · Boosting immune systems.







CSR ACTIVITIES

FOUNDERS' DAY CELEBRATION

Every year, in honour of our founder Mr Ramesh Pai, Founders' Day is celebrated. This day is utilised to give back to society and make a positive impact on people's lives. This Founder's Day, employees from across India visited different old age homes and orphanages in the month of October. More than 350 employees participated in this programme. They celebrated with the members of the old age homes and orphanages and enjoyed the day with them. The value of time spent with these communities goes beyond measure, as it brings happiness and warmth to their lives, creating lasting memories for both the employees and the benef ciaries.

















1. Composition of CSR Committee:

SI. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Jaya S Pai	Chairperson, Non-independent Non-Executive Director	4	4
2	Sri. Sivaramakrishnan Nagarajan	Member, Independent, Non-Executive Director	4	4
3	Sri H.N. Shrinivas	Member, Independent, Non-Executive Director	4	4
4	Mr. Vishal Tulsyan*	Member, Nominee Non-Executive Director	4	-
5	Mr. Jamsheed M Panday**	Member, Non-Executive Director	4	2

^{*}upto September 1, 2022

2. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company at www.kurlon.com

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8

of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any are as follows;

SI. No.	Financial Year	Amount available for set off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
1	2021-22	7,97,286*	-
	Total	7,97,286	-

^{*} being the amount spent in excess during FY 22

5. Average Net Profit of the Company as per section 135(5);

Year	Amount (in Lakhs)
2019-2020	11,099.68
2020-2021	8,890.93
2021-2022	1,602.83
Total	21593.44
Average	7,197.81

6. Prescribed CSR Expenditure for FY 2022-23;

Particulars	Amount (in Lakhs)
a). Two percent of average net profit of the company as per section 135(5)	143.95
b). Surplus arising out of the CSR projects or programs or activities of the previous financial	=
years.	
c). Amount required to be set off for the financial year, if any	7.97
Total CSR obligation for the financial year (7a+7b-7c).	135.98

7. a). Amount proposed to transfer to any fund under Schedule VII as per second proviso to Section 135(5)

Total Amount Spent for the Financial Year	Amount Unspent (in Rs.)								
(in Rs.)		t transferred to Unspent t as per section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)						
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer				
1,35,27,470/-	Nil	Nil	PMRF	70,871/-	On or before 30.09.2023				

b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
SI. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Locatic project. State.	n of the	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 Implem entation Direct (Yes/ No).	Mode of Impleme ntation - Through Impleme nting 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.	Loc al area (Yes	Location of the project.				Amount spent for the project (in Rs.).	Mode of Implem entation -Direct	Mode of Impleme - Throug Impleme Agency	entation gh enting
			No)	State.	District.		(Yes/N o)	Name	CSR registrat ion Number		
1	Donation to the corpus of Trust	Clause I & II	Yes	Maharas htra	Mumbai	37,60,000	Yes	NA	NA		

^{**} w.e.f. September 1, 2022





Annexure - E

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.	Loc al area (Yes	Location of the project.		Amount spent for the project (in Rs.).	Mode of Implem entation -Direct	Mode of Implementation - Through Implementing Agency	
			No) State. District.		(Yes/N o)	Name	CSR registrat ion Number		
2.	Promotion of health and Education	Clause I & II	No	Pan India	Pan India	94,15,408	Yes	NA	NA
3	Protection of environment	Clause IV	No	Pan India	Pan India	9,122	Yes	NA	NA
4	Employee Volunteering through Trust for promotion of health	Clause II	No	Pan India	Pan India	3,42,940	Yes	NA	NA
						1,35,27,470			

- d) Amount spent in Administrative Overheads: NA
- e) Amount spent on Impact Assessment, if applicable: NA
- f) Total amount spent for the Financial Year (7b+7c+7d+7e): Rs. 143.95 Lakhs*
- g) Excess amount for set off, if any: Nil

^{*}inclusive of adjustment of excess amount spent during FY 22.

Particulars	Amount (in Lakhs)
(i). Two percent of average net profit of the company as per section 135(5)	143.95
(ii). Total amount spent for the Financial Year	135.98
(iii). Excess/shortfall of CSR spent for the financial year [(ii)-(i)]	-
(iv). Surplus arising out of the CSR projects or programmes or activities of the previous financial years	7.97
(v). Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. a). Details of Unspent CSR amount for the preceding three financial years: None

SI.	Preceding	Amount transferred to	Amount spen	Amount t	ransferred	l tany fund	Amount
No.	Financial Year	Unspent CSR Accour under section 135 (6) (in Rs.)	in the reporting Financial Year (in Rs.).	specified under Schedule VII aper section 135(6), if any.		remaining to be spent in succeeding Financial years (in Rs.)	
			(:).	Name of the Fund	Amount (in Rs.).	Date of Transfer	(
-	-	-	-	-	-	ı	-

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): None

SI. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced		Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year	spent at the end of reporting Financial Year.	project	the -
	-	-	-	-	-	(in Rs.). -	(in Rs.)	-	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset-wise details). NOT APPLICABLE

(i). Date of creation or acquisition of the capital asset(s).	-
(ii). Amount of CSR spent for creation or acquisition of capital asset.	-
(iii). Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-
(iv). Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	-

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).: Not Applicable

Sd/-Sd/-T. Sudhakar Pai Jaya S. Pai **Managing Director Chairman of CSR Committee**



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



Annexure - F

In formation as per clause (m) of subsection 134 of the companies act, 2013 read with rule 8 of the Companies (Accounts) rules, 2014 and forming part of the director's report for the year ended March 31, 2020.

A. Conservation of Energy

The Company accords great importance to conservation

The steps taken or impact on conservation of energy

BBSR Unit:

- An energy monitoring system, known as e-watch online, has been implemented to enable real-time monitoring of electrical data and generation of energy reports via the internet.
- The new machine incorporates the leister heater technology and is equipped with an SCR power regulator for precise control of heating.

Spring Unit (Peenya-1):

• Installed 1 HP motor for long arm machine, instead of 2 HP motor.

energy technology.

- LED Fitting installed.
- 20 W LED Linear lights: 12 no.
- 12 W LED Linear lights: 12 no.
- 09 W LED Linear lights: 06 no.
- 72 W LED Linear lights: 06 no.
- Installed 25 HP VFD to the 25HP Screw compressor.
- Installed timer for Outside Light Fitting.

Jhagadia Unit:

- All Street Light and plant roof light switching time is controlled by timer unit.
- Replaced 110 no. metal halide light fitting's by LED Lighting fittings.
- Temperature control system installed for material cooling in production area to reduce from 18 hrs. To 12 hrs.
- Boiler efficiency is maintained and monitored at 85% to get good specific fuel consumption

Sofa Unit (Dabaspet):

- Installed 9w LED fittings integrated with PIR base motion sensor for all restrooms.
- Economic friendly chemical are used to clean the solar panel.
- Installed EAPL-B1DCAX timer units for both 10 and 20 HP dust collector rotary air lock motor to avoid continuously running.
- LED fitting replaced: 150w metal halide light fitting's by 80w LED Lighting fittings: 5 no.

UTLUnit:

- Installed 35 watts (8 no's) BLDC 5 star rating wall mounted fans in place of 70 watts wall mounted fans at Dinning hall.
- Installed 2.2 KW industrial AC with PID controller in place of 3 KW (2 no's) domestic AC's at MC room.

 Installed 40 watts (8 no's) Flame proof LED lights in 	n place of all 80 watts (6
no's) normal LED lights.	

 An energy monitoring system, known as e-watch online, has been implemented to enable real-time monitoring of electrical data and generation of energy reports via the internet.

Foam unit (Dabaspet):

- Economic friendly chemical are used to clean the solar panel and also clearing schedule of solar panels is revised to 3 times a month.
- LED fitting replaced: 280w Mercury light fitting's by 80w LED Lighting fittings: 5 no.
- Replaced old 2 tire LT panel board with a fully protected LT panel with necessary modification.
- Replaced old 100KVAR manually controlled Capacitor bank by automatic power factor control panel to maintain the power quality.

Yeshwanthapur unit:

- In the quilting section and foam section, replaced all the old GI air compressor lines with CPVC SDR 11 due to the extensive damage and significant air leakage in the GI lines.
- Replaced 20 no. 100 watt MH light fitting's by 80 watt LED Lighting fittings with necessary modification.
- Quilting Section, chipping machine section and bonded section: Replaced old polycarbonate sheets with new ones at specific locations for improved daylight visibility.
- All Washroom Motion Detectors: Installed for automatic light control.
- Rollator Machine: Installed load cells and modified PLC and HMI programming for weight / pressure measurement on the mattress.
- Vulcanizer Automation: Achieved automation and process parameter tracking through HMI and PLC installation
- Boiler efficiency is maintained and monitored at 92% to get good specific fuel consumption.

Combined all unit.

- Automatic power factor control at the substation is effectively monitored on daily basis to achieve a 0.99 power factor and the same is reflected in the monthly electricity bill.
- Created awareness among employees about energy saving and ISO50001 energy management system by regular training.
- Achieved ISO 50001-2018 certification for its Energy Management System, demonstrating adherence to energy management standards and a commitment to efficient energy use.

 The steps were taken by the company for utilizing alternate sources of energy

BBSR unit:

 1MWP solar plant is monitoring daily basis and analyses the generation, utilization and export.

Spring Unit (Peenya-1):

• 100 KW roof solar plant is monitoring daily basis and analyses the generation, utilization and export.





		Sofa Unit (Dabaspet) :
		 150 KW roof solar plant is monitoring daily basis and analyses the generation, utilization and export.
		Foam Unit (Dabaspet):
		 300 KW roof solar plant is monitoring daily basis and analyses the generation, utilization and export.
(iii)	The capital investment on energy conservation equipment's	BBSR Unit:
		Invested 150000 INR on energy monitoring system
		Invested 1500000 INR on Lew leister technology lamination machine.
		Spring Unit (Peenya-1):
		 Invested 1500 INR on 1HP Motor for Long arm machine
		Invested 40000 INR on LED Light Fittings
		Invested 45000 INR on VFD for the compressor
		Sofa Unit (Dabaspet):
		 Invested 3000 INR on 9W PIR sensor LED Fittings
		Invested 15000 INR on Economically friendly chemical
		Invested 16000 INR o.n timer control unit.
		Invested 35000 INR on LED Light Fittings
		Jhagadia Unit :
		Invested 500000 INR on LED lighting fittings
		UTL Unit:
		 Invested 25000 INR on LED lighting fittings.
		Invested 5000 INR on time unit.
		Invested 10000 INR on temperature control system
		Foam Unit (Dabaspet):
		 Invested 220000 on LT Panel and APFC Panel
		Invested 15000 on Economically friendly chemical
		Invested 30000 INR on LED Light Fittings
		Yeshwantpur Unit:
		 Invested 30000 INR on New Compressor CPVC line for quilting section, bonds section and foam unit
		Invested 30000 INR on Poly carbonate roof sheets
		Invested 15000 INR on LED Light installation
		Invested 300000 INR on Vulcanizer automation
		Invested 200000 INR on Rollator Automation

B. Technology absorption

The efforts made towards technology absorption

BBSR Unit:

- A fire siren system has been equipped with an online UPS, enabling it to operate during power failures. Previously, the siren was not directly connected to the main power supply, but it has now been connected to secondary power through the UPS for continuous functionality.
- Installed overhead conveyor system.
- Upgrade CPU to latest version CPU of gribetz quilting machine.
- A new dust extraction system has been installed at the STR8 plant to enhance its efficiency and effectively minimize dust levels.

Spring Unit (Peenya-1):

- A 20 KVA UPS has been installed to provide backup power for the pocket assembler, Gribetz quilting machine.
- Installed 20 KVA voltage stabilizer for automatic tape edge machine.
- Installed new 24 V battery charges units to 125KVA Gensets.
- Automatic oil spraying system installed to MDC 80 bonnell coiler.

Foam (Dabaspet) Unit:

- Installation of VCB for the HT line with all the safety features like Earth fault, overvoltage fault, short circuit fault, phase failure.
- Replacement of 2CT 2PT meter cubicle by 3CT 3PT meter cubicle for the better accuracy.
- Earlier security guards manually make sirens, so we have provided a timer based on the programmed so it will make siren automatically.
- Provided ant vibration pads for the pedestal dust exhaust machine.

Jhagadia Unit:

- All street light junction box replace with IP66 for avoid water incoming inside junction box.
- DG area diesel filling pneumatic pump removed and manual pump fitted to remove and utilization of compressor in other area.
- Interlocking provided between DG and GEB power for safety purpose.
- Installed the Fire hydrant sprinkler line in the Packing and finishing section.
- Deigned and fabricated the foam joint machine for joining the peeled foam for looper machine.

Sofa Unit (Dabaspet):

- Installed new air dryer (ELRD-100CFM) to remove the moisture in the air line.
- Installed the Micro controller base digital fuel monitoring system for 125KVA DG. This accurately measures the net Consumption of the Engine and eliminate the manual calculation.
- Design and fabricated the Piping Folder for beading and piping cord for easy sewing and increase the productivity to 250 piece from 100 piece.
- Up-Down movement of pillar drilling machine is modified by using double acting pneumatic cylinder and now operate by one person instead of two person.





		 UTL Unit: Installed new 14kg/min capacity (2.2 KW) pump for color feeding in place of 7.5Kg/min (2.2 KW) capacity pump. Designed, fabricated and developed new Electric trolley. Modified pressing machine of bonded product into baling of up scrap. Avoided procurement of new baling machine and cost reduction on vehicles transportation. Indigenous development for mixer head spare parts such as Stirrer, Stirrer PINS and BUSH, Stirrer spindle, chamber and cone instead of importing. Yeshwanthapur Unit: Substation Earth Leakage Relay: Added new relay with 800mA setting and 10-second delay to detect earth leakage faults in the electrical system. Matpress-1: Man coolers: Two overhead man coolers installed to cool hot unloaded pads and prevent pad fires, incorporating safety measures. Matpress-2: Designed and installed pneumatic pusher unit for pad removal. Entrance TV Installation: Placed a TV above the entrance to display production and maintenance details, along with informative and motivational videos to enhance safety culture. Windsock Upgrade: Installed a new windsock with LED lights to improve nighttime visibility of wind direction. Bonded Section: Installed two turbo ventilators for natural air movement and to prevent suffocation. Indigenous Blade Development: Locally procured blade at 75% reduced cost. Mattress Inspection: New rotating table fabricated from old tape edge machine table. Trolley Tire Replacement: Tubeless tires standardized for all trolleys.
		 machine table. Trolley Tire Replacement: Tubeless tires standardized for all trolleys. Tape Edge Machine Tables: Converted into mattress movement trolleys with modifications. Platen Temperature Measurement: Trial installation of a ring-type thermocouple sensor with a temperature indicator. High-Temperature PTFE Belt: Installed on one platform of the pad trolley
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	 with necessary modifications. BBSR Unit: Safety improvement: Installed online UPS for fire siren as a backup in case of power failure upto 30 min. Overhead conveyor system ease material moment Foam (Dabaspet) Unit: Solar power generation yield improvement: With Economic friendly chemical used to solar panel cleaning is reduce corban formation on solar panel and improve the power generation efficiency from 55 to 75%. Yeshwanthapura Unit: Safety measures: Installed man cooler at matpress-1 to reduce the chance of fire of pads.

		 Installed Load cells for the rollator machine for the better accuracy in the testing of matters. Installed PTFE Belt at Vulcanizer for easy moment of pads after the process is completed. Sofa unit (Dabaspet): Solar power generation yield improvement: With Economic friendly chemical used to solar panel cleaning is reduce corban formation on solar panel and improve the power generation efficiency from 55 to 75%. Electromagnetic switch for Safety and foolproof system is ensured for the safety of workmen. The air drier system installed to avoiding the moisture in air line, is reduce the break down and spare cost of pneumatic staple guns. (From 0.5% to 0.1%). Spring Unit (Peenya): Installed 20 KVA UPS for the backup power unit for the pocket assembler and quilting machine, by this breakdown of the machine is reduced. Install the automatic oil spray to avoid manual operations, Man power effective utilization. UTL Unit: Ease of SFG and FG Moment by providing new deigned and fabricated electric trolley.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	 BBSR Unit: Gribetz quilting machine CPU imported from Gribetz, USA. Energy efficient steam recovery system from Armstrong International, Canada. HC 2500 quilting machine Motherboard with software imported from HC, China Jhagadia Unit: Electro pneumatic Brake system import from IPF System, Germany Blade Guide by F&K Company, Germany HMI imported by ladder burg company, Norway Yeshwanthapur Unit: SA330 quitting machine CPU from Foshan Yuantian Mattress Machinery Co., Ltd, China. Procured the spares for the tape edge from James Cash Pvt Ltd. Procured the Spares for the Paragon M+ Gribretz Quilting machine.
	(a) The details of technology imported	 BBSR Unit: HMI installed for quilting machine. Heat exchangers with working pressure 3kg CPU mother board for Quilting Machine. Jhagadia Unit: Electro pneumatic Brake for foam lifting table Blade Guide for the looper machine HMI for foaming machine

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DIRECTOR'S Report





Annexure - F

		Yeshwanthapur Unit:
		Servo drive control unit for SA330 quilting machine.
		Spares for the tape edge. Spares for Quilting machine-2
	(b) The year of import;	BBSR Unit:
		Year 2020
		Year 2021
		Year 2022
		Jhagadia Unit:
		Year 2022
		Year 2022
		Year 2022
		Yeshwanthapura Unit:
		Year 2021 & Year 2022
		Year 2022
		Year 2023
	(c) Whether the	BBSR Unit:
	technology been	Yes, HMI installed for quilting machine.
	fully absorbed	Yes, the heat exchangers have been installed at the tunnel drier
		Yes, the Mother board is installed for quilting machine
		Jhagadia Unit:
		Yes, Elect pneumatic Brake for foam lifting table
		Yes, Blade Guide for the looper machine
		Yes, HMI for foaming machine
		Yeshwanthapur Unit:
		Yes, the quilting CPU is installed on yuantian quilting machine.
		Yes, the tape edge spares have been installed.
		NO, but planned to install the Spares
	(d) If not fully absorbed,	Yeshwanthapur Unit :
	areas where absorption	 Quilting spares aren't installed, Planned for overhauling of machine.
	and the reasons thereof	
(iv)	The expenditure	BBSR Unit:
		 Invested 25000 INR on automatic pillow pack machine.
	and Development	Invested 10000 INR on cloth roll cutting machine
		Spring Unit (Peenya):
		 Invested 24000 INR on spray gun.
(iv)	has not taken place, and the reasons thereof	Yeshwanthapur Unit: Yes, the quilting CPU is installed on yuantian quilting machine. Yes, the tape edge spares have been installed. NO, but planned to install the Spares Yeshwanthapur Unit: Quilting spares aren't installed, Planned for overhauling of machine. BBSR Unit: Invested 25000 INR on automatic pillow pack machine. Invested 10000 INR on cloth roll cutting machine Spring Unit (Peenya):

Sofa Unit (Dabaspet):
 Invested 25000 INR on Dust collector Bag Filter.
Jhagadia Unit:
 Invested 50000 INR on the foam joint machine.
Yeshwanthapura Unit:
 INR 300000 invested on the vulcanizer machine automation.
 INR 200000 invested on the rollator machine automation.
 INR 50000 Invested on the Mattress.

C. Foreign Exchange Earnings	and Outgo
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Date: 29-08-2023

Place : Bangalore.

(in Lakh)

	2022-2023	2021-2022
Total foreign exchange inflow	69.47	64.64
Total foreign exchange outflow	2564.77	1659.81
		-

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/- Sd/(T. Sudhakar Pai) (H. N. Shrinivas)
Managing Director Independent Director
DIN: 00043298 DIN: 07178853

To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the **STANDALONE** Financial Statements

Opinion:

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income/(loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion:

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (Sas), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Information:

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or

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.

Report on the Audit of the **STANDALONE** Financial Statements

• Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books except that the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode.
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income/(loss), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

To the Members of **Kurlon Enterprise Limited**

Report on the Audit of the **STANDALONE** Financial Statements

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- **(f)** With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements Refer Note 39 to the standalone financial statements;
- **ii.** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- **iii.** There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly

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or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (a) and (b) contain any material misstatement.
- v. As disclosed in note 15(g) to the standalone financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15(g) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Per Rajeev Kumar

Partner

Place : Bengaluru Membership No.: 213803 Date : August 29, 2023 UDIN : 23213803BGXAML4710 To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the **STANDALONE** Financial Statements

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Standalone Financial Statements of Kurlon Enterprise Limited.

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- **(B)** The Company has maintained proper records showing full particulars of intangible assets.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification to cover all the items in a phased manner over period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of Free hold land included in property, plant and equipment are held in the name of the Company and in respect of immovable properties of land and buildings that have taken on lease and disclosed as Right-of-use assets in the standalone financial statements, the lease agreements are in the name of the Company.

- (d) The Company has not revalued its property, plant and equipment or intangible assets (including Right-of use assets) during the year ended March 31, 2023.
- **(e)** There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in Note 46 to the standalone financial statements.
- (ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory have not been noted during the physical verification by the management. There are no inventories lying with third parties.
- (b) As disclosed in Note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns / statements filed by the Company with such banks in respect of gross value of collateral security (excluding the impact of period end cut off adjustments) are in agreement with the books of accounts of the Company.
- (iii)(a) During the year, the Company has provided loans, advances in the nature of loans to companies and other parties as follows:

Particulars	Loans (Rs. in Lakhs)	Advances in the nature of Loans (Rs. in Lakhs)
Aggregate amount granted/provided during the year		
- Subsidiaries	883.12	-
- Others	-	63.83
Balance outstanding(principal) as at March 31, 2023		
- Subsidiaries *	215.89	-
- Others	10.00	54.24

To the Members of **Kurlon Enterprise Limited**

Report on the Audit of the **STANDALONE** Financial Statements

* The aforesaid Balance outstanding as at balance sheet date in respect of subsidiaries is net of provision made for doubtful recovery of loans given to subsidiaries amounting to Rs 2,973.75 lakhs. Also, refer note 8 and 9 in the standalone financial statements.

The Company has not provided Guarantees or securities to companies, firms, Limited Liability Partnerships or any other parties.

- (b) During the year, the terms and conditions of the grant of loans to subsidiaries and advances in nature of loans given to other parties (i.e., employees) are not prejudicial to the Company's interest. Other than above, the Company has not made investments, not provided Guarantees or not provided securities to companies, firms, Limited Liability Partnerships or any other parties. Also refer note 8 and 9 in the standalone financial statements as regards to interest rate, accrual of interest and terms of repayment.
- (c) The Company has granted loans and advances in the nature of loans during the year to companies or any other parties where the schedule of repayment of principal and payment of interest has been stipulated. Loans provided to subsidiaries are repayable on

demand along with interest and the Company has not demanded the same during the year. Also, refer note 8 and 9 in the standalone financial statements.

- (d) There are no amounts of loans and advances in the nature of loans granted to companies or other parties which are overdue for more than ninety days. Also, refer note 8 and 9 in the standalone financial statements.
- (e) There were no loans granted to subsidiary companies which had fallen due during the year. There were no loans or advance in the nature of loans granted to companies (other than subsidiaries) or other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties. Also, refer note 8 and 9 in the standalone financial statements.
- (f) As disclosed in note 8 in the standalone financial statements, the Company has granted loans which are repayable on demand to subsidiary companies. Following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

	Related Parties (Amount Rs. lakhs)
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (Gross amount)	3,189.64
Percentage of loans/ advances in nature of loans to the total loans	99.70%

Except for the above, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies or any other parties. Also, refer note 8 and 9 in the standalone financial statements.

(iv) The provisions of section 185 and 186 of the Act in respect of loans and investments have been complied with by the Company. There are no guarantees and security in respect of which provisions of sections 186 of the Act are applicable.

Also, refer note 8 and 9 in the standalone financial statements.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the **STANDALONE** Financial Statements

made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of mattresses and other products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly

deposited with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the Statue	Nature of Dues	Amount Disputed (Rs. in Lakhs)*	Period to which the amount relates to	Forum where Dispute is Pending
The Central Excise Act, 1944	Excise Duty	1,440.18	2011-14	Central Excise and Service Tax Appellate Tribunal
The Income Tax act, 1961	Income tax	1072.45	2017-18	Commissioner Of Income Tax (Appeals)
	Goods and Services Tax Value Added Tax, Sales Tax and Entry Tax	546.15	2017-18	Office of Deputy
Goods and Services		5.37	2018-19	Commissioners of State
Tax Act, 2018		-	2020-21	Tax Jurisdiction, Mumbai, Gujarat, Uttarakhand
		0.40	2022-23	and Pune
		24.97	2014-15	
Value Added Tax,		3379.28	2014-15	The Joint
Sales Tax and		252.42	2015-16	Commissioner -
Entry Tax		382.14	2016-17	Commercial Taxes
		101.30	2017-18	

^{*}net of Rs. 238.73 lakhs paid under protest.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in Note 46 to the standalone financial statements. Accordingly, the

requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the **STANDALONE** Financial Statements

- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- © The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or joint venture.
- **(f)** The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. The company does not have any associate or joint venture.
- (x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has

- been filed by cost auditor, secretarial auditor or by us in Form ADT 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii)(a) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any noncash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

Report on the Audit of the **STANDALONE** Financial Statements

- (xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 45 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit

report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 40 to the standalone financial statements.

(b) There are no ongoing projects and hence the requirement to report on clause (xx)(b) of the Order is not applicable to the Company. This matter has been disclosed in note 40 to the standalone financial statements.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Place : Bengaluru Membership No.: 213803 Date : August 29, 2023 UDIN : 23213803BGXAML4710

To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the **STANDALONE** Financial Statements

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Kurlon Enterprise Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Report on the Audit of the **STANDALONE** Financial Statements

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Place : Bengaluru Membership No.: 213803 Date : August 29, 2023 UDIN : 23213803BGXAML4710

FINANCIAL Statements

To the Members of **Kurlon Enterprise Limited**

Standalone Balance Sheet as at March 31, 2023

(₹ in Lakh)

Particulars	Notes	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,585.69	20,706.94
Capital work-in-progress	4	98.26	398.26
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	129.77	263.75
Right of use assets	6	2,362.69	2,051.16
Financial assets			
Investments	7	1,785.57	1,785.57
Loans	8	215.89	2,614.36
Other financial assets	9	2,590.03	665.71
Income tax assets (net)	10	1,496.05	1,445.98
Other non-current assets	11	1,510.85	2,149.04
		30,877.96	34,183.93
Current assets			
Inventories	12	7,890.94	11,540.36
Financial assets			
Investments	7	1,602.30	10,710.91
Trade receivables	13	5,868.23	5,446.95
Cash and cash equivalents	14	214.01	147.50
Other bank balances	14	149.31	4,247.50
Loans	8	10.00	56.74
Other financial assets	9	15,568.74	158.79
Other current assets	11	10,180.13	6,056.71
		41,483.66	38,365.46
Total		72,361.62	72,549.39
Equity And Liabilities			
Equity			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	45,982.34	47,514.47
		47,809.96	49,342.09
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	921.21	547.88
Other financial liabilities	18	5,781.90	5,361.77
Provisions	19	377.03	500.79
Deferred tax liabilities (net)	20	638.84	1,698.54
		7,718.98	8,108.98
Current liabilities			
Financial liabilities			
Borrowings	21	1,660.91	687.56
Lease liabilities	17	413.24	454.78
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,714.21	11,314.77
Other financial liabilities	18	917.38	1,085.21
Provisions	19	632.68	531.21
Other current liabilities	23	668.18	669.34
Liabilities for current tax (net)	24	512.99	-
		16,832.68	15,098.32
Total Summary of significant accounting policies	3	72,361.62	72,549.39

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Membership No.: 213803 Place : Bengaluru Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Jyothi Ashish Pradhan Chief Executive Officer

Place : Bengaluru Date : August 29, 2023 H. N. Shrinivas Director DIN - 07178853

Abhilash Padmanabh Kamti Chief Financial Officer

Monu Kumar Company Secretary To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Standalone Statement of Profit and Loss for the year ended March 31, 2023

(₹ in Lakh)

Particulars	Notes	March 31, 2023	March 31, 2022
Income			
Revenue from operations	25	84,287.22	77,225.58
Other income	26	665.67	966.79
Total income		84,952.89	78,192.37
Expenses			
Cost of raw material consumed	27	37,930.92	36,337.47
Purchase of traded goods	28	9,079.51	8,749.41
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,311.94	341.82
Employee benefit expense	30	5,260.55	5,144.30
Finance costs	31	376.40	286.96
Depreciation and amortisation expense	32	2,532.52	2,511.98
Other expenses	33	27,680.34	24,383.71
Total expenses		84,172.18	77,755.65
Profit before exceptional items and tax		780.71	436.72
Exceptional items	33(A)	2,555.67	418.08
Profit before tax		(1,774.96)	18.64
Tax expense	44		
Current tax		647.68	475.96
Tax relating to earlier years		(45.49)	(130.20)
Deferred tax (credit) / charge		(1,059.70)	(685.08)
Total tax expense		(457.51)	(339.32)
Profit for the year		(1,317.45)	357.96
Other comprehensive income / (loss), net of tax			
Items that will not be reclassified subsequently to profit or loss in subsequen	t period		
Re-measurement gain / (loss) on defined benefit plan		(42.05)	(149.68)
Income tax effect		10.58	37.68
Total other comprehensive income / (loss) for the year		(31.47)	(112.00)
Total comprehensive income / (loss) for the year		(1,348.92)	245.96
Earnings per equity share (EPS) :			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	(3.60)	0.98
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the standalone financial state	ements.		

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Membership No.: 213803 Place : Bengaluru Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Director DIN - 07178853

Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru Date: August 29, 2023

Abhilash Padmanabh Kamti Monu Kumar Chief Financial Officer Company Secretary

H. N. Shrinivas

Standalone Cash Flow Statement for the year ended March 31, 2023

ı₹	in	Lakh)
		Lakiii

	<u> </u>	(< in Lakn
Particulars	March 31, 2023	March 31, 2022
A. Cash flows from Operating Activities		
Profit before exceptional items and tax	780.71	436.72
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,532.52	2,511.98
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Gain on modification of lease	(11.18)	(0.92)
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	- -	24.92
Provision for warranty	363.07	328.80
Fair value gain on mutual fund at fair value through profit or loss	511.28	(125.48)
Gain on sale of investments in mutual funds	(491.04)	(355.41)
Liabilities no longer required written back	(16.82)	(40.48)
Interest expenses	190.00	169.30
Interest income	(105.10)	(263.60)
Operating cash flow before working capital changes	4,242.12	3,563.62
Movements in working capital :	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,
Increase/(decrease) in trade payables	373.80	3,114.04
Increase/(decrease) in other financial liabilities	252.30	198.72
Increase/(decrease) in other liabilities	(147.25)	(45.28)
Increase/(decrease) in provisions	(416.83)	(262.54)
Decrease/(increase) in inventories	3,649.42	(435.28)
Decrease/(increase) in trade receivables	(495.37)	(568.29)
Decrease/(increase) in loans	(110.46)	(712.50)
Decrease/(increase) in other financial assets	(17,334.27)	142.12
Decrease/(increase) in other financial assets Decrease/(increase) in other assets	(2,847.04)	360.89
Cash (used in) generated from operations	(12,833.58)	5,355.50
Direct taxes paid (net of refunds)	(139.27)	(1,110.38)
Net cash flow (used in) from operating activities (A)	(12,972.85)	4,245.12
B. Cash flows from investing activities	(4.540.00)	(2.425.52)
Purchase of property, plant and equipment, including capital work in progress and capital advances	(1,513.03)	(2,195.69)
Investment in bank deposits		(3,790.00)
Redemption in bank deposits	4,090.65	3,563.05
Purchase of investments	(7,803.66)	(8,999.58)
Sale of investments	16,892.03	9,901.28
Proceeds from sale of property, plant and equipment	1,188.02	17.91
Movement in earmarked balances, net	7.54	(1.60)
Interest received	105.10	236.53
Net cash flow from (used in) investing activities (B)	12,966.65	(1,268.10)
C. Cash flows from financing activities		
Net (repayment of) / proceeds from short-term borrowings	973.35	(499.68)
Payment of principal portion of lease liabilities	(527.43)	(395.35)
Interest paid	(190.00)	(146.71)
Dividend paid	(183.21)	(1,827.61)
Net cash flow (used in) financing activities ©	72.71	(2,869.35)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	66.51	107.67
Cash and cash equivalents at the beginning of the year	147.50	39.83
Cash and cash equivalents at the end of the year	214.01	147.50
Components of cash and cash equivalents as at end of the year		
Cash in hand	4.53	3.13
Balances with banks :		
In current accounts	209.48	144.37
Total cash and cash equivalents (Refer Note 14)	214.01	147.50
Non-cash investing and financing activities	224.01	147.50
Acquisitions to right-of-use assets (Refer Note 6)	2,596.17	1,005.00
Refer Note 21 for change in liabilities arising from financing activities		1,003.00
Summary of significant accounting policies 3		

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Membership No.: 213803 Place: Bengaluru Date: August 29, 2023

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

H. N. Shrinivas

DIN - 07178853

Director

Tonse Sudhakar Pai Managing Director DIN: 00043298

Place : Bengaluru

Jyothi Ashish Pradhan Chief Executive Officer

Date: August 29, 2023

Abhilash Padmanabh Kamti Chief Financial Officer

Monu Kumar

Company Secretary

Statement of Changes in Equity for year ended March 31, 2023

(a) Equity share capital

Equity share of Rs. 5 each (March 31, 2022 Rs. 5) issued, subscribed and fully paid

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62
Changes during the year		-	-	-
At the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Other Equity (₹ in Lakh)

	Share application money pending allotment	Securities premium	General reserve	Retained earnings	Total
Balance as at April 01, 2021	-	14,860.49	1,286.11	32,949.52	49,096.12
Profit for the year	-	-	-	357.96	357.96
Other comprehensive income / (loss)	-	-	-	(112.00)	(112.00)
Dividend paid	-	-		(1,827.61)	(1,827.61)
Balance as at March 31, 2022	-	14,860.49	1,286.11	31,367.87	47,514.47
Profit / (Loss) for the year	-	-	-	(1,317.45)	(1,317.45)
Other comprehensive income / (loss)	-	-	-	(31.47)	(31.47)
Dividend paid	-	-	-	(183.21)	(183.21)
Balance as at March 31, 2023	-	14,860.48	1,286.11	29,835.74	45,982.34

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings - Retained earnings are the profits / (loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Raieev Kumar

Partner Membership No.: 213803 Place : Bengaluru Date : August 29, 2023

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

H. N. Shrinivas DIN - 07178853

Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru Date : August 29, 2023 Abhilash Padmanabh Kamti Monu Kumar

Chief Financial Officer Company Secretary

Report on the Audit of the **STANDALONE** Financial Statements

1. Corporate information

Kurlon Enterprise Limited (the 'Company') was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

The Company's standalone financial statements for the year ended March 31, 2023 were approved by Board of Directors on August 29, 2023.

2. Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The standalone financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These standalone financial statements are presented in Indian Rupee, which is also functional currency of the Company. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **-Level 3 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is

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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 noncurrent assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- **Note 3.1** and **Note 3.2** Useful life of property, plant and equipment and intangible assets;
- **Note 3.8** Measurement of defined benefit obligations: key actuarial assumptions.
- **Note 3.9** Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 3.14 Valuation of financial instrument; and
- **Note 3.15** Lease classification and determination of lease term;

Assumption and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 2(a) Fair value measurement
- Note 3.3 Impairment of financial assets
- **Note 3.3** Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets:
- **Note 3.9** Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- **Note 3.11** Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

3. Summary of significant accounting policies

3.1. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable

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taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component

accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Buildings	30	30
Plant and equipment	15	10 and 15
Furniture and fixtures	10	10
Office equipment	5	5
Vehicles	8	8
Computers	3 and 6	3 and 6

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2. Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill being the excess of the aggregate consideration transferred over the net identifiable assets acquired and liabilities assured, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset de	scription	Useful life in years
Compute	r software	6

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The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

3.3. Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance
- **b)** Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to

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other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.4. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.5. Foreign currency transactions

i) Functional and presentation currency:

Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses

resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

3.6. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/services.

To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others

- The Company accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration

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depending on which method better predicts the amount of consideration to which the Company may be entitled.

- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.
- The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance- type warranties are accounted under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

3.7. Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.8. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The company operates the following post - employment schemes :

- (a) defined benefit plans gratuity, and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in

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respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated remeasurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme, ESI, Superannuation, are the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

3.9. Income taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which

significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.10. Earnings / (loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period (including treasury share).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, that have changed the number of equity shares outstanding, without a corresponding change in resources

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

3.11. Provision and contingent liabilities

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related cost are recognized when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed

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only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the standalone financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.12. Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Standalone Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.13. Cash flow statement

Cash flows are reported using the indirect method, whereby net (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14. Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value

in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI — equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In

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this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15. Leases

The Company has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.3 for policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance 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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-

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value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

3.16. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- -Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief

operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the standalone financial statements relate to the company's single business segment.

3.18. Use of judgements, estimates and assumptions

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

(i) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 41.

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(ii) Impairment of financial and non-financial assets:

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

3.19. Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is certain to expect ultimate collection.

3.20. Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the

ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- i) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- **ii)** Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- iii) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

3.21. Changes in accounting policies and disclosures – New and amended standards

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other

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costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(b) Reference to the Conceptual Framework - Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

(d) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The aforesaid standards and amendments did not have any material impact on the standalone financial statements of the Company.

3.22. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Company's standalone financial statements.

Notes to the standalone financial statements for the year ended March 31, 2023

4. Property, plant and equipment and Capital working in progress

(₹ in Lakh)

	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2021	991.42	8,453.90	19,926.40	2,833.78	613.70	535.22	350.32	33,704.74	701.18
Additions	-	1,071.33	668.41	403.53	169.42	121.03	65.31	2,499.03	339.36
Disposals	-	(63.25)	(36.35)	(225.50)			(24.25)	(349.35)	(642.28)
Adjustments *	-		126.92	19.70	16.03	22.99	49.52	235.16	-
At March 31, 2022	991.42	9,461.98	20,685.38	3,031.51	799.15	679.24	440.90	36,089.58	398.26
Additions	-	389.16	508.07	265.66	66.43	43.04	48.57	1,320.93	342.28
Disposals **	-	(981.95)	(1,036.20)	(310.18)	(9.53)	(4.56)	(46.14)	(2,388.56)	(642.28)
At March 31, 2023	991.42	8,869.19	20,157.25	2,986.99	856.05	717.72	443.33	35,021.95	98.26
Depreciation									
At April 01, 2021	-	1,012.74	9,922.31	1,392.91	435.64	450.87	80.56	13,295.03	-
Charge for the year	-	280.04	1,363.36	218.13	71.64	53.88	44.67	2,031.72	-
Disposals	-	(17.15)	(20.36)	(136.25)	-	-	(5.51)	(179.27)	-
Adjustments *	-	-	51.20	90.06	21.43	22.96	49.51	235.16	
At March 31, 2022	-	1,275.63	11,316.51	1,564.85	528.71	527.71	169.23	15,382.64	-
Charge for the year	-	282.87	1,283.64	211.03	74.55	63.80	46.54	1,962.44	-
Disposals **	-	(230.60)	(479.70)	(169.20)	(8.30)	(4.30)	(16.72)	(908.82)	-
At March 31, 2023	-	1,327.90	12,120.46	1,606.68	594.96	587.21	199.05	16,436.26	-
Net block									
At March 31, 2022	991.42	8,186.35	9,368.87	1,466.66	270.44	151.53	271.67	20,706.94	398.26
At March 31, 2023	991.42	7,541.29	8,036.79	1,380.31	261.09	130.51	244.28	18,585.69	98.26

^{*}Represents reclass adjustments between gross block and accumulated depreciation.

^{**}Includes, deletion of assets on account of fire accident occurred at one of the Company's factory located at Jhagadia which were damaged / burnt in such fire accident, as below:

Asset block	Gross block	Accumulated depreciation	Net block
Buildings	981.95	230.60	751.35
Plant & Equipment	1,018.10	470.87	547.23
Furniture & Fixtures	73.23	64.05	9.18
Office Equipment	4.68	4.22	0.46
Computers	4.43	4.21	0.22
Total	2,082.39	773.95	1,308.44

Capital work-in-progress (CWIP) ageing schedule

					Total	
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
As at March 31, 2023						
Projects in progress	20.86	29.25	37.31	10.84	98.26	
Projects temporarily suspended	-	-	-	-	-	
Total	20.86	29.25	37.31	10.84	98.26	
As at March 31, 2022						
Projects in progress	339.36	37.31	2.08	19.51	398.26	
Projects temporarily suspended					_	

Amount in CWIP for a period of

37.31

2.08

19.51

The Company does not have any projects under capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

Notes to the standalone financial statements for the year ended March 31, 2023

5. Intangible assets

	Goodwill*	Computer Software	Total	
Cost				
At April 01, 2021	2,103.16	1,074.70	3,177.86	
Additions		2.90	2.90	
Disposals	-	-	-	
At March 31, 2022	2,103.16	1,077.60	3,180.76	
Additions		-	-	
Disposals	-	-	-	
At March 31, 2023	2,103.16	1,077.60	3,180.76	
Amortisation				
At April 01, 2021	-	676.89	676.89	
Charge for the year	-	136.96	136.96	
Disposals		-	-	
At March 31, 2022	<u> </u>	813.85	813.85	
Charge for the year		133.98	133.98	
Disposals	-	-	-	
At March 31, 2023	-	947.83	947.83	
Net block				
At March 31, 2022	2,103.16	263.75	2,366.91	
At March 31, 2023	2,103.16	129.77	2,232.93	

5. Intangible assets (contd.)

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Company including SABCIL has been considered as a single cash generating unit. The Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

6. Right to use assets

	Leasehold Land	Buildings	Total	
Cost				
At April 01, 2021	1,145.27	1,155.50	2,300.77	
Additions	-	1,005.00	1,005.00	
Disposals	-	(625.22)	(625.22)	
Adjustments *	-	(84.38)	(84.38)	
At March 31, 2022	1,145.27	1,450.90	2,596.17	
Additions		1,022.99	1,022.99	
Disposals		(391.56)	(391.56)	
At March 31, 2023	1,145.27	2,082.33	3,227.60	
Amortisation				
At April 01, 2021	38.90	732.64	771.54	
Charge for the year	19.45	454.66	474.11	
Disposals		(616.24)	(616.24)	
Adjustments *		(84.38)	(84.38)	
At March 31, 2022	58.35	486.68	545.03	
Charge for the year	19.45	539.42	558.87	
Disposals		(238.99)	(238.99)	
At March 31, 2023	77.80	787.11	864.91	
Net block				
At March 31, 2022	1,086.92	964.22	2,051.14	
At March 31, 2023	1,067.47	1,295.22	2,362.69	

^{*} Represents reclass adjustments between gross block and accumulated amortisation.

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To the Members of **Kurlon Enterprise Limited**

Notes to the standalone financial statements for the year ended March 31, 2023

7. Investment (₹ in Lakh)

	March 3 Nos.	31, 2023 Amount	March Nos.	31, 2022 Amount
Measured at cost				
Non-current investments, unquoted				
Investments in equity instruments of subsidiary (all fully paid)				
Kurlon Retail Limited (Formerly known as Kurlon Retail Private			_	
Limited) (Shares of Rs. 5/- each fully paid up) (refer Note 7				
(i) below)	1,52,65,466	1,760.00	1,52,65,466	1,760.00
Sirar Solar Energies Private Limited (Shares of Rs. 100/-	4.600	4.60	4.600	4.60
each fully paid up)	4,690 p) 4,690	4.69	4,690	4.69
Sevalal Solar Private Limited (Shares of Rs. 100/- each fully paid u	p) 4,690	4.69	4,690	4.69
Sirar Dhotre Solar Private Limited (Shares of Rs. 100/-each fully paid up)	4,690	4.69	4,690	4.69
Belvedore International Limited (Shares of Rs. 10/- each fully paid	50,000	5.00	50,000	5.00
Komfort Universe Products and Services Limited (Shares of			_	
Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Starship Value Chain and Manufacturing Private Limited				
(Formerly known as Starship Manufacturing & Services Private Limited) (Shares of Rs. 10/- each fully paid)	F 000	0.50	F 000	0.50
	5,000	0.50	5,000	0.50
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000	1.00	10,000	1.00
Total	1,53,94,536	1,785.57	1,53,94,536	1,785.57
Measured at fair value through profit and loss	, , ,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	7	,,,,,,,,,,
Current investments, quoted				
Investments in mutual funds				
Nippon Money Market Fund - D G	2,846.75	101.00	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	20,33,681	1,103.94
Axis Short Term Plan - D-G	-	-	35,96,142	959.55
DSP Banking and PSU Debt Fund - Direct Growth	-	-	42,32,783	845.36
IDFC Corporate Bond Fund Regular Plan - Growth	-	-	45,34,078	713.42
ICICI Prudential Banking & PSU Debt Fund	-	-	22,00,468	592.37
Kotak Bond Short Term Fund - Direct Growth	-	-	12,56,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund - R G	-	-	48,46,475	505.80
LIC MF PSU Banking Fund Direct Growth	-	-	16,42,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	39,27,087	419.78
Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	-	-	29,009	306.34
ICICI Prudential Ultra short term Fund - D G	-	-	12,71,606	304.05
JM Low Duration Fund - R G	-	-	9,96,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-	-	11,09,397	209.37
PGIM India Low Duration Fund - D G	-	-	7,96,144	203.30
Mahindra Manulife Short Term Fund - D G	-	-	19,22,171	203.04
Trust MF Short Term Fund - D G	-	-	19,695	202.27
			-	

To the Members of **Kurlon Enterprise Limited**

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Notes to the standalone financial statements for the year ended March 31, 2023

(₹ in Lakh)

	March 3	•		March 31, 2021	
	Nos.	Amount	Nos.	Amount	
Tata Corporate Bond Fund - D G	-	-	19,99,900	202.26	
Edelweiss Nifty PSU Bond Plus SDL Index Fund 2026 - R G		-	18,83,463	201.97	
Axis CPSE Plus SDL 2025 Debt Index Fund - D G		-	19,99,900	201.65	
Canara Robeco Short Term Duration Fund - D G		-	8,98,208	201.47	
Trust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28	
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	4,15,282	102.10	
Nippon Short Term Fund - D G		-	2,23,873	101.92	
ABSL Floating Rate Fund - D G	-	-	35,907	101.81	
Tata Banking & PSU Debt Fund - D G	-	-	8,56,480	101.73	
Invesco India Corporate Bond Fund - D G	-	-	3,716	101.63	
Edelweiss Nifty PSU Bond Plus Sdl Index Fund - D G	-	-	9,93,561	101.41	
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 - R G	-	-	9,93,996	101.38	
Invesco India Medium Duration Fund - D G	-	-	9,826	101.33	
L & T Low Duration Fund Direct Growth	-	-	4,21,328	100.53	
Nippon India Corporate Bond Fund - D G	-	-	2,02,851	100.51	
DSP Short Term Fund - D G	-	-	2,47,808	100.47	
ABSL Crisil Aaa Jun 2023 Index Fund - D G	-	-	10,00,261	100.43	
Axis Money Market Fund - D G	8,277	100.79	-	-	
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,00,849	100.10	-	-	
DSP Savings Fund - D G	4,35,394	200.23	-	-	
Kotak Liquid Fund - D G	4,400	200.12	-	-	
Axis Liquid Fund - D G	8,002	200.11	-	-	
Edelweiss Money Market Fund - D G	7,53,258	199.99	-	-	
LIC MF Saving Fund - D G	5,52,000	199.99	-	-	
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,00,425	100.00	-	-	
Bandhan Ultra short term fund - D G	15,28,742	199.98	-	-	
Total	40,94,193	1,602.30	4,66,38,045	10,710.91	
Aggregate value of unquoted investments		1,785.57		1,785.57	
Aggregate book value of quoted investments		1,602.30	_	10,710.91	
Aggregate market value of quoted investments		1,602.30	_	10,710.91	

7. Investment (contd.)

(I) As at March 31, 2023, the carrying value of investment in 15,265,466 equity shares of Rs. 5 each of Kurlon Retail Limited amounting to Rs. 1,760.00 lakhs is tested for decline otherthan temporary in view of negative networth. The management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and future profitability, the carrying value is considered appropriate. However, the loan recievable of Rs 23,98.69 has been provided for (refer note 8(a)).

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the standalone financial statements for the year ended March 31, 2023

8. Loans (₹ in Lakh)

	Non - C	Current	Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Unsecured, at amortised cost					
Loans					
- Subsidiaries (Refer Note 36)	215.89	2,614.36	-	-	
- Others	-	-	10.00	56.74	
	215.89	2,614.36	10.00	56.74	
Loans	· · · · · · · · · · · · · · · · · · ·				
- Subsidiaries (Refer Note 36)	2,973.75	418.08	-	-	
Less : Loss allowance	(2,973.75)	(418.08)	-	-	
			-		
	215.89	2,614.36	10.00	56.74	

(a)The details of unsecured loans to subsidiaries given for the purpose of working capital requirements are as follows:

(₹ in Lakh)

	Rate of	Due date of	March 31, 2023		March 3	March 31, 2022	
Name of the subsidiary	interest	repayment (Note (b))	Gross	Allowance (Note (c))	Gross	Allowance	
Kurlon Retail Limited	8.50%	On demand	2,398.69	(2,398.69)	2,601.34	-	
Kanvas Concepts Private Limited	8.50%	On demand	162.91	(162.91)	162.76	(162.76)	
Komfort Universe Products and Services		- -					
Private Limited	8.50%	On demand	412.15	(412.15)	81.40	(81.40)	
Sirar Solar Energies Private Ltd (refer note (e))	8.50%	On demand	98.71	-	74.59	(74.59)	
Sirar Dhotre Solar Private Ltd (refer note (e))	8.50%	On demand	81.78		68.81	(68.81)	
Sevalal Solar Private Limited(refer note (e))	8.50%	On demand	22.08		30.53	(30.53)	
Belvedore International Limited	8.50%	On demand	13.31	-	13.01	-	
Total			3,189.64	(2,973.75)	3,032.44	(418.08)	

(b) The Company has granted various loans to its subsidiary companies to meet their working capital requirements which has been approved by the Board of Directors. The aforesaid loans are repayable on demand along with interest and management believes that these terms are not prejudicial to the Company's interests. The Company has not demanded the aforesaid loans along with interest during the year.

(c) Considering the financial position of these subsidiaries, the Company has provided loss allowance on the aforesaid outstanding loan amount and same has been disclosed as exceptional item (Refer note 33A).

(d) Except as disclosed above, there are no loans to Directors or other officers of the Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

(e) As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable and hence Rs 173.93 lakhs provided earlier has been reversed.

9. Other financial assets

(₹ in Lakh)

	Non - C	Current	Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Considered good unless otherwise stated					
Unsecured, at amortised cost					
Interest accrued on fixed deposits	-	-	6.38	84.44	
Security deposits #	567.74	665.71	15,548.70	74.35	
Insurance Receivable *	2,022.29		-	-	
Interest accrued on loans given to subsidiaries	-	-	13.66	-	
	2,590.03	665.71	15,568.74	158.79	

Notes to the standalone financial statements for the year ended March 31, 2023

9. Other financial assets (₹ in Lakh)

	Non - 0	Current	Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Unsecured, credit impaired					
Interest accrued on loan given to subsidiaries	-	-	42.12	16.82	
Less : Loss allowance (Refer Note 36 and below)	-	-	(42.12)	(16.82)	
	2,590.03	665.71	15,568.74	158.79	

Pertains to interest on loan given to subsidiaries which are payable on demand along with respective principal amounts. Considering the financial position of these subsidiaries, the Company has provided loss allowance on the interest accrued on loan given to subsidiaries on outstanding interest amount as of March 31, 2023. Refer Note 8(a) for details.

*During the year, there is fire accident occurred at one of the Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & eqipment were damaged/burnt againt which the Company has filed claim with the insurer for Rs 4,177.98 lakhs of which, the Company has recieved interim claim of Rs 465 lakhs. Insurance receivable of Rs 2,022.29 lakhs as of 31 March 2023 represents book of value of damaged/burn assets including inventories. The Company is confident of realising the aforesaid claim in near future.

#Includes lease deposit amount of Rs 15,300 lakhs paid by the Company to Kanara Consumer Products Limited during the year 2022-23, towards various premises taken on lease from Kanara Consumer Products Limited basis renegotiation of terms and conditions of on-going lease arrangements. As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

10. Income tax assets (net) (₹ in Lakh)

	March 31, 2023	March 31, 2022
Advance income tax including tax deducted at source	6,197.81	10,449.88
Provision for current tax	(4,701.76)	(9,003.90)
	1,496.05	1,445.98

11. Other assets (₹ in Lakh)

	Non - 0	Current	Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Unsecured, considered good					
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-	
Advances recoverable in cash or kind					
- Related parties (Refer Note 36)	-	-	7,713.74	4,715.56	
- Others	-	-	1,583.37	698.39	
Advance to employees	-	-	70.20	50.23	
Prepaid expenses	-	-	504.77	285.69	
Leave encashment fund	-	-	-	7.23	
Balances with statutory/government authorities	-	-	308.05	299.61	
	1,510.85	2,149.04	10,180.13	6,056.71	
Unsecured, credit impaired					
Advances recoverable in cash or kind					
- Others	-	-	24.92	24.92	
Less : Provision for doubtful advances	-	-	(24.92)	(24.92)	
	-	-	-	-	
Total	1,510.85	2,149.04	10,180.13	6,056.71	

(I) Capital advances includes the following:

(a) During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as ""Kulron Limited" or ""Holding Company"") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honorable

Notes to the standalone financial statements for the year ended March 31, 2023

Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kanara Consumer Products Limited. During the financial year 2014-2015, the advance was transferred by Holding Company to the Company and has been carried in the books till date.

As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

(b) Out of Capital advances as of March 31, 2022, Rs 622.07 lakhs has been adjusted against security deposit towards modified lease agreement entered with the Holding Company.

12. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Raw materials (includes goods in transit Rs. Nil (March 31, 2022 - Rs. 657.89))	2,962.94	5,242.40
Work in progress	987.57	1,836.54
Finished goods (includes in transit Rs. Nil (March 31, 2022 - Rs. Nil))	3,068.02	3,536.69
Spares and consumables	488.28	546.30
Traded goods	384.13	378.43
	7,890.94	11,540.36

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 619.84 lakhs (March 31, 2022 : Rs. 706.79 lakhs).

13. Trade receivables

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	5,868.23	5,446.95
Unsecured, credit impaired	1,666.42	1,592.89
	7,534.65	7,039.84
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	5,868.23	5,446.95

Notes:

- (i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.
- (ii) For balances with related parties, refer Note 36.
- (iii) Trade Receivables ageing schedule:.

(₹ in Lakh)

		Outstanding for following periods from the due date of payment						
	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			- <u> </u>					
Undisputed trade receivables - considered good	3,931.86	1,336.37	372.51	12.67	214.82		5,868.23	
Undisputed trade receivables - credit impaired	-	_	181.29	208.73	514.78	475.90	1,380.70	
Disputed trade receivables - credit impaired		0.87	7.04	17.70	16.60	243.51	285.72	
	3,931.86	1,337.24	560.84	239.10	746.20	719.41	7,534.65	

Notes to the standalone financial statements for the year ended March 31, 2023

Trade receivable (contd.)

(₹ in Lakh)

		Outstanding for following periods from the due date of payment							
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total		
March 31, 2022									
Undisputed trade receivables - considered good	571.63	4,673.51	185.51	13.65	1.83	0.82	5,446.95		
Undisputed trade receivables - credit impaired	-	-	-	872.50	227.37	151.86	1,251.73		
Disputed trade receivables - credit impaired	-	-	-	76.28	104.38	160.50	341.16		
	571.63	4,673.51	185.51	962.43	333.58	313.18	7,039.84		

14. Cash and bank balances

(₹ in Lakh)

Non - Current		Current	
March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
-		4.53	3.13
-		209.48	144.37
-	-	214.01	147.50
-	-	0.05	4,090.00
-	-	134.25	141.79
-	-	15.01	15.71
-	-	149.31	4,247.50
-	-	363.32	4,395.00
		March 31, 2023 March 31, 2022	March 31, 2023 March 31, 2022 March 31, 2023 4.53 209.48 214.01 0.05 - 134.25 - 15.01 - 149.31

^{*} Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

15. Equity share capital

	March 3	March 31, 2023		31, 2022
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	15,06,00,000	7,530.00
	15,06,00,000	7,530.00	15,06,00,000	7,530.00
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.62	3,65,52,261	1,827.62
	3,65,52,261	1,827.62	3,65,52,261	1,827.62

To the Members of **Kurlon Enterprise Limited**

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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 3	31, 2022
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Kanara Consumer Products Limited formerly known as "Kurlon Limited", the Holding Company)				
Equity shares of Rs. 5/- each	3,23,38,830	88.47%	3,09,24,115	84.60%
	3,23,38,830	88.47%	3,09,24,115	84.60%

d. Details of shareholders holding more than 5% shares in the Company

(₹ in Lakh)

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kanara Consumer Products Limited (formerly known as				
"Kurlon Limited", the Holding Company)*	3,23,38,830	88.47%	3,09,24,115	84.60%
Kurlon Trading and Invest management Private Limited	22,63,545	6.19%	-	-
ndian Business Excellence Fund II A	-	-	23,54,086	6.44%

^{*} Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

e. Details of shares issued for consideration other than cash during the preceding five years

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares of Rs. 5/- each with voting rights					
Fully paid up bonus shares		-	-		85,95,013
	-	-	-	-	85,95,013

Notes to the standalone financial statements for the year ended March 31, 2023

f. Details of shares held by promoters

As at March 31, 2023

(₹ in Lakh)

No. of shares at the	Change during	No. of shares at	% of total	% change during the year
ed		The cha of the year		
3,09,24,115	14,14,715	3,23,38,830	88.47%	4.57%
347	-	347	0.00%	-
347	2,300	2,647	0.01%	663%
3,09,24,809	14,17,015	3,23,41,824	88.48%	4.58%
	beginning of the year ed ed", 3,09,24,115 347 347	beginning of the year ed ed", 3,09,24,115 14,14,715 347 - 347 2,300	beginning of the year the end of the year ed ed", 3,09,24,115 14,14,715 3,23,38,830 347 - 347 347 2,300 2,647	beginning of the year the year the end of the year shares ed ed", 3,09,24,115 14,14,715 3,23,38,830 88.47% 347 - 347 0.00% 347 2,300 2,647 0.01%

15. Equity share capital (contd.)

As at March 31, 2023

(₹ in Lakh)

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products L (formerly known as "Kurlon L	imited .imited",				·
the Holding Company)	3,09,49,615	(25,500)	3,09,24,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	3,09,50,309	(25,500)	3,09,24,809	84.60%	-0.08%
					· ·

g. Dividend made and proposed

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Dividend/Share	Rs.	Dividend/Sh	,
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2022 paid in				
financial year 2022-23: Rs. 182.76 lakhs (for the year ended				
March 31, 2021 paid in financial year 2021-22:				
Rs. 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2023 :				
Rs. 731.04 Lakhs (for the year ended March 31, 2022:				
Rs. 182.76 lakhs)	2.00	731.04	0.50	182.76

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

To the Members of **Kurlon Enterprise Limited**

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Notes to the standalone financial statements for the year ended March 31, 2023

16. Other equity (₹ in Lakh)

	March 31, 2023	March 31, 2022
Securities premium account		
Balance at the beginning of the year	14,860.49	14,860.49
Add : Premium on issue of shares	-	
Balance as at end of the year	14,860.49	14,860.49
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	1,286.11	1,286.11
Retained earnings		
Balance at the beginning of the year	31,367.87	32,949.52
Add : Profit/(Loss) for the year	(1,317.45)	357.96
Add : Other comprehensive income/(loss) for the year	(31.47)	(112.00)
Less : Dividend paid	(183.21)	(1,827.61)
Balance as at end of the year	29,835.74	31,367.87
Total	45,982.34	47,514.47

17. Lease liabilities

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	921.21	547.88	413.24	454.78
	921.21	547.88	413.24	454.78

The movement of lease liabilities during the year is as below:

(₹ in Lakh)

	March 31, 2023	March 31, 2022
At the beginning of the year	1,002.66	446.12
Additions	979.49	961.79
Interest expense	102.91	82.30
Payments	(586.86)	(477.65)
Termination of leases	(163.75)	(9.90)
At the end of the year	1,334.45	1,002.66

The maturity analysis of lease liabilities are disclosed in Note 43.

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18. Other financial liabilities

(₹ in Lakh)

	Non - 0	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Unsecured, at amortised cost					
Security deposits	5,781.90	5,361.77	-	-	
Employee related liabilities	-	-	897.40	918.57	
Payable for capital goods	-	-	4.84	150.93	
Unpaid dividend account	-	-	15.14	15.71	
	5,781.90	5,361.77	917.38	1,085.21	

Notes to the standalone financial statements for the year ended March 31, 2023

19. Provisions (₹ in Lakh)

	Non - 0	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Provision for warranty*	332.57	374.32	486.27	444.52	
Provision for employee benefits					
Gratuity (Refer Note 41)	44.46	126.47	74.45	86.69	
Leave Encashment	-	-	71.96	-	
	377.03	500.79	632.68	531.21	

* Provision for warranty:

The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

(₹ in Lakh)

	March 31, 2022	March 31, 2021
Balance as at beginning of the year	818.84	798.84
Provisions created during the year	361.79	328.64
Amounts utilised during the year	(361.79)	(308.64)
Balance as at end of the year	818.84	818.84
Current	486.27	444.52
Non-current	332.57	374.32

20. Deferred tax liabilities (net)

(₹ in Lakh)

	NON	Non - current		
	March 31, 2022	March 31, 2021		
Deferred tax liabilities	2,414.33	2,609.66		
Deferred tax assets	(1,775.49)	(911.12)		
	638.84	1,698.54		

Refer Note 44 for further details.

21. Borrowings

	As at March 31, 2022	As at March 31, 2021
Secured borrowings		
Loans from banks	1,010.91	11.26
Unsecured borrowings		
Loans from related parties (Refer Note 36)	650.00	676.30
	1,660.91	687.56

⁽a) Loan from banks of Rs. 1010.91 lakhs (March 31, 2022: Rs. 11.26 lakhs)

⁽i) The Company has obtained various facilities from Axis Bank and Kotak Bank. The loan is secured by first pari passu charge on entire current assets of the Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a. and 1 year MCLR + 0.1% p.a. on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,001.71 (March 31, 2022 : Rs. Nil).

Notes to the standalone financial statements for the year ended March 31, 2023

- (ii) The Company has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 9.20 lakhs (March 31, 2022: Rs. 11.26 lakhs).
- (b) Loan from related parties of Rs. 650 lakhs (March 31, 2022: Rs. 676.30 lakhs)

The Company has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 10% p.a.

The table below depicts changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes:

Reconciliation of liabilities arising from financing activities

(₹ in Lakh)

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	11.26	999.65	-	1,010.91
Loans from related parties	676.30	(26.30)	-	650.00
Lease liabilities	1,002.66	(483.95)	815.74	1,334.45
	1,690.22	489.40	815.74	2,995.36
March 31, 2022				
Loans from banks	510.94	(499.68)	-	11.26
Loans from related parties	676.30	-	-	676.30
Lease liabilities	446.12	(395.35)	951.89	1,002.66
	1,633.36	(895.03)	951.89	1,690.22

22. Trade payables

(₹ in Lakh)

	March 31, 2023	March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	313.09	355.45
Total outstanding dues of creditors other than micro enterprises and		
small enterprises	11,714.21	11,314.77
	12,027.30	11,670.22

Ageing of trade payables

(₹ in Lakh)

	Ou	tstanding for	following perio	ods from the d	ate of transact	ion
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
"Undisputed trade payables -						
Non MSME"	10,443.35	1,233.47	25.27	7.70	4.42	11,714.21
Total	10,707.41	1,250.95	47.86	16.66	4.42	12,027.30
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
"Undisputed trade payables - Non MSME"	4,861.25	6,356.19	65.68	10.29	21.36	11,314.77
Total	4,892.79	6,680.10	65.68	10.29	21.36	11,670.22

Notes to the standalone financial statements for the year ended March 31, 2023

23. Other current liabilities	(₹ in Lakh)
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	March 31, 2023	March 31, 2022
Contract liabilities - Advance from customers	393.60	436.82
Statutory dues payables	274.58	232.52
	668.18	669.34

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

24. Liabilities for current tax (net)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Current tax liabilities	512.99	-
	512.99	-

25. Revenue from operations

(₹ in Lakh)

23. Nevenue from operations		(m zakn)
	March 31, 2023	March 31, 2022
Revenue from contracts with customers		
Sale of products		
Finished goods	93,612.02	73,182.76
Traded goods	828.80	12,677.06
Less : Schemes & rebates	(10,402.42)	(8,858.68)
Other operating revenue		
Scrap sales	248.82	224.44
Revenue from operations	84,287.22	77,225.58

(a) Timing of revenue from operations

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Goods transferred at a point in time	84,287.22	77,225.58
	84,287.22	77,225.58

(b) Reconciliation of amount of revenue recognised with contract price

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Revenue as per contract price	94,689.64	86,084.26
Less : Discounts	(10,402.42)	(8,858.68)
	84,287.22	77,225.58

(c) Movement in contract liabilities during the year *

	March 31, 2023	March 31, 2022
Opening balance	436.82	574.52
Less : Revenue recognised during the year	(436.82)	(574.52)
Add : Amount of consideration received during the year	393.60	436.82
	393.60	436.82

^{*} Contract liabilities consists of advances received from customers towards supply of products.

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Notes to the standalone financial statements for the year ended March 31, 2023

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26. Other income	(₹ in Lakh)

	March 31, 2023	March 31, 2022
Gain on sale of investments in mutual funds	491.04	355.41
Fair value gain on mutual fund at fair value through profit or loss	-	125.48
Interest income		
- On fixed deposits	65.24	235.17
- On security deposits	24.84	20.74
- On Others	15.02	7.69
Liabilities no longer required written back	16.82	40.48
Gain on early termination of lease	11.18	0.92
Miscellaneous income	41.53	180.90
	665.67	966.79

27. Cost of raw materials consumed

(₹ in Lakh	
------------	--

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,092.04
Less: Inventories at the end of the year	(2,962.94)	(5,242.40)
Cost of raw materials consumed	37,930.92	36,337.47

28. Purchase of traded goods

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Purchase of traded goods	9,079.51	8,749.41
	9,079.51	8,749.41

29. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Inventories at the end of the year		
Finished goods	3,068.02	3,536.69
Work in progress	987.57	1,836.54
Traded goods	384.13	378.43
	4,439.72	5,751.66
Inventories at the beginning of the year		
Finished goods	3,536.69	3722.45
Work in progress	1,836.54	1786.97
Traded goods	378.43	584.06
	5,751.66	6,093.48
	1,311.94	341.82

Notes to the standalone financial statements for the year ended March 31, 2023

30. Employee benefit expenses

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	4,772.52	4,660.38
Gratuity expenses (Refer Note 41)	65.37	58.10
Contribution to provident and other funds (Refer Note 41)	221.77	244.97
Staff welfare expenses	200.89	180.85
	5,260.55	5,144.30

31. Finance costs

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Interest expenses		
- On borrowings	87.09	87.00
- On lease liabilities	102.91	82.30
Customer financing costs	157.23	89.79
Other	29.17	27.87
	376.40	286.96

32. Depreciation and amortisation expense

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment *	1,839.67	1,900.91
Amortisation of intangible assets	133.98	136.96
Amortisation of right to use assets	558.87	474.11
	2,532.52	2,511.98

^{*} Net of depreciation cross charged to group companies amounting to Rs. 122.77 lakhs (March 31, 2022 : Rs.130.81 lakhs)

33. Other expenses

	March 31, 2023	March 31, 2022
Consumption of stores, spares and consumables	374.74	324.71
Power and fuel	1,055.11	861.72
Freight outward	7,252.09	6,574.02
Rent	2,186.26	58.96
Repairs and maintenance		
Buildings	162.24	81.83
Plant and machinery	112.03	147.73
Others	277.94	289.02
Tailoring and fabrication	3,235.48	3,093.63
Rates and taxes	295.89	126.46
Expenditure on corporate social responsibility	135.46	202.99
Insurance expenses	423.47	305.62
Foreign currency exchange loss (net)	9.46	16.51
Fair value loss on mutual fund at fair value through profit or loss	511.3	-

To the Members of **Kurlon Enterprise Limited**

Notes to the standalone financial statements for the year ended March 31, 2023

33. Other expenses (contd.)		(₹ in Lakh
	March 31, 2023	March 31, 2022
Security expenses	595.53	565.34
Warehouse charges	983.81	974.47
Postage and telephone expenses	97.12	134.42
Payment to auditors *	66.50	55.00
Advertisement, promotion and selling expenses	3,268.71	3,852.45
Travelling and conveyance expenses	932.10	916.95
Legal and consultancy charges	4,697.35	4,423.34
Director's sitting fees	3.75	1.67
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Deposits written off	-	-
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Miscellaneous expenditure	152.27	145.36
	27,680.34	24,383.71
* Payment to auditors (excluding goods and service tax)		
Audit services :		
Statutory audit	65.00	55.00
Tax audit		-
Out of pocket expenses	1.50	-
	66.50	55.00

33(A) Exceptional Item

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Provision for loans to related parties [Refer Note 8(a)]	2,555.67	418.08
	2,555.67	418.08

34. Earnings per share (EPS)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Profit / (Loss) for the year	(1,317.45)	357.96
Weighted average number of equity shares outstanding (Basic and diluted)	3,65,52,261	3,65,52,261
Earnings per share (Basic and diluted)	(3.60)	0.98

35. Segment reporting

The Company primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does are company primarily in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does are company primarily in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does are company primarily in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does are companynot 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

To the Members of **Kurlon Enterprise Limited**



Notes to the standalone financial statements for the year ended March 31, 2023

segment. As the Company's assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

Related party disclosure

Names of related parties where control exists	irrespective of whether transactions have occurred or not
Holding Company	Kanara Consumer Products Limited (Formerly known as Kurlon Limited)
Other related parties with whom transactions	have taken place during the year
Wholly Owned Subsidiaries	Kurlon Retail Limited
	Komfort Universe Products & Services Limited
	Belvedore International Limited
	Kanvas Concepts Private Limited
	Starship Value Chain and Manufacturing Private Limited
	Home Komfort Retail LLP (Acquired by Belvedore International Limited
	w.e.f September 01, 2022)
	Starship Global VCT LLP
Subsidiary Entities	Sevalal Solar Private Limited
	Sirar Solar Energies Private Limited
	Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited
	Manipal Natural Extracts Private Limited
Enterprises owned or significantly	Maha Rashtra Apex Corporation Limited
influenced by key management personnel /	Jayamahal Trade and Investments Private Limited
Directors and their relatives	Manipal Advertising Services Private Limited
	Metropolis Builders Private Limited
	Jai Bharath Mills Private Limited
	Manipal Travels Private Limited
Directors and Key Management Personnel	Mr. T. Sudhakar Pai, Managing Director
(KMP)	Ms. Jaya S. Pai, Director
	Ms. Jyothi Pradhan, Chief Executive Officer
	Mr. H. N. Shrinivas, Non-Executive Director (w.e.f May 07, 2021)
	Mr. Nagarajan S, Non-Executive Director (w.e.f May 07, 2021)
	Mr. Nitin G. Khot, Non-Executive Director (up to May,07,2021)
	Mr. S Ananthanarayanan, Non-Executive Director (up to May, 07,2021)
	Mr. Jamsheed Minoo Panday, Non-Executive Director (w.e.f September 01, 2022)
	Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022)
	Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021)
	Mr. Monu Kumar, Company Secretary

36. Related party disclosure (Contd)

The transactions that have been entered into with related parties during the year are as follows:

	March 31, 2023	March 31, 2022
Sale of products		
Kurlon Retail Limited	1,193.32	945.39
Belvedore International Limited	578.91	-
Home Komfort Retail LLP	391.84	988.94
Komfort Universe Products & Services Limited	76.56	4,990.85
Manipal Advertising Services Private Limited	0.05	0.30
	2,240.68	6,925.48

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To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

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Notes to the standalone financial statements for the year ended March 31, 2023

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Scheme expenses		
Kurlon Retail Limited	190.21	226.28
Komfort Universe Products & Services Limited	23.98	1,236.92
Home Komfort Retail LLP	-	0.05
	214.19	1,463.25
Interest income on loan given		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Sirar Solar Energies Private Limited	7.13	3.63
Sirar Dhotre Solar Private Limited	6.41	6.37
Belvedore International Limited	1.11	-
Sevalal Solar Private Limited	0.12	6.82
	55.79	16.82
Provision for doubtful recovery of interest income on loans		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Sirar Solar Energies Private Limited	-	3.63
Sirar Dhotre Solar Private Limited	-	6.37
Belvedore International Limited	1.11	-
Sevalal Solar Private Limited	-	6.82
	42.13	16.82
Rental income		
Starship Value Chain and Manufacturing Private Limited	4.11	-
Starship Global VCT LLP	-	4.31
	4.11	4.31
Purchases		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,079.51	8,749.41
Komfort Universe Products & Services Limited	43.86	8.81
Belvedore International Limited	35.61	-
	9,158.98	8,758.22
Managerial remuneration		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Ritesh Shroff	-	41.83
Abhilash Kamti	18.00	
Monu Kumar	13.63	12.77
	181.44	209.59
Repair & Maintenance - Others		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
Kurlon Retail Limited	0.10	_
	71.60	-
Interest paid on unsecured loan		
Jaya S Pai	62.63	52.88
•	62.63	52.88

Notes to the standalone financial statements for the year ended March 31, 2023

36. Related party disclosure (Contd)

	March 31, 2023	March 31, 2022
Freight outward		
Starship Global VCT LLP	-	4,436.18
Starship Value Chain and Manufacturing Private Limited	6,585.84	1,290.94
	6,585.84	5,727.12
Warehouse charges		
Starship Global VCT LLP	-	799.94
Starship Value Chain and Manufacturing Private Limited	983.81	174.53
	983.81	974.47
Legal and consultancy charges		
Starship Value Chain and Manufacturing Private Limited	2,825.26	560.59
Starship Global VCT LLP	<u>-</u>	2,282.90
Manipal Software & E-Commerce Private Limited	403.30	344.38
Komfort Universe Products & Services Limited	55.53	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	
Kanvas Concepts Private Limited	<u> </u>	33.34
	3,334.75	3,221.21
Advertisement and sales promotion expenses		
Komfort Universe Products & Services Limited	211.74	10.00
Manipal Advertising Services Private Limited	668.26	1,301.93
Kurlon Retail Limited	2.92	47.75
Belvedore International Limited	39.13	-
Kanvas Concepts Private Limited	<u> </u>	18.75
	922.05	1,378.43
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	247.28	134.31
Komfort Universe Products & Services Limited	9.72	-
	257.00	134.31
Sitting fees		
H N Shrinivas	1.17	0.39
S Nagarajan	1.17	0.39
Jaya S Pai	1.02	0.64
Jamsheed Minoo Panday	0.39	-
Nitin G Khot	<u>-</u>	0.13
S Ananthanarayanan	<u> </u>	0.13
	3.75	1.68
Dividend paid		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	162.09	1,546.24
Reimbursement of expenses to related parties		
Komfort Universe Products & Services Limited	298.73	13.23
Home Komfort Retail LLP	123.48	180.74
Starship Value Chain and Manufacturing Private Limited	0.34	-
Kurlon Retail Limited	<u>-</u>	99.09
Kanvas Concepts Private Limited	-	18.75
	422.55	311.81
Lease Rentals to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,209.00	18.00
Metropolis Builders Private Limited	29.78	28.25
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahal Trade and Investments Private Limited	22.94	20.85
	2,267.72	73.10

Notes to the standalone financial statements for the year ended March 31, 2023

36. Related party disclosure (Contd)

The balances receivable from and payable to related parties as at year end are as follows :

(₹ in Lakh)

The balances receivable from and payable to related parties as at year end are as follows.		(\langle III Lakii	
	March 31, 2023	March 31, 2022	
Investment in subsidiaries			
Kurlon Retail Limited	1,760.00	1,760.00	
Sevalal Solar Private Limited	4.69	4.69	
Sirar Dhotre Solar Private Limited	4.69	4.69	
Sirar Solar Energies Private Limited	4.69	4.69	
Komfort Universe Products & Services Limited	5.00	5.00	
Belvedore International Limited	5.00	5.00	
Kanvas Concepts Private Limited	1.00	0.50	
Starship Manufacturing and Services Private Limited	0.50	1.00	
	1,785.57	1,785.57	
Capital advances			
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76	
	1,222.76	1,222.76	
Security deposit			
Jayamahal Trade and Investments Private Limited	9.00	9.00	
Metropolis Builders Private Limited	30.00	30.00	
Jai Bharath Mills Private Limited	30.00	30.00	
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	15,300.00	-	
<u> </u>	15,369.00	69.00	
Trade receivables	· · · · · · · · · · · · · · · · · · ·		
Belvedore International Limited	175.68	-	
Komfort Universe Products & Services Limited	474.63	218.14	
Starship Value Chain and Manufacturing Private Limited	0.74	-	
Home Komfort Retail LLP	41.09	-	
Manipal Advertising Services Private Limited	0.06		
	692.19	218.14	
Loan to related parties (Gross)			
Kurlon Retail Limited	2,398.69	2,601.34	
Kanvas Concepts Private Limited	162.91	162.76	
Komfort Universe Products & Services Limited	412.15	81.40	
Sirar Solar Energies Private Limited	98.71	74.59	
Sirar Dhotre Solar Private Limited	81.78	68.81	
Sevalal Solar Private Limited	22.08	30.53	
Belvedore International Limited	13.01	13.01	
	3,189.33	3,032.44	
Loss allowance on loans given to related parties	5,255.55		
Kurlon Retail Limited	2,398.69		
Kanvas Concepts Private Limited	162.91	162.76	
Komfort Universe Products & Services Limited	412.15	81.40	
Sirar Solar Energies Private Limited		74.59	
Jirar Joran Ellergies Frivate Ellilitea	-	74.33	

Notes to the standalone financial statements for the year ended March 31, 2023

36. Related party disclosure (Contd)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Sirar Dhotre Solar Private Limited	-	68.81
Sevalal Solar Private Limited	-	30.53
	2,973.75	418.08
Interest income receivable		
Sevalal Solar Private Limited	0.12	6.82
Sirar Dhotre Solar Private Limited	6.41	6.37
Sirar Solar Energies Private Limited	7.13	3.63
	13.66	16.82
Advance against supply of goods and services to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.19
Starship Global VCT LLP	280.37	280.37
	7,713.95	4,575.56
Unsecured loans payable		
Jaya S Pai	650.00	676.30
	650.00	676.30

35. Related party disclosure (contd.)

	March 31, 2023	March 31, 2022
Trade payables		
Komfort Universe Products and Services Private Limited	732.90	-
Belvedore International Limited	40.67	-
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	3.03	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Manipal Travels Private Limited	-	10.73
Starship Value Chain and Manufacturing Private Limited	781.81	1,131.93
	1,596.67	1,188.49
Advance from customers		
Home Komfort Retail LLP	0.38	22.19
	0.38	22.19
Lease liabilities		
Jayamahal Trade and Investments Private Limited	153.70	163.90
Metropolis Builders Private Limited	86.67	108.55
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	96.24
Jai Bharath Mills Private Limited	-	5.75
	240.37	374.44

Notes to the standalone financial statements for the year ended March 31, 2023

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(₹ in Lakh)

		,
	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	279.97	323.91
Interest due on above	33.12	31.54
	313.09	355.45
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	_	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	1.58	21.32
The amount of interest accrued and remaining unpaid at the end of each accounting year	33.12	31.54
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	-

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

38. Leases

Short-term leases and lease of low-value assets

The Company also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,186.26 lakhs (March 31, 2022: Rs. 58.96 lakhs) have been recognised in the statement of profit and loss.

39. Contingent liabilities and capital commitments

(a) Contingent liabilities

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	1,072.45
- Sales tax	4,293.80	4,394.26
- Excise duty	2,212.13	2,212.13
- GST	636.97	

The Company is contesting these demands and the management, based on the advise from its tax consultants, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised as of March 31, 2023. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(b) Capital commitments

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Capital commitments (net of advances)	21.04	35.21

Notes to the standalone financial statements for the year ended March 31, 2023

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013.

The Company has spent towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors of the Company.

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Gross amount required to be spent by the Company during the year	142.94	217.01

Amount spent during the year ended March 31, 2023

(₹ in Lakh)

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	135.46	-	135.46

Amount spent during the year ended March 31, 2022

(₹ in Lakh)

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	202.99	-	202.99

In case of Section 135(5) (Other than ongoing projects)

(₹ in Lakh)

	March 31, 2023	March 31, 2022	
Opening balance	7.98	22.00	
Amount required to be spent during the year	142.94	217.01	
Amount spent during the year	135.46	202.99	
Closing balance *	0.50	7.98	

^{*} Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

41. Employee benefits

Defined contribution plans

The Company makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Company recognised Rs. 213.58 lakhs (March 31, 2022: Rs 230.18 lakhs) towards Provident fund contributions, Rs 8.13 lakhs (March 31, 2022: Rs 14.66 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022: Rs 0.13 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the standalone financial statements:

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Notes to the standalone financial statements for the year ended March 31, 2023

Balance Sheet (₹ in Lakh)

	March 31, 2023 March 31, 2022	
Defined benefit obligation	731.30	673.94
Plan assets	612.39	460.78
Net liability	118.91	213.16
Current	74.45	86.68
Non-current	44.46	126.47

Changes in the present value of defined benefit obligation

(₹ in Lakh)

	March 31, 2023	March 31, 2022	
Balance at the beginning of the year	673.94	523.48	
Service cost	57.36	57.36	
Interest cost	44.94	30.09	
Remeasurements - Actuarial loss/(gain)	42.39	187.02	
Benefit paid	(87.33)	(124.01)	
Balance at end of the year	731.30	673.94	

Changes in the fair value of plan assets

(₹ in Lakh)

	March 31, 2023	March 31, 2022	
Balance at the beginning of the year	460.78	506.26	
Contributions made	201.67	11.85	
Interest income	36.93	29.35	
Payments	(87.33)	(124.01)	
Return on plan assets	0.34	37.33	
Balance at end of the year	612.39	460.78	

Statement of profit and loss

(₹ in Lakh)

	March 31, 2023	March 31, 2022	
Service cost	57.36	57.36	
Interest cost net of income	8.01	0.74	
Total	65.37	58.10	

Other comprehensive (income)/loss

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(₹ in Lakh)

	March 31, 2023 March 31, 2022	
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Return on plan assets	(0.34)	(37.33)
Total	42.05	149.69

To the Members of **Kurlon Enterprise Limited**

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Notes to the standalone financial statements for the year ended March 31, 2023

Principal assumptions used in determinining defined benefit obligation

(₹ in Lakh)

	March 31, 2023	
Discount rate	7.50%	7.13%
Expected return on plan assets	7.13%	6.52%
Salary escalation	5.00%	5.00%
Employee turnover	10.00%	10.00%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Investment with insurance companies	100.00%	100.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

40. Employee benefits- (Continued)

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Discount rate		
1% increase	(43.27)	(43.67)
1% decrease	48.87	49.56
Salary escalation		
1% increase	45.59	46.90
1% decrease	(41.89)	(42.27)
Employee turnover		
1% increase	5.54	4.51
1% decrease	(6.17)	(5.05)

Maturity profile of defined benefit obligation

(₹ in Lakh)

	March 31, 2022	
78.52	50.67	
72.77	63.75	
78.48	57.15	
77.43	65.81	
32.98	54.16	
219.11	192.20	
172.02	190.19	
	32.98 219.11	

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 years (March 31, 2022: 9.73 years).

Notes to the standalone financial statements for the year ended March 31, 2023

42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below:

(₹ 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				
Current assets				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	1,602.30	1,602.30	10,710.91	10,710.91
Financial assets measured at amortised cost				
Non-current assets				
Investments	1,785.57	1,785.57	1,785.57	1,785.57
Loans	215.89	215.89	2,614.36	2,614.36
Other financial assets	2,590.03	2,590.03	665.71	665.71
Current assets				
Trade receivables	5,868.23	5,868.23	5,446.95	5,446.95
Cash and cash equivalents	214.01	214.01	147.50	147.50
Other bank balances	149.31	149.31	4,247.50	4,247.50
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,568.74	15,568.74	158.79	158.79
	26,401.78	26,401.78	15,123.12	15,123.12
Financial liabilities measured at amortised cost				
Non-current liabilities				
Lease liabilities	921.21	921.21	547.88	547.88
Other financial liabilities	5,781.90	5,781.90	5,361.77	5,361.77
Current liabilities				
Borrowings	1,660.91	1,660.91	687.56	687.56
Lease liabilities	413.24	413.24	454.78	454.78
Trade payables	12,027.30	12,027.30	11,670.22	11,670.22
Other financial liabilities	917.38	917.38	1,085.21	1,085.21
	21,721.94	21,721.94	19,807.42	19,807.42

Notes to the standalone financial statements for the year ended March 31, 2023

43. Financial risk management objectives and policies

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a) Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

43. Financial risk management objectives and policies (contd.)

i. Currency risk

The Company's exposure to currency risk as at year end is as below:

(₹ in Lakh)

	ľ	March 31, 2023			March 31, 2022			
	Currency	Foreign Currency	Rs. Lakhs	Currency	Foreign Currency	Rs. Lakhs		
Trade payables	USD	1,19,988	99.59	USD	3,60,732	272.58		
	EUR	31,113	27.03	EUR	40,529	34.89		
Advances from customers	USD	-	-	USD	2,242	1.70		
Advance to suppliers	USD	-	-	USD	53,257	40.81		
	EUR	-	-	EUR	6,223	5.42		
Trade receivables	USD	27,732	22.39	USD	24,859	18.70		

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Basis point	Effect on profit be	efore tax
+5%	(5.21)	(12.21)
-5%	5.21	12.21

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

To the Members of **Kurlon Enterprise Limited**

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Notes to the standalone financial statements for the year ended March 31, 2023

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Basis point	Effect on profit b	efore tax
+1%	(10.11)	-
-1%	10.11	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The loans to subsidiaries are unsecured loans. The management makes an assessment, of the credit risk on the loans based on the evaluation of the subsidiary's ability to repay the loans, as at date of reporting. The Company uses expected credit loss model to assess the impairment loss. Based on an evaluation of the credit risk of the subsidiaries, loss allowance on the loans and on interest accrued thereon have been recognised.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows:

(₹ in Lakh)

	Trade receivables		Loans & other financial assets		Other assets	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2024
At the beginning of the year	1,592.89	1,045.17	434.90	-	24.92	-
Allowance created/(reversed) during the year	73.53	547.72	2,580.97	434.90	-	24.92
At the end of the year	1,666.42	1,592.89	3,015.87	434.90	24.92	24.92

43. Financial risk management objectives and policies (contd.)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of financial liabilities:

Notes to the standalone financial statements for the year ended March 31, 2023

(₹ in Lakh)

	Less than 1 year	1 - 5 years	More than 5 years	Total	
March 31, 2023					
Borrowings	1,660.91	-	-	1,660.91	
Lease liabilities	430.23	1,073.13	100.94	1,604.30	
Trade payables	12,027.30	-	-	12,027.30	
Other financial liabilities	917.38	5,781.90	-	6,699.28	
Total	15,035.82	6,855.03	100.94	21,991.79	
March 31, 2022					
Borrowings	687.56	-	-	687.56	
Lease liabilities	474.40	554.08	162.18	1,190.66	
Trade payables	11,670.22	-	-	11,670.22	
Other financial liabilities	1,085.21	5,361.77	-	6,446.98	
Total	13,917.39	5,915.85	162.18	19,995.42	

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk is perceived.

44.Income tax

Income tax expense in the statement of profit and loss consists of :

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Statement of profit or loss		
Current tax	647.68	475.96
Deferred tax charge / (credit)	(1,059.70)	(685.08)
Income tax expense / (credit)	(412.02)	(209.12)
Tax relating to earlier years	(45.49)	(130.20)
Income tax expense / (credit) reported in the statement of profit and loss	(457.51)	(339.32)
Income tax recognised in other comprehensive income / (loss)		
- Tax arising on income and expense recognised in other comprehensive		
income / (loss)	10.58	37.68
Total	10.58	37.68

The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian income tax rate to profit / (loss) before taxes is as follows:

	March 31, 2023	March 31, 2022
Profit / (Loss) before tax	(1,774.96)	18.64
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense / (credit)	(446.76)	4.69
Effect of:		
(Reversal) / Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of provision for current tax relating to earlier year	(45.49)	(130.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	0.64	32.84
Total income tax expense	(457.51)	(339.32)

To the Members of **Kurlon Enterprise Limited**

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Notes to the standalone financial statements for the year ended March 31, 2023

Deferred tax

Deferred tax relates to the following:

(₹ in Lakh)

	Balance Sheet		Statement of Profit and Los	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Property, plant and equipment	(1,588.11)	(1,718.31)	(130.20)	(56.64)
Right of use assets	(594.64)	(516.30)	78.34	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
Gross deferred tax liability	(2,414.33)	(2,609.66)	(195.33)	(170.11)
Deferred tax asset				
Temporary differences arising on account of disallowance under section 36(1)(vii)	1,185.98	524.21	(661.77)	(261.14)
Section 43B disallowance	72.45	69.65	(2.80)	(69.65)
Section 35DD disallowance on amalgamation expenses	4.45	12.62	8.17	8.17
Lease liabilities	335.89	252.35	(83.54)	(140.06)
Provision for gratuity	29.93	52.29	22.36	(52.29)
Provision for leave encashment	18.11	-	(18.11)	-
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Net deferred tax assets (net)	(638.84)	(1,698.54)	(1,059.70)	(685.08)
Net deferred tax credit/(charge)			(1,059.70)	(685.08)

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.46	2.54	-3%	
Debt equity ratio	Total debt	Shareholder's equity	0.03	0.01	149%	Due to increase in borrowings & incurring loss in current year leadin to the deterioration of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses	Debt service = Interest and lease payments + Principal repayments	-8.38	3.35	-350%	
Return on equity ratio	Net profits after taxes - Preference dividend	Average shareholder's equity	-0.03	0.01	-480%	Due to increase in loss in current year leading to the deterioration of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.97	4.01	24%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	14.90	14.14	5%	

Notes to the standalone financial statements for the year ended March 31, 2023

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.11	6.95	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.42	3.32	3%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	-0.02	0.00	-437%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax liability	-0.03	0.01	-572%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.06	0.04	57%	Due to sale of investments in current year leading to the improvement of the ratio.

46. Other statutory information

(i) The Company do not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

(ii) The Company does not have any transactions with companies struck off except as follows:

Name of the Struck off Company	Nature of transaction with stuck off company	Amount Receivable
Marz Furniture Center Private Limited	Sale of Furniture	2.70

(iii) The Company do not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.

(iv) The Company have not traded or invested in crypto currency or virtual currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Airectly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

Notes to the standalone financial statements for the year ended March 31, 2023

47. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Company includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Borrowings	1,660.91	687.56
Lease liabilities	1,334.45	1,002.66
Net debt (A)	2,632.04	(2,704.78)
Equity	47,809.96	49,342.09
Total equity capital (B)	47,809.96	49,342.09
Total debt and equity (C)=(A)+(B)	49,107.55	45,634.65
Gearing ratio (A)/(C)	5%	-6%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

- 48. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company ("SPA"). The aforesaid transaction is subject to fulfillment of prescribed conditions
- 49. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company. Below are the key conditions among others precedent to aforesaid transaction which needs to be completed on or before long stop date i.e November 30, 2023:
- i) The company needs to divest its investments in Solar entities and recover all the loans recievable from Solar entities (refer note 8(a));
- ii) Solar equipment leased to solar entites having a written down value of Rs. 1,305.36 lakhs are to be recovered and settle all transactions with such entites;
- iii) Capital advance given to Maharashtra Apex Corporation Limtied (refer Note 11(i)(a)) to be recovered from Kanara Consumer Products Limtied;
- iv) Company is expected to settle transactions with Kanara Consumer Products Limited which includes security deposit towards leased permises (refer note (9)) and advances recoverable in cash or kind (refer note (11))."
- 50. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022.

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Membership No.: 213803 Place: Bengaluru Date: August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

H. N. Shriniyas Tonse Sudhakar Pai Managing Director Director

DIN - 07178853 DIN: 00043298 Jvothi Ashish Pradhan

Abhilash Padmanabh Kamti Chief Financial Officer Chief Executive Officer

Company Secretary

Place : Bengaluru Date: August 29, 2023



To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the CONSOLIDATED financial statements

Opinion

We have audited the accompanying consolidated financial statements of Kurlon Enterprise Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income/(loss), their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (Sas), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled

our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income/(loss) and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding

Report on the Audit of the CONSOLIDATED financial statements

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 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

To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the CONSOLIDATED financial statements

independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements and other financial information, in respect of eight subsidiaries, whose financial statements include total assets of Rs. 6,470.09 lakhs as on March 31, 2023, and total revenues of Rs. 12,816.49 lakhs and net cash outflows of Rs 245.78 lakhs (without giving effect to elimination of intercompany transactions) for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certificate by the management.

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary companies, incorporate in India, as noted in the 'Other Matter paragraph' we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.

2.As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a)We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b)In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except that the Company does not have server physically located in India for the daily backup of the booksof account and other books and papers maintained in electronic mode

(c)The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income/(loss), the Consolidated Cash Flow Statement and Consolidated

Report on the Audit of the CONSOLIDATED financial statements

Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d)In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The Observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

(f)On the basis of the written representations received from the directors of the Holding Company and one subsidiary Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and such subsidiary Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Holding Company and subsidiary Companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

(g)With respect to the adequacy of the internal financial controls with reference to these consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h)In our opinion and based on the consideration of reports of other statutory auditors of subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with provisions of section 197 read with Schedule V to the Act to the extent applicable; and

(i)With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on

the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other Matter' paragraph:

i.The consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group- Refer note 39 to the consolidated financial statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2023;

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, that to the best of its knowledge and belief, as disclosed in the note 46 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, that to the best of its knowledge and belief, as disclosed in the note 46 to the consolidated financial statements, no funds have been received by the respective Holding Company

To the Members of **Kurlon Enterprise Limited** To the Members of **Kurlon Enterprise Limited**

INDEPENDENT Auditor's Report

Report on the Audit of the CONSOLIDATED financial statements

or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004 Place of Signature: Bangalore Date: August 29, 2023 other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As disclosed in note 15(g) to the consolidated financial statements, the final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15(g) to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

Per Rajeev Kumar

Partner Membership No.: 213803 UDIN: 23213803BGXAMM3512

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Consolidated Financial Statements of Kurlon Enterprise Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Name	CIN	Holding company / subsidiary	Clause number of the CARO report which is qualified
Kurlon Enterprise Limited	U36101MH2011PLC222657	Holding Company	None
Kurlon Retail Limited	U36104KA2012PLC065664	Subsidiary	3(ix)(d)
Belvedore International Limited	U52520KA2020PLC142418	Subsidiary	None
omfort Universe Products and Services Limited	U52520KA2021PLC143244	Subsidiary	None
Kanvas Concepts Private Limited	U74999KA2020PTC138867	Subsidiary	None
-	Kurlon Enterprise Limited Kurlon Retail Limited Belvedore International Limited comfort Universe Products and Services Limited Kanvas Concepts Private	Turlon Enterprise Limited Washington Retail Limited Washington Retail Limited Belvedore International Limited U52520KA2020PLC142418 U52520KA2021PLC143244 U52520KA2021PLC143244 U52520KA2021PLC143244 U52520KA2021PLC143244 U52520KA2021PLC143244 U74999KA2020PTC138867	Turlon Enterprise Limited U36101MH2011PLC222657 Holding Company Kurlon Retail Limited U36104KA2012PLC065664 Subsidiary Belvedore International Limited U52520KA2020PLC142418 Subsidiary Omfort Universe Products and Services Limited U52520KA2021PLC143244 Subsidiary Kanvas Concepts Private U74999KA2020PTC138867 Subsidiary

Report on the Audit of the CONSOLIDATED financial statements

SI. No.	Name	CIN	Holding company / subsidiary	Clause number of the CARO report which is qualified
6	Sirar Dhotre Solar Private Limited	U40300KA2016PTC097314	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d), (iii)(e),(iii)(f),(vii)(a)
7	Sirar Solar Energies Private Limited	U40106KA2016PTC097367	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d), (iii)(e),(iii)(f),(vii)(a)
8	Sevalal Solar Private Limited	U40106KA2016PTC094328	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d), (iii)(e),(iii)(f),(vii)(a)
9	Starship Value Chain & Manufacturing Private Limited	U36900KA2020PTC139535	Subsidiary	3(i)(b), (vii)(a)

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004 Place of Signature: Bangalore Date: August 29, 2023 Per Rajeev Kumar

Partner Membership No.: 213803 UDIN: 23213803BGXAMM3512

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In Conjunction with our audit of the consolidated financial statements of Kurlon Enterprise Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

INDEPENDENTAuditor's Report

Report on the Audit of the CONSOLIDATED financial statements

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the

Report on the Audit of the CONSOLIDATED financial statements

internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matters

a)Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements insofar as it relates to 7 subsidiaries which are companies incorporated in India, is based on the corresponding report of the auditors of such Companies incorporated in India.

b)Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference

to consolidated financial statements does not cover 1 subsidiary limited liability partnership firms as the internal financial controls over financial reporting is not applicable for this entity.

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Place of Signature: Bangalore Date: August 29, 2023

Per Rajeev Kumar

Partner
Membership No.: 213803
UDIN: 23213803BGXAMM3512

To the Members of **Kurlon Enterprise Limited**

Consolidated Balance sheet as at March 31, 2023

		A	(₹ in Lakh)
ASSETS	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,905.74	21,106.61
Capital work-in-progress	4	98.26	415.16
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	132.34	274.26
Right of use assets	6	6,063.82	3,489.62
Financial assets			
Loans	8	2.28	321.92
Other financial assets	9	2,965.91	1,249.19
Income tax assets (net)	10	2,382.39	1,702.48
Other non-current assets	11	1,510.85	2,149.04
		34,164.75	32,811.44
Current assets			
Inventories	12	8,049.43	12,014.03
Financial assets			
Investments	7	1,602.30	10,710.91
Trade receivables	13	5,529.89	5,606.76
Cash and cash equivalents	14	345.97	512.98
Other bank balances	14	152.69	4,250.71
Loans	8	10.00	56.74
Other financial assets	9	15,590.09	164.90
Other current assets		10,270.80	6,162.05
		41,551.17	39,479.08
Total		75,715.92	72,290.52
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	45,176.24	44,308.26
Non-controlling interest		(15.69)	2.54
		46,988.17	46,138.42
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	21	59.32	62.87
Lease liabilities	17	3,911.16	1,853.20
Other financial liabilities	18	5,835.60	5,361.77
Provisions	19	446.45	521.89
Deferred tax liabilities (net)	20	600.83	1,634.45
0 17 170		10,853.36	9,434.18
Current liabilities			
Borrowings	21	1,668.13	693.58
Lease liabilities	17	1,346.50	831.68
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,025.04	11,636.29
Other financial liabilities	18	1,088.41	1,202.86
Provisions	19	706.35	602.70
Other current liabilities	23	1,042.77	1,395.36
Liabilities for current tax (net)	24	684.10	
		17,874.39	16,717.92
Total		75,715.92	72,290.52
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar Partner

Membership No.: 213803

Place : Bengaluru Date : August 29,2023 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai H. N. Shrinivas Managing Director DIN: 00043298

Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru Date : August 29,2023

Director DIN - 07178853 Abhilash Padmanabh Kamti

Monu Kumar Chief Financial Officer Company Secretary To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

(₹ in Lakh)

			Year ended March 31, 2022	
Particulars	Note No.	Year ended March 31, 2023		
Income				
Revenue from operations	25	85,889.51	79,515.38	
Other income	26	842.55	1,364.81	
Total income		86,732.06	80,880.19	
Expenses				
Cost of raw material consumed	27	37,930.92	36,361.81	
Purchase of traded goods	28	9,181.32	8,856.30	
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,627.12	442.82	
Employee benefit expense	30	7,002.44	7,362.27	
Finance costs	31	729.03	572.96	
Depreciation and amortisation expense	32	3,590.98	3,604.62	
Other expenses	33	25,878.54	24,564.27	
Total expenses		85,940.35	81,765.05	
Profit/(Loss) before tax		791.71	(884.86)	
Tax expense	44			
Current tax		824.35	575.12	
Tax relating to earlier years		(45.45)	(154.20)	
Deferred tax (credit)/charge		(1,033.85)	(747.41)	
Total tax expense		(254.95)	(326.49)	
Profit/(Loss) for the year		1,046.66	(558.37)	
Profit/(Loss) for the year attributable to :				
Owners of the Company		1,064.89	(559.81)	
Non-controlling interest		(18.23)	1.44	
Other comprehensive income/(loss), net of tax				
Items that will not be reclassified to profit or loss in subsequent periods				
Re-measurement gains/(losses) on defined benefit plan		(27.77)	(145.01)	
Income tax effect		10.35	37.68	
Total other comprehensive income/(loss) for the year		(17.42)	(107.33)	
Total comprehensive income/(loss) for the year		1,029.24	(665.70)	
Total comprehensive income/(loss) for the year attributable to :				
Owners of the Company		1,047.50	(667.14)	
Non-controlling interest		(18.23)	1.44	
Earnings per equity share (EPS) :				
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	2.86	(1.53)	
Summary of significant accounting policies	3			

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803 Place : Bengaluru Date : August 29,2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru

Date : August 29,2023

DIN - 07178853 Abhilash Padmanabh Kamti

H. N. Shrinivas

Director

Chief Financial Officer

Company Secretary

Consolidated cashflow statements for the year ended March 31, 2023

		(₹ in Lakh)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022	
A. Cash flows from Operating Activities			
Profit/(Loss) before tax	791.72	(884.86)	
Non cash adjustment to reconcile profit/(Loss) before tax to net cash flows	3.500.00	2 604 62	
Depreciation and amortisation expense	3,590.98	3,604.62	
Loss on sale of property, plant and equipment	304.19	339.09	
Advance to suppliers written off Bad debts written off		0.09	
Deposits written off		31.46	
Gain on modification/termination of lease	(72.93)	(363.83)	
Provision for bad and doubtful debts	73.78	594.68	
Provision for doubtful advances	276.68	45.31	
Provision for warranty	363.07	328.80	
Fair value loss/(gain) on mutual fund at fair value through profit or loss	511.28	(125.48)	
Gain on sale of investments in mutual funds	(491.04)	(355.41)	
Liabilities no longer required written back	(59.50)	(40.48)	
Interest expenses	527.01	438.73	
Interest income	(149.59)	(297.97)	
Operating cash flow before working capital changes	5,692.51	3,314.75	
Movements in working capital :		.,	
Increase/(decrease) in trade payables	(657.35)	3,206.47	
Increase/(decrease) in other financial liabilities	506.04	294.29	
Increase/(decrease) in other liabilities	(293.09)	539.36	
Increase/(decrease) in provisions	(362.63)	(174.55)	
Decrease/(increase) in inventories	3,964.60	(334.28)	
Decrease/(increase) in trade receivables	23.14	(716.99)	
Decrease/(increase) in loans	366.38	16.33	
Decrease/(increase) in other financial assets	(17,776.30)	28.81	
Decrease/(increase) in other assets	(4,386.85)	128.59	
Cash generated from (used in) operations	(12,923.53)	6,302.78	
Direct taxes paid (net of refunds)	(774.71)	(1,479.52)	
Net cash flow from (used in) operating activities (A)	(13,698.24)	4,823.26	
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including capital work in progress and capital advances	(611.22)	(2,302.01)	
Investment in bank deposits		(3,785.50)	
Redemption of bank deposits	4,078.38	3,563.05	
Purchase of investments	(7,806.00)	(8,999.58)	
Sale of investments	16,892.00	9,901.28	
Proceeds from sale of property, plant and equipment	1,319.18	86.82	
Movement in earmarked balances, net	7.37	(1.76)	
Interest received		270.95	
Net cash flow (used in) investing activities (B)	14,069.80	(1,266.75)	
C. Cash flows from financing activities	074.04	(405.20)	
Net (repayment of)/proceeds from short-term borrowings Repayment of principle portion of lease liabilities	971.01	(485.38)	
	(790.87)	(881.65)	
Interest paid	(529.65)	(418.96)	
Dividend paid	(183.08)	(1,827.61) (3,613.60)	
Net cash flow from/(used in) financing activities (C) Net increase /(decrease) in cash and cash equivalents (A + B + C)	(532.59)	(57.09)	
Cash and cash equivalents at the beginning of the year	507.00	564.09	
Cash and cash equivalents at the beginning of the year	345.97	507.00	
Components of cash and cash equivalents as at end of the year	343.37	307.00	
Cash in hand	6.23	6.78	
Balances with banks :	0.23	0.78	
In current accounts	339.74	500.22	
Total cash and cash equivalents (Refer Note 14)	345.97	507.00	
Non-cash investing and financing activities	343.37	507.00	
Acquisitions to right-of-use assets (Refer Note 6)	4,316.94	1,547.16	
Refer Note 21 for change in liabilities arising from financing activities	7,310.34	1,547.10	
Summary of significant accounting policies 3			
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner Membership No.: 213803

Place : Bengaluru Date: August 29,2023 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Date: August 29,2023

DIN - 07178853 Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru

Abhilash Padmanabh Kamti Chief Financial Officer

H. N. Shrinivas

Director

Company Secretary

Statement of changes in equity for the year ended March 31, 2023

(a) Equity share capital

Equity share of Rs. 5 each (March 31, 2022: Rs. 5) issued, subscribed and fully paid

(₹ in Lakh)

	March 3	1, 2023	March 31, 2022		
	Nos.	Amount	Nos.	Amount	
At the beginning of the year	36,552,261	1,827.62	36,552,261	1,827.62	
Changes during the year		-	-	-	
At the end of the year	36,552,261	1,827.62	36,552,261	1,827.62	

b. Other Equity (₹ in Lakh)

	Attributak						
	Capital reserve	Securities premium	General reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at April 01, 2021	312.24	14,860.48	1,286.11	30,344.18	46,803.01	1.10	46,804.11
Profit/(Loss) for the year	-			(558.37)	(558.37)	-	(558.37)
Other comprehensive income/(L	oss) -	-	-	(107.33)	(107.33)	-	(107.33)
Transfer to non-controlling inter	est -	-	-	(1.44)	(1.44)	1.44	-
Dividend paid	-	-	-	(1,827.61)	(1,827.61)	-	(1,827.61)
Balance as at March 31, 2022	312.24	14,860.48	1,286.11	27,849.43	44,308.26	2.54	44,310.80
Profit/(Loss) for the year	-	-	-	1,046.66	1,046.66	-	1,046.66
Other comprehensive income/(l	oss) -	-	-	(17.42)	(17.42)	-	(17.42)
Transfer to non-controlling inter	est -	-	-	18.23	18.23	(18.23)	-
(refer note 16(a))	3.71	-	-	-	3.71	-	3.71
Transfer to capital reserve							
Dividend paid	-	-	-	(183.21)	(183.21)	-	(183.21)
Balance as at March 31, 2023	315.95	14,860.48	1,286.11	28,713.69	45,176.24	(15.69)	45,160.56

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings - Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

 $The accompanying \ notes \ are \ an integral \ part \ of \ the \ consolidated \ financial \ statements$

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

Membership No.: 213803 Place : Bengaluru Date: August 29,2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298

Jyothi Ashish Pradhan Chief Executive Officer

Place : Bengaluru Date: August 29,2023

H. N. Shrinivas

Director DIN - 07178853 Abhilash Padmanabh Kamti

Monu Kumar Chief Financial Officer Company Secretary

1.Corporate information

Kurlon Enterprise Limited (referred to as "the Holding Company") together with its subsidiaries (collectively referred to as the "Group"). The Holding Company was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Holding Company is a subsidiary of Kanara Consumer Products Limited (formerly known as "Kurlon Limited") and is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

The Group in addition to the Holding Company comprises the following consolidated entities:

SI. No.	Name	Country of incorporation	Relationship	% Ownership interest as at March 31, 2023	% Ownership interest as at March 31, 2022
1	Kurlon Retail Limited	India	Subsidiary	100%	100%
2	Sevalal Solar Private Limited	India	Subsidiary	93.8%	93.8%
3	Sirar Dhotre Private Limited	India	Subsidiary	93.8%	93.8%
4	Sirar Solar Private Limited	India	Subsidiary	93.8%	93.8%
5	Belvedore International Limited*	India	Subsidiary	100%	100%
6	Komfort Universe Products and Services Limited	India	Subsidiary	100%	100%
7	Starship Value Chain and Manufacturing Private Limited #	India	Subsidiary	100%	100%
8	Kanvas Concepts Private Limited	India	Subsidiary	100%	100%
9	Home Komfort Retail LLP *	India	Subsidiary	100%	100%
10	Starship Global VCT LLP#	India	Subsidiary	-	100%

* During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedore International Limited has acquired business from Home Komfort Retail LLP vide Business transfer agreement dated September 08, 2022. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48).

During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private Limited has acquired business from Starship Global VCT LLP vide Business transfer agreement dated March 01, 2022, which was carrying on

business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48).

The Group's consolidated financial statements for the year ended March 31, 2023, were approved by Board of Directors on August 2, 2023.

2.Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from Notes to the Consolidated financial statements for the year ended March 31, 2023

time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

-Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also functional currency of the Group. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- -In the principal market for the asset or liability, or
- -In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- -Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b)Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,

- 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 noncurrent assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(c)Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3.1 Business combination: Whether the Group has de facto control over an investee;
- Note 3.2 and Note 3.3 Useful life of property, plant and

equipment and intangible assets;

- Note 3.8 Measurement of defined benefit obligations: key actuarial assumptions.
- Note 3.9 Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 3.14 Valuation of financial instrument; and
- Note 3.15 Lease classification and determination of lease term;

Assumption and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 2(a) Fair value measurement
- Note 3.3 Impairment of financial assets
- Note 3.3 Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 3.9 Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- Note 3.11 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

3. Summary of significant accounting policies

3.1.Business combination:

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in Other Comprehensive Income ("OCI") and accumulated in equity as capital reserve if there exist clear evidence of the underlying reason for classifying the business combination as resulting in bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as

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 remeasured 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

Notes to the Consolidated financial statements for the year ended March 31, 2023

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired ("net assets") exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

Loss of control

When the Group loses control over a subsidiary or a controlled trust, it derecognizes the assets and liabilities of the subsidiary or the controlled trust, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the consolidated statement of profit and loss.

Equity accounted investee

The Group's interest in equity accounted investees

comprise interests in associate. An associate is an entity in which Group has significant influence, but no control or joint control over the financial and operating policies. Interest in associate are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit and loss and OCI of equity-accounted investees until the date on which significant influence ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3.2. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of

being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Buildings	30	30
Plant and equipment	15	10 and 15
Furniture and fixtures	10	10
Office equipment	5	5
Vehicles	8	8
Computers	3 and 6	3 and 6

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Consolidated financial statements for the year ended March 31, 2023

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 assured, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset description	Useful life in years
Computer software	6

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

3.4.Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- 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 asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is

considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment

loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.5.Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.6. Foreign currency transactions

i) Functional and presentation currency:

Items included in the consolidated financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The group financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Group.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

3.7. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Group expect to be entitled for those goods/services.

To recognize revenues, the Group applies the following five-step approach:

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- -Identify the contract with a customer;
- -Identify the performance obligations in the contract;
- -Determine the transaction price;
- -Allocate the transaction price to the performance obligations in the contract; and
- -Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others

- The Group accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Group estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration depending on which method better predicts the amount of consideration to which the Group may be entitled.
- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.
- The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance- type warranties are accounted under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

3.8. Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.9. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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Notes to the Consolidated financial statements for the year ended March 31, 2023

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans gratuity, and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity

and in the balance sheet. Such accumulated remeasurement 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:

Notes to the Consolidated financial statements for the year ended March 31, 2023

-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 reassessed 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.

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Notes to the Consolidated financial statements for the year ended March 31, 2023

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.

${\bf Classification\, and\, subsequent\, measurement}$

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Notes to the Consolidated financial statements for the year ended March 31, 2023

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount

of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.16.Leases

The Group has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.3 for policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance 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.

Notes to the Consolidated financial statements for the year ended March 31, 2023

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

3.17.Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- -Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- -Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.18.Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the consolidated financial statements relate to the Group's single business segment. Refer Note 35 for segment information and segment reporting.

3.19. Use of judgements, estimates and assumptions

The preparation of the consolidated financial statements

requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

(I) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates.

Further details about the gratuity obligations are given in Note 41.

(ii) Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. In the absence of reasonable certainty over recoverability of deferred taxes on carry forward losses no deferred tax assets have been recognised up to the reporting date.

(iii) Impairment of financial and non-financial assets:

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. In case of non-financial assets group estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

3.20.Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and and it is certain to expect ultimate collection.

3.21.Changes in accounting policies and disclosures – New and amended standards

The Group applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Notes to the Consolidated financial statements for the year ended March 31, 2023

(b) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

(d) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The aforesaid standards and amendments did not have any material impact on the consolidated financial statements of the Holding Company.

3.22. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies

(Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS

which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Holding Company's consolidated financial statements.

4. Property, plant and equipment and Capital working in progress

(₹ in Lakh)

	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2021	991.42	8,453.90	19,927.50	3,936.63	640.08	575.77	350.32	34,875.62	703.33
Additions	-	1,071.33	700.53	441.30	170.13	131.22	65.31	2,579.82	354.11
Disposals		(63.25)	(36.35)	(607.14)	(12.39)	(20.98)	(24.25)	(764.36)	(642.28)
Adjustments *	-	-	126.92	94.65	17.64	25.19	49.52	313.92	-
At March 31, 2022	991.42	9,461.98	20,718.60	3,865.44	815.46	711.19	440.90	37,005.00	415.16
Additions	-	389.16	573.96	271.51	79.17	43.04	60.57	1,417.41	342.28
Disposals	-	(981.95)	(1,036.20)	(800.50)	(18.42)	(24.03)	(46.14)	(2,907.25)	(659.18)
At March 31, 2023	991.42	8,869.19	20,256.36	3,336.45	876.21	730.20	455.33	35,515.16	98.26
Depreciation									
At April 01, 2021	-	1,012.74	9,922.42	1,622.18	447.03	474.24	80.56	13,559.17	-
Charge for the year	-	280.04	1,366.43	536.07	78.27	63.30	44.67	2,368.78	-
Disposals	-	(17.15)	(20.36)	(279.73)	(8.01)	(12.72)	(5.51)	(343.48)	-
Adjustments *	-	-	51.20	165.01	23.04	25.16	49.51	313.92	-
At March 31, 2022	-	1,275.63	11,319.69	2,043.53	540.33	549.98	169.23	15,898.39	-
Charge for the year	-	282.87	1,289.50	248.78	79.51	64.28	47.01	2,011.95	-
Disposals**	-	(230.60)	(479.70)	(538.70)	(16.68)	(18.52)	(16.72)	(1,300.92)	-
At March 31, 2023	-	1,327.90	12,129.49	1,753.61	603.16	595.74	199.52	16,609.42	-
Net block									
At March 31, 2022	991.42	8,186.35	9,398.91	1,821.92	275.13	161.21	271.67	21,106.61	415.16
At March 31, 2023	991.42	7,541.29	8,126.87	1,582.84	273.05	134.46	255.81	18,905.74	98.26

^{*} Represents reclass adjustments between gross block and accumulated depreciation.

^{**} Includes, deletion of assets on account of fire accident occurred at one of the Holding Company's factory located at Jhagadia which were damaged/burnt in such fire accident, as below:

Asset block	Gross block	Accumulated depreciation	Net block
Buildings	981.95	230.60	751.35
Plant & Equipment	1,018.10	470.87	547.23
Furniture & Fixtures	73.23	64.05	9.18
Office Equipment	4.68	4.22	0.46
Computers	4.43	4.21	0.22
Total	2,082.39	773.95	1,308.44

Capital work-in-progress (CWIP) ageing schedule

Amount in CWIP for a period of

	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
As at March 31, 2023						
Projects in progress	20.86	29.25	37.31	10.84	98.26	
Projects temporarily suspended	-	-	-	-	-	
Total	20.86	29.25	37.31	10.84	98.26	

Notes to the Consolidated financial statements for the year ended March 31, 2023

As at March 31, 2022

Projects in progress	354.11	39.46	2.08	19.51	415.16
Projects temporarily suspended	-	-	-	-	-
Total	354.11	39.46	2.08	19.51	415.16

The Group does not have any projects under capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

5. Intangible assets

	Goodwill*	Computer Software	Total
Cost			
At April 01, 2021	2,103.16	1,089.53	3,192.69
Additions	-	13.68	13.68
Disposals	-	(5.34)	(5.34)
At March 31, 2022	2,103.16	1,097.87	3,201.03
Additions	-	0.99	0.99
Disposals	-	(10.78)	(10.78)
At March 31, 2023	2,103.16	1,088.08	3,191.24
Amortisation			
At April 01, 2021	-	684.34	684.34
Charge for the year	-	139.62	139.62
Disposals	-	(0.35)	(0.35)
At March 31, 2022	-	823.61	823.61
Charge for the year	-	133.98	133.98
Disposals	-	(1.85)	(1.85)
At March 31, 2023	-	955.74	955.74
Net block			
At March 31, 2022	2,103.16	274.26	2,377.42
At March 31, 2023	2,103.16	132.34	2,235.50

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Holding Company including SABCIL has been considered as a single cash generating unit. The Holding Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

6. Right to use assets	Leasehold Land	Buildings	Total	
Cost				
At April 01, 2021	1,145.27	5,321.61	6,466.88	
Additions	-	1,547.16	1,547.16	
Disposals	-	(3,063.54)	(3,063.54)	
Adjustments *	-	(84.38)	(84.38)	
At March 31, 2022	1,145.27	3,720.85	4,866.12	
Additions	-	4,316.61	4,316.61	
Disposals	-	(827.28)	(827.28)	
At March 31, 2023	1,145.27	7,210.51	8,355.78	
Depreciation				
At April 01, 2021	38.90	2,040.02	2,078.92	
Charge for the year	19.45	1,075.50	1,094.95	
Disposals	-	(1,712.99)	(1,712.99)	
Adjustments *	-	(84.38)	(84.38)	

At March 31, 2022	58.35	1,318.15	1,376.50
Charge for the year	19.45	1,425.60	1,445.05
Disposals	-	(529.59)	(529.59)
At March 31, 2023	77.80	2,214.16	2,291.96
Net block			
At March 31, 2022	1,086.92	2,402.70	3,489.62
At March 31, 2023	1,067.47	4,996.35	6,063.82

^{*} Represents reclass adjustments between gross block and accumulated depreciation.

7. Investment (₹ in Lakh)

	March 31, 2023		March	31, 2022
	Nos.	Amount	Nos.	Amount
Measured at fair value through profit and loss			-	
Current investments, quoted				
Investments in mutual funds				
Nippon Money Market Fund - D G	2,847	100.99	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	2,033,681	1,103.94
Axis Short Term Plan-D-G	-	-	3,596,142	959.55
DSP Banking and PSU Debt Fund-Direct Growth	-	-	4,232,783	845.36
DFC Corporate Bond Fund Regular Plan-Growth	-		4,534,078	713.42
CICI Prudential Banking & PSU Debt Fund	-	-	2,200,468	592.37
Kotak Bond Short Term Fund - Direct Growth			1,256,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund-R G	-	-	4,846,475	505.80
LIC MF PSU Banking Fund Direct Growth	_	-	1,642,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	3,927,087	419.78
Frust MF Banking & PSU Debt Fund - Direct Plan - Growth			29,009	306.34
CICI Prudential Ultra short term Fund -D G			1,271,606	304.05
M Low Duration Fund - R G	_		996,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-		1,109,397	209.37
PGIM India Low Duration Fund D G	-	-	796,144	203.30
Mahindra Manulife Short Term Fund D G	-	-	1,922,171	203.04
Trust MF Short Term Fund D G	-	-	19,695	202.27
Tata Corporate Bond Fund D G	-		1,999,900	202.26
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G			1,883,463	201.97
Axis CPSE Plus SDL 2025 Debt Index Fund D G	-	-	1,999,900	201.65
Canara Robeco Short Term Duration Fund -D G			898,208	201.47
Frust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28
CICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	415,282	102.10
Nippon Short Term Fund - D G	-	-	223,873	101.92
ABSL Floating Rate Fund -Dg	-	-	35,907	101.81
Tata Banking & PSU Debt Fund D G	-	-	856,480	101.73
nvesco India Corporate Bond Fund - D G	-	-	3,716	101.63
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	-	-	993,561	101.41
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	-	-	993,996	101.38
nvesco India Medium Duration Fund- D G	-	-	9,826	101.33
. & T Low Duration Fund Direct Growth	-	-	421,328	100.53
Nippon India Corporate Bond Fund - D G	-	-	202,851	100.51
DSP Short Term Fund-D G	-	-	247,808	100.47
ABSL Crisil Aaa Jun 2023 Index Fund D G	-	_	1,000,263	100.43

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	March 31, 2022		March	31, 2021
	Nos.	Amount	Nos.	Amount
Axis Money Market Fund - D G	8,277	100.79	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,849	100.10	-	-
DSP Savings Fund - D G	435,394	200.23	-	-
Kotak Liquid Fund D G	4,400	200.12	-	-
Axis Liquid Fund D G	8,002	200.10	-	-
Edelweiss Money Market Fund D G	753,258	199.99	-	-
LIC MF Saving Fund -D G	552,000	199.99	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,425	100.00	-	-
Bandhan Ultra short term fund D G	1,528,743	199.99	-	-
Total	4,094,194	1,602.30	46,638,047	10,710.91
Aggregate book value of quoted investments		1,602.30		10,710.91
Aggregate market value of quoted investments		1,602.30		10,710.91

8. Loans (₹ in Lakh)

	Non - C	Non - Current		rent
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Loans				
- Related parties (Refer Note 36)	-	276.68	-	-
- Others	2.28	45.24	10.00	56.74
	2.28	321.92	10.00	56.74
Loans				
- Related parties (Refer Note 36)	276.68	-	-	-
Less : Loss allowance	(276.68)		-	-
	2.28	321.92	10.00	56.74

The Group has provided loans to one of its erstwhile director of subsidiaries and to the entity in which such director holds substantial interest amounting to Rs. 276.68 lakhs (March 31, 2022: Rs. 276.68 lakhs). The Group has taken legal action against aforesaid director and entity for recovering the aforesaid loan amount. Considering the uncertainty in recoverability of above loans, management has provided for the loan receivable during financial year ending March 31, 2023.

Except as disclosed above, there are no loans to Directors or other officers of the Holding Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

9. Other financial assets (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Considered good unless otherwise stated				
Unsecured, at amortised cost				
Interest accrued on fixed deposits	-	-	6.38	84.44
Insurance Receivable*	2,022.29	-	-	-
Security deposits#	932.05	1,249.19	15,583.71	80.46
Other bank balance	-	-	-	-
Deposits with remaining maturity for more than 12 month	S			
(Refer note 14)	11.57	-	-	-
	2,965.91	1,249.19	15,590.09	164.90

To the Members of **Kurlon Enterprise Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2023

* During the year, there is fire accident occurred at one of the Holding Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & equipment were damaged/burnt against which the Holding Company has filed claim with the insurer for Rs 41,77.98 lakhs of which, the Company has received interim claim of Rs 465 lakhs. Insurance receivable of Rs 2022.29 lakhs as of March 31, 2023 represents book of value of damaged/burn assets including inventories. The Holding Company is confident of realising the aforesaid claim in near future.

Includes lease deposit amount of Rs 15,300 lakhs paid by the Holding Company to Kanara Consumer Products Limited (formerly known as "Kurlon Limited") during the year 2022-23, towards various premises taken on lease from Kanara Consumer Products Limited. As detailed in note 50 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited and Kurlon Trading and Invest management Private Limited in the Holding company and conditions precedent mentioned there in, the Holding Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

10. Income tax assets (net)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Advance income tax including tax deducted at source	2,381.88	1,701.97
MAT credit entitlement	0.51	0.51
	2,382.39	1,702.48
44 0.1		/7:

		2,382	39	1,702.48	
11. Other assets				(₹ in Lakh)	
	Non - Current		Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Unsecured, considered good					
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-	
Advances recoverable in cash or kind					
- Related parties (Refer Note 36)	-	-	7,430.62	4,435.19	
- Others	-	-	1,703.38	732.82	
Unbilled Revenue	-	-	39.42	-	
Advance to employees	-	-	75.16	65.70	
Prepaid expenses	-	-	525.09	298.99	
Balances with statutory/government authorities	-	-	497.13	629.35	
	1,510.85	2,149.04	10,270.80	6,162.05	
Unsecured, credit impaired					
Advances recoverable in cash or kind					
- Others	-	-	24.92	43.23	
- Employees	-	-	-	2.08	
Less : Provision for doubtful advances	-	-	(24.92)	(45.31)	
Total	1,510.85	2,149.04	10,270.80	6,162.05	

(i) Capital advances includes the following:

(a) "During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as ""Kurlon Limited"" or ""Ultimate Holding Company"") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honourable Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kanara Consumer Products Limited. During the financial year 2014-2015, the advance was transferred by Ultimate Holding Company to the Holding Company and has been carried in the books till date.

As detailed in note 50 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kurlon Limited) and Kurlon Trading and Invest management Private Limited in the Holding company and conditions precedent mentioned there in, the Holding Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable. "

To the Members of **Kurlon Enterprise Limited**

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Notes to the Consolidated financial statements for the year ended March 31, 2023

b) Out of Capital advances as of March 31, 2022, Rs 622.07 lakhs has been adjusted against security deposit towards modified lease agreement entered with Ultimate Holding Company.

12. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Raw materials (includes goods in transit Rs. Nil (March 31, 2022 - Rs. 657.89))	2,962.94	5,242.40
Work in progress	987.57	1,875.96
Finished goods (includes in transit Rs. Nil (March 31, 2022 - Rs. Nil))	3,068.02	3,536.69
Spares and consumables	488.28	546.30
Traded goods	542.62	812.68
	8,049.43	12,014.03

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 635.92 lakhs (March 31, 2022: Rs. 752.67 lakhs).

13. Trade receivables

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	5,529.89	5,606.76
Unsecured, credit impaired	1,666.42	1,592.89
	7,196.31	7,199.65
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	5,529.89	5,606.76

Notes:

- (i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.
- (ii) For balances with related parties, refer Note 36.

13. Trade Receivable (Cont...)

(₹ in Lakh)

		Outstanding for following periods from the due date of payment							
	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	2,457.78	2,370.63	438.98	47.49	215.01	-	5,529.89		
Undisputed trade receivables									
- credit impaired	-	-	181.29	208.73	514.78	475.90	1,380.70		
Disputed trade receivables									
- credit impaired	_	0.87	7.04	17.70	16.60	243.51	285.72		
	2,457.78	2,371.50	627.31	273.92	746.39	719.41	7,196.31		

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Notes to the Consolidated financial statements for the year ended March 31, 2023

571.64	4,756.29	261.62	14.56	1.83	0.82	5,606.76
-	-	-	872.50	227.37	151.86	1,251.73
_	-	-	76.28	104.38	160.50	341.16
571.64	4,756.29	261.62	963.34	333.58	313.18	7,199.65
	-			- - - 872.50 - - - 76.28	- - - 872.50 227.37 - - - 76.28 104.38	- - - 872.50 227.37 151.86 - - - 76.28 104.38 160.50

14. Cash and bank balances

(₹	ın	Lal	kh)
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	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash and cash equivalents				
Cash in hand	-	-	6.23	6.78
Balances with banks :				
In current accounts	-	-	339.74	500.22
Deposits with original maturity for less than 3 months	-	-	-	5.98
	-		345.97	512.98
Other bank balances				
Deposits with remaining maturity for less than 12 months	-	-	0.05	4,090.00
Earmarked balances with banks *	-		137.63	145.00
Unclaimed dividend account	-	-	15.01	15.71
	-	-	152.69	4,250.71
	-	-	498.66	4,763.69

^{*} Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

15. Equity share capital

(₹ in Lakh)

March 3	March 31, 2023		31, 2022
Nos.	Amount	Nos.	Amount
15,06,00,000	7,530.00	15,06,00,000	7,530.00
15,06,00,000	7,530.00	15,06,00,000	7,530.00
3,65,52,261	1,827.62	3,65,52,261	1,827.62
3,65,52,261	1,827.62	3,65,52,261	1,827.62
	Nos. 15,06,00,000 15,06,00,000 3,65,52,261	Nos. Amount 15,06,00,000 7,530.00 15,06,00,000 7,530.00 3,65,52,261 1,827.62	Nos. Amount Nos. 15,06,00,000 7,530.00 15,06,00,000 15,06,00,000 7,530.00 15,06,00,000 3,65,52,261 1,827.62 3,65,52,261

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

(₹ in Lakh)

	March 31, 2023		March	31, 2022
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	36,552,261	1,827.62
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

b. Terms and rights attached to equity shares

The Holding Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company

(₹ in Lakh)

	March 31	March 31, 2023		1, 2022
	Nos.	Nos. %		%
Kanara Consumer Products Limited (formerly known as				
"Kurlon Limited", the Holding Company)				
Equity shares of Rs. 5/- each with voting rights	32,338,830	88.47%	30,924,115	84.60%
	32,338,830	88.47%	30,924,115	84.60%

d. Details of shareholders holding more than 5% shares in the Company

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kanara Consumer Products Limited (formerly known as				
'Kurlon Limited", the Holding Company)*	32,338,830	88.47%	30,924,115	84.60%
Kurlon Trading and Invest management Private Limited	2,263,545	6.19%	-	-
ndian Business Excellence Fund II A	-	-	2,354,086	6.44%

Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

e. Details of shares issued for consideration other than cash during the preceding five years

(₹ in Lakh)

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares of Rs. 5/- each with voting	rights				
Fully paid up bonus shares	-	-	-	-	8,595,013
	-	-	-	-	8,595,013

f. Details of shares held by promoters

As at March 31, 2023

(₹ in Lakh)

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited					
(formerly known as "Kurlon Limited"	, ,				
the Holding Company)	3,09,24,115	14,14,715	3,23,38,830	88.47%	4.57%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	2,300	2,647	0.01%	662.82%
	30,924,809	1,417,015	32,341,824	88.48%	4.58%
				•	

15. Equity share capital (contd.)

As at March 31, 2022

(₹ in Lakh)

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited					
(formerly known as "Kurlon Limited"	,				
the Holding Company)	30,949,615	(25,500)	30,924,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	30,950,309	(25,500)	30,924,809	84.60%	-0.08%

g. Dividend made and proposed

(₹ in Lakh)

g. Dividend made and proposed				(₹ in Lakh)
	March 31, 2023 Dividend/Share Rs.		March 31, 2 Dividend/Share	2022 Rs.
Dividend on equity shares declared and paid	Dividenta on a re-	1101		
Final dividend for the year ended March 31, 2022 paid in				
financial year 2022-23: Rs 182.76 lakhs (for the year ended				
March 31, 2021 paid in financial year 2021-22: Rs 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2023 :				
Rs 731.04 Lakhs(for the year ended March 31, 2022: Rs 182.76 lakhs	s) 2.0	731.04	0.50	182.76
Proposed dividends on equity shares are subject to approval at the annual	l general meeting ar	nd are not reco	ognised as a liability as a	t March 31.

16. Other equity

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Capital Reserves		
Balance at the beginning of the year	312.24	312.24
Add: Capital reserve arising on acquisition (Refer Note (a) below and 48)	3.71	-
Balance as at end of the year	315.95	312.24
Securities premium account		
Balance at the beginning of the year	14,860.48	14,860.48
Add: Premium on issue of shares	-	-
Balance as at end of the year	14,860.48	14,860.48
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add: Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	1,286.11	1,286.11
Retained earnings		
Balance at the beginning of the year	27,849.43	30,344.18
Add : Profit/(Loss) for the year	1,046.66	(558.37)
Add : Other comprehensive income/(loss) for the year	(17.42)	(107.33)
Less : Non-controlling interest	18.23	(1.44)
Less : Dividend paid	(183.21)	(1,827.61)
Balance as at end of the year	28,713.69	27,849.43
Total	45,176.24	44,308.26

Notes to the Consolidated financial statements for the year ended March 31, 2023

(a) During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedore 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 (refer note 48)

17. Lease liabilities (₹ in Lakh)

	Non - Current		Curi	rent
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	3,911.16	1,853.20	1,346.50	831.68
	3,911.16	1,853.20	1,346.50	831.68

The movement of lease liabilities during the year is as below:

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	2,684.88	3,883.43
Additions	3,734.28	1,396.95
Interest expense	231.35	346.73
Payments	(1,022.22)	(1,228.38)
Termination of leases	(370.62)	(1,713.85)
At the end of the year	5,257.67	2,684.88

The maturity analysis of lease liabilities are disclosed in Note 43.

18. Other financial liabilities

(₹ in Lakh)

	Non - 0	Non - Current		rent
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Security deposits	5,835.60	5,361.77	85.65	18.00
Employee related liabilities	-	-	982.78	1,018.22
Payable for capital goods	-	-	4.84	150.93
Unpaid dividend account	-	-	15.14	15.71
	5,835.60	5,361.77	1,088.41	1,202.86

19. Provisions

(₹ in Lakh)

Non - Current		Curi	rent
March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
332.57	374.32	486.27	444.52
113.88	147.57	79.95	123.57
-	-	140.14	34.61
446.45	521.89	706.35	602.70
	March 31, 2023 332.57 113.88	March 31, 2023 March 31, 2022 332.57 374.32 113.88 147.57 - -	March 31, 2023 March 31, 2022 March 31, 2023 332.57 374.32 486.27 113.88 147.57 79.95 - - 140.14

^{*} Provision for warranty:

The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

To the Members of **Kurlon Enterprise Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2023

	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	818.84	798.84
Provisions created during the year	361.79	328.64
Amounts utilised during the year	(361.79)	(308.64)
Balance as at end of the year	818.84	818.84
Current	486.27	444.52
Non-current	332.57	374.32

20. Deferred tax liabilities (net)

(₹ ın l	Laki	n)
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	Non - Current		
	March 31, 2023	March 31, 2022	
Deferred tax liabilities	2,415.06	2,613.78	
Deferred tax assets	(1,814.23)	(979.33)	

600.83 1,634.45

(₹ in Lakh)

21. Borrowings Non - Current Current March 31, 2023 March 31, 2022 March 31, 2023 March 31, 2022 Secured borrowings Loans from banks 1,014.75 17.28 **Unsecured borrowings** Loans from related parties (Refer Note 36) 59.32 62.87 653.38 676.30 62.87 1,668.13 59.32 693.58

(a) Loan from banks of Rs. 1014.75 lakhs (March 31, 2022: Rs. 17.28 lakhs)

- (i) The Group has obtained various facilities from Axis Bank, Kotak Mahindra Bank and IDBI Bank. The loan is secured by first pari passu charge on entire current assets of the Holding Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a., 6 months MCLR + 0.2% p.a., and 1 year MCLR + 0.15% p.a. on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,001.71 Lakhs. (March 31, 2022 - Nil).
- (ii) The group has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 13.04 lakhs (March 31, 2022: Rs. 17.28 lakhs).

(b) Loan from related parties of Rs. 712.70 lakhs (March 31, 2022: Rs. 739.19 lakhs)

- (i) The Group has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 10% during the year. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 650 lakhs (March 31, 2022: Rs. 676.30 lakhs).
- (ii) The Group has obtained a loan from Kanara Consumer Products Limited (formerly known as Kurlon Limited). The loan is unsecured and is repayable on demand and carries interest rate of 8% p.a. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 62.70 lakhs (March 31, 2022: Rs. 62.87 lakhs).

The table below depicts changes in the Group's liabilities arising from financing activities, including both cash and noncash changes:

To the Members of **Kurlon Enterprise Limited**

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Notes to the Consolidated financial statements for the year ended March 31, 2023

Reconciliation of liabilities arising from financing activities

(₹ in Lakh)

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	17.28	997.47	-	1,014.75
Loans from related parties	739.17	(26.47)	-	712.70
Lease liabilities	2,684.88	(790.87)	3,363.66	5,257.67
	3,441.33	180.13	3,363.66	6,985.12
March 31, 2022				
Loans from banks	520.57	(503.29)	-	17.28
Loans from related parties	721.26	17.91	-	739.17
Lease liabilities	3,883.43	(881.65)	(316.90)	2,684.88
	5,125.26	(1,367.03)	(316.90)	3,441.33
22 Trade navables				

	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 3	6) 313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enter	rprises 11,025.04	11,636.31
	11,338.13	11,991.76

Ageing of trade payables

(₹ in Lakh)

	Outstanding for following periods from the date of transaction					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
Undisputed trade payables - Non MSME	9,695.04	1,147.45	160.85	7.72	13.98	11,025.04
Total	9,959.10	1,164.93	183.44	16.68	13.98	11,338.13
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
Undisputed trade payables - Non MSME	6,048.39	5,479.40	65.68	12.41	30.43	11,636.31
Total	6,079.93	5,803.31	65.68	12.41	30.43	11,991.76

23. Other current liabilities

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Contract liabilities - Advance from customers	447.70	616.83
Statutory dues payables	491.16	560.64
Payable to Related Parties	36.13	98.11
Other Liabilities	67.78	119.78
	1,042.77	1,395.36

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

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28. Purchase of traded goods

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Notes to the Consolidated financial statements for the year ended March 31, 2023

24. Liabilities for current tax (net)		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Current tax liabilities	684.10	-
	684.10	-
25. Revenue from operations		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Revenue from contracts with customers		
Sale of products		
Finished goods	91,784.91	70,847.88
Traded goods	3,899.12	15,658.69
Less : Schemes & rebates	(10,297.42)	(7,486.13)
Sale of Services	92.35	13.56
Other operating revenue		
Scrap sales	251.76	224.73
Others	158.79	256.65
Revenue from operations	85,889.51	79,515.38
(a) Timing of revenue from operations	As at March 31, 2023	(₹ in Lakh) ————————————————————————————————————
Goods transferred at a point in time	85,797.16	79,501.82
Services transferred over time	92.35	13.56
(b) Reconciliation of amount of revenue recognised with contrac	t price	(₹ in Lakh)
(b) Reconciliation of amount of revenue recognised with contrac	As at March 31, 2023	(₹ in Lakh) As at March 31, 2022
(b) Reconciliation of amount of revenue recognised with contract		
	As at March 31, 2023	
Revenue as per contract price	As at March 31, 2023 96,186.93	As at March 31, 2022 87,001.51
Revenue as per contract price	As at March 31, 2023 96,186.93 (10,297.42)	As at March 31, 2022 87,001.51 (7,486.13) 79,515.38
Revenue as per contract price Less : Discounts	As at March 31, 2023 96,186.93 (10,297.42)	As at March 31, 2022 87,001.51 (7,486.13)
Revenue as per contract price Less : Discounts	As at March 31, 2023 96,186.93 (10,297.42) 85,889.51	As at March 31, 2022 87,001.51 (7,486.13) 79,515.38 (₹ in Lakh)
Revenue as per contract price Less : Discounts (c) Movement in contract liabilities during the year*	As at March 31, 2023 96,186.93 (10,297.42) 85,889.51 As at March 31, 2023	As at March 31, 2022 87,001.51 (7,486.13) 79,515.38 (₹ in Lakh) As at March 31, 2022
Revenue as per contract price Less: Discounts (c) Movement in contract liabilities during the year* Opening balance	As at March 31, 2023 96,186.93 (10,297.42) 85,889.51 As at March 31, 2023 616.83	As at March 31, 2022 87,001.51 (7,486.13) 79,515.38 (₹ in Lakh) As at March 31, 2022 615.62

Notes to the Consolidated financial statements for the year ended March 31, 2023

26. Other income		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Interest income		
- On fixed deposits	110.49	269.45
- On security deposits	37.56	20.74
- On Others	1.54	7.78
Gain on sale of investments in mutual funds	491.04	355.41
Fair value gain on mutual fund at fair value through profit or loss	-	125.48
Liabilities no longer required written back	59.50	40.48
Gain on early termination of lease	72.93	363.83
Miscellaneous income	69.49	181.64
	842.55	1,364.81
27. Cost of raw materials consumed		(₹ in Lakh
	As at March 31, 2023	As at March 31, 2022
Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,116.38

Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,116.38
Less: Inventories at the end of the year	(2,962.94)	(5,242.40)
Cost of raw materials consumed	37,930.92	36,361.81

	As at March 31, 2023	As at March 31, 2022
Purchase of traded goods	9,181.32	8,856.30
		9,181.32

29. Changes in inventories of finished goods, work-in-progress and traded goods		(₹ in Lakn)
	As at March 31, 2023	As at March 31, 2022
Inventories at the end of the year		
Finished goods	3,068.02	3,536.69
Work in progress	987.57	1,875.96
Traded goods	542.62	812.68
(A)		4,598.21
6,225.33		
Inventories at the beginning of the year		
Finished goods	3,536.69	3,722.45
Work in progress	1,875.96	1,804.89
Traded goods	812.68	1,140.81
(B)	6,225.33	6,668.15

(₹ in Lakh)

To the Members of **Kurlon Enterprise Limited**

135.46

464.25

10.41

511.28

595.53

202.99

311.07

16.51

565.34

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

30. Employee benefit expenses	(₹ in Lakh)
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30. Employee benefit expenses		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Salaries, wages and bonus	6,333.57	6,668.09
Gratuity expenses (Refer Note 41)	95.13	111.49
Contribution to provident and other funds (Refer Note 41)	318.28	364.24
Staff welfare expenses	255.46	218.45
	7,002.44	7,362.27
31. Finance costs		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Interest expenses		
- On borrowings	105.76	91.99
- On lease liabilities	421.26	346.73
Customer financing costs	157.23	89.79
Other	44.78	44.45
	729.03	572.96
32. Depreciation and amortisation expense		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Depreciation of property, plant and equipment	2,011.95	2,372.25
Amortisation of intangible assets	133.98	138.05
Amortisation of right to use assets	1,445.05	1,094.32
3,590.98	3,604.62	
33. Other expenses		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Consumption of stores, spares and consumables	375.01	324.71
Power and fuel	1,133.14	941.94
Freight outward	7,588.65	8,088.67
Rent	2,290.36	409.08
Repairs and maintenance		
- Buildings	162.24	81.83
- Plant and machinery	113.95	150.76
- Others	459.64	421.10
Tailoring and fabrication	3,235.48	3,094.72
Manpower Charges	634.63	519.21
Office Expenses	57.85	132.11
Rates and taxes	293.76	197.14

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Postage and telephone expenses	162.98	138.32
Payment to auditors *	78.50	65.00
Advertisement, promotion and selling expenses	3,302.59	4,453.40
Travelling and conveyance expenses	1,051.11	1,066.53
Legal and consultancy charges	1,956.02	1,697.16
Director's sitting fees	3.75	1.67
Loss on sale of property, plant and equipment	304.19	339.09
Advance to suppliers written off	1.42	-
Bad debts written off	25.44	0.09
Deposits written off	-	31.46
Provision for bad and doubtful debts	73.53	594.68
Provision for doubtful advances	276.68	45.31
Provision for warranty	363.07	328.80
Royalty expenses	37.71	-
Miscellaneous expenditure	179.91	345.57
	25,878.52	24,564.27
* Payment to auditors (excluding goods and service tax)		
Audit services :		
Statutory audit	77.00	65.00
Tax audit	-	-
Out of pocket expenses	1.50	-
	78.50	65.00

34. Earnings per share (EPS)		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Profit for the year	1,046.66	(558.37)
Weighted average number of equity shares outstanding (Basic and diluted)	36,552,261	36,552,261
Earnings per share (Basic and diluted)	2.86	(1.53)

35. Segment reporting

The Group primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. In addition, certain subsidiaries of the Holding Company are engaged in the generation of solar power which is not material at Group level. Considering the size of solar operations, the Group does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group operates and manages its business as a single segment. As the Group's long-lived assets are all located in India and the Group's revenues are derived from India, no geographical information is presented.

Foreign currency exchange loss (net)

Insurance expenses

Security expenses

Expenditure on corporate social responsibility (refer note 40)

Fair value loss on mutual funds at fair value through profit or loss

To the Members of **Kurlon Enterprise Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2023

36	Related	narty	v disclosure	
30.	Relateu	Dait	v aisciosure	

Holding Company	Kanara Consumer Products Limited (Formerly known as Kurlon Limited)
Other related parties with whom transactions have taken	n place during the year
Owned Subsidiaries	Kurlon Retail Limited
	Komfort Universe Products & Services Limited
	Belvedore International Limited
	Kanvas Concepts Private Limited
	Starship Value Chain and Manufacturing Private (Formerly known as
	Starship Manufacturing & Services Private Limited)
	Home Komfort Retail LLP
	Starship Global VCT LLP
	Sevalal Solar Private Limited
	Sirar Solar Energies Private Limited
	Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited
	Manipal Natural Extracts Private Limited
	Kurlon Trading and Invest Management Private Limited
Enterprises owned or significantly influenced by key	
management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Limited
	Jayamahal Trade and Investments Private Limited
	Manipal Advertising Services Private Limited
	Metropolis Builders Private Limited
	Jai Bharath Mills Private Limited
	Manipal Travels Private Limited
	Anant Solar Energy Private Limited
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Managing Director
	Ms. Jaya S Pai, Director
	Ms. Jyothi Pradhan, Chief Executive Officer
	Mr. H N Shrinivas, Non-Executive Director (w.e.f May 07,2021)
	Mr. Nagarajan S, Non-Executive Director (w.e.f May 07,2021)
	Mr. Nitin G Khot, Non- Executive Director (up to May,07,2021)
	Mr. S Ananthanarayanan, Non- Executive Director (up to May,07,2021)
	Mr. Jamsheed Minoo Panday, Non- Executive Director (w.e.f September (2022)
	Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022)
	Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021)
	Mr. Monu Kumar, Company Secretary
	Mr. Ashoka Bhima Dhotre, Director of subsidiary
	Ms. Savitha Ashok Dhotre, Director of subsidiary
	Mr. Basaka Bhima Dhotre, Director of subsidiary
	Ms. Shakuntala Naik, Director of subsidiary
	Mr. Sunil Roopsingh Rathod, Director subsidiary
	Mr. Sham Sunder, Director of subsidiary

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

The transactions that have been entered into with related parties during the year are as follows:

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Sale of products		
Manipal Advertising Services Private Limited	0.05	0.30
	0.05	0.30
Purchases		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,189.29	8,749.41
	9,189.29	8,749.41
Managerial remuneration		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Abhilash Kamti	18.00	-
Monu Kumar	13.63	12.77
Ritesh Shroff	-	41.83
Vivek Kumar Bajpai	56.30	-
	237.74	209.59
Repair & Maintenance Charges		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
	71.50	-
Legal and Consultancy Charges		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	-
Manipal Software & E-Commerce Private Limited	424.18	344.38
Praveen Rathod	6.00	-
Savitha Ashok Dhotre	-	6.08
Basaka Bhima Dhotre	-	1.50
	480.84	351.96
Advertisement and sales promotion expenses		
Manipal Advertising Services Private Limited	709.13	1,302.21
	709.13	1,302.21
Lease Rentals to related parties		·
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,234.08	4.37
Savitha Ashok Dhotre	9.68	6.98
Ashoka Bhima Dhotre	9.68	15.75
Basaka Bhima Dhotre	6.45	-
Sharada Bhimu Naik	11.22	
Motilal Demmanna Naik	11.22	
Shakuntala Naik	21.30	56.15
Metropolis Builders Private Limited	29.78	28.25
Sunil Roopsingh Rathod		18.00
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahal Trade and Investments Private Limited	22.94	20.85
	2,362.35	156.35
Reimbursement of Expenses	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Shakuntala Naik	17.35	
	17.35	

To the Members of **Kurlon Enterprise Limited**

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Interest paid on unsecured loan	_	
Jaya S Pai	62.63	52.88
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	4.87
	62.63	57.75
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	276.76	166.69
	276.76	166.69
Sitting fees		
H N Shrinivas	1.17	0.39
Nagarajan S	1.17	0.39
Jaya S Pai	1.02	0.64
Jamsheed Minoo Panday	0.39	-
Nitin G Khot	-	0.13
S Ananthanarayanan	-	0.13
	3.75	1.67
Dividend paid		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	162.09	1546.24
The balances receivable from and payable to related parties as at year end a	are as follows :	
Capital advances		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	622.00
	1,222.76	1,844.76
Security deposit given		
Jayamahal Trade and Investments Private Limited	9.00	9.00
Metropolis Builders Private Limited	30.00	30.00
Jai Bharath Mills Private Limited	30.00	30.00
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	15,300.00	-
Maha Rashtra Apex Corporation Limited	-	15.00
	15,369.00	84.00
Borrowings		
Jaya S Pai	650.00	676.30
Ashish Pradhan	1.65	-
T Sudhakar Pai	1.65	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	62.87	62.87
	716.17	739.17
Loan to related parties		
Anant Solar Systems	250.36	250.36
Sham Sunder	26.33	26.33
	276.69	276.69
Loss allowance on loans given to related parties		
Anant Solar Systems	250.36	-
Sham Sunder	26.33	
	276.69	-

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Advance to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.08
Manipal Advertising Services Private Limited	-	140.00
	7,433.58	4,435.08
Interest Payable on borrowings		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	4.87
	-	4.87
Managerial remuneration payable		
Savitha Ashok Dhotre	0.68	1.35
Ashoka Bhima Dhotre	0.68	1.30
Basaka Bhima Dhotre	0.45	1.00
	1.81	3.65
Trade payables		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	132.93	0
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	21.72	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Sharada Bhimu Naik	0.96	-
Motilal Demmanna Naik	0.96	-
Shakuntala Naik	14.23	56.15
Manipal Travels (India) Private Limited	-	11.17
Basaka Bhima Dhotre	-	1.00
	209.06	114.15
Lease liabilities		
Metropolis Builders Private Limited	86.67	108.55
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	96.24
Jai Bharath Mills Private Limited	-	5.75
Jayamahal Trade and Investments Private Limited	153.70	163.90
Ashok Bhima Dhotre	231.32	173.79
Sunil Roopsingh Rathod	170.13	173.79
	641.82	722.02

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to		
any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	279.97	323.91
Interest due on above	33.12	31.54
	313.09	355.45

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
The amount of interest paid by the buyer in terms of section 16 of the		
MSMED Act 2006 along with the amounts of the payment made to the		
supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the year of delay in making		
payment (which have been paid but beyond the appointed day during the		
year) but without adding the interest specified under the MSMED Act 2006.	1.58	21.32
The amount of interest accrued and remaining unpaid at the end of each		
accounting year	33.12	31.54
The amount of further interest remaining due and payable even in the		
succeeding years, until such date when the interest dues as above are		
actually paid to the small enterprise for the purpose of disallowance		
as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	-

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

38. Leases

Short-term leases and lease of low-value assets

The Group also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,290.36 lakhs (March 31, 2022: Rs. 409.08 lakhs) have been recognised in the statement of profit and loss.

39. Contingent liabilities and capital commitments

(a) Contingent liabilities

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	1,072.45
- Sales tax	4,293.80	4,394.26
- Excise duty	2,212.13	2,212.13
- GST	636.97	-

The Company is contesting these demands and the management, based on the advise from its tax consultants, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised as of March 31, 2023. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Capital commitments

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Capital commitments (net of advances)	21.04	35.21

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Holding Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013. The Group has spent towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors of the Holding Company.

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Gross amount required to be spent by the Company during the year	142.94	217.01

Amount spent during the year ended March 31, 2023

(₹ in Lakh)

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	135.46	-	135.46

Amount spent during the year ended March 31, 2022

(₹ in Lakh)

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	202.99	-	202.99

In case of Section 135(5) (Other than ongoing projects)

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Opening balance	7.98	22.00
Amount required to be spent during the year	142.94	217.01
Amount spent during the year	135.46	202.99
Closing balance *	0.50	7.98

st Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

41. Employee benefits

Defined contribution plans

 $The Group makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. \\ During the year, the Group recognised Rs. 309.08 lakhs (March 31, 2022: Rs 345.67 lakhs) towards Provident fund contributions, Rs 9.14 lakhs (March 31, 2022: Rs 18.44 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022: Rs 0.13 lakhs) lakhs towards Labour Welfare fund.$

${\bf Post-employment\,obligation\,-\,Gratuity}$

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the standalone financial statements :

To the Members of **Kurlon Enterprise Limited**

(0.09)

27.77

(37.34)

145.01

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

Balance Sheet		(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	809.37	735.43
Plan assets	615.56	464.29
Net liability	193.83	271.14
Current	79.95	123.57
Non-current	113.88	147.57
Changes in the present value of defined benefit obligation		(₹ in Lakh
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	735.43	536.26
Service cost	82.77	109.83
Interest cost	49.54	31.00
Remeasurements - Actuarial loss/(gain)	29.50	182.35
Benefit paid	(87.85)	(124.01)
Balance at end of the year	809.39	735.43
Changes in the fair value of plan assets		(₹ in Lakh
Changes in the fair value of plan assets	As at March 31, 2023	(₹ in Lakh) As at March 31, 2022
Changes in the fair value of plan assets Balance at the beginning of the year	As at March 31, 2023 464.29	
		As at March 31, 2022
Balance at the beginning of the year	464.29	As at March 31, 2022 509.77
Balance at the beginning of the year Contributions made	464.29 201.86	As at March 31, 2022 509.77 11.85
Balance at the beginning of the year Contributions made Interest income	464.29 201.86 37.18	As at March 31, 2022 509.77 11.85 29.60
Balance at the beginning of the year Contributions made Interest income Payments	464.29 201.86 37.18	As at March 31, 2022 509.77 11.85 29.60 (124.01)
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets	464.29 201.86 37.18 (87.85)	As at March 31, 2022 509.77 11.85 29.60 (124.01)
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss	464.29 201.86 37.18 (87.85) - (0.25)	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26)
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets	464.29 201.86 37.18 (87.85) - (0.25) 0.34	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) - 37.34 464.29
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year	464.29 201.86 37.18 (87.85) - (0.25) 0.34	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) - 37.34 464.29
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year Statement of profit and loss	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) - 37.34 464.29 (₹ in Lakh)
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year Statement of profit and loss Service cost	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56 As at March 31, 2023	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) - 37.34 464.29 (₹ in Lakh) As at March 31, 2022
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year Statement of profit and loss Service cost Interest cost net of income	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56 As at March 31, 2023 82.77	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) 37.34 464.29 (₹ in Lakh) As at March 31, 2022 109.83
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year Statement of profit and loss Service cost Interest cost net of income Expenses on plan assets	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56 As at March 31, 2023 82.77	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) - 37.34 464.29 (₹ in Lakh) As at March 31, 2022 109.83 1.40
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56 As at March 31, 2023 82.77 12.36	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) - 37.34 464.29 (₹ in Lakh) As at March 31, 2022 109.83 1.40 0.26
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year Statement of profit and loss Service cost Interest cost net of income Expenses on plan assets Total	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56 As at March 31, 2023 82.77 12.36	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) 37.34 464.29 (₹ in Lakh) As at March 31, 2022 109.83 1.40 0.26 111.49
Balance at the beginning of the year Contributions made Interest income Payments Expenses on plan assets Actuarial loss Return on plan assets Balance at end of the year Statement of profit and loss Service cost Interest cost net of income Expenses on plan assets Total	464.29 201.86 37.18 (87.85) - (0.25) 0.34 615.56 As at March 31, 2023 82.77 12.36 - 95.13	As at March 31, 2022 509.77 11.85 29.60 (124.01) (0.26) 37.34 464.29 (₹ in Lakh) As at March 31, 2022 109.83 1.40 0.26 111.49 (₹ in Lakh)

Notes to the Consolidated financial statements for the year ended March 31, 2023

Principal assumptions used in determinining defined benefit obligation

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.50%-7.53%	7.13% to 7.52%
Expected return on plan assets	7.13%- 7.51%	6.52% to 7.12%
Salary escalation	5%-10%	5% to 8%
Employee turnover	5% to 10%	5% to 10%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Other comprehensive (income)/loss

insurance comp	panies				1	.00.00	J70			100.00%
				_						

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Principal assumptions used in determinining defined benefit obligation

(₹ in Lakh)

As at March 31, 2023	As at March 31, 2022
(48.64)	(49.55)
55.27	56.53
51.28	53.66
(46.75)	(48.06)
4.68	3.85
(5.13)	(4.40)
	(48.64) 55.27 51.28 (46.75)

The following payments are expected contributions to the defined benefit plan in future years:

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Within 1 year	80.40	50.86
1-2 year	74.51	63.93
2-3 year	80.08	57.45
3-4 year	78.91	66.03
4-5 year	34.34	54.68
5-10 year	226.39	193.84
10 years onwards	205.87	228.49

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 to 15.28 years (March 31, 2022: 9.73 to 15.48 years).

Return on plan assets

Total

42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

 $The carrying \ values \ and \ fair \ value \ measurement \ hierarchy \ of \ the \ Company's \ financial \ assets \ and \ financial \ liabilities \ are \ as \ below:$

(₹ in Lakh)

				(\ III Lakii
	March 3	1, 2022	March 31	l, 2021
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value through prof	it and loss			
Current assets				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	1,602.30	1,602.30	10,710.91	10,710.91
Financial assets measured at amortised cost				
Non-current assets				
Loans	2.28	2.28	321.92	321.92
Other financial assets	2,965.91	2,965.91	1,249.19	1,249.19
Current assets				
Trade receivables	5,529.89	5,529.89	5,606.76	5,606.76
Cash and cash equivalents	345.97	345.97	512.98	512.98
Other bank balances	152.69	152.69	4,250.71	4,250.71
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,590.09	15,590.09	164.90	164.90
	24,596.82	24,596.82	12,163.21	12,163.21
Financial liabilities measured at amortised cost				
Non-current liabilities				
Borrowings	59.32	59.32	62.87	62.87
Lease liabilities	3,911.16	3,911.16	1,853.20	1,853.20
Other financial liabilities	5,835.60	5,835.60	5,361.77	5,361.77
Current liabilities				
Borrowings	1,668.13	1,668.13	693.58	693.58
Lease liabilities	1,346.50	1,346.50	831.68	831.68
Trade payables	11,338.13	11,338.13	11,991.74	11,991.74
Other financial liabilities	1,088.41	1,088.41	1,202.86	1,202.86
	25,247.26	25,247.26	21,997.70	21,997.70

43. Financial risk management objectives and policies

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Holding Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a). Market risl

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

Notes to the Consolidated financial statements for the year ended March 31, 2023

I. Currency risk

The Company's exposure to currency risk as at year end is as below:

(₹ in Lakh)

March 31, 2023			March 31, 2022			
Currency	Foreign Currency	Rs. Lakhs	Currency	Foreign Currency	Rs. Lakhs	
USD	119,988	99.59	USD	360,732	272.58	
EUR	31,113	27.03	EUR	40,529	34.89	
USD	-	-	USD	2,242	1.70	
USD	-	-	USD	53,257	40.81	
EUR	-	-	EUR	6,223	5.42	
USD	27,732	22.39	USD	24,859	18.70	
	USD EUR USD USD USD EUR	Currency Foreign Currency USD 119,988 EUR 31,113 USD - USD - EUR -	Currency Foreign Currency Rs. Lakhs USD 119,988 99.59 EUR 31,113 27.03 USD - - USD - - EUR - -	Currency Foreign Currency Rs. Lakhs Currency USD 119,988 99.59 USD EUR 31,113 27.03 EUR USD - - USD USD - - USD EUR - - EUR	Currency Foreign Currency Rs. Lakhs Currency Foreign Currency USD 119,988 99.59 USD 360,732 EUR 31,113 27.03 EUR 40,529 USD - - USD 2,242 USD - - USD 53,257 EUR - - EUR 6,223	

(₹ in Lakh)

	A	As at March 31, 2023	As at March 31, 2022	
Basis point		Effect on profit before tax		
+5%			(5.21)	
(12.21)				

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Basis point	Effect on prof	t before tax
+1%		
(10.15) -		

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows:

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Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	Trade receivables		Loans & other	financial assets	Other assets	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	1,592.89	1,045.17	-	-	45.31	-
Allowance created/(reversed) during the year	73.53	547.72	276.68	-	(20.39)	45.31
At the end of the year	1,666.42	1,592.89	276.68	-	24.92	45.31

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring the sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring the sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring the sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring the sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring the sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring the sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions are sufficient liquidity to meet its liabilities when they are due, and the sufficient liquidity its liquidity and the sufficient liquidity its liquidity and the sufficient liquidity are sufficient liquidity and sufficient liquidity are sufficient liquidity and the sufficient liquidity are sufficient liquidity and sufficient liquidity are sufficient liquidity are sufficient liquidity and sufficient liquidity are sufficient liquidity and sufficient liquidit $unacceptable\ losses\ or\ risking\ damage\ to\ the\ Company's\ reputation.$

The table below provides details regarding the undiscounted contractual maturities of financial liabilities:

(₹ in Lakh)

	On Demand	Less than 1 year	1 - 5 years	More than 5 years	Total
March 31, 2023					
Borrowings	775.40	892.73	59.32	-	1,727.45
Lease liabilities	-	1,234.04	3,146.74	442.72	4,823.50
Trade payables	-	11,337.13	-	-	11,337.13
Other financial liabilities	-	1,088.41	5,835.60	-	6,924.01
Total	775.40	14,552.31	9,041.66	442.72	24,813.09
March 31, 2022					
Borrowings	-	693.58	62.87	-	756.45
Lease liabilities	-	896.25	1,796.15	742.01	3,434.41
Trade payables	-	11,991.74	-	-	11,991.74
Other financial liabilities	-	1,202.86	5,361.77	-	6,564.63
Total	-	14,784.43	7,220.79	742.01	22,747.23
	1.1 1.1.1 (6)			1. 1	

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk

44. Income tax

Income tax expense in the statement of profit and loss consists of :

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(₹ in Lakh)

Statement of Profit or loss.	As at March 31, 2023	As at March 31, 2022
Current tax	824.35	575.12
Deferred tax charge/(credit)	(1,033.85)	(747.41)
Income tax expense/(credit)	(209.50)	(172.29)
Tax relating to earlier years	(45.45)	(154.20)
Income tax expense reported in the statement of profit and loss	(254.95)	(326.49)
Income tax recognised in other comprehensive income/(loss)		
- Tax arising on income and expense recognised in other comprehensive income/	/(loss) 10.35	37.68
Total	10.35	37.68

Notes to the Consolidated financial statements for the year ended March 31, 2023

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian income tax rate to profit before taxes is as follows: (₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Profit before tax	791.74	(884.86)
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	199.27	(222.72)
Effect of :		
(Reversal)/Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of deferred tax asset on warranty provision provided in earlier year	-	0.00
Reversal of provision for current tax relating to earlier year	(45.45)	(154.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	(442.87)	297.08
Total income tax expense	(254.95)	(326.49)

Deferred tax

Deferred tax relates to the following:

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	Balance Sheet		Statement of Profit and Loss	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Property, plant and equipment	(1,599.01)	(1,718.31)	(119.30)	(56.64)
Right of use assets	(688.61)	(516.30)	172.31	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
Gross deferred tax liability	(2,519.20)	(2,609.66)	(90.46)	(170.11)
Deferred tax asset				
Temporary differences arising on account of disallowance	1,185.98	524.21	(661.77)	(261.14)
under section 36(1)(vii)				
Section 43B disallowance	72.45	69.65	(2.80)	(69.65)
Section 35DD disallowance on amalgamation expenses	4.45	12.62	7.94	8.17
Lease liabilities	457.37	252.35	(205.02)	(140.06)
Provision for gratuity	39.20	56.47	17.27	(56.47)
Provision for Leave Encashment	29.86	4.95	(24.91)	(4.95)
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Disallowance under Sec 40a(ia)	0.38	54.97	54.59	(53.21)
Net deferred tax assets (net)	(600.83)	(1,634.45)	(1,033.85)	(747.41)
Net deferred tax credit/(charge)			(1,033.85)	(747.41)

45. Ratio analysis and its elements

ioi natio analysi	5 and 115 cicinonis					
Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.32	2.36	-2%	
Debt equity ratio	Total debt	Shareholder's equity	0.04	0.02	124%	Due to increase in borrowings in current year leading to the deterioration of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses	Debt service = Interest and lease payments + Principal repayments	4.50	2.04	121%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on equity ratio	Net profits after taxes – Preference dividend	Average shareholder's equity	0.02	-0.01	295%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.86	3.95	23%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	15.42	14.35	7%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.06	6.87	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.63	3.49	4%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	0.01	-0.01	271%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax liability	0.03	-0.01	578%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.07	0.04	85%	Due to increase in Profit during the current year leading to the improvement of the ratio.

Notes to the Consolidated financial statements for the year ended March 31, 2023

46. Other statutory information

- (i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- (ii) The Group does not have any transactions with companies struck off except as follows:

Name of the Struck off Company	Nature of transaction with stuck off company	Amount Receivable
Marz Furniture Center	Sale of Furniture	2.70

- (iii) The Group does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.
- (iv) The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

47. Statutory Group Information

A. Contribution of net assets/(liability) in the consolidated financial statements:

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	47,809.96	102%	49,342.09	107%
Subsidiaries				
Kurlon Retail Limited	(1,894.56)	-4%	(1,832.37)	-4%
Sirar Dhotre Private Limited	(75.47)	0%	41.22	0%
Sevelal Solar Private Limited	(80.80)	0%	(37.47)	0%
Sirar Solar Energies Private Limited	(96.87)	0%	37.21	0%
Belvedore International Limited	(132.74)	0%	(36.61)	0%
Komfort Universe Products and Services Limited	(381.48)	-1%	(388.84)	-1%
Starship Value Chain and Manufacturing Private Limited	789.20	2%	546.24	1%
Kanvas Concepts Private Limited	(112.84)	0%	(112.19)	0%
Home Komfort Retail LLP	0.08	0%	(2.39)	0%
Total	45,824.47	98%	47,556.88	103%
Adjustments arising out of consolidation	1,163.70	2%	(1,418.46)	-3%
Total	46,988.17	100%	46,138.42	100%

B. Contribution of profit/(loss) in the consolidated financial statements:

	March 31, 2023		March 31,	2022
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(1,317.45)	-126%	357.96	-64%
Subsidiaries				
Kurlon Retail Limited	(59.21)	-6%	(1,238.84)	222%
Sirar Dhotre Private Limited	(116.70)	-11%	19.69	-4%
Sirar Solar Private Limited	(43.32)	-4%	(13.99)	3%
Sevalal Solar Private Limited	(134.07)	-13%	17.58	-3%
Belvedore International Limited	(99.85)	-10%	(41.45)	7%
Komfort Universe Products and Services Limited	(9.08)	-1%	(393.86)	71%
Starship Value Chain and Manufacturing Private Limited	242.37	23%	293.47	-53%
Kanvas Concepts Private Limited	(0.65)	0%	(92.68)	17%
Home Komfort Retail LLP	(0.88)	0%	(2.39)	0%
Total	(1,538.84)	-147%	(1,094.48)	196%
Adjustments arising out of consolidation	2,585.50	247%	536.12	-96%
Total	1,046.66	100%	(558.37)	100%
	1,040.00		(336.37)	100

C. Share in other comprehensive income/(loss):

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(31.47)	181%	(112.00)	104%
Subsidiaries				
Kurlon Retail Limited	(2.98)	17%	4.67	-4%
Sirar Dhotre Private Limited	-	0%	-	0%
Sirar Solar Private Limited	-	0%	-	0%
Sevalal Solar Private Limited	-	0%	-	0%
Belvedore International Limited	-	0%	-	0%
Komfort Universe Products and Services Limited	16.44	-94%	-	0%
Starship Value Chain and Manufacturing Private Limited	0.59	-3%	-	0%
Kanvas Concepts Private Limited	-	0%	-	0%
Home Komfort Retail LLP	-	0%	-	0%
Total	(17.42)	100%	(107.33)	100%
Adjustments arising out of consolidation	-	0%	-	0%
Total	(17.42)	100%	(107.33)	100%

Notes to the Consolidated financial statements for the year ended March 31, 2023

D. Share in total comprehensive income/(loss):

	March 31, 2023		March 31, 2022	
-	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(1,348.92)	-131%	245.96	-37%
Subsidiaries				
Kurlon Retail Limited	(62.19)	-6%	(1,234.17)	185%
Sirar Dhotre Private Limited	(116.70)	-11%	19.69	-3%
Sirar Solar Private Limited	(43.32)	-4%	(13.99)	2%
Sevalal Solar Private Limited	(134.07)	-13%	17.58	-3%
Belvedore International Limited	(99.85)	-10%	(41.45)	6%
Komfort Universe Products and Services Limited	7.36	1%	(393.86)	59%
Starship Value Chain and Manufacturing Private Limited	242.96	24%	293.47	-44%
Kanvas Concepts Private Limited	(0.65)	0%	(92.68)	14%
Home Komfort Retail LLP	(0.88)	0%	(2.39)	0%
Total	(1,556.26)	-151%	(1,201.81)	181%
Adjustments arising out of consolidation	2,585.50	251%	536.12	-81%
Total	1,029.24	100%	(665.70)	100%

48. Business combinations

(a). Acquisition of Home Komfort Retail LLP under common control during the year ended March 31, 2023

During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedore International Limited has acquired business from Home Komfort Retail LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method. The subsidiary company has entered into Business Transfer agreement dated September 08, 2022 with Home Komfort Retail LLP to sell its assets and liabilities that constitute a business for a consideration of Rs. 0.11 lakhs and has recorded Rs. 3.71 lakhs as 'Capital Reserve'.

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on April 01, 2022.

Fair value recognised on acquisition	Amount
Total Assets	247.39
Total Liabilities	(243.57)
Total fair value of net assets acquired (A)	3.82
Purchase consideration (B)	0.11
Capital Reserve arising on acquisition (A-B)	3.71

To the Members of **Kurlon Enterprise Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2023

(b) Acquisition of Starship Global VCT LLP under common control during the year ended March 31, 2022

During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private Limited has acquired business from Starship Global VCT LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method. The subisidary company has entered into Business Transfer agreement dated March 01,2022 with Starship Global VCT to sell its assets and liabilities that constitute a business for a consideration of Rs. 0.5 lakhs and has recorded Rs. 251.27 lakhs as 'Capital Reserve'.

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on April 01, 2021.

Fair value recognised on acquisition	Amount
Property, plant and equipment	3.95
Capital Work In Progress	2.15
Other financial assets	228.58
Other assets	123.14
Trade receivables	429.45
Cash and cash equivalents	482.80
Financial liabilities - borrowings	(0.18)
Trade payables	(208.05)
Other current liabilities	(670.07)
Short term provisions	(140.00)
Total fair value of net assets acquired (A)	251.77
Purchase consideration (B)	0.50
Capital Reserve arising on acquisition (A-B)	251.27

49. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Group's capital management is to maximize the shareholders value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Group includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

To the Members of **Kurlon Enterprise Limited**

FINANCIAL Statements

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Borrowings	1,727.45	756.45
Lease liabilities	5,257.67	2,684.88
Less: Cash and cash equivalents and other bank balances	498.66	4,763.69
Net debt (A)	6,486.47	(1,322.36)
Equity	46,988.17	46,138.42
Total equity capital (B)	46,988.17	46,138.42
Total debt and equity (C)=(A)+(B)	53,474.65	44,816.06
Gearing ratio (A)/©	12%	-3%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

50. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kurlon Limited) and Kurlon Trading and Invest management Private Limited in the Holding company ("SPA"). The aforesaid transaction is subject to fullfillment of prescribed conditions as mentioned in SPA.

51. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022.

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner

Membership No.: 213803

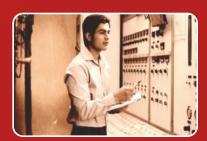
Place : Bengaluru Date: August 29,2023 For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN: 00043298 H. N. Shrinivas Director DIN - 07178853

Jyothi Ashish Pradhan Chief Executive Officer Abhilash Padmanabh Kamti
Chief Financial Officer

Company Secretary

Place : Bengaluru Date: August 29,2023









Our state of the art manufacturing facilities



State-of-art imported machinery in all our manufacturing facilities ensure world class quality, reliability & scalability of production. Use of virgin raw materials assure product quality, performance and durability. Modern testing facilities ensure that adherence to quality norms is maintained. Adapt R&D makes sure that we are second to none and churns out innovative products.









www.kurlon.com

Registered Office:

1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri (East) Mumbai - 400 059.

Corporate Office:

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042. Tel. No.: +91 80 40313131 Email id: secretary@kurlon.com Website : www.kurlon.com



DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 2nd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2022.

1. Financial highlights

The Company's financial performance, for the period ended 31st March, 2022 is summarized below;

(IN Lakhs)

Particulars	2021-2022	2020-2021
Revenue from operations	g	_
Other Income	0.09	0.03
Profit/Loss Before Financial charges, tax and Depreciation	(41.45)	(0.15)
Less: Finance Charges	÷.	-
Profit/Loss before	(41.45)	(0.15)
Depreciation/Amortization	27 6	
Less: Depreciation	-	-
Net Profit/Loss Before Taxation (PBT)	(41.45)	(0.15)
Add/Less: Income Tax/Earlier year's tax	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	-
Add/Less: Deferred tax	<u>12</u>	-
Profit after Taxation (PAT)	(41.45)	(0.15)
Provision for Proposed Dividend	-	
Other comprehensive income		-
Total comprehensive Income/Loss for the year	(41.45)	(0.15)
Earnings per share (EPS).	(82.91)	(0.29)

^{*} Figures of previous year have been regrouped whenever necessary.

2. State of Company's Affairs

The Company is engaged in the business of trading of all type of goods including Mattresses, Pillows, Furniture and other related Products and Services of International Brands on retail and B2B basis in India. During the year under review, the revenue from operations was NIL. The Net Loss has increased from Rs. 0.15 Lakhs to Rs. 41.45 Lakhs during the year.

3. Covid-19

The financial year ended March 31, 2022 marked the second year since the World Health Organization declared the outbreak of COVID-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated localized restrictions and lockdown.

In April 2021, India witnessed a second wave of infections followed by another wave of infections in the fourth quarter of FY22. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when announced. Operations and revenue have been impacted due to COVID-19.

4. Dividend

Due to losses, the Board did not recommend any dividend during the year.

5. Transfer to Reserves

Since the Company has incurred a loss of Rs. 41.45 Lakhs, there are no amount transferred to reserves.

6. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

7. 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.

8. 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 22.

Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

10. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

11. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS").

12. Changes in Share capital

The Authorized share capital of the Company is 5,00,000/- (Rupees Five Lakhs Only) divided

into 50000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, Subscribed and paid up capital of the Company as at March 31, 2022 is 5,00,000/- (Rupees Five Lakhs Only) divided into 50000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

13. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

During the year under review, there is no change in the composition of the Board of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation
00043298	Sri. T Sudhakar Pai	Director
00030515	Mrs. Jaya S Pai	Director
06733156	Mrs. Jyothi A Pradhan	Director

Mr. T Sudhakar Pai (DIN: 00043298), Mrs. Jaya S Pai (DIN: 00030515) and Mrs. Jyothi Ashish Pradhan (DIN: 06733156) who named as first directors of the Company by virtue of subscription to Memorandum and Association (MOA) and Articles of Association (AOA) of the Company, were reappointed by the

Company in its first AGM held on November 23, 2021.

In accordance of the applicable provisions of the Act, Mr. T Sudhakar Pai (DIN: 00043298), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. T Sudhakar Pai would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

14. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 5 (Five) Board Meetings were convened and held as on 29.06.2021, 28.07.2021 03.09.2021, 25.10.2021 and 28.02.2022 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2022 are as follows;

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings Attended	AGM
Mr. T Sudhakar Pai	Non- Executive Director	5	5	Yes
Mrs. Jaya S Pai	Non- Executive Director	5	4	No
Mrs. Jyothi Ashish Pradhan	Non- Executive Director	5	5	Yes

15. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

16. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2022 have been prepared on a going concern basis;
- e. 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.

17. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone financial statements of the Company for FY 2021-22 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

The Directors state that the overall turnover of the company does not exceed the limit prescribed for maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, accordingly such accounts and records are not made and maintained by the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

18. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since inception.

19. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulate/constitute any Audit Committee of the Board.

20. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

21. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

22. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company

23. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, There were no guarantees and investments made by the Company.

24. Internal Audit And Control

Your Company does not fall within the preview of section 138.

25. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

26. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 14 of audited Financial Statements of the Company for FY 22. The details of the related party transactions in form AOC-2 are provided in **Annexure A.**

27. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

28. Risk Management Policy

The Board of Directors facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. At present the Company has not identified any element of risk which may threaten the existence of the Company.

29. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

30. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

31. 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 22 will be filed to ROC within the prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report does not arise.

32. 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.

33. 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.

34. 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.

35. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's; during the year under review, no capital investment is made by the company on energy conservation equipment.

B. Technology absorption-

- (i) The efforts made towards technology absorption; None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; -Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - (a) The details of technology imported; none
 - (b) The year of import; Not Applicable
 - (c) Whether the technology has been fully absorbed: **Not applicable**
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv) The expenditure incurred on R&D: Nil

d) Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow.

36. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The disclosure is not mandatory under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 as the Company does not have more than 10 employees.

37. Acknowledgements

Your Company takes this opportunity to thank all the Shareholders and investors of the Company for their continued support.

For and on Behalf of the Board For **BELVEDORE INTERNATIONAL LIMITED**

05

(T SUDHAKAR PAI) Director DIN: 00043298

TypuRadhan

(JYOTHI ASHISH PRADHAN) Director DIN: 06733156

> Date: 05.09.2022 Place: Mumbai

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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.

Sr. No	Particulars	Details	
1.	Details of contracts or arrangements or transactions not at arm's length basis: (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts/arrangements/transactions	There were no contracts or arrangements or transactions entered into during the year ended March 31, 2022, which were not at arm's length basis.	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any		
	(e) Justification for entering into such contracts or arrangements or transactions		
	(f) Date of approval by the Board		
	(g) Amount paid as advances, if any:		
	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188		
	Details of material contracts or arrangement or transactions at arm's length basis: (a) Name(s) of the related party and nature of relationship	There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2022	
	(b) Nature of contracts/arrangements /transactions		
	(c) Duration of the contracts/arrangements /transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any:		
	(e) Date(s) of approval by the Board, if any:		
	(f) Amount paid as advances, if any		

For and on Behalf of the Board For **BELVEDORE INTERNATIONAL LIMITED**

Date: 05.09.2022 Place: Bangalore

> (T. Sudhakar Pai) Director

DIN: 00043298

Typheradian

(Jyothi Ashish Pradhan) Director DIN: 06733156

DIRECTOR'S REPORT

Dear Members.

Your Directors have pleasure in presenting their 3rd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2023.

1. Financial highlights

The Company's financial performance, for the period ended 31st March, 2023 is summarized below;

(IN Lakhs)

Particulars	2022-2023	2021-2022
Revenue from operations	1320.66	1362.28
Other Income	39.15	0.09
Profit/Loss Before Financial charges, tax and Depreciation	(92.82)	(44.18)
Less: Finance Charges	1.63	0.03
Profit/Loss before	(94.45)	(44.21)
Depreciation/Amortization	22 0	
Less: Depreciation	0.69	-
Net Profit/Loss Before Taxation (PBT)	(95.14)	(44.21)
Add/Less: Income Tax/Earlier year's tax	=	
Add/Less: Deferred tax	(1.48)	~
Profit after Taxation (PAT)	(93.66)	(44.21)
Provision for Proposed Dividend	-	-
Other comprehensive income	=	·=
Total comprehensive Income/Loss for the year	(93.66)	(44.21)
Earnings per share (EPS).	(187.33)	(88.42)

^{*} Figures of previous year have been regrouped whenever necessary.

2. State of Company's Affairs

The Company is engaged in the business of trading of all type of goods including Mattresses, Pillows, Furniture and other related Products and Services of International Brands on retail and B2B basis in India. During the year under review, the revenue from operations was Rs. 1320.66 Lakhs as against Rs. 1362.28. The Net Loss has increased from Rs. 44.21 Lakhs to Rs. 95.14 Lakhs during the year.

3. Dividend

Due to losses, the Board did not recommend any dividend during the year.

4. Transfer to Reserves

Since the Company has incurred a loss of Rs. 93.66 Lakhs, there are no amount transferred to reserves.

5. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

6. 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.

 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.

8. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

9. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

10. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS").

11. Changes in Share capital

The Authorized share capital of the Company is 5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, Subscribed and paid up capital of the Company as at March 31, 2023 is 5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

12. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

During the year under review, there is no change in the composition of the Board of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation
00043298	Mr. T Sudhakar Pai	Director
00030515	Mrs. Jaya S Pai	Director
06733156	Mrs. Jyothi A Pradhan	Director

Mr. T Sudhakar Pai (DIN: 00043298), Mrs. Jaya S Pai (DIN: 00030515) and Mrs. Jyothi Ashish Pradhan (DIN: 06733156) who named as first directors of the Company by virtue of subscription to Memorandum and Association (MOA) and Articles of Association (AOA) of the Company, were reappointed by the Shareholders in its first AGM held on November 23, 2021.

In accordance of the applicable provisions of the Act, Mrs. Jaya Sudhakar Pai (DIN: 00030515), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mrs. Jaya Sudhakar Pai would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

13. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 5 (Five) Board Meetings were convened and held as on 21/04/2022, 04/06/2022, 05/09/2022, 29/11/2022 and

27/03/2023 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2023 are as follows;

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance
Mr. T Sudhakar Pai	Non- Executive Director	5	5	Yes
Mrs. Jaya S Pai	Non- Executive Director	5	5	Yes
Mrs. Jyothi Ashish Pradhan	Non- Executive Director	5	5	Yes

14. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

15. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. 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;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- 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. The annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis;
- e. 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.

16. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by

the Auditors in the Audit Report. However, the auditors have emphasized on the material uncertainty on the Company's ability to continue as a going concern, the Board has taken note of the same and assure that they will perform well in the upcoming years.

Disclosure about Cost Records:

The Directors state that the overall turnover of the company does not exceed the limit prescribed for maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, accordingly such accounts and records are not made and maintained by the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

17. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since inception.

18. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulate/constitute any Audit Committee of the Board.

19. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

20. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

21. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company

22. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, there were no guarantees and investments made by the Company.

23. Internal Audit and Control

Your Company does not fall within the preview of section 138.

24. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors have carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

25. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 29 of audited Financial Statements of the Company for FY 2022-23. The details of the related party

transactions in form AOC-2 are provided in Annexure A.

26. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

27. Risk Management Policy

The Board of Directors facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. At present the Company has not identified any element of risk which may threaten the existence of the Company.

28. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

29. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

30. 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 Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report does not arise.

31. 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.

32. 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.

33. 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.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

 a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's

During the year under review, no capital investment is made by the company on energy conservation equipment.

A. Technology absorption-

(i) The efforts made towards technology absorption; - None

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; -Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - (a) The details of technology imported; none
 - (b) The year of import; Not Applicable
 - (c) Whether the technology has been fully absorbed: Not applicable
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv) The expenditure incurred on R&D: Nil

d) Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow.

35. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

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.

36. Acknowledgements

Your Company takes this opportunity to thank all the Shareholders and investors of the Company for their continued support.

For and on Behalf of the Board For **BELVEDORE INTERNATIONAL LIMITED**

TONSE SUDHAKAR PAI Director

DIN: 00043298

Jaya Sudhakar Pai Director DIN: 00030515

> Date: 25.07.2023 Place: BENGALURU

FORM NO. 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

Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2023 as follows;

Name of Related party	Nature of relationship	Nature of transactions	Duration of contract	Salient terms	Date of board approval	Amount (In Lakhs)
Kurlon Enterprise Ltd.	Holding Co.	Purchase of Goods	Ongoing	as per MOU	04.06.2022	578.91
Kurlon Enterprise Ltd	Holding Co	Sale of Goods	Ongoing	as per MOU	04.06.2022	35.61
Kurlon Retail Ltd.	Fellow Subsidiary	Sale of Goods	Ongoing	as per MOU	04.06.2022	18.16
Kurlon Enterprise Ltd.	Holding Co.	Other Income	Ongoing	as per MOU	04.06.2022	39.13
Ashish Vilas Pradhan	Relative of Director	Borrowings	Ongoing	as per MOU	04.06.2022	1.65
Tonse Sudhakar Pai	Director	Borrowings	Ongoing	as per MOU	04.06.2022	1.65
Home Komfort Retail LLP	Entity significantly Influenced by Directors and their relatives	Business Transfer	Ongoing	as per BTA*	05.09.2022	3.81

^{*}The LLP has signed the BTA with M/s Belvedore International Limited effective from 01/09/2022.

For and on Behalf of the Board For BELVEDORE INTERNATIONAL LIMITED

Jaya Sudhakar Pai

Date: 25.07.2023

T. Sudhakar Pai Director

Director DIN: 00043298 DIN: 00030515

DIRECTOR'S REPORT

Dear Members.

Your Directors have pleasure in presenting their 1st Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2021.

1. Financial highlights

The Financial Performance of your Company for the year ended March 31, 2021 is given hereunder;

(Amount in Rs.)

2020-2021	
-	
(14,631)	
9	
(14,631)	
(14,631)	
-	
4	
(14,631)	
=	
a,	
(14,631)	
(0.29)	

^{*} Financials figures are shown from the date of incorporation of the Company till March 31, 2021.

2. State of Company's Affairs

Your Company is a newly incorporated Company and it has been only (4) months of its Incorporation. The Company is yet to commence its business activities. The Company is in its initial stage where the expenses forms the major part of Profit and Loss a/c. Thereby, there is a loss of Rs. 14,631/-.

3. Covid-19

It is quite unfortunate and sad that Corona Virus has caused significant health concerns across the Globe and resulted in multiple deaths. Social distancing being the first compulsory remedy to curtain curb of deadly corona Virus followed by the subsequent vaccination. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the

Lockdown when announced. Operations and revenue have been impacted due to COVID-19.

4. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

5. Transfer to Reserves

Since the Company has incurred a loss of Rs. 14,631/-there are no amount transferred to reserves.

6. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

7. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

8. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

9. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS").

10. Changes in Share capital

The Authorized share capital of the Company is 5,00,000/- (Rupees Five Lakhs Only) divided into 50000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as at March 31, 2021 is 5,00,000/- (Rupees Five Lakhs Only) divided into 50000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

11. Directors and Key Managerial Personnel

During the year under review, there is no change in the composition of the Board of the Company.

Mr. T Sudhakar Pai (DIN: 00043298), Mrs. Jaya S Pai (DIN: 00030515) and Mrs. Jyothi Ashish Pradhan (DIN: 06733156) are named as first directors of the Company by virtue of

subscription to Memorandum and Association (MOA) and Articles of Association (AOA) of the Company to hold office till first Annual General Meeting of the Company.

Their reappointment as non-Executive directors of the Company is being placed in the first Annual General Meeting of the Company for Members approval.

There is no change in the composition of the Board of the Company during the period under review except as stated above

12. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 3 (Three) Board Meetings were convened and held as on 13.01.2021, 03.02.2021 and 29.03.2021 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2021 is as follows

Name of the Director	Category	No. of Boar d Meeti ngs held	No . of Board Meeti ngs Atten ded	Last AG M Atten dance
Mr. T Sudhakar Pai	First Director	3	3	N A
Mrs. Jaya S Pai	First Director	3	1	N A
Mrs. Jyothi Ashish Pradhan	First Director	3	3	N A

13. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

14. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2021 have been prepared on a going concern basis;
- e. 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.

15. Auditors and Auditors' report

Statutory Auditors

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), was appointed as First Auditor of the Company in the first board meeting of the Company to hold the office of the Statutory Auditors of the Company from the conclusion of first Board Meeting until the conclusion of the ensuing Annual General Meeting and to conduct the Statutory Audit for the period ended March 31, 2021 on such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors.

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), has shown his unwillingness to continue as the Statutory Auditor of the Company for further period and accordingly tendered his resignation vide his letter dated 03.09.2021. The Board at their meeting held on September 3, 2021,

unanimously resolved to appoint M/s. ASA & Associates, LLP, Chartered Accountants,

Bangalore [Firm Registration No. : 009571N/N500006] as the statutory auditors of the Company to fill the casual vacancy Caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants, to hold office till the conclusion of this Annual General Meeting

Board also approved appointment of M/s. ASA & LLP, Chartered Associates, Accountants, Bangalore Firm Registration No. 009571N/N500006] as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 6th Annual General Meeting to be held in year 2026 subject to your approval in forthcoming annual general meeting of the Company.

The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 141(3) of the Companies Act, 2013.

After enactment of the Companies (Amendment) Act, 2017, the provisions with respect to the annual ratification of the auditors have been omitted from the Companies (Audit and Auditors) Rules 2014.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

16. Transfer to Investor Education and Protection Fund (IEPF)

Your Company is a newly incorporated Company. Therefore, the requirement of transfer of shares and dividend pursuant to IEPF Rules is not applicable to the Company.

17. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

18. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

19. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

20. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not

applicable. Also, There were no guarantees and investments made by the Company.

21. Internal Audit And Control

Your Company does not fall within the preview of section 138.

22. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their

effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

23. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 20 of audited Financial Statements of the Company for FY 21. The details of the related party transactions in form AOC-2 are provided in Annexure A.

24. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

25. Risk Management Policy

The Company has no risk management policy and no formal committee is constituted for this purpose.

26. Public Deposits

The Company has not accepted any deposit falling within the purview of Section 73 of the Companies Act, 2013 read with rules made thereunder.

27. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

28. 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 21 will be filed to ROC within the

prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

29. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

30. 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.

31. 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.

32. Conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) CONSERVATION OF ENERGY	
The steps taken or impact on conservation of energy	NA
The steps taken by the company for utilizing alternate sources of Energy	NA
(B) TECHNOLOGY ABSORPTION	
The efforts made towards technology absorption	NA
The benefits derived like product improvement, cost reduction, product development or import substitution	NA
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
The expenditure incurred on research and development	NA

The Company has no foreign exchange earnings and no outgo transactions of during the year

33. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company adopted Prevention of Sexual Harassment at Workplace Policy in the meeting of Board of Directors dated 03.09.2021.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

34. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support. The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic.

For and on Behalf of the Board For **BELVEDORE INTERNATIONAL LIMITED**

(T. Sudhakar Pai) DIN: 00043298

(Jyothi Ashish Pradhan) DIN: 06733156

TyphRadler

Date: 03.09.2021 Place: Bangalore

ANNEXURE-"A"

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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.

Sr. No	Particulars	Details
1.	Details of contracts or arrangements or transactions not at arm's length basis:	There were no contracts or arrangements or transactions entered
	(a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions	into during the year ended March 31, 2021, which were not at arm's length
	(c) Duration of the contracts/arrangements/transactions	basis.
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
	(e) Justification for entering into such contracts or arrangements or transactions	
	(f) Date of approval by the Board	
	(g) Amount paid as advances, if any:	
	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis:	There were no material contractsor arrangements or transactions entered
	(a) Name(s) of the related party and nature of relationship	into during the year ended March 31,
	(b) Nature of contracts/arrangements /transactions	2021
	(c) Duration of the contracts/arrangements /transactions	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
	(e) Date(s) of approval by the Board, if any:	
	(f) Amount paid as advances, if any	

For and on Behalf of the Board For **BELVEDORE INTERNATIONAL LIMITED**

Date: 03.09.2021 Place: Bangalore

> (T. Sudhakar Pai) Director DIN: 00043298

(Jyothi Ashish Pradhan) Director

DIN: 06733156

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 3rd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2023.

1. Financial highlights

The Company's financial performance, for the period ended 31st March, 2023 is summarized below; (In Lakh)

Particulars	2022-2023	2021-2022
Revenue from operations	39.42	36.73
Other Income	4.31	1.26
Total Income	43.73	37.99
Profit/Loss Before Financial charges, tax and	(2.6)	(77.07)
Depreciation		
Less: Finance Charges	-	
Profit before Depreciation/Amortization	(2.6)	(77.07)
Less: Depreciation	2.16	12.20
Profit/Loss Before Taxation (PBT)	(4.76)	(89.27)
Add/Less: Income Tax/Earlier year's tax	-	k a t)
Add/Less: Deferred tax	(4.12)	3.42
Profit/Loss after Taxation (PAT)	(0.64)	(92.69)
Provision for Proposed Dividend	-	-
Other comprehensive income		· = ·
Total comprehensive Income/Loss for the year	(0.64)	(92.69)
Earnings per share (EPS).	(0.43)	(926.88)

2. State of Company's Affairs

The Company is engaged in the business of Interior design. During the year under review the revenue of the Company has increased from Rs. 36.73 lakhs in the Financial Year 2021-22 to Rs. Rs. 39.42 Lakhs in the Financial Year 2022-23 and net loss of the Company was Rs. 0.64 lakhs as compared to loss of Rs. 92.69 Lakhs in previous year. The Board is hopeful that the current year will show better results.

3. Dividend

Since the Company has incurred losses during the financial year 2022-23, it would not be able to recommend any dividend for the year ended 31st March, 2023.

4. Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

As Company has not done any one-time settlement during the year under review hence no disclosure is required

5. 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.

6. Transfer to Reserves

Since the Company has incurred a loss of Rs. 0.64 Lakhs, there are no amount transferred to reserves.

7. Change in the nature of business

During the year under review there has been no change in the nature of business of the Company.

8. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

9. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

10. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

11. Changes in Share capital

During the year under review, the Authorized share capital of the Company has been increased from Rs. 1,00,000/- (Rupees One Lakh Only) divided into 10000 (Ten Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 1,50,00,000/- (Rupees One Crore Fifty Lakhs Only) divided into 15,00,000 (Fifteen Lakhs) Equity shares of Rs. 10/- (Rupeen Ten) each. The increase in Authorised Share capital has been done vide special resolution passed by the Shareholders of the Company in the Extra-Ordinary General Meeting of the Company held on January 27, 2023.

The issued, subscribed and paid up capital of the Company as at March 31, 2023 is Rs. 1,00,000/-(Rupees One Lakh Only) divided into 10000 (Ten Thousand) Equity Shares of Rs. 10/- (Rupees Ten) 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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

12. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company/

Mr. T Sudhakar Pai (DIN: 00043298) and Mr. Ashish Vilas Pradhan (DIN: 08630024) who named as first directors of the Company, were reappointed by the Company in its first AGM held on November 23, 2021.

Mr. Sanjoy Khan (DIN: 06492480) who was appointed as an additional director on the board of the Company on December 1, 2020 had resigned vide his letter dated 27.07.2021. The Board of Directors at their meeting held on July 27, 2021 appointed Mrs. Jyothi Ashish Pradhan (DIN: 06733156) as an additional director of the Company to hold the office till the conclusion of ensuing Annual general meeting of the Company.

The appointment of Mrs. Jyothi Ashish Pradhan as a Non-Executive Director was placed before the shareholders in first AGM which was approved unanimously by the members.

In accordance of the applicable provisions of the Act, Mr. Ashish Vilas Pradhan (DIN: 08630024), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. Ashish Vilas Pradhan would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation	
00043298	Mr. T Sudhakar Pai	Director	
00030515	Mr. Ashish Vilas Pradhan	Director	
06733156	Mrs. Jyothi A Pradhan	Director	

13. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 5 (Five) Board Meetings were convened and held as on 09/05/2022, 19/08/2022, 05/09/2022, 29/11/2022 and 23/01/2023 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2023 are as follows:

Name of the Director	ctor Category No. of I Meetin		No. of Board Meetings Attended	Last AGM Attendance	
Mr. T Sudhakar Pai	Director	5	5	Yes	
Mr. Ashish Vilas Pradhan	Director	5	5	Yes	
Mrs. Jyothi Ashish Pradhan	Director	5	3	Yes	

14. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

15. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

a. 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;

- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis;
- e. 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.

16. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

The Directors state that the overall turnover of the company does not exceed the limit prescribed for maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, accordingly such accounts and records are not made and maintained by the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

17. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid

Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since its inception.

18. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

19. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

20. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

21. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

22. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, there were no guarantees and investments made by the Company.

23. Internal Audit and Control

Your Company does not fall within the preview of section 138

24. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors has carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

25. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 22 of audited Financial Statements of the Company for FY 2022-23. The details of the related party transactions in form AOC-2 are provided in Annexure A.

26. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than one crore and two lakh rupees per annum, more than Eight Lakhs fifty thousand per month and more than remuneration of Managing Director or Whole Time Director.

27. Risk Management Policy

Company, in the areas of risk identification, assessment, monitoring The Board of Directors facilitates the execution of Risk Management Practices in the, mitigation and reporting. At present

the Company has not identified any element of risk which may threaten the existence of the Company.

28. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

29. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

30. 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 Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report does not arise.

31. 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.

32. 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.

33. 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.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's: Nil

B. Technology absorption-

- (i) The efforts made towards technology absorption; None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; - Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) The details of technology imported; none
- (b) The year of import; Not Applicable
- (c) Whether the technology has been fully absorbed: Not applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv) The expenditure incurred on R&D: Nil

C. Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow

35. Disclosure under the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company had adopted Prevention of Sexual Harassment at Workplace Policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

36. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support.

> For and on Behalf of the Board For KANVAS CONCEPTS (P) LIMITED

T Sudhakar Pai Director

DIN: 00043298

Jaya Sudhakar Pai Director

Song P.

DIN: 00030515

Date: 26.07.2023 Place: Bangalore

FORM NO. 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 Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2023 as follows;

SL No	Name of the Related Party	Nature of Relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board Approval	Amount (In Lakhs)
1.	Kurlon Retail Limited	Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Sales Promotion ,insurance Expenses & other expenses	Ongoing	As per MOU	09/05/2022	110.61
2.	Kurlon Retail Limited	Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Trade Receivable	Ongoing	As per MOU	09/05/2022	41.80

For and on Behalf of the Board For KANVAS CONCEPTS PRIVATE LIMITED

Date: 26.07.2023 Place: Bangalore

> Tonse Sudhakar Pai Director DIN: 00043298

Jaya Sudhakar Pai Director DIN: 00030515

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 2nd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2022.

1. Financial highlights

The Company's financial performance, for the period ended 31st March, 2022 is summarized below; (In Lakh)

Particulars	2021-2022	2020-2021
Revenue from operations	36.73	15.62
Other Income	1.26	2
Total Income	37.99	15.62
Profit/Loss Before Financial charges, tax and	(77.07)	(19.54)
Depreciation		
Less: Finance Charges	-	
Profit before Depreciation/Amortization	(77.07)	(19.54)
Less: Depreciation	12.20	0.27
Profit/Loss Before Taxation (PBT)	(89.27)	(19.81)
Add/Less: Income Tax/Earlier year's tax	-	13.7
Add/Less: Deferred tax	3.42	0.70
Profit/Loss after Taxation (PAT)	(92.69)	(20.51)
Provision for Proposed Dividend		-
Other comprehensive income		<u> </u>
Total comprehensive Income/Loss for the year	(92.69)	(20.51)
Earnings per share (EPS).	(926.88)	(205.13)

2. State of Company's Affairs

The Company is engaged in the business of Interior design. During the year under review the revenue of the Company has increased from Rs. 15.62 Lakhs in the Financial Year 2020-21 to Rs. 36.73 lakhs in the Financial Year 2021-22 and net loss of the Company was Rs. 92.69 lakhs as compared to Rs. 20.51 Lakhs in previous year. The Board is hopeful that the current year will show better results.

3. Covid-19

The financial year ended March 31, 2022 marked the second year since the World Health Organization declared the outbreak of COVID-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated localized restrictions and lockdown.

In April 2021, India witnessed a second wave of infections followed by another wave of infections in the fourth quarter of FY22. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when announced. Operations and revenue have been impacted due to COVID-19.

4. Dividend

Since the Company has incurred losses during the financial year 2021-22, it would not be able to recommend any dividend for the year ended 31st March, 2022.

5. 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

6. 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 22.

7. Transfer to Reserves

Since the Company has incurred a loss of Rs. 92.69 Lakhs, there are no amount transferred to reserves.

8. Change in the nature of business

During the year under review there has been no change in the nature of business of the Company.

9. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

10. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

11. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

12. Changes in Share capital

The Authorized share capital of the Company is Rs. 1,00,000/- (Rupees One Lakh Only) divided into 10000 (Ten Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as at March 31, 2022 is Rs. 1,00,000/- (Rupees One Lakh Only) divided into 10000 (Ten Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

13. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company/

Mr. T Sudhakar Pai (DIN: 00043298) and Mr. Ashish Vilas Pradhan (DIN: 08630024) who named as first directors of the Company, were reappointed by the Company in its first AGM held on November 23, 2021.

Mr. Sanjoy Khan (DIN: 06492480) who was appointed as an additional director on the board of the Company on December 1, 2020 had resigned vide his letter dated 27.07.2021. The Board of Directors at their meeting held on July 27, 2021 appointed Mrs. Jyothi Ashish Pradhan (DIN: 06733156) as an additional director of the Company to hold the office till the conclusion of ensuing Annual general meeting of the Company.

The appointment of Mrs. Jyothi Ashish Pradhan as Non-Executive Director was placed before the shareholders in first AGM which was approved unanimously by the members.

In accordance of the applicable provisions of the Act, Mr. T Sudhakar Pai (DIN: 00043298), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. T Sudhakar Pai would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation
00043298	Sri. T Sudhakar Pai	Director
00030515	Mr. Ashish Vilas Pradhan	Director
06733156	Mrs. Jyothi A Pradhan	Director

14. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 5 (Five) Board Meetings were convened and held as on 02.07.2021, 28.07.2021, 03.09.2021, 25.10.2021 and 24.02.2022, respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2022 are as follows;

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance
Mr. T Sudhakar Pai	Director	5	5	Yes
Mr. Ashish Vilas Pradhan	Director	5	5	No
Mr. Sanjoy Khan	Additional Director	5	2	No
Mrs. Jyothi Ashish Pradhan	Director	5	3	No

^{*} Ceased to be director w.e.f. 27.07.2021

15. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

16. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2022, the
 applicable accounting standards have been followed along with proper explanation relating to
 material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2022 have been prepared on a going concern basis;
- e. 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.

17. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone financial statements of the Company for FY 2021-22 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

The Directors state that the overall turnover of the company does not exceed the limit prescribed for maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, accordingly such accounts and records are not made and maintained by the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

18. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since its inception.

19. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

20. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

21. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

22. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

23. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, There were no guarantees and investments made by the Company.

24. Internal Audit And Control

Your Company does not fall within the preview of section 138

25. Internal Audit And Control

Your Company does not fall within the preview of section 138.

26. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

27. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 22 of audited Financial Statements of the Company for FY 22. The details of the related party transactions in form AOC-2 are provided in Annexure A.

28. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

29. Risk Management Policy

The Board of Directors facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. At present the Company has not identified any element of risk which may threaten the existence of the Company.

30. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

31. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

32. 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 22 will be filed to ROC within the prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report does not arise.

33. 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.

34. Significant and Material Orders

There are no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

35. 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.

36. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's: Nil

B. Technology absorption-

- (i) The efforts made towards technology absorption; None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) The details of technology imported; none
- (b) The year of import; Not Applicable
- (c) Whether the technology has been fully absorbed: Not applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Not applicable**
- (iv) The expenditure incurred on R&D: Nil

C. Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow

37. Disclosure under the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company had adopted Prevention of Sexual Harassment at Workplace Policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

38. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support. The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic.

For and on Behalf of the Board For KANVAS CONCEPTS (P) LIMITED

(T. Sudhakar Pai) Director DIN: 00043298

(Jyothi Ashish Pradhan) Director DIN: 06733156

Typheradian

Date: 05.09.2022 Place: Bangalore

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, andRule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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.

Sr.	Partic	Details
No.	ulars	Details
1.	Details of contracts or arrangements or transactions not atarm's length basis: (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts/arrangements/transactions (d) Salient terms of the contracts or arrangements ortransactions including the value, if any (e) Justification for entering into such contracts or arrangements or transactions (f) Date of approval by the Board (g) Amount paid as advances, if any: (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	There were no contracts or arrangements or transactions entered into during the year ended March 31, 2022, which were not at arm's length basis.
2.	Details of material contracts or arrangement or transactionsat arm's length basis: (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements /transactions (c) Duration of the contracts/arrangements /transactions (d) Salient terms of the contracts or arrangements ortransactions including the value, if any: (e) Date(s) of approval by the Board, if any: (f) Amount paid as advances, if any	There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2022

For and on Behalf of the Board For KANVAS CONCEPTS PRIVATE LIMITED

Date: 05.09.2022 Place: Bangalore

> (T. Sudhakar Pai) Director

(Jyothi Ashish Pradhan) DIN: 00043298 DIN: 06733156

Director

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 1st Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2021.

1. Financial highlights

The Financial Performance of your Company for the year ended March 31, 2021 is given hereunder;

(Amount in Lakhs)

Particulars	2020-2021
Revenue from operations	15.62
Profit Before Financial charges, tax and Depreciation	(19.55)
Less: Finance Charges	22
Profit before Depreciation/Amortization	(19.55)
Less: Depreciation	0.27
Net Profit Before Taxation (PBT)	(19.82)
Add/Less: Income Tax/Earlier year's tax	
Add/Less: Deferred tax	0.70
Profit after Taxation (PAT)	(20.52)
Provision for Proposed Dividend	
Other comprehensive income	N#8
Total comprehensive Income/Loss for the year	(20.52)
Earnings per share (EPS).	(205.15)

^{*}Financials figures are shown from the date of incorporation of the Company till March 31, 2021.

2. State of Company's Affairs

Your Company is a newly incorporated Company and it has been only (6) months of its Incorporation. The Company is in its initial stage where the expenses forms the major part of Profit and Loss a/c. Thereby, there is a loss of Rs. 20.52 Lakhs.

3. Covid-19

It is quite unfortunate and sad that Corona Virus has caused significant health concerns across the Globe and resulted in multiple deaths. Social distancing being the first compulsory remedy to curtain curb of deadly corona Virus followed by the subsequent vaccination. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown to the extent as applicable. Operations and revenue have been impacted due to COVID-19.

The Board of directors of the Company has decided not to recommend dividend during the year.

5. Transfer to Reserves

Since the Company has incurred a loss of Rs. 20.52 Lakhs, there are no amount transferred to reserves.

6. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

7. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report except the outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Operations and revenue have been impacted due to COVID-19.

4. Dividend

8. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

9. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

10. Changes in Share capital

The Authorized share capital of the Company is Rs. 1,00,000/- (Rupees One Lakh Only) divided into 10000 (Ten Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as at March 31, 2021 is Rs. 1,00,000/- (Rupees One Lakh Only) divided into 10000 (Ten Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

11. Directors and Key Managerial Personnel

Mr. T Sudhakar Pai (DIN: 00043298) and Mr. Ashish Vilas Pradhan (DIN: 08630024) are named as the first directors of the Company in the

Articles of Association (AOA) of the Company.

Mr. Sanjoy Khan (DIN: 06492480) who was appointed as an additional director on the board of the Company on December 1, 2020 had resigned vide his letter dated 27.07.2021. The Board of Directors at their meeting held on July 27, 2021 appointed Mrs. Jyothi Ashish Pradhan (DIN: 06733156) as an additional director of the Company to hold the office till the conclusion of ensuing Annual general meeting of the Company.

The appointment of Mrs. Jyothi Ashish Pradhan and reappointment of Mr. T Sudhakar Pai and Mr. Ashish Vilas Pradhan is being placed before the members in first Annual General Meeting of the Company for approval.

Except above, there is no change in the composition of the Board of the Company.

12. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 6 (Six) Board Meetings were convened and held as on 22.09.2020, 13.10.2020, 01.12.2020, 18.01.2021, 22.03.2021 and 31.03.2021 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2021 is as follows

Name of the Director	Category	No. of Boa rd Meet ings held	No . of Board Meeti ngs Atten ded	Last AG M Atten dance
Mr. T Sudhakar Pai	First Director	6	6	N A
Mr. Ashish Vilas Pradhan	First Director	6	6	N A
Mr. Sanjoy Khan	Additional Director	6	3	N A

13. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

14. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2021 have been prepared on a going concern basis;
- e. 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.

15. Auditors and Auditors' report

Statutory Auditors

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), was appointed as First Auditor of the Company in the first board meeting of the Company to hold the office of the Statutory Auditors of the Company from the conclusion of first Board Meeting until the conclusion of the ensuing Annual General Meeting and to conduct the Statutory Audit for the period ended March 31, 2021 on such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors.

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), has shown his unwillingness to continue as the Statutory Auditor of the Company for further period and accordingly tendered his resignation vide his letter dated 03.09.2021. The Board at their meeting held on September 3, 2021, unanimously resolved to appoint M/s. ASA & Chartered Associates, LLP, Accountants, Bangalore Registration Firm No. 009571N/N500006] as the statutory auditors of the Company to fill the casual vacancy Caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants, to hold office till the conclusion of this Annual General Meeting

Board also approved appointment of M/s. ASA & Associates. LLP, Chartered Accountants. Bangalore Firm Registration No. 009571N/N500006] as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 6th Annual General Meeting to be held in year 2026 subject to your approval in forthcoming annual general meeting of the Company.

The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 141(3) of the Companies Act, 2013.

After enactment of the Companies (Amendment) Act, 2017, the provisions with respect to the annual ratification of the auditors have been omitted from the Companies (Audit and Auditors) Rules 2014.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not required by the Company as it is not applicable to the company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

16. Transfer to Investor Education and Protection Fund (IEPF)

Your Company is a newly incorporated Company. Therefore, the requirement of transfer of shares and dividend pursuant to IEPF Rules is not applicable to the Company.

17. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

18. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

19. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

20. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, There were no guarantees and investments made by the Company.

21. Internal Audit And Control

Your Company does not fall within the preview of section 138.

22. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and

individual Directors, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

23. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 20 of audited Financial Statements of the Company for FY 21. The details of the related party transactions in form AOC-2 are provided in Annexure A.

24. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

25. Risk Management Policy

The Company has no risk management policy and no formal committee is constituted for this purpose.

26. Public Deposits

The Company has not accepted any deposit falling within the purview of Section 73 of the Companies Act, 2013 read with rules made thereunder.

27. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

28. 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 21 will be filed to ROC within the prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

29. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

30. 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.

31. 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.

32. Conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) CONSERVATION OF ENERGY	
The steps taken or impact on conservation of energy	NA
The steps taken by the company for utilizing alternate sources of Energy	NA
The capital investment on energy conservation equipment's	NA
(B) TECHNOLOGY ABSORPTION	
The efforts made towards technology absorption	NA
The benefits derived like product improvement, cost reduction, product development or import substitution	NA
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
The expenditure incurred on research and development	NA

The Company has no foreign exchange earnings and no outgo transactions of during the year.

33. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company adopted Prevention of Sexual Harassment at Workplace Policy in the meeting of Board of Directors dated 03.09.2021.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

34. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support. The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic.

For and on Behalf of the Board For KANVAS CONCEPTS PRIVATE LIMITED

OS.

(T. Sudhakar Pai)

DIN: 00043298

(Jyothi Ashish Pradhan) DIN: 06733156

Typuladlar

Date: 03.09.2021 Place: Bangalore

ANNEXURE-"A"

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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.

Sr. No	Particulars	Details
1.	Details of contracts or arrangements or transactions not at arm's length basis: (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts/arrangements/transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such contracts or	There were no contracts or arrangements or transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.
	arrangements or transactions (f) Date of approval by the Board (g) Amount paid as advances, if any: (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis: (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements /transactions (c) Duration of the contracts/arrangements /transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any: (e) Date(s) of approval by the Board, if any:	There were no material contractsor arrangements or transactions entered into during the year ended March 31, 2021
	(f) Amount paid as advances, if any	

For and on Behalf of the Board For KANVAS CONCEPTS PRIVATE LIMITED

Date: 03.09.2021 Place: Bangalore

> (T. Sudhakar Pai) Director DIN: 00043298

(Jyothi Ashish Pradhan) Director

DIN: 06733156

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 11th Annual Report on the business and operations of Kurlon Retail Limited ("the Company") and the accounts for the FY ended March 31, 2023.

1. Financial highlights

The Financial Performance of your Company for the year ended March 31, 2023 along with previous year's figures is given hereunder;

(Rs. in Lakhs)

Particulars	2022-2023	2021-2022
Revenue from operations	1,852.95	1,650.35
Other Income	137.67	400.36
Total Income	1,990.62	2,050.71
Profit Before Financial charges, tax and Depreciation	353.75	(55.69)
Less: Finance Charges	108.46	251.62
Less: Depreciation	304.50	929.07
Net Profit/Loss Before Taxation (PBT)	(59,21)	(1,236.38)
Add/Less: Income Tax of current year	=	<u>a</u>
Add/Less: Tax Expense relating to prior years (Net)		π
Add/Less: Deferred tax	2	2.46
Profit/Loss after Tax (PAT)	(59,21)	(1,238.84)
Provision for Proposed Dividend		
Other comprehensive income	(2.98)	4.67
Total comprehensive income/Loss for the year	(62.19)	(1,234.17)
Earnings per share (EPS).	(0.39)	(8.11)

^{*} Figures of previous year have been regrouped and reclassified whenever necessary.

2. State of Company's Affairs

Your Company is engaged in the retail business of home comforts products. During the Current year, Net revenue from operations of the Company, increased from **Rs. 1,650.35 Lakhs** to **Rs. 1,852.95 Lakhs** registering a growth of 10.93 % as compared to last year. Whereas, Net loss after tax for the year landed at Rs. **59.21 Lakhs** as compared to **Rs. 1,234.17** Lakhs in previous year.

3. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

4. Transfer to Reserves

During the year under review, the Company has not transferred any amount to its general reserve.

5. 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.

6. 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.

7. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

8. Material changes and Commitments effecting the financial position of the Company.

There have been No material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

9. Disclosure relating to remuneration of Directors, Key Managerial Personnel and Particulars of Employees:

There are no Directors/Employees who were in receipt of the remuneration as prescribed under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration) of Managerial Personnel Rules, 2014 during the year under review and hence annexure required under the said Section is not attached.

10. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

11. Changes in Share capital

There is no change in the share capital of the Company. The Authorized share capital of the Company as at March 31, 2023 is Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 4,00,00,000 (Four Crores) Equity shares of Rs. 5/- (Rupees Five Only) each and the total issued, subscribed and paid up shared capital of the Company as at March 31, 2023 is Rs. 7,63,33,330./-(Rupees Seven Crores Sixty Three Lakhs Thirty Three Thousand Three hundred Thirty Only) divided into 1,52,66,666/- (One Crore Fifty Two Lakhs Sixty Six thousand Six Hundred Sixty Six Only) Equity shares of Rs. 5/- (Rupees Five) 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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

12. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

During the year under review, Mr. Vijay Dhanuka ceased to be director of the company w.e.f. 01.09.2022 by virtue of his resignation.

In accordance with the provisions of the Act, Mr. Narendra Kudva (DIN: 07459916), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. Narendra Kudva would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designatio n		
00043298	Sri. T Sudhakar Pai	Director		
00232768	Mr. Jamsheed Minoo Panday	Director		
07459916	Narendra Kudva	Director		

13. Board Meetings

During the year, 5 (Five) Board Meetings were convened and held as at 09/05/2022, 01/09/2022, 28/11/2022, 08/02/2023 and 29/03/2023 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2023 are as follows;

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance	
Mr. T Sudhakar Pai	Non-Executive Director	5	5	Yes	
Mr. Jamsheed M Panday	Non-Executive Director	5	5	No	
Mr. Narendra Kudva	Non-Executive Director	5	5	Yes	
Mr. Vijay Dhanuka	Non-Executive Director	5	0	No	

14. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

15. Directors' Responsibility Statement

In accordance with Section 134 of the Companies Act 2013, the Board of Directors to the best of its knowledge and ability, confirm that:

- a. 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;
- b. 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;
- 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. The annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis;

e. 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.

16. Environment & Safety

Since inception the Company has striven to embed environmental considerations in business decisions & continuous focus on its approach by its Environmental Management System which is a structured and systematic process for achieving continuous improvement in environmental performance & provide an effective Environment to organizations deriving the benefits of the environmental positioning and public goodwill.

The Company integrates the consideration of environmental concerns and impacts into all of our decision making and activities by promoting environmental awareness among our employees and encourage 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 of activities by periodically reviewing the policy in light of its current and planned future activities.

In addition to complying with all applicable environmental laws and regulations, the Company is committed to;

- ✓ Set up well equipped hygiene stores
- ✓ Proper management of packaging, waste & solid waste.
- ✓ Regular compliance of environmental Rules & Regulation as applicable.
- ✓ Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environment and sustainability issues.

The Company is also committed to ensure the safety of all its employees. The Company is committed to 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.

17. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 9th 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 9th AGM until the conclusion of 14th 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 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.

Disclosure about Cost Records;

The provision of maintenance of cost records is not applicable to the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

18. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since inception.

19. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulate/constitute any Audit Committee of the Board.

20. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

21. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

22. Loans, Guarantees and investments

There were no loan, guarantees or Investments made by the Company under the provisions of Section 186 of the Companies Act, 2013 during the year under review and hence said provisions are not applicable to the Company.

23. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

24. Internal Audit and Control

Your Company does not fall within the preview of section 138.

25. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

26. 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.

The information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given elsewhere in this report in form AOC-2 and the same forms part of this report.

27. Risk management Policy

The Board of Directors of your Company is of opinion that there are no factors which may threaten the existence of the Company hence your Company does not have any Risk Management Policy.

28. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

29. Corporate Social Responsibility (CSR)

Provisions of section 135 of the Companies Act are not applicable to the Company.

30. 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 Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

31. 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.

32. 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.

33. 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.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's;

During the year under review, no capital investment is made by the company on energy conservation equipment.

B. Technology absorption-

(i) The efforts made towards technology absorption; - None

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) The details of technology imported; None
- (b) The year of import; Not Applicable
- (c) Whether the technology has been fully absorbed: Not applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv) The expenditure incurred on R&D: Nil
- d) Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow.

35. Disclosure under the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

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.

36. Human Resources

During the year the Company had cordial relations with workers, staff and officers. The Company has taken initiative for safety of employees and implemented regular safety audit. The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility.

37. Acknowledgements

Your Board places on record the significant support and contribution extended by Customers, Partners, Bankers, Advisors, shareholders and the various Govt. agencies, over the last many years. More importantly the contribution, solidarity and support by every employees of the Company and their families has been instrumental in this exciting journey, to whom the Board places its gratitude and deep appreciation.

For and on Behalf of the Board For KURLON RETAIL LIMITED

Jamsheed Minoo Panday

Director DIN: 00232768 Narendra Kudva Director DIN: 07459916

Date: 29/08/2023 Place: Bangalore

FORM NO. 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
- Details of material contracts or arrangement or transactions at arm's Length Basis
 Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2023 as follows;

SL No	Name of the Related Party	Nature of Relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board Approval	Amount (In Lakhs)
1.	Belvedore International Limited	Fellow Subsdiary Company	Sale of Goods	On going	As per resolution	09/05/2022	18.16
2.	Kurlon Enterprise Limited	Holding Company	Purchase of Goods	On going	As per resolution	09/05/2022	823.32
3.	Belvedore International Limited	Fellow Subsdiary Company	Purchase of Goods	On going	As per resolution	09/05/2022	18.60
4.	Home Komfort Retail LLP	Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Purchase of Goods	Ongoing*	As per MOU	09/05/2022	5.82
5.	Kurlon Enterprise Limited	Holding Company	Reimbursement of Expenses	On going	As per MOU	09/05/2023	2.92

*The LLP has signed the BTA with M/s Belvedore International Limited effective from 01/09/2022.

For and on Behalf of the Board For KURLON RETAIL LIMITED

Date: 29.08.2023 Place: Bangalore

> Jamsheed Minoo Panday Director

DIN: 00232768

Narendra Kudva Director

DIN: 07459916

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 9^h Annual Report on the business and operations of Kurlon Retail Limited ("the Company") and the accounts for the FY ended March 31, 2021.

1. Financial highlights

The Financial Performance of your Company for the year ended March 31, 2021 along with previous year's figures is given hereunder;

(Rs. in Lakhs)

Particulars	2020-2021	2019-2020
Revenue from operations	2,390.33	4016.92
Profit Before Financial charges, tax and Depreciation	161.34	385.71
Less: Finance Charges	265.92	334.33
Profit before Depreciation/Amortization	(104.59)	51.38
Less: Depreciation	682.53	705.71
Net Profit Before Taxation (PBT)	(787.12)	(654.33)
Add/Less: Income Tax of current year	-	-
Add/less: MAT Credit	20	2
Add/Less: Tax Expense relating to prior years (Net)	0.11	1 3 .
Add/Less: Deferred tax	(12.91)	0.55
Profit after Tax (PAT)	(774.32)	(654.88)
Provision for Proposed Dividend	-	#
Other comprehensive income	=	-
Total comprehensive income for the year	(774.32)	(654.88)
Earnings per share (EPS).	(5.07)	(4.29)

1. State of Company's Affairs

Your Company is engaged in the retail business of home comforts products. During the Current year, Net revenue from operations of the Company, on standalone basis, decreased from **Rs. 4016.92 Lakhs** to **Rs. 2390.33 Lakhs** registering a de-growth of 40.49% over the last year due impact of COVID-19 during the first quarter of FY 21 and the subsequent lockdown. Net loss after tax for the year landed at Rs. **774.32 Lakhs** as compared to Rs. **654.88 Lakhs** previous year.

2. Covid-19

It is quite unfortunate and sad that Corona Virus has caused significant health concerns across the Globe and resulted in multiple deaths. Social distancing being the first compulsory remedy to curtain curb of deadly corona Virus followed by the subsequent vaccination. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when announced. Operations and revenue have been impacted due to COVID-19.

3. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

4. Transfer to Reserves

During the year under review, the Company has not transferred any amount to its general reserve.

5. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

6. Material changes and Commitments effecting the financial position of the Company.

There have been No material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report except operations and revenue have been impacted due to COVID-19

7. Disclosure relating to remuneration of Directors, Key Managerial Personnel and Particulars of Employees:

There are no Directors/Employees who were in receipt of the remuneration as prescribed under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration) of Managerial Personnel Rules, 2014 during the year under review and hence annexure required under the said Section is not attached.

8. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

9. Changes in Share capital

There is no change in the share capital of the Company. The Authorized share capital of the Company as at March 31, 2021 was Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 4,00,00,000 (Four Crores) Equity shares of Rs. 5/- (Rupees Five Only) each and the total issued, subscribed and paid up shared capital of the Company as at March 31, 2021 was Rs. 7,63,33,330./-(Rupees Seven Crores Sixty Three Lakhs Thirty Three Thousand Three hundred Thirty Only) divided into 1,52,66,666/- (One Crore Fifty Two Lakhs Sixty Six thousand Six Hundred Sixty Six Only) Equity shares of Rs. 5/- (Rupees Five) 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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

10. Directors and Key Managerial Personnel

During the year under review, there is no change in the composition of the Board of the Company.

Mr. Narendra Kudva (DIN: 07459916) was reappointed as Non-Executive Director of the Company at 8th Annual General Meeting of the Company held on October 20, 2020.

In accordance with the provisions of the Act, Mr. Jamsheed M Panday (DIN: 00232768), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the

possession of relevant expertise is of opinion that continued association of Mr. Jamsheed M Panday would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

11. Board Meetings

During the year, 7 (Seven) Board Meetings were convened and held as on 19.05.2020, 12.06.2020, 19.08.2020, 22.09.2020, 05.01.2021, 03.02.2021 and 04.03.2021 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

12. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

13. Directors' Responsibility Statement

In accordance with Section 134 of the Companies Act 2013, the Board of Directors to the best of its knowledge and ability, confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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, 2021 and of the Profit of your Company for the Financial Year ended March 31, 2021;
- c. 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. The annual accounts for the Financial Year ended March 31, 2021 have been prepared on a going concern basis:
- e. 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.

14. Environment & Safety

Since inception the Company has striven to embed environmental considerations in business decisions & continuous focus on its approach by its Environmental Management System which is a structured and systematic process for achieving continuous improvement in environmental performance & provide an effective Environment to organizations deriving the benefits of the environmental positioning and public goodwill.

The Company integrates the consideration of environmental concerns and impacts into all of our decision making and activities by promoting environmental awareness among our employees and encourage 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 of activities by periodically reviewing the policy in light of its current and planned future activities.

In addition to complying with all applicable environmental laws and regulations, the Company is committed to;

- ✓ Set up well equipped hygiene stores
- ✓ Proper management of packaging, waste & solid waste.
- ✓ Regular compliance of environmental Rules & Regulation as applicable.
- ✓ Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environment and sustainability issues.

The Company is also committed to ensure the safety of all its employees. The Company is committed to 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.

15. Auditors and Auditors' report

Statutory Auditors

M/s. Vasudev Pai & Co., Chartered Accountants (FRN: 004560S) vide their letter dated 03.09.2021 have resigned from the position of statutory auditors resulting into a casual vacancy in the office of the statutory auditors of the Company as envisaged in section 139(8) of the Companies Act, 2013.

The Board of directors at its meeting held on September 3, 2021 have appointed M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004) as the statutory auditors of the Company to fill the casual vacancy caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), to hold office till the conclusion of this Annual General Meeting subject to the approval of the members in pursuant to the provisions of section 139(8) of the Act.

Further, the Board also approved appointment of M/s. S. R. Batliboi & Associates, LLP, as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 14th Annual General Meeting to be held in year 2025 subject to your approval in this AGM.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004), for such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made thereunder.

After enactment of the Companies (Amendment) Act, 2017, the provisions with respect to the annual ratification of the auditors have been omitted from the Companies (Audit and Auditors) Rules 2014.

The Auditor's Report does not contain any qualifications, reservations or adverse remarks. Notes to Accounts are self – explanatory in nature and do not call for any further comments.

Disclosure about Cost Records;

The provision of maintenance of cost records is not applicable to the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

16. Transfer to Investor Education and Protection Fund (IEPF)

The Company has neither declared any dividend nor have any funds which lie in unpaid or unclaimed dividend accounts for a period of seven years. Therefore, the requirement of transfer of shares and dividend pursuant to IEPF Rules is not applicable to the Company.

17. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

18. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

19. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

20. Loans, Guarantees and investments

There were no loan, guarantees or Investments made by the Company under the provisions of Section 186 of the Companies Act, 2013 during the year under review and hence said provisions are not applicable to the Company.

21. Internal Audit And Control

Your Company does not fall within the preview of section 138.

22. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors has carried out an annual evaluation of its own performance and individual Directors, pursuant to the provisions of the Companies Act, 2013.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors based on criteria such as Board structure and composition, Board processes and their effectiveness, degree of effective communication with the stakeholders.

23. 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.

The information on transactions with related parties pursuant to section 134(3)(h) of the Act 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.

24. Risk management Policy

The Board of Directors of your Company is of opinion that there are no factors which may threaten the existence of the Company hence your Company does not have any Risk Management Policy.

25. Public Deposits

The Company has neither accepted nor renewed deposits from public during the year under review.

26. Corporate Social Responsibility (CSR)

Provisions of section 135 of the Companies Act are not applicable to the Company.

27. 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 21 will be filed to ROC within the prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

28. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

29. 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.

30. 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.

31. Conservation of energy, technology absorption and foreign exchange earnings and outgo

	NTA
The steps taken or impact on conservation of energy	NA
The steps taken by the company for utilizing alternate sources of Energy	NA
The capital investment on energy conservation equipment's	NA
(B) TECHNOLOGY ABSORPTION	
The efforts made towards technology absorption	NA
The benefits derived like product improvement, cost reduction, product development or import substitution	NA
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
The expenditure incurred on research and development	NA

Foreign Exchange earnings and Outgo;

Details of Foreign currency transactions are as follows:

- a. The company has not earned any income in Foreign Currency during the year.
- b. The company has not incurred any expenditure in Foreign Currency.

32. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

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.

33. Human Resources

During the year the Company had cordial relations with workers, staff and officers. The Company has taken initiative for safety of employees and implemented regular safety audit. The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility.

34. Acknowledgements

Your Board places on record the significant support and contribution extended by Customers, Partners, Bankers, Advisors, shareholders and the various Govt. agencies, over the last many years. More importantly the contribution, solidarity and support by every employees of the Company and their families has been instrumental in this exciting journey, to whom the Board places its gratitude and deep appreciation.

The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic. The Directors appreciate and value the contribution made by the parent Company to combat COVID-19.

Date: 03.09.2021 Place: Bangalore For and on Behalf of the Board For KURLON RETAIL LIMITED

(T Sudhakar Pai) Director

DIN: 00043298

(Narendra Kudva) Director

DIN: 07459916

Annexure "A" FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U36104KA2012PLC065664
2.	Registration Date	31/08/2012
3.	Name of the Company	Kurlon Retail Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	N-301, 3 rd Floor, North Block, Manipal Centre, 47, Dickenson Road Bangalore – 560042.
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Purva Sharegistry (India) Private Limited Ms. Purva Shah 9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai- 400011 +91-022-2301-6761/2518 support@purvashare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Retail business	477	99.87

III. PARTICULARS OF HOLDING. SUBSIDIARY AND ASSOCIATE COMPANIES

S.N	Name and address of the Company	CIN/GLN	Holding/Subsidiary/associat e	% of shares held	Applicable section	
1.	Kurlon Enterprise Limited	U36101MH2011PLC222657	Holding Company	100.00%	2(46)	
2.	Kurlon Limited	U17214KA1962PLC001443	Ultimate Holding Company	100.00%*	2(46)	

^{*}held by Kurlon Enterpirse Limited in which Kurlon Limied holds 85.06% shares.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As at 31-March-2019]				No. of Shares held at the end of the year [As at 31-March-2020]				% Chang
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	during the year
A. Promoters									
(1) Indian	249 3	0 0	×	**			i9		OX.
a) Individual/ HUF	0	1200	1200	0.00%	1200	0	1200*	0.00%	0.00
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	15198800	0	15198800	100.00	15265466	0	15265466	100.00%	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	15198800	1200	15200000	100%	15266666	0	15266666	100%	0.00

Grand Total (A+B+C)	15198800	1200	15200000	100%	15266666	0	15266666	100%	0.00
ADRs									
Custodian for GDRs &	"	0	5	0.00	<u> </u>	U		0	0.00
C. Shares held by	0	0	0	0.00	0	0	0	0	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	U	0	0	U	U	0
Sub-total (B)(2):-	0			0	0	0	0	0	0
AND	0	0	0	0	0	0	0	0	
d) Others	0	U	U	0	0	0	U	0	0
capital in excess of Rs 1 lakh c). Qualified foreign investor	0	0	0	0	0	0	0	0	C
ii) Individual shareholders holding nominal share	0	0	0	0	0	0	0	0	C
holding nominal share capital up to Rs. 1 lakh		U	U	U		U	U	U	(
b) Individuals i) Individual shareholders	0	0	0	0	0	0	0	0	(
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
2. Non-Institutions				-	7				
Sub-total (B)(1):-	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.0
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.0
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.0
a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.0
1. Institutions					-				120.00 000
B. Public Shareholding									
group $(A)=(A)(1)+(A)(2)$									
promoters and promoters		E217/40/0320	=02-422-422404W6-57-533	-9-540-940-940	July 4443100000077000	728			
Total shareholding of	15198800	1200	15200000	100%	15266666	0	15266666	100%	0.00
Sub-total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.0
e). any other	0	0	0	0.00	0	0	0	0.00	0.00
d). QII	0	0	0	0.00	0	0	0	0.00	0.00
c). Institutions	0	0	0	0.00	0	0	0	0.00	0.0
a). NRI/Foreign individual b). Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.0

^{*} Holding on behalf of Kurlon Enterprise Limited as Nominee hence shown in promoter's category.

B. Shareholding of Promoter-

SN	Shareholder's Name	Shareholding	nareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbere d to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	during the year	
1	Mrs. Jaya S Pai *	200	0.00%	0	200	0.00%	0	0.00%	
2	Mr. S.Ananthanarayanan *	200	0.00%	0	200	0.00%	0	0.00%	
3.	Mr. T. Sudhakar Pai *	200	0.00%	0	200	0.00%	0	0.00%	
4	Mr. K Krishna Shettigar*	200	0.00%	0	200	0.00%	0	0.00%	
5	Mr. N Srinivasa Ulloor*	200	0.00%	0	200	0.00%	0	0.00%	
6	Mr. B Gurunatha Rao*	200	0.00%	0	200	0.00%	0	0.00%	
4	Kurlon Enterprise Limited	15265466	100.00%	0	15265466	100.00%	0	100.00%	

^{*}holding on behalf of Kurlon Enterprise Limited as nominee.

C. Change in Promoters' Shareholding (please specify, if there is no change)

S.N	Particulars	Shareholding at the bo	eginning of the	Cumulative Shareholding during the	
1		year	year		year
		No. of shares	% of total	No. of shares	% of total
			shares of the		shares of the
			company		company
1.	MRS. JAYA S PAI*				

	At the beginning of the year	200	0.00%	200	0.00%
	Add/Less: increased or decreased during the year			•	Nil
	At the end of the year			200	0.00%
2.	MR. T. SUDHAKAR PAI*			<u>\$</u>	
	At the beginning of the year	200	0.00%	200	0.00%
	Add/Less: increased or decreased during the year	*		**	Nil
	At the end of the year			200	0.00%
3.	SRI. S ANANTHANARAYANAN*				
	At the beginning of the year	200	0.00%	200	0.00%
	Add/Less: increased or decreased during the year		*		Nil
	At the end of the year			200	0.00%
4.	MR. N SRINIVASA ULLOOR*				
	At the beginning of the year	200	0.00%	200	0.00%
	Add/Less: increased or decreased during the year		*	*	Nil
	At the end of the year			200	0.00%
5.	MR. K KRISHNA SHETTIGAR*	1	+		
	At the beginning of the year	200	0.00%	200	0.00%
	Add/Less: increased or decreased during the year		I		Nil
	At the end of the year			200	0.00%
6.	MR. B GURUNATHA RAO*				
	At the beginning of the year	200	0.00%	200	0.00%
	Add/Less: increased or decreased during the year		1	4	Nil
	At the end of the year			200	0.00%
7.	KURLON ENTERPRISE LIMITED			-	
	At the beginning of the year	15198800	100.00%	15198800	100.00%
	Add: Allotment as at 31.03.2020	the tenter translation (C.)) 700 Newson (100 No. 100 House)	66666	, 200 Marcon (19 19 19 19 19 19 19 19 19 19 19 19 19 1
	At the end of the year			15265466	100.00%

^{*}holding on behalf of Kurlon Enterprise Limited as Nominee.

C. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil

D. Shareholding of Directors and Key Managerial Personnel;

SN	Shareholding of each Directors and each Key Managerial Personnel			Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	MR. T SUDHAKAR PAI*				
	At the beginning of the year	200	0.00%	200	0.00%
i-i	Add/Less: Change during the year		*		Nil
	At the end of the year	2		200	0.00%

^{*} Holding on behalf of Kurlon Enterprise Limited as Nominee.

V. INDEBTEDNESS;

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1242	-	1242
ii) Interest due but not paid	1-7	2	-	4
iii) Interest accrued but not due	-	-	~	-
Total (i+ii+iii)	-	1242		1242

Change in Indebtedness during the financial year				
* Addition	920	979.23	· **	979.23
* Reduction		E .		2
Net Change	-	979.23		979.23
Indebtedness at the end of the financial year			· · · · · · · · · · · · · · · · · · ·	
i) Principal Amount	×2	2221.23		2221.23
ii) Interest due but not paid	2.0	2		ď
iii) Interest accrued but not due	170			-
Total (i+ii+iii)	(₩)	2221,23	5₩3,	2221,23

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: NIL

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES-

Date: 22.09.2020 Place: Bangalore

Туре	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)			
A. COMPANY								
Penalty	#D	=	#	=	Ξ.			
Punishment	(A)	-	¥	€	¥ .			
Compounding	20	9	37		2			
B. DIRECTORS								
Penalty	=	-	-	ā	-			
Punishment		¥	· ·	<u>~</u>	*			
Compounding	9	2	260	- E	200			
C. OTHER OFFICE	C. OTHER OFFICERS IN DEFAULT							
Penalty	(4)	=	E .	· ·	Ξ.			
Punishment	(#O		7		×			
Compounding	-		The state of the s	316	75 A			

For and on Behalf of the Board For KURLON RETAIL LIMITED

(T Sudhakar Pai) Director

DIN: 00043298

(Narendra Kudva) Director

DIN: 07459916

FORM NO. 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

 Details of material contracts or arrangements or transactions at arm's length basis for the year ended Mary

Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2021 as follows;

Name of Related party	nature of relationship	nature of transactions	duration of contract	salient terms	date of board approval	Amount (In Lakhs)
Kurlon Enterprise Ltd.	Holding Co.	Rental Expense	Ongoing	as per MOU	19.05.2020	129.39
Maha Rashtra Apex Corp. Ltd	Entity significantly Influenced by Directors and Their relative	Rental Exp.	Ongoing	as per MOU	19.05.2020	9.63
Kurlon Enterprise Ltd.	Holding Co.	Advance Received	Ongoing	as per MOU	19.05.2020	1037.05
Maha Rashtra Apex Corp. Ltd	Entity significantly Influenced by Directors and Their relative	Security Deposit	Ongoing	as per MOU	19.05.2020	15.00
Kurlon Enterprise Ltd.	Holding Co.	Purchase of Goods	Ongoing	as per MOU	19.05.2020	941.29
Home Komfort Retail LLP	Entity significantly Influenced by Directors and their relatives	Purchase of Goods	Ongoing	as per MOU	19.05.2020	3.08

Note: Transaction like reimbursement of expenses received from its holding company Viz. Kurlon Enterprise Limited and transactions pertaining to trade payable, advance payable and other receivable as mentioned in note 25(B) of audited Financial statements for FY 21 are in the ordinary course of business and at arm's length basis.

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 10^h Annual Report on the business and operations of Kurlon Retail Limited ("the Company") and the accounts for the FY ended March 31, 2022.

1. Financial highlights

The Financial Performance of your Company for the year ended March 31, 2022 along with previous year's figures is given hereunder;

(Rs. in Lakhs)

Particulars	2021-2022	2020-2021
Revenue from operations	1,650.35	1,491.77
Other Income	400.36	3.30
Total Income	2,050.71	1,495.07
Profit Before Financial charges, tax and Depreciation	(55.69)	164.17
Less: Finance Charges	251.62	265.92
Less: Depreciation	929.07	682.53
Net Profit/Loss Before Taxation (PBT)	(1,236.38)	(784.28)
Add/Less: Income Tax of current year	=	-
Add/Less: Tax Expense relating to prior years (Net)	=	0.11
Add/Less: Deferred tax	2.46	(12.91)
Profit/Loss after Tax (PAT)	(1,238.84)	(771.48)
Provision for Proposed Dividend		¥.
Other comprehensive income	4.67	(2.85)
Total comprehensive income/Loss for the year	(1,234.17)	(774.33)
Earnings per share (EPS).	(8.11)	(5.05)

^{*} Figures of previous year have been regrouped and reclassified whenever necessary.

2. State of Company's Affairs

Your Company is engaged in the retail business of home comforts products. During the Current year, Net revenue from operations of the Company, on standalone basis, increased from **Rs. 1,491.77 Lakhs** to **Rs. 1,650.35 Lakhs** registering a growth of 10.63 % as compared to last year. Whereas, Net loss after tax for the year landed at Rs. **1,234.17 Lakhs** as compared to Rs. **774.33 Lakhs** previous year.

3. Impact of Covid-19

The financial year ended March 31, 2022 marked the second year since the World Health Organization declared the outbreak of COVID-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated localized restrictions and lockdown.

In April 2021, India witnessed a second wave of infections followed by another wave of infections in the fourth quarter of FY22. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when announced. Operations and revenue have been impacted due to COVID-19.

4. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

5. Transfer to Reserves

During the year under review, the Company has not transferred any amount to its general reserve.

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.

7. 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 22.

8. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

9. Material changes and Commitments effecting the financial position of the Company.

There have been No material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report except few stores were closed which has resulted into Loss of several lakhs to the Company.

10. Disclosure relating to remuneration of Directors, Key Managerial Personnel and Particulars of Employees:

There are no Directors/Employees who were in receipt of the remuneration as prescribed under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration) of Managerial Personnel Rules, 2014 during the year under review and hence annexure required under the said Section is not attached.

11. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

12. Changes in Share capital

There is no change in the share capital of the Company. The Authorized share capital of the Company as at March 31, 2022 is Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 4,00,00,000 (Four Crores) Equity shares of Rs. 5/- (Rupees Five Only) each and the total issued, subscribed and paid up shared capital of the Company as at March 31, 2022 is Rs. 7,63,33,330./-(Rupees Seven Crores Sixty Three Lakhs Thirty Three Thousand Three hundred Thirty Only) divided into 1,52,66,666/- (One Crore Fifty Two Lakhs Sixty Six thousand Six Hundred Sixty Six Only) Equity shares of Rs. 5/- (Rupees Five) 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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

13. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

During the year under review, there is no change in the composition of the Board of the Company.

Mr. Jamsheed M Panday (DIN: 00232768), was reappointed as Non-Executive Director of the Company at 9th Annual General Meeting of the Company held on November 23, 2021.

Mr. Vijay Dhanuka ceased to be director of the company w.e.f. 01.09.2022 by virtue of his resignation.

In accordance with the provisions of the Act, Mr. T Sudhakar Pai (DIN: 00043298), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. T Sudhakar Pai would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation
00043298	Sri. T Sudhakar Pai	Director
00232768	Mr. Jamsheed	Director
	Minoo Panday	
07459916	Narendra Kudva	Director

14. Board Meetings

During the year, 5 (Five) Board Meetings were convened and held as at 03.05.2021, 27.07.2021, 03.09.2021, 07.12.2021 and 22.02.2022 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2022 are as follows;

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance
Mr. T Sudhakar Pai	Non-Executive Director	5	5	Yes
Mr. Jamsheed M Panday	Non-Executive Director	5	4	No
Mr. Narendra Kudva	Non-Executive Director	5	5	Yes
Mr. Vijay Dhanuka	Non-Executive Director	5	1	No

15. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

16. Directors' Responsibility Statement

In accordance with Section 134 of the Companies Act 2013, the Board of Directors to the best of its knowledge and ability, confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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, 2022 and of the Profit of your Company for the Financial Year ended March 31, 2022;

- c. 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. The annual accounts for the Financial Year ended March 31, 2022 have been prepared on a going concern basis;
- e. 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.

17. Environment & Safety

Since inception the Company has striven to embed environmental considerations in business decisions & continuous focus on its approach by its Environmental Management System which is a structured and systematic process for achieving continuous improvement in environmental performance & provide an effective Environment to organizations deriving the benefits of the environmental positioning and public goodwill.

The Company integrates the consideration of environmental concerns and impacts into all of our decision making and activities by promoting environmental awareness among our employees and encourage 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 of activities by periodically reviewing the policy in light of its current and planned future activities.

In addition to complying with all applicable environmental laws and regulations, the Company is committed to;

- ✓ Set up well equipped hygiene stores
- ✓ Proper management of packaging, waste & solid waste.
- ✓ Regular compliance of environmental Rules & Regulation as applicable.
- ✓ Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environment and sustainability issues.

The Company is also committed to ensure the safety of all its employees. The Company is committed to 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.

18. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 9th 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 9th AGM until the conclusion of 14th 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 financial statements of the Company for FY 2021-22 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.

Disclosure about Cost Records;

The provision of maintenance of cost records is not applicable to the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

19. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since inception.

20. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulate/constitute any Audit Committee of the Board.

21. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

22. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

23. Loans, Guarantees and investments

There were no loan, guarantees or Investments made by the Company under the provisions of Section 186 of the Companies Act, 2013 during the year under review and hence said provisions are not applicable to the Company.

24. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

25. Internal Audit And Control

Your Company does not fall within the preview of section 138.

26. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

27. 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.

The information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given elsewhere in this report in form AOC-2 and the same forms part of this report.

28. Risk management Policy

The Board of Directors of your Company is of opinion that there are no factors which may threaten the existence of the Company hence your Company does not have any Risk Management Policy.

29. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

30. Corporate Social Responsibility (CSR)

Provisions of section 135 of the Companies Act are not applicable to the Company.

31. 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 22 will be filed to ROC within the prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

32. 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.

33. 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.

34. 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.

35. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's; during the year under review, no capital investment is made by the company on energy conservation equipment.

B. Technology absorption-

- (i) The efforts made towards technology absorption; None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) The details of technology imported; none
- (b) The year of import; Not Applicable
- (c) Whether the technology has been fully absorbed: Not applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv)The expenditure incurred on R&D: Nil
- d) Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow.

36. Disclosure under the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

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.

37. Human Resources

During the year the Company had cordial relations with workers, staff and officers. The Company has taken initiative for safety of employees and implemented regular safety audit. The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility.

38. Acknowledgements

Date: 28.11.2022 Place: Bangalore

Your Board places on record the significant support and contribution extended by Customers, Partners, Bankers, Advisors, shareholders and the various Govt. agencies, over the last many years. More importantly the contribution, solidarity and support by every employees of the Company and their families has been instrumental in this exciting journey, to whom the Board places its gratitude and deep appreciation.

The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic. The Directors appreciate and value the contribution made by the parent Company to combat COVID-19

For and on Behalf of the Board For KURLON RETAIL LIMITED

(Narendra Kudva)

Director DIN: 07459916

(T Sudhakar Pai) Director

DIN: 00043298

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FORM NO. 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

Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2022 as follows;

Name of Related party	nature of relationship	nature of transactions	duration of contract	salient terms	date of board approval	Amount (In Lakhs)
Kurlon Enterprise Ltd.	Holding Co.	Reimbursement of Expense	Ongoing	as per MOU	03.05.2021	99.09
Kanvas Concepts Private Limited	Entity significantly Influenced by Directors and Their relative	Sale of Property	NA	as per resolution	03.05.2021	48.13
Kurlon Enterprise Ltd.	Holding Co.	borrowings	running	as per resolution	03.05.2021	585.06
Kurlon Enterprise Ltd.	Holding Co.	Purchase of Goods	Ongoing	as per MOU	03.05.2021	719.11
Kurlon Enterprise Ltd.	Holding Co.	Salary Reimbursement	Running	as per MOU	03.05.2021	47.75
Home Komfort Retail LLP	Entity significantly Influenced by Directors and their relatives	Purchase of Goods	Ongoing	as per MOU	03.05.2021	17.98

Note: Transaction like reimbursement of expenses received from its holding company Viz. Kurlon Enterprise Limited and transactions pertaining to trade payable, advance payable and other receivable as mentioned in note 31 of audited Financial statements for FY 22 are in the ordinary course of business and at arm's length basis.

For and on Behalf of the Board For KURLON RETAIL LIMITED

(T Sudhakar Pai) Director

DIN: 00043298

(Narendra Kudva) Director DIN: 07459916

Date: 28.11.2022 Place: Bangalore

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 2nd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2023.

1. Financial highlights

The Company's financial performance, for the period ended 31st March, 2023 is summarized below; (In Lakh)

Particulars	2022-2023	2021-2022
Revenue from operations	231.05	4,499.65
Other Income	599.97	0.02
Total Income	831.02	4,499.67
Profit/Loss Before Financial charges, tax and	(9.06)	(393.77)
Depreciation		
Less: Finance Charges	0.01	0.07
Profit before Depreciation/Amortization	(9.07)	(393.84)
Less: Depreciation	-	-
Profit/Loss Before Taxation (PBT)	(9.07)	(393.84)
Add/Less: Income Tax/Earlier year's tax	-	k a lj
Add/Less: Deferred tax	-	:=:
Profit/Loss after Taxation (PAT)	(9.07)	(393.84)
Provision for Proposed Dividend	-	-
Other comprehensive income	16.44	·=
Total comprehensive Income/Loss for the year	7.37	(393.84)
Earnings per share (EPS).	14.74	(787.69)

2. State of Company's Affairs

The Company is engaged in the business of trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India. There has been no change in the nature of business of the company during the financial year ended 31st March, 2023. During the year under review the revenue of the Company has decreased from 4,499.65 lakhs in the Financial Year 2021-22 to Rs. 231.05 Lakhs in the Financial Year 2022-23 and net loss of the Company is **Rs. 9.07 lakhs** as compared to **Rs. 393.84 Lakhs** in previous year. The Board is hopeful that the current year will show better results.

3. Dividend

Since the Company has incurred losses during the financial year 2022-23, it would not be able to recommend any dividend for the year ended 31st March, 2023.

4. Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

As Company has not done any one-time settlement during the year under review hence no disclosure is required

5. 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.

6. Transfer to Reserves

Since the Company has incurred a loss of Rs. 9.07 Lakhs, there are no amount transferred to reserves.

7. Change in the nature of business

During the year under review there has been no change in the nature of business of the Company.

8. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

9. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

10. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

11. Changes in Share capital

The Authorized share capital of the Company is Rs. 5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten). The issued, subscribed and paid up capital of the Company as at March 31, 2023 is Rs.5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) 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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

12. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company/

Mr. T Sudhakar Pai (DIN: 00043298), Mrs. Jyothi Ashish Pradhan (DIN: 06733156) and Mrs. Jaya Sudhakar Pai (DIN: 00030515) who named as first directors of the Company, were reappointed by the Company in its first AGM held on November 18, 2022,

In accordance of the applicable provisions of the Act, Mr. T Sudhakar Pai (DIN: 00043298), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. T Sudhakar Pai would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation	
00043298	Mr. T Sudhakar Pai	Director	
00030515	Mrs. Jaya Sudhakar Pai	Director	
06733156	Mrs. Jyothi Ashish Pradhan	Director	

During the year under review, there has been no change in the composition of the Board of the Company.

13. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 5 (Five) Board Meetings were convened and held as on 04/06/2022, 05/09/2022, 04/11/2022, 29/11/2022 and 27/03/2023, respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2023 are as follows:

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance
Mr. T Sudhakar Pai	Director	5	5	Yes
Mrs. Jyothi Ashish Pradhan	Director	5	5	Yes
Mrs. Jaya S Pai	Director	5	5	Yes

14. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

15. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. 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;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis;

e. 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.

16. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM held on 18th November, 2022 appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

The Directors state that the overall turnover of the company does not exceed the limit prescribed for maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, accordingly such accounts and records are not made and maintained by the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

17. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since its inception.

18. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

19. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

20. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

21. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

22. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, there were no guarantees and investments made by the Company.

23. Internal Audit and Control

Your Company does not fall within the preview of section 138.

24. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, to the extend as applicable, if any, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

25. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 25 of audited Financial Statements of the Company for FY 2022-23. The details of the related party transactions in form AOC-2 are provided in Annexure A.

26. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than one crore and two lakh rupees per annum, more than Eight Lakhs fifty thousand per month and more than remuneration of Managing Director or Whole Time Director.

27. Risk Management Policy

The Board of Directors facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. At present the Company has not identified any element of risk which may threaten the existence of the Company.

28. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

29. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

30. 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 Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report does not arise.

31. 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.

32. 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.

33. 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.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's: Nil

B. Technology absorption-

- (i) The efforts made towards technology absorption; None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) The details of technology imported; none
- (b) The year of import; Not Applicable

- (c) Whether the technology has been fully absorbed: Not applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv) The expenditure incurred on R&D: Nil

C. Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow

35. Disclosure under the Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

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.

36. Acknowledgements

Date: 25.07.2023 Place: Bangalore

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support.

> For and on Behalf of the Board For Komfort Universe Products and Services Limited

> > T. Sudhakar Pai Director

DIN: 00043298

Jaya Sudhakar Pai Director

Song, R.

DIN: 00030515

FORM NO. 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 Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2023 as follows;

SL No	Name of the Related Party	Nature of Relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board Approval	Amount (In Lakhs)
1.	Kurlon Enterprise Limited	Holding Company	Sales	Ongoing	As per MOU	09/05/2022	43.86
2.	Kurlon Enterprise Limited	Holding Company	Reimbursement of Expenses	Ongoing	As per MOU	09/05/2022	599.79
3.	Kurlon Enterprise Limited	Holding Company	Purchases of Goods	Ongoing	As per MOU	09/05/2022	76.56
4.	Kurlon Limited	Ultimate Holding Company	Purchases of Goods	Ongoing	As per MOU	09/05/2022	109.78
5.	Starship Value Chain and Manufacturing Private Limited	Enterprise owned or significantly influenced by Key Management Personnel	Administrative Expenses	Ongoing	As per MOU	09/05/2022	40.87

Note: Transactions pertaining to advertisement, travelling expenses, purchases and sales are 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 the Board For Komfort Universe Products and Services Limited

Date: 25.07.2023 Place: Bangalore

> T. Sudhakar Pai Director

Director DIN: 00043298 DIN: 00030515

Jaya Sudhakar Pai

DIRECTOR'S REPORT

Dear Members,

The Board of Directors of your Company is pleased to present their 1st report on the working of the Company for the year ended 31st March, 2022 together with the Audited Accounts of the Company.

1. SUMARRY OF FINANCIAL PERFORMANCE

The Company's financial performance, for the period ended 31st March, 2022 is summarized below:

(In Lakhs)

	(All Estimo)
Particulars	2020-2021
Revenue from operations	4,499.65
Other Income	0.02
Total Income	4,499.67
Total Expenses	4,893.51
Profit/Loss Before Financial charges, tax and	(393.77)
Depreciation	**
Less: Finance Charges	0.07
Less: Depreciation	ie.
Profit/Loss Before Taxation (PBT)	(393.84)
Add/Less: Income Tax/Earlier year's tax	লিক,
Add/Less: Deferred tax	-
Profit/Loss after Taxation (PAT)	(393.84)
Provision for Proposed Dividend	
Other comprehensive income	(E)
Total comprehensive Income/Loss for the year	(393.84)
Earnings per share (EPS).	(787.69)

^{*} Financials figures are shown from the date of incorporation of the Company till March 31, 2022.

2. State of Company's Affairs

The Company is engaged in the business of trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India. There has been no change in the nature of business of the company during the financial year ended 31st March, 2022. The revenue from operations was Rs. 4,499.65 Lakhs during the year. The Company is in its initial stage where the expenses forms the major part of Profit and Loss a/c. Thereby, there is loss of Rs. 393.84 Lakhs.

3. Covid-19

The financial year ended March 31, 2022 marked the second year since the World

Health Organization declared the outbreak of COVID-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated localized restrictions and lockdown.

In April 2021, India witnessed a second wave of infections followed by another wave of infections in the fourth quarter of FY22. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when

announced. Operations and revenue have been impacted due to COVID-19.

4. Dividend

Since the Company has incurred losses during the year, it would not be able to recommend any dividend for the year ended 31st March, 2022.

5. Transfer to Reserves

For the period ended 31st March 2022, the Company has not transferred any sum to Reserve.

6. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

7. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

8. 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.

Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016;

Neither any application was made nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the period ended on March 31, 2022.

10. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5

of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

11. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS").

12. Changes in Share capital

The Authorized share capital of the Company is 5,00,000/- (Rupees Five Lakhs Only) divided into 50000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as at March 31, 2022 is 5,00,000/- (Rupees Five Lakhs Only) divided into 50000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

13. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

During the year under review, there has been no change in the composition of the Board of the Company.

Following are the directors as on date of this report;

DIN	Name of director	Designation
00043298	Sri. T Sudhakar Pai	Director
00030515	Mrs. Jaya S Pai	Director
06733156	Mrs. Jyothi A Pradhan	Director

Mr. T Sudhakar Pai (DIN: 00043298), Mrs. Jaya S Pai (DIN: 00030515) and Mrs. Jyothi Ashish Pradhan (DIN: 06733156) are named as first directors of the Company by virtue of subscription to Memorandum and Association (MOA) and Articles of Association (AOA) of the Company to hold office till first Annual General Meeting of the Company.

Their reappointment as non-Executive directors of the Company is being placed in the first Annual General Meeting of the Company for Members approval.

There is no change in the composition of the Board of the Company during the period under review except as stated above

14. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting were given well in advance to all the Directors.

During the period, 7 (Seven) Board Meetings were convened and held as on 27.01.2021, 03.02.2021, 29.03.2021, 29.06.2021, 28.07.2021, 30.09.2021 and 28.02.2022 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2022 are as follows;

Name	Category	board	No. of Board Meetings Attended	Last AGM Attenda nce
Mr. T Sudhakar Pai	First Director	7	7	NA
Mrs. Jaya S Pai	First Director	7	7	NA
Mrs. Jyothi Ashish Pradhan	First Director	7	3	NA

* The Company was incorporated on January 18, 2021 hence the provisions with respect to last AGM does not arise.

15. Details of Subsidiary/Joint Ventures/ Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

16. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2022 have been prepared on a going concern basis;
- e. 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.

17. Auditors and Auditors' report

Statutory Auditors

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), was appointed as First Auditor of the Company in the first board meeting of the Company to hold the office of the Statutory Auditors of the Company from the conclusion of first Board

Meeting until the conclusion of the ensuing Annual General Meeting.

Meanwhile, M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), has shown his unwillingness to continue as the Statutory Auditor of the Company and accordingly tendered his resignation vide his letter dated 03.09.2021. The Board at their meeting held on September 3, 2021, unanimously resolved to appoint M/s. ASA & Associates, LLP, Chartered Accountants, Bangalore Firm Registration 009571N/N500006] as the statutory auditors of the Company to fill the casual vacancy Caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants subject to the confirmation of shareholders in ensuing general meeting. Shareholders at their meeting held on December 29, 2021 confirmed and approved the appointment of M/s. ASA & Associates, LLP, Chartered Accountants, Bangalore as the statutory auditors to hold office till the conclusion of first AGM of the Company.

Therefore appointment of M/s. ASA & Associates, LLP, Chartered Accountants, Bangalore [Firm Registration No.: 009571N/N500006] as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 6th Annual General Meeting to be held in year 2026 is being placed before the members for their approval in this first AGM of the Company.

The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 141(3) of the Companies Act, 2013.

After enactment of the Companies (Amendment) Act, 2017, the provisions with respect to the annual ratification of the auditors have been omitted from the Companies (Audit and Auditors) Rules 2014.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

The Directors state that the overall turnover of the company does not exceed the limit prescribed for maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, accordingly such accounts and records are not made and maintained by the Company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

18. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company is new and has not declared any dividend during the period.

19. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulate/constitute any Audit Committee of the Board.

20. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

21. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

22. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

23. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, There were no guarantees and investments made by the Company.

24. Internal Audit And Control

Your Company does not fall within the preview of section 138. However, The Board has adopted the procedures 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 record, and the timely preparation of reliable financial disclosures.

25. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, to the extent as applicable, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

26. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 25 of audited Financial Statements of the Company for period ended March 31, 2022. During the period ended on 31st March, 2022, the Company has not entered into any contract/arrangement/transaction of material nature with any of the related parties which are in conflict with the interest of the Company. The details of the related party

transactions in form AOC-2 are provided in Annexure A.

27. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

28. Risk Management Policy

The Board of Directors facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. At present the Company has not identified any element of risk which may threaten the existence of the Company.

29. Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

During the period under review the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

30. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

31. 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 for the period ended March 31, 2022 will be filed to ROC within the prescribed time period. A copy of annual return for the period ended March 31, 2022 will be placed on the functional website of the Company.

32. 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.

33. Significant and Material Orders

There are no significant and material orders passed by regulators or courts or tribunals

34. 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. impacting the going concern status and Company's operations in future.

35. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not intensive. However adequate Energy Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's; Nil

B. Technology absorption-

- (i) The efforts made towards technology absorption; - None
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; - Not **Applicable**
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) The details of technology imported; none

- (b) The year of import; Not Applicable
- (c) Whether the technology has been fully absorbed: Not applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- (iv) The expenditure incurred on R&D: Nil

C. Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow.

36. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company had adopted Prevention of Sexual Harassment at Workplace Policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

37. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support. The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic.

For and on Behalf of the Board For KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED

> T SUDHAKAR PAI DIRECTOR

DIN: 00043298

JYOTHI ASHISH PRADHAN DIRECTOR DIN: 06733156

Spuladier

Date: 04.11.2022 Place: Bangalore

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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 Enterprise Limited	Holding Company	Purchase of Goods	Ongoing	as per MOU	29.06.2021	3,753.93
Kurlon Enterprise Limited	Holding Company	Sale of Goods	Ongoing	as per MOU	29.06.2021	8.81
Manipal Travels (India) (P) Ltd	Entity Significantly influenced by Director(s)	Travelling Expenses	Ongoing	as per MOU	29.06.2021	32.35

Note: Transactions pertaining to advertisement, travelling expenses, purchases and sales are 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 the Board

For KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED

Date: 04.11.2022 Place: Bangalore

> (T. Sudhakar Pai) Director

> > DIN: 00043298

(Jyothi Ashish Pradhan)

Director DIN: 06733156

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 3rd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2023.

1. Financial highlights

The Company's financial performance (standalone and consolidated) for the year ended March 31, 2023 is summarized below: (Rs. in Lakh)

Particulars	2022-2023	2021-2022
Revenue from operations	10,530.86	9,513.75
Other Income	14.47	0.60
Total Income	10,545.33	9,514.35
Profit/Loss Before Financial charges, tax and	1,258.34	316.78
Depreciation		
Less: Finance Charges	189.91	-
Profit before Depreciation/Amortization	1068.43	316.78
Less: Depreciation	609.26	5.01
Profit/Loss Before Taxation (PBT)	459.17	311.77
Add/Less: Income Tax/Earlier year's tax	176.38	86.41
Add/Less: Deferred tax	40.43	(68.21)
Profit/Loss after Taxation (PAT)	242.36	293.47
Provision for Proposed Dividend		-
Other comprehensive income	0.59	-
Total comprehensive Income/Loss for the year	242.95	293.47
Earnings per share (EPS).	4,859.01	5,869.34

^{*}Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.

2. State of Company's Affairs

The Company is engaged in the business of supply chain and logistic. During the year under review, the revenue from operations was increased from Rs. 9,513.75 Lakhs during the financial year 2021-22 to Rs. 10,530.86 Lakhs during the year 2022-23. The Net Profit after tax has decreased from to 293.47 Lakhs during the financial year 2021-22 to Rs. 242.95 Lakhs during the year under review.

3. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

4. Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

As Company has not done any one time settlement during the year under review hence no disclosure is required.

5. 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.

6. Transfer to Reserves

The Company has decided not to transfer any amount to its reserve.

7. Change in the nature of business:

During the year under review there has been no change in the nature of business of the Company.

8. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

9. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

10. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

11. Changes in Share capital

The Authorized share capital of the Company is Rs. 50,000/- (Rupees Fifty Thousand Only) divided into 5000 (Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as at March 31, 2023 is Rs. 50,000/- (Rupees Fifty Thousand Only) divided into 5000 (Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

12. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

Mr. Jamsheed M Panday (DIN: 00232768) and Mr. Ashish Vilas Pradhan (DIN: 08630024) who named as first directors of the Company, were

reappointed by the Company in its first AGM held on November 23, 2021.

Following are the directors as on date of this report;

DIN	Name of director	Designation
00232768	Mr. Jamsheed M Panday	Director
08630024	Mr. Ashish Vilas Pradhan	Director

In accordance of the applicable provisions of the Act, Mr. Ashish Vilas Pradhan (DIN: 08630024). Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting eligible being offers himself reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. Ashish Vilas Pradhan would be of immense benefit to the Company as a whole and hence recommended his reappointment as Non-Executive Director of the Company.

There is no change in the composition of the Board of the Company during the period under review except as stated above.

13. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 5 (Five) Board Meetings were convened and held as on 04.06.2022, 21.09.2022, 30.09.2022, 28.11.2022 and 29.03.2023 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2023 are as follows:

Name of the Director	Category	No. of Boar d Meeti ngs held	No . of Board Meeti ngs Atten ded	Last AG M Atten dance
Mr. Ashish Vilas Pradhan	Director	5	5	Yes

Mr.	Director	5	5	Yes
Jamsheed				
M Panday				

14. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

15. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. 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;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis:
- e. 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.

16. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

17. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since its inception.

18. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to

formulate/constitute any Audit Committee of the Board.

19. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

20. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

21. Details of establishment of Vigil Mechanism, if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

22. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, there were no guarantees and investments made by the Company.

23. Internal Audit and Control

Your Company does not fall within the preview of section 138.

24. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

25. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any material related party transactions during the year except those mentioned under note 30 of audited Financial Statements of the Company for FY

2022-23. The details of the related party transactions in form AOC-2 are provided in Annexure A.

26. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than one crore and two lakh rupees per annum, more than Eight Lakhs fifty thousand per month and more than remuneration of Managing Director or Whole Time Director, if any.

27. Risk Management Policy

The Company has no risk management policy and no formal committee is constituted for this purpose.

28. Public Deposits

The Company has not accepted any deposit falling within the purview of Section 73 of the Companies Act, 2013 read with rules made thereunder.

29. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

30. 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 Company does not have operational website yet hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

31. 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.

32. 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.

33. 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.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy.

a) The steps taken or impact on conservation of energy;

The operations of your Company are not Energy intensive. However adequate Measures have been initiated to reduce energy consumption.

b) The steps taken by the company for utilizing alternate sources of energy;

The operations of your Company are not energy intensive.

c) The capital investment on energy Conservation equipment's

During the year under review, no capital investment is made by the company on energy conservation equipment.

A. Technology absorption-

- (i) The efforts made towards technology absorption; **None**
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution; Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - (a) The details of technology imported; none
 - (b) The year of import; Not Applicable

- (c) Whether the technology has been fully absorbed: **Not applicable**
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
 Not applicable
- (iv) The expenditure incurred on R&D: Nil

d) Foreign exchange Earnings and Outgo

During the period under review there was no foreign exchange earnings or out flow.

35. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company adopted Prevention of Sexual Harassment at Workplace Policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

36. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support.

For and on Behalf of the Board For STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED

(JAMSHEED M PANDAY)

(ASHISH VILAS PRADHAN)

Director DIN: 00232768

Director DIN: 08630024

Date: 28.07.2023 Place: Bangalore

FORM NO. 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
 Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2023
 as follows;

SL No	Name of the Related Party	Nature of Relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board Approval	Amount (In Lakhs)
1.	Kurlon Enterprise Limited	Holding Company	Supply of Services	Ongoing	as per MOU	04/06/2022	10,395.02
2.	Komfort Unierse Products & Services Ltd	Fellow Subsidiary	Supply of Services	Ongoing	as per MOU	04/06/2022	40.87

Note: Transactions pertaining to travelling expenses, purchases and sales are 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 the Board

For STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED

Date: 28.07.2023 Place: Bangalore

(JAMSHEED M PANDAY)

Director DIN: 00232768

(ASHISH VILAS PRADHAN) Director

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 1st Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2021.

1. Financial highlights

The Financial Performance of your Company for the year ended March 31, 2021 is given hereunder;

(Amount in Rs.)

Particulars	2020-2021
Revenue from operations	-
Profit Before Financial charges, tax and Depreciation	(10,268)
Less: Finance Charges	ā
Profit before Depreciation/Amortization	(10,268)
Less: Depreciation	6,651
Net Profit Before Taxation (PBT)	(16,919)
Add/Less: Income Tax/Earlier year's tax	2
Add/Less: Deferred tax	я.
Profit after Taxation (PAT)	(16,919)
Provision for Proposed Dividend	
Other comprehensive income	4
Total comprehensive Income/Loss for the year	(16,919)
Earnings per share (EPS).	(3.38)

^{*} Financials figures are shown from the date of incorporation of the Company till March 31, 2021.

2. State of Company's Affairs

Your Company is a newly incorporated Company and it has been only (6) months of its Incorporation. The Company is in its initial stage where the expenses forms the major part of Profit and Loss a/c. Thereby, there is a loss of Rs. 16,919/-.

3. Covid-19

It is quite unfortunate and sad that Corona Virus has caused significant health concerns across the Globe and resulted in multiple deaths. Social distancing being the first compulsory remedy to curtain curb of deadly corona Virus followed by the subsequent vaccination. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when announced. Operations and revenue have been impacted due to COVID-19

4. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

5. Transfer to Reserves

Since the Company has incurred a loss of Rs. 16,919/-, there are no amount transferred to reserves.

6. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

7. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report except the outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Operations and revenue have been impacted due to COVID-19.

8. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

9. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

10. Changes in Share capital

The Authorized share capital of the Company is Rs. 50,000/- (Rupees Fifty Thousand Only) divided into 5000 (Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as at March 31, 2021 is Rs. 50,000/- (Rupees Fifty Thousand Only) divided into 5000 (Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

11. Directors and Key Managerial Personnel

Mr. Jamsheed M Panday (DIN: 00232768) and Mr. Ashish Vilas Pradhan (DIN: 08630024) are named as the first directors of the Company in the

Articles of Association (AOA) of the Company to hold office till the conclusion of first Annual General Meeting of the Company.

Their reappointment as non-Executive directors of the Company is being placed in the first Annual General Meeting of the Company for Members approval.

There is no change in the composition of the Board of the Company during the period under review except as stated above.

12. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 3 (Three) Board Meetings were convened and held as on 21.10.2020, 29.03.2021 and 31.03.2021 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2021 is as follows

Name of the Director	Category	No. of Boar d Meeti ngs held	No . of Board Meeti ngs Atten ded	Last AG M Atten dance
Mr. Ashish Vilas Pradhan	First Director	3	3	N A
Mr. Jamsheed M Panday	First Director	3	3	N A

13. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

14. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2021 have been prepared on a going concern basis;
- e. 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.

15. Auditors and Auditors' report

Statutory Auditors

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), was appointed as First Auditor of the Company in the first board meeting of the Company to hold the office of the Statutory Auditors of the Company from the conclusion of first Board Meeting until the conclusion of the ensuing Annual General Meeting and to conduct the Statutory Audit for the period ended March 31, 2021 on such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors.

M/s Vasudev Pai & Co., Chartered Accountants (FRN: 004560S), has shown his unwillingness to continue as the Statutory Auditor of the Company for further period and accordingly tendered his resignation vide his letter dated 03.09.2021. The

Board at their meeting held on September 3, 2021, unanimously resolved to appoint M/s. ASA & Associates, LLP, Chartered Accountants, Bangalore [Firm Registration No. : 009571N/N500006] as the statutory auditors of the Company to fill the casual vacancy Caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants, to hold office till the conclusion of this Annual General Meeting

Board also approved appointment of M/s. ASA & Associates, LLP, Chartered Accountants, Bangalore Firm Registration No. 009571N/N500006] as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 6th Annual General Meeting to be held in year 2026 subject to your approval in forthcoming annual general meeting of the Company.

The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 141(3) of the Companies Act, 2013.

After enactment of the Companies (Amendment) Act, 2017, the provisions with respect to the annual ratification of the auditors have been omitted from the Companies (Audit and Auditors) Rules 2014.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

16. Transfer to Investor Education and Protection Fund (IEPF)

Your Company is a newly incorporated Company. Therefore, the requirement of transfer of shares and dividend pursuant to IEPF Rules is not applicable to the Company.

17. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulated/constitute any Audit Committee of the Board.

18. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

19. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

20. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, There were no guarantees and investments made by the Company.

21. Internal Audit And Control

Your Company does not fall within the preview of section 138.

22. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication

with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

23. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any related party transactions during the year except those mentioned under note 20 of audited Financial Statements of the Company for FY 21. The details of the related party transactions in form AOC-2 are provided in Annexure A.

24. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

25. Risk Management Policy

The Company has no risk management policy and no formal committee is constituted for this purpose.

26. Public Deposits

The Company has not accepted any deposit falling within the purview of Section 73 of the Companies Act, 2013 read with rules made thereunder.

27. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

28. 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 21 will be filed to ROC within the prescribed time period. The Company does not have website hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

29. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

30. 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.

31. 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.

32. Conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) CONSERVATION OF ENERGY	
The steps taken or impact on conservation of energy	NA
The steps taken by the company for utilizing alternate sources of Energy	NA
The capital investment on energy conservation equipment's	NA
(B) TECHNOLOGY ABSORPTION	
The efforts made towards technology absorption	NA
The benefits derived like product improvement, cost reduction, product development or import substitution	NA
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
The expenditure incurred on research and development	NA

The Company has no foreign exchange earnings and no outgo transactions of during the year.

33. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company adopted Prevention of Sexual

Harassment at Workplace Policy in the meeting of Board of Directors dated 03.09.2021.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

34. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support. The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic.

For and on Behalf of the Board For STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED

Lay ashion kendlow

(JAMSHEED M PANDAY)

Director DIN: 00232768 (ASHISH VILAS PRADHAN)

Director DIN: 08630024

Date: 03.09.2021 Place: Bangalore

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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.

Sr. No	Particulars	Details		
1.	Details of contracts or arrangements or transactions not at arm's length basis:	There were no contracts or arrangements or transactions entered		
	(a) Name(s) of the related party and nature of relationship	into during the year ended March 31,		
	I (b) Nature of contracts/arrangements/fransactions	2021, which were not at arm's length basis.		
		Subject to the subjec		
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any			
	(e) Justification for entering into such contracts or arrangements or transactions			
	(f) Date of approval by the Board			
	(g) Amount paid as advances, if any:			
	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188			
2.	Details of material contracts or arrangement or transactions at arm's length basis:	There were no material contractsor arrangements or transactions entered		
	(a) Name(s) of the related party and nature of relationship	into during the year ended March 31,		
	(b) Nature of contracts/arrangements /transactions	2021		
	(c) Duration of the contracts/arrangements /transactions			
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:			
	(e) Date(s) of approval by the Board, if any:			
	(f) Amount paid as advances, if any			

For and on Behalf of the Board For STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED

Date: 03.09.2021 Place: Bangalore

(JAMSHEED M PANDAY)

Director DIN: 00232768 (ASHISH VILAS PRADHAN)

Director DIN: 08630024

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DIRECTOR'S REPORT

Dear Members.

Your Directors have pleasure in presenting their 2nd Annual Report on the business and operations of the Company and the accounts for the FY ended March 31, 2022.

1. Financial highlights

The Company's financial performance (standalone and consolidated) for the year ended March 31, 2022 is summarized below:

(Rs. in Lakh)

Particulars	Standa	lone	Consolidated	
	2021-2022	2020-2021	2021-2022	2020-2021
Revenue from operations	2,137.81	-	9,513.74	1,835.41
Other Income	=	64	0.60	0.87
Total Income	2,137.81	78	9,514.34	1,836.28
Profit Before Financial charges, tax and Depreciation	160.62	(0.17)	316.67	393.08
Less: Finance Charges	8	-	-	-
Less: Depreciation		95	5.01	0.81
Profit/Loss Before Tax	160.62	(0.17)	311.66	392.27
Less: Current tax	25.20	-	86.41	140.00
Add/Less: Tax credit of earlier years	-	-	· ·	-
Add/Less: Deferred tax	(68.21)	-	(68.21)	-
Profit/Loss after tax	203.63	(0.17)	293.46	252.27
Other comprehensive income	2	(42)	(107.33)	(57.06)
Net profit/loss after tax	203.63	(0.17)	293.46	252.27
Proposed Dividend on Equity Shares		-\	-	â
Surplus in statement of P & L carried to Balance Sheet	203.46	(0.17)	545.73	252.27
Earnings per share (EPS).	0.04	(0.03)	5,869.23	5,045.37

^{*} Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.

2. State of Company's Affairs

The Company is engaged in the business of supply chain and logistic. During the year under review, the revenue from operations was Rs. 2,137.81 Lakhs during the year. The Net Profit after tax has increased to Rs. 203.63 Lakhs as compared to loss of Rs. 0.17 Lakhs.

On consolidated basis, the net revenue from operations increased to Rs. 9,513.74 Lakhs during FY 22 as compared to Rs. 1,835.41 Lakhs previous year registering a growth of 418.34 % and the net profit after tax stood at Rs. 293.46 Lakhs from Rs. 252.27 Lakhs previous year with a growth of 16.33%

3. Covid-19

The financial year ended March 31, 2022 marked the second year since the World Health Organization declared the outbreak of COVID-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated localized restrictions and lockdown.

In April 2021, India witnessed a second wave of infections followed by another wave of infections in the fourth quarter of FY22. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown when announced. Operations and revenue have been impacted due to COVID-19.

4. Dividend

The Board of directors of the Company has decided not to recommend dividend during the year.

5. 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.

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 22.

7. Transfer to Reserves

The Company has decided not to transfer any amount to its reserve.

8. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

9. Material changes and Commitments effecting the financial position of the Company.

There were no significant material changes and commitments that have occurred between the end of the financial year and the date of this report.

10. Disclosure pursuant to section 197 and rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There was no employee who was drawing salary more than the limits prescribed Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence no disclosure is required.

11. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("IND AS")

12. Changes in Share capital

The Authorized share capital of the Company is Rs. 50,000/- (Rupees Fifty Thousand Only) divided into 5000 (Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The issued, subscribed and paid up capital of the Company as

at March 31, 2022 is Rs. 50,000/- (Rupees Fifty Thousand Only) divided into 5000 (Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. During the financial year, there were no changes in the Share Capital of the Company.

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 under review, the Company has neither issued any sweat equity shares nor equity shares with differential voting rights.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option scheme.

The Company has not provided any Stock option to its employees.

13. Directors and Key Managerial Personnel

The provisions of Section 203 of the Companies Act, 2013 pertaining to appointment of Key Managerial Personnel are not applicable to the Company.

Mr. Jamsheed M Panday (DIN: 00232768) and Mr. Ashish Vilas Pradhan (DIN: 08630024) who named as first directors of the Company, were reappointed by the Company in its first AGM held on November 23, 2021.

Following are the directors as on date of this report;

DIN	Name of director	Designation	
00232768	Mr. Jamsheed M Panday	Director	
08630024	Mr. Ashish Vilas Pradhan	Director	

In accordance of the applicable provisions of the Act, Mr. Jamsheed M Panday (DIN: 00232768), Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company considering the vast experience, knowledge and the possession of relevant expertise is of opinion that continued association of Mr. Jamsheed M Panday would be of immense benefit to the Company as a whole and hence

recommended his reappointment as Non-Executive Director of the Company.

There is no change in the composition of the Board of the Company during the period under review except as stated above.

14. Board Meetings

The Board meets at regular intervals to discuss business plan and strategies. The notice of Board meeting is given well in advance to all the Directors.

During the period, 6 (Six) Board Meetings were convened and held as on 05.06.2021, 21.06.2021, 28.07.2021, 03.09.2021, 25.10.2021 and 28.02.2022 respectively. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2022 are as follows;

Name of the Director	Category	No. of Boar d Meeti ngs held	No . of Board Meeti ngs Atten ded	Last AG M Atten dance
Mr. Ashish Vilas Pradhan	Director	6	6	Yes
Mr. Jamsheed M Panday	Director	6	6	No

15. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary/Joint Ventures/Associate Companies.

16. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your directors confirm that:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give true and fair view of the

- state of affairs of the Company at the end of the said financial year and of the profit and loss of the Company for the said financial year;
- c. 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. The annual accounts for the Financial Year ended March 31, 2022 have been prepared on a going concern basis;
- e. 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.

17. Auditors and Auditors' report

Statutory Auditors

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 1st AGM appointed M/s ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 1st AGM until the conclusion of 6th 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 ASA & Associates LLP (FRN: 009571N/N500006), Bangalore, on the standalone financial statements of the Company for FY 2021-22 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.

Auditors report;

The Auditor's report is self-explanatory. There were no observations/qualifications made by the Auditors in the Audit Report.

Disclosure about Cost Records;

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the company.

Secretarial Auditor;

Your Company does not fall within the preview of provisions of Section 204 of the Companies Act, 2013, hence it is not required to appoint Secretarial Auditor during the year under review.

18. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. This clause is not applicable as the Company has not declared any dividend since its inception.

19. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (meetings of Board and its Powers) Rules, 2013 is not applicable to the Company. Hence your Company is not required to formulate/constitute any Audit Committee of the Board.

20. Nomination and Remuneration Committee ("NRC")

The Company does not fall within the preview of section 178 hence it's not required to constitute any NRC of the Board.

21. Stakeholders Relationship Committee;

The provisions with respect to formulation and constitution of Stakeholders Relationship Committee is not applicable to the Company.

22. Details of establishment of Vigil Mechanism , if any

The threshold limit provided under Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Power) Rule, 2014 is not applicable on the Company.

23. Loans, Guarantees and investments

During the year under review, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 and hence the said provision is not applicable. Also, There were no guarantees and investments made by the Company.

24. Internal Audit And Control

Your Company does not fall within the preview of section 138.

25. Annual Evaluation of the Performance of the Board and of Individual Directors

The Board of Directors would carried out an annual evaluation of its own performance and individual Directors, after seeking inputs from all the Directors based on criteria such as Board structure, composition, Board processes and their effectiveness, degree of effective communication with the stakeholders, in accordance with the provisions of the Companies Act, 2013.

26. Particulars of contracts or arrangements with related parties

The transactions with related parties were carried out at arm's length and in the ordinary course of business. The Company did not have any material related party transactions during the year except those mentioned under note 27 of audited Financial Statements of the Company for FY 22. The details of the related party transactions in form AOC-2 are provided in Annexure A.

27. Managerial Remuneration

No Managerial Remuneration has been paid to the directors of the Company as per the provision of Companies Act, 2013. There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director.

28. Risk Management Policy

The Company has no risk management policy and no formal committee is constituted for this purpose.

29. Public Deposits

The Company has not accepted any deposit falling within the purview of Section 73 of the

Companies Act, 2013 read with rules made thereunder.

30. Corporate Social Responsibility (CSR)

Since the Company do not fall under any criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility ("CSR") Committee.

31. 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 22 will be filed to ROC within the prescribed time period. The Company does not have operational website yet hence the requirement of disclosing web link of the annual return in the Board's report did not arise.

32. 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.

33. 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.

34. 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.

35. Conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) CONSERVATION OF ENERGY	
The steps taken or impact on conservation of energy	NA
The steps taken by the company for utilizing alternate sources of Energy	NA
The capital investment on energy conservation equipment's	NA
(B) TECHNOLOGY ABSORPTION	

The efforts made towards technology absorption	NA
The benefits derived like product improvement, cost reduction, product development or import substitution	NA
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
The expenditure incurred on research and development	NA

The Company has no foreign exchange earnings and no outgo transactions of during the year.

36. Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company is committed to provide a safe and conducive work environment to its employees. The Company adopted Prevention of Sexual Harassment at Workplace Policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

37. Acknowledgements

Your Board takes this opportunity to thank all the Shareholders, customers, advisors and bankers for their continued support. The Directors are deeply grateful for every person who risked their life and safety to fight this COVID-19 pandemic.

For and on Behalf of the Board For STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED

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(JAMSHEED M PANDAY)

(ASHISH VILAS PRADHAN)

Director DIN: 00232768

Director DIN: 08630024

Date: 28.11.2022 Place: Bangalore

FORM AOC - 2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the 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
 Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2022 as follows;

Name of Related party	nature of relationship	nature of transactions	duration of contract	salient terms	date of board approval	Amount (In Lakhs)
Kurlon Enterprise Ltd.	Holding Co.	Supply of Services	Running	as per MOU	NA	6727.10

Note: Transaction like trade payable and receivable as mentioned in note 27 of audited financial statements for FY 22 are in the ordinary course of business and at arm's length basis.

For and on Behalf of the Board For STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED

Date: 28.11.2022 Place: Bangalore

(JAMSHEED M PANDAY)

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Director DIN: 00232768 (ASHISH VILAS PRADHAN)

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Director DIN: 08630024