

**INDEPENDENT AUDITOR'S REPORT**

**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 (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company, and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information 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 consideration of reports of other auditors on separate financial statements, 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 Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2024, of consolidated loss and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

**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 SAs 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors are responsible for the other information. The other information comprises the Director's report but does not include the 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 the other information is materially inconsistent with the 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.



# MSKA & Associates

Chartered Accountants

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are 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, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and 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 for preventing and detecting frauds and other irregularities; the 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 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and 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 the Board of Directors either intends to liquidate the Group 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 responsible for overseeing the financial reporting process of each Company.

## 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 Standards on Auditing ("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.

We give in "Annexure A" a detailed description of Auditor's Responsibilities for Audit of the Consolidated Financial Statements.

## Other Matters

- a. The consolidated financial statements of the Group for the year ended March 31, 2023, were audited by another auditor whose report dated August 29, 2023 expressed an unmodified opinion on those statements.
- b. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 4,773.50 lakhs as at March 31, 2024, total revenues of Rs. 13,240.03 lakhs and net cash flows amounting to Rs. 41.22 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 sub-section (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.



# MSKA & Associates

Chartered Accountants

- c. Attention is drawn to the fact that the auditors of three of the subsidiaries have highlighted material uncertainty related to going concern in their respective audit reports. However, the financial statements of these subsidiary companies have been prepared on a going concern basis.

Our opinion on the consolidated financial statements is not modified in respect of the above matters.

## 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 except for the matters stated in the paragraph 1(h)(vi) below on reporting under Rule 11(g).
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, are disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 1(h)(vi) below on reporting under Rule 11(g).
  - g. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group, and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - 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 Auditor's) Rules, 2014, 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 51 to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.



# MSKA & Associates

Chartered Accountants

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.
- iv.
  - (1) 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 their knowledge and belief, 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 person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, 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.
  - (2) 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, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries shall, 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.
  - (3) 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 whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding Company in this regard nothing has come to our or other auditors’ notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. On the basis of our verification and on consideration of the reports of the statutory auditors of subsidiaries that are Indian companies under the Act, we report that the final dividend paid by the Holding Company and its subsidiaries during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend.
- vi. Based on our examination, the Holding Company has used an accounting software for maintaining its books of account during the year ended March 31, 2024, which has a feature of recording the audit trail (edit log) facility, however, the audit trail feature was not enabled throughout the year for all the relevant transactions at the application level, whereas it was fully enabled at the database level within the accounting software to log any direct data changes.





# MSKA & Associates

Chartered Accountants

The audit trail facility, to the extent it was enabled, as reported above for the Holding Company, has been operated throughout the year for relevant transactions in the accounting software. Further, during the course of our examination, we did not come across any instance of the audit trail being tampered with, in respect of the accounting software for the period and the relevant transactions for which the audit trail feature was enabled and operating.

Based on the other auditor's reports on the subsidiary companies incorporated in India whose financial statements have been audited under the Act, the subsidiary companies incorporated in India have used accounting software(s) for maintaining their respective books of account for the year ended March 31, 2024, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s), and further, the respective auditors did not come across any instance of audit trail feature being tampered with.

2. According to the information and explanations given to us, the details of Qualifications/adverse remarks made by the respective auditors of the subsidiaries, in the Companies (Auditor's Report) Order 2020 (CARO) Reports issued till the date of our audit report for the Companies included in the consolidated financial statements are as follows:

| Sr. No | Name of the Company                                  | CIN                   | Type of Company (Holding /Subsidiary/ Associate) | Clause number of the CARO Report which is qualified or Adverse |
|--------|--|-----------------------|--|--|
| 1      | Kurlon Enterprise Limited                            | U36101MH2011PLC222657 | Holding Company                                  | 3(i)(c)<br>3(ii)(b)  |
| 2      | Starship Value Chain & Manufacturing Private Limited | U36900KA2020PTC139535 | Subsidiary Company                               | 3(i)(a)(A)<br>3(i)(b)  |

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W

*Harsh Jain*

Harsh Jain  
Partner  
Membership No: 305641  
UDIN: 24305641BKFTXQ7816  
Place: Bengaluru  
Date: May 15, 2024



## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED

### Auditor's Responsibilities for the Audit of the 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 the management and Board of Directors.
- Conclude on the appropriateness of the management and Board of Directors 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 or business activities 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 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 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.



# MSKA & Associates

Chartered Accountants

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.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W



Harsh Jain

Partner

Membership No.: 305641

UDIN: 24305641BKFTXQ7816



Place: Bengaluru

Date: May 15, 2024

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED**

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Kurlon Enterprise Limited on the Consolidated Financial Statements for the year ended March 31, 2024]

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

**Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls reference to consolidated financial statements of Kurlon Enterprise Limited (hereinafter referred to as "the Holding Company") which includes the internal financial controls over financial reporting of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to one subsidiary, which is incorporated in India namely Kanvas Concepts Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an 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, 2024, based on the internal financial controls with reference to consolidated financial statements 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 ("the ICAI").

**Management and Board of Director's Responsibility for Internal Financial Controls**

The respective Management and the Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 Act.





## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, which are companies incorporated in India, 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 ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, 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 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 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies which are companies incorporated in India.

## Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control 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 control 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.



# MSKA & Associates

Chartered Accountants

## 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.

### Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W



Harsh Jain  
Partner  
Membership No.: 305641  
UDIN: 24305641BKFTXQ7816



Place: Bengaluru  
Date: May 15, 2024

Kurlon Enterprise Limited  
Consolidated Balance Sheet as at March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

| Particulars  | Notes | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------|-------------------------|-------------------------|
| <b>ASSETS</b>  |       |                         |                         |
| <b>Non-current assets</b>  |       |                         |                         |
| Property, plant and equipment  | 4     | 25,073.09               | 18,905.74               |
| Right-of-use assets  | 5     | 4,722.05                | 6,063.82                |
| Capital work-in-progress   | 4     | 55.15                   | 98.26                   |
| Goodwill   | 6     | -                       | 2,103.16                |
| Other Intangible assets  | 6     | 124.04                  | 132.34                  |
| <b>Financial assets</b>  |       |                         |                         |
| (i) Loans  | 7     | -                       | 2.28                    |
| (ii) Other financial assets  | 8     | 1,266.03                | 2,954.34                |
| Non current tax assets (net)   | 9     | 1,368.56                | 2,382.39                |
| Other non-current assets   | 10    | 27.36                   | 1,510.85                |
| <b>Total non current assets</b>  |       | <b>32,636.28</b>        | <b>34,153.18</b>        |
| <b>Current assets</b>  |       |                         |                         |
| Inventories  | 11    | 9,001.11                | 8,049.43                |
| <b>Financial assets</b>  |       |                         |                         |
| (i) Investments  | 12    | 1,027.82                | 1,602.30                |
| (ii) Trade receivables   | 13    | 6,889.17                | 5,529.89                |
| (iii) Cash and cash equivalents  | 14    | 280.09                  | 345.97                  |
| (iv) Bank balances other than cash and cash equivalents                                  | 15    | 225.86                  | 164.26                  |
| (v) Loans  | 16    | -                       | 10.00                   |
| (vi) Other financial assets  | 17    | 67.69                   | 15,590.09               |
| Other current assets   | 18    | 2,977.38                | 10,270.80               |
| <b>Total current assets</b>  |       | <b>20,469.12</b>        | <b>41,562.74</b>        |
| <b>Total assets</b>  |       | <b>53,105.40</b>        | <b>75,715.92</b>        |
| <b>EQUITY AND LIABILITIES</b>  |       |                         |                         |
| <b>Equity</b>  |       |                         |                         |
| Equity share capital   | 19    | 1,827.62                | 1,827.62                |
| Other equity   | 20    | 26,545.76               | 45,176.24               |
| <b>Equity attributable to shareholders of the Holding Company</b>                        |       | <b>28,373.38</b>        | <b>47,003.86</b>        |
| Non-controlling interests  |       | -                       | (15.69)                 |
| <b>Total equity</b>  |       | <b>28,373.38</b>        | <b>46,988.17</b>        |
| <b>Liabilities</b>   |       |                         |                         |
| <b>Non-current liabilities</b>   |       |                         |                         |
| <b>Financial liabilities</b>   |       |                         |                         |
| (i) Borrowings   | 21    | -                       | 59.32                   |
| (ii) Lease liabilities   | 22    | 3,135.63                | 3,911.16                |
| (iii) Other non current financial liabilities  | 23    | 5,484.94                | 5,835.60                |
| Provisions   | 24    | 723.42                  | 446.45                  |
| Deferred tax liabilities (Net)   | 25    | 92.37                   | 600.83                  |
| <b>Total non current liabilities</b>   |       | <b>9,436.36</b>         | <b>10,853.36</b>        |
| <b>Current liabilities</b>   |       |                         |                         |
| <b>Financial liabilities</b>   |       |                         |                         |
| (i) Borrowings   | 26    | 13.20                   | 1,668.13                |
| (ii) Lease liabilities   | 22    | 1,048.76                | 1,346.50                |
| (iii) Trade payables   | 27    | -                       | -                       |
| - Total outstanding dues of micro enterprises and small enterprises                      |       | 100.03                  | 313.09                  |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 11,780.33               | 11,025.04               |
| (iv) Other financial liabilities   | 28    | 647.63                  | 1,073.27                |
| Provisions   | 24    | 863.29                  | 706.35                  |
| Current tax liabilities (net)  | 29    | 84.99                   | 684.10                  |
| Other current liabilities  | 30    | 757.43                  | 1,057.91                |
| <b>Total current liabilities</b>   |       | <b>15,295.66</b>        | <b>17,874.39</b>        |
| <b>Total liabilities</b>   |       | <b>24,732.02</b>        | <b>28,727.75</b>        |
| <b>Total equity and liabilities</b>  |       | <b>53,105.40</b>        | <b>75,715.92</b>        |

Summary of material accounting policies 2  
The accompanying notes are an integral part of these consolidated financial statements.  
As per our report of even date

For M S K A & Associates  
Chartered Accountants  
Firm Registration No.: 105047W

*Harsh Jain*  
Harsh Jain  
Partner

Membership No.: 305641  
Place: Bengaluru  
Date: May 15, 2024



For and on behalf of the Board of Directors of  
Kurlon Enterprise Limited  
CIN: J36101MH2011PLC222657

*Ushaar Gautam*  
Ushaar Gautam  
Managing Director  
DIN: 0164645  
Place: Noida  
Date: May 15, 2024

*Rahul Gautam*  
Rahul Gautam  
Director  
DIN: 00192999  
Place: Delhi  
Date: May 15, 2024

*Abhilash Padmanabh Kamti*  
Abhilash Padmanabh Kamti  
Chief Financial Officer  
Place: Noida  
Date: May 15, 2024

*Morris Kumar*  
Morris Kumar  
Company Secretary  
Membership No.: A38853  
Place: Noida  
Date: May 15, 2024



Kurlon Enterprise Limited  
Consolidated Statement of Profit and Loss for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

| Particulars   | Notes | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Income</b>   |       |                                      |                                      |
| Revenue from operations   | 31    | 81,986.05                            | 85,889.51                            |
| Other income  | 32    | 871.54                               | 842.55                               |
| <b>Total Income</b>   |       | <b>82,857.59</b>                     | <b>86,732.06</b>                     |
| <b>Expenses</b>   |       |                                      |                                      |
| Cost of materials consumed  | 33    | 39,336.19                            | 37,930.92                            |
| Purchases of stock-in-trade   | 34    | 7,644.26                             | 9,181.32                             |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 35    | (132.66)                             | 1,627.12                             |
| Other manufacturing expenses  | 36    | 5,428.84                             | 5,031.59                             |
| Employee benefits expenses  | 37    | 7,888.37                             | 7,002.44                             |
| Finance costs   | 38    | 572.96                               | 729.03                               |
| Depreciation and amortisation expense   | 39    | 2,531.33                             | 3,590.98                             |
| Other expenses  | 40    | 22,952.30                            | 20,846.95                            |
| <b>Total Expenses</b>   |       | <b>86,221.59</b>                     | <b>85,940.35</b>                     |
| <b>Profit/(Loss) before tax</b>   |       | <b>(3,363.99)</b>                    | <b>791.71</b>                        |
| Exceptional Items   | 40.2  | 2,111.47                             | -                                    |
| <b>Profit/(Loss) before tax from continuing operations</b>                    |       | <b>(5,475.46)</b>                    | <b>791.71</b>                        |
| <b>Income Tax expense</b>   |       |                                      |                                      |
| Current tax   | 55    | 163.57                               | 824.35                               |
| Tax expenses related to earlier years   |       | -                                    | (45.45)                              |
| Deferred tax (net)  |       | (517.46)                             | (1,033.85)                           |
| <b>Total Income tax expense</b>   |       | <b>(353.89)</b>                      | <b>(254.95)</b>                      |
| <b>Profit/(Loss) for the year</b>   |       | <b>(5,121.57)</b>                    | <b>1,046.66</b>                      |
| <b>Other comprehensive Income (net of tax)</b>                                |       |                                      |                                      |
| <i>Items that will not be reclassified to profit or loss</i>                  |       |                                      |                                      |
| Remeasurements gain / (loss) of the net defined benefit plans                 |       | (296.37)                             | (27.77)                              |
| Income tax on above item  | 55    | (9.99)                               | 10.35                                |
| <b>Total Other comprehensive Income/ (loss) (net of tax)</b>                  |       | <b>(306.36)</b>                      | <b>(17.42)</b>                       |
| <b>Total comprehensive income for the year</b>                                |       | <b>(5,427.93)</b>                    | <b>1,029.24</b>                      |
| <b>Profit for the year attributable to:</b>                                   |       |                                      |                                      |
| Shareholders of the Holding Company   |       | (5,121.57)                           | 1,064.89                             |
| Non-controlling Interest  |       | -                                    | (18.23)                              |
|   |       | (5,121.57)                           | 1,046.65                             |
| <b>Other Comprehensive income for the year attributable to:</b>               |       |                                      |                                      |
| Shareholders of the Holding Company   |       | (306.36)                             | (17.42)                              |
| Non-controlling Interest  |       | -                                    | -                                    |
|   |       | (306.36)                             | (17.42)                              |
| <b>Total Comprehensive Income for the year attributable to:</b>               |       |                                      |                                      |
| Shareholders of the Holding Company   |       | (5,427.93)                           | 1,047.47                             |
| Non-controlling Interest  |       | -                                    | (18.23)                              |
|   |       | (5,427.93)                           | 1,029.24                             |
| <b>Earnings per equity share (face value of Rs.5/- each):</b>                 |       |                                      |                                      |
| Basic and diluted (Rs.)   | 41    | (14.01)                              | 2.86                                 |

Summary of material accounting policies 2  
The accompanying notes are an integral part of these consolidated financial statements.  
As per our report of even date

For M S K A & Associates  
Chartered Accountants  
Firm Registration No.: 105047W

Harsh Jain

Harsh Jain  
Partner  
Membership No.: 305641  
Place: Bengaluru  
Date: May 15, 2024



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

Abhaa Gautam  
Managing Director  
DIN: 01646187  
Place: Noida  
Date: May 15, 2024

Rahul Gautam  
Director  
DIN: 00192999  
Place: Delhi  
Date: May 15, 2024

Abhilash Padmanabh Kamti  
Chief Financial Officer  
Place: Noida  
Date: May 15, 2024

Manu Kumar  
Company Secretary  
Membership No.: A388  
Place: Noida  
Date: May 15, 2024





Kurlon Enterprise Limited  
Consolidated Statement of Cash Flows for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Cash flows from operating activities</b>   |                                      |                                      |
| Profit before tax  | (5,475.46)                           | 791.71                               |
| Adjustments for:   |                                      |                                      |
| Depreciation and amortisation expense  | 2,531.33                             | 3,590.98                             |
| Finance costs  | 478.31                               | 527.01                               |
| Advances to suppliers written off  | 4.78                                 | 1.42                                 |
| Liabilities/provisions no longer required written back   | (526.69)                             | (59.50)                              |
| Provision for doubtful advances  | -                                    | 276.68                               |
| Provision for expected credit loss   | 18.17                                | 73.78                                |
| Provision for warranty   | 237.12                               | 363.07                               |
| Advances/Balances written off  | 1,870.14                             | -                                    |
| Bad debts written off  | 10.37                                | 25.44                                |
| Fair value (gain) / loss on investments (net)  | (15.39)                              | 511.28                               |
| (Profit) / Loss on sale of investments (net)   | (26.10)                              | (491.04)                             |
| (Profit) / Loss on sale of property, plant and equipment (net)                                 | 1,528.46                             | 304.19                               |
| Gain on early termination of lease   | (166.94)                             | (72.93)                              |
| Net Loss on Foreign Currency   | 3.43                                 | -                                    |
| Goodwill written off   | 2,103.16                             | -                                    |
| Rental Income  | (7.80)                               | -                                    |
| Interest income  | (39.90)                              | (149.59)                             |
| <b>Operating profit before working capital changes</b>   | <b>2,526.99</b>                      | <b>5,692.50</b>                      |
| <b>Changes in working capital:</b>   |                                      |                                      |
| Decrease / (Increase) in Inventories   | (951.68)                             | 3,964.60                             |
| Decrease / (Increase) in loans and trade receivables   | (1,375.54)                           | 389.52                               |
| Decrease / (Increase) in other financial and non-financial assets                              | 4,817.39                             | (22,801.30)                          |
| Increase / (Decrease) in trade payables  | 593.99                               | (657.35)                             |
| Increase / (Decrease) in other financial liabilities, non-financial liabilities and provisions | (660.72)                             | (149.68)                             |
| <b>Cash generated from operations</b>  | <b>4,950.43</b>                      | <b>(13,561.71)</b>                   |
| Income taxes paid (net of refunds)   | 260.14                               | (774.71)                             |
| <b>Net cash flows from operating activities (A)</b>  | <b>5,210.57</b>                      | <b>(14,336.42)</b>                   |
| <b>B. Cash flows from investing activities</b>   |                                      |                                      |
| Purchase of property, plant and equipment and change in capital work in progress               | (4,254.13)                           | (611.22)                             |
| Proceeds from sale of property, plant and equipment  | 494.22                               | 1,319.18                             |
| Capital Advances (paid)/ received  | 1,483.49                             | 638.19                               |
| Investment in mutual funds (net)   | 615.97                               | 9,086.00                             |
| Reduction of reserves on sale of subsidiaries  | 266.39                               | -                                    |
| Bank deposits (Investment)/Redemption  | (61.60)                              | 4,085.74                             |
| Rental income received (short term lease)  | 7.80                                 | -                                    |
| Interest income received   | 39.90                                | 190.09                               |
| <b>Net cash flows (used in) investing activities (B)</b>                                       | <b>(1,407.96)</b>                    | <b>14,707.98</b>                     |
| <b>C. Cash flows from financing activities</b>   |                                      |                                      |
| Net (repayment of)/proceeds from short-term borrowings   | (1,714.25)                           | 971.01                               |
| Payment of lease liabilities (principal and interest)  | (1,416.08)                           | (790.87)                             |
| Finance costs  | (80.11)                              | (529.65)                             |
| Dividend paid  | (658.05)                             | (183.08)                             |
| <b>Net cash flows from/(used in) financing activities (C)</b>                                  | <b>(3,868.49)</b>                    | <b>(532.59)</b>                      |
| <b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>                          | <b>(65.88)</b>                       | <b>(161.03)</b>                      |
| Cash and cash equivalents at the beginning of the year   | 345.97                               | 507.00                               |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>280.09</b>                        | <b>345.97</b>                        |

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
- Figures in bracket represents cash outflow.



Kurlon Enterprise Limited  
 Consolidated Statement of Cash Flows for the year ended March 31, 2024  
 (All amounts in INR Lakhs, unless otherwise stated)

3. Components of cash and cash equivalents:

| Particulars                                   | (Rs. in Lakhs)          |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
| Cash and cash equivalents                     |                         |                         |
| Cash on hand                                  | 277.55                  | 339.74                  |
| Balance with banks in current accounts        | 2.54                    | 6.23                    |
| <b>Balance as per Statement of Cash Flows</b> | <b>280.09</b>           | <b>345.97</b>           |

The accompanying notes are an integral part of these consolidated financial statements.  
 As per our report of even date

For M S K A & Associates  
 Chartered Accountants  
 Firm Registration No.: 105047W

*Harsh Jain*



Harsh Jain  
 Partner  
 Membership No: 305641  
 Place: Bengaluru  
 Date: May 15, 2024

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

*Tushaar Gautam*  
 Tushaar Gautam  
 Managing Director  
 DIN: 01646487  
 Place: Noida  
 Date: May 15, 2024

*Rahul Gautam*  
 Rahul Gautam  
 Director  
 DIN: 00192999  
 Place: Delhi  
 Date: May 15, 2024

*Abhilash Kamti*  
 Abhilash Padmanabh Kamti  
 Chief Financial Officer  
 Place: Noida  
 Date: May 15, 2024

*Mohu Kumar*  
 Mohu Kumar  
 Company Secretary  
 Membership No.: A38853  
 Place: Noida  
 Date: May 15, 2024



Kurlon Enterprise Limited  
Consolidated Statement of Changes in Equity for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

(A) Equity share capital

Equity shares of Rs. 5 each - issued, subscribed and fully paid

|   | March 31, 2024 |          | March 31, 2023 |          |
|---|----------------|----------|----------------|----------|
|   | 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 in equity share capital 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

| Particulars  | Reserves and surplus |                 |                    |                 | Total equity attributable to equity holders of the Company | Non-controlling Interest | Total       |
|--|----------------------|-----------------|--------------------|-----------------|--|--------------------------|-------------|
|  | Retained earnings    | Capital reserve | Securities premium | General reserve |  |                          |             |
| Balance as at April 01, 2022                         | 27,849.43            | 312.24          | 14,860.48          | 1,286.11        | 44,308.26  | 2.54                     | 44,310.80   |
| Profit for the year                                  | 1,046.66             | -               | -                  | -               | 1,046.66   | -                        | 1,046.66    |
| Dividend paid  | (183.21)             | -               | -                  | -               | (183.21)   | -                        | (183.21)    |
| Transfer to capital reserve                          | -                    | 3.71            | -                  | -               | 3.71   | -                        | 3.71        |
| Other Comprehensive Income for the year (net of tax) | (17.42)              | -               | -                  | -               | (17.42)  | -                        | (17.42)     |
| Transfer to non-controlling Interest                 | 18.23                | -               | -                  | -               | 18.23  | (18.23)                  | -           |
| Total comprehensive income for the year              | 864.26               | 3.71            | -                  | -               | 867.98   | (18.23)                  | 849.74      |
| Balance as at March 31, 2023                         | 28,713.69            | 315.95          | 14,860.48          | 1,286.11        | 45,176.24  | (15.69)                  | 45,160.54   |
| Reclassification                                     | 315.95               | (315.95)        | -                  | -               | -  | -                        | -           |
| Profit for the year                                  | (5,121.57)           | -               | -                  | -               | (5,121.57)   | -                        | (5,121.57)  |
| Addition to Capital reserve                          | -                    | 1,505.93        | -                  | -               | 1,505.93   | -                        | 1,505.93    |
| Dividend paid  | (658.05)             | -               | -                  | -               | (658.05)   | -                        | (658.05)    |
| Other Comprehensive Income for the year (net of tax) | (306.36)             | -               | -                  | -               | (306.36)   | -                        | (306.36)    |
| Other Payments (refer note 66)                       | (14,301.13)          | -               | -                  | -               | (14,301.13)  | -                        | (14,301.13) |
| Non-controlling interests in subsidiaries sold       | -                    | -               | -                  | -               | -  | 15.69                    | 15.69       |
| Reduction of reserves on sale of subsidiaries        | 250.70               | -               | -                  | -               | 250.70   | -                        | 250.70      |
| Total comprehensive income for the year              | (19,820.46)          | 1,189.98        | -                  | -               | (18,630.48)  | 15.69                    | (18,614.78) |
| Balance as at March 31, 2024                         | 8,893.23             | 1,505.93        | 14,860.48          | 1,286.11        | 26,545.76  | -                        | 26,545.76   |

The accompanying notes are an integral part of these consolidated financial statements.  
As per our report of even date

For M S K A & Associates  
Chartered Accountants  
Firm Registration No.: 105047W

*Harsh Jain*

Harsh Jain  
Partner  
Membership No.: 305641  
Place: Bengaluru  
Date: May 15, 2024



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

*Tushaar Gautam*  
Tushaar Gautam  
Managing Director  
DIN: 01446487  
Place: Noida  
Date: May 15, 2024

*Rahul Gautam*  
Rahul Gautam  
Director  
DIN: 00192999  
Place: Delhi  
Date: May 15, 2024

*Abhilash Kamti*  
Abhilash Padmanabh Kamti  
Chief Financial Officer  
Place: Noida  
Date: May 15, 2024

*Monu Kumar*  
Monu Kumar  
Company Secretary  
Membership No.: A38853  
Place: Noida  
Date: May 15, 2024



## Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

### 1 General 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 Sheela Foam Limited (SFL), a public limited company listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group') for the year ended March 31, 2024. The Group is primarily involved 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 & logistics services.

| Sl. No | Name of the entity                                     | Country of incorporation | Relationship | % Ownership interest as at March 31, 2024 | % Ownership interest as at March 31, 2023 |
|--------|--|--------------------------|--------------|---|---|
| 1      | Kurlon Retail Limited                                  | India                    | Subsidiary   | 100%                                      | 100%                                      |
| 2      | Belvedere International Limited                        | India                    | Subsidiary   | 100%                                      | 100%                                      |
| 3      | Komfort Universe Products and Services Limited         | India                    | Subsidiary   | 100%                                      | 100%                                      |
| 4      | Starship Value Chain and Manufacturing Private Limited | India                    | Subsidiary   | 100%                                      | 100%                                      |
| 5      | Kanvas Concepts Private Limited                        | India                    | Subsidiary   | 100%                                      | 100%                                      |
| 6      | Sevalal Solar Private Limited                          | India                    | Subsidiary   | -   | 93.80%                                    |
| 7      | Sirar Dhotre Private Limited                           | India                    | Subsidiary   | -   | 93.80%                                    |
| 8      | Sirar Solar Private Limited                            | India                    | Subsidiary   | -   | 93.80%                                    |

The consolidated financial statements for the year ended March 31, 2024 were approved by the Board of Directors and authorized for issue on May 15, 2024.

### 2 Material accounting policies

Material accounting policies adopted by the Group are as under:

#### 2.1 Basis of Preparation of Special Purpose Consolidated financial statements

##### (a) Compliance

The Group prepares its financial statements 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 to the consolidated financial statements.

Accounting policies have been consistently applied to all the periods presented unless otherwise stated.

##### (b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for the following items (refer to individual accounting policies for detail):

Financial instruments - Fair value through profit or loss.

Financial instruments - Fair value through OCI

Contingent consideration

Net defined benefit(asset)/ liability - Fair value of plan assets less present value of defined benefit obligation

##### (c) Presentation currency and rounding of

The consolidated financial statements are presented in INR and all values are rounded to nearest lakhs (INR 00,000), except when otherwise indicated.

##### (d) Going Concern

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

##### (e) Comparative information and reclassification

The consolidated financial statements provide comparative information in respective of the previous period.

#### 2.2 Basis of consolidation

The special purpose consolidated financial statements comprise the financial statements of the group and its subsidiaries as at March 31, 2024.

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present:

(i) power over the investee,

(ii) exposure to variable returns from the investee, and

(iii) the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31. When the end of the reporting period of the Holding Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the Holding Company to enable the Holding Company to consolidate the financial statements of the subsidiary, unless it is impracticable to do so.





**Consolidation procedure:**

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Holding Company of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**2.3 Summary of material accounting policies**

**(a) Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives as follows:

| Property, plant and equipment | Useful Life |
|-------------------------------|-------------|
| Buildings                     | 29 years    |
| Plant & Machinery             | 20 years    |
| Moulds                        | 10 years    |
| Lab Equipments                | 10 years    |
| Solar Equipments              | 15 years    |
| Electrical Fittings           | 20 years    |
| Furniture and Fixtures        | 15 years    |
| Office Equipment              | 20 years    |
| Computers                     | 6 years     |
| Vehicles                      | 10 years    |

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. The Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**(b) Leases**

**Identifying leases**

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (i) There is an identified asset;
- (ii) The Group obtains substantially all the economic benefits from use of the asset; and
- (iii) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IndASs rather than Ind AS 116.



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**(c) Intangible assets**

**Externally acquired intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Development Cost that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when required criteria is met. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

| Intangible assets | Useful Economical Life |
|-------------------|------------------------|
| Computer Software | 6 years                |

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the special purpose consolidated statement of profit and loss when the asset is derecognised.

**(d) Goodwill**

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the profit and loss. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the other comprehensive income and accumulated in equity as capital reserve on the acquisition date.

**(e) Non-controlling interests**

The Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

**(f) Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)**

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

**(g) Inventories**

**Basis of Valuation**

Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

**Method of Valuation:**

Cost of raw materials has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and taxes as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis. Cost of traded goods has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.



(h) **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

(i) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) **Financial assets**

(i) **Initial recognition and measurement**

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

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

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Special purpose consolidated statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Special purpose consolidated statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

**Equity instruments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) **Impairment of financial assets**

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on 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 subsequent years, 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 recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the Special purpose consolidated statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

(iv) Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(B) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Special purpose consolidated statement of Profit and Loss.

*Borrowings*

(Unsecured, considered good)

**Borrowing Cost:** 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.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Special purpose consolidated statement of Profit and Loss as finance costs.

(C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(J) Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

(k) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

(l) Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, dealer loyalty programmes, other expenses and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.





(m) Revenue from contract with customer

**Performance obligations and timing of revenue recognition**

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Some goods sold by the Group include warranties which require the group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with Ind AS 115, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group considers, whether there are other promises in the contract in which there are separate performance obligations, to which a portion of the transaction price needs to be allocated.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

**Schemes**

The group operates several sales incentive programmes wherein the customers are eligible for several benefits on achievement of underlying conditions as prescribed in the scheme programme such as credit notes, reimbursement, investments etc. Revenue from contract with customer is presented deducting cost of all these

(n) Other Operating Revenue

**Rental Income**

Rental income arising from operating sub lease is accounted for on a straight - line basis over the lease terms and is included in other income in the Special purpose consolidated statement of Profit and Loss due to its non-operating nature.

**Interest Income**

Interest on the deployment of surplus funds is recognized using the time proportion method based on the underlying interest rates.

**Dividend Income**

Dividend income is recorded when the right to receive payment is established

(o) Foreign currencies

**Functional and presentation currency**

Items included in the Special purpose consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and Group's presentation currency.

**Transactions and balances**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/losses arising out of fluctuation in foreign exchange rates between the transaction date and settlement date are recognised in the profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date and the exchange differences are recognised in the profit and loss.

(p) Borrowing costs

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(q) Employee Benefits

**Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the profit and loss in the year to which they relate.

**Defined benefit schemes**

Defined benefit scheme surpluses and deficits are measured at:

(i) The fair value of plan assets at the reporting date; less

(ii) Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on government bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post employment benefit obligations

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

(i) Actuarial gains and losses

(ii) Return on plan assets (interest exclusive)

(iii) Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.



**Other long-term service benefits**

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on government bonds that have maturity dates approximating to the expected remaining period to settlement and are denominated in the same currency as the post-employment benefit obligations.

**(r) Taxes**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

**(A) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered 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 year/period end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**(B) Deferred tax**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:

(i) The initial recognition of goodwill

(ii) The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and

(iii) Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

(i) Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the results.

a. Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and

b. If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

(i) The same taxable group company, or

(ii) Different group entities which intend either to settle current tax assets and liabilities 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 assets or liabilities are expected to be settled or recovered

**2.4 Changes in accounting policies and disclosures**

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 for annual periods beginning on or after April 01, 2023. The Group has applied these amendments for the first-time in these consolidated financial statements.

**(a) Amendments to Ind AS 8 - definition of accounting estimates**

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.

The amendments had no impact on these consolidated financial statements.

**(b) Amendments to Ind AS 1 - disclosure of accounting policies**

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.

The amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

**(c) Amendments to Ind AS 12 - deferred tax related to assets and liabilities arising from a single transaction**

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 such as leases. The Group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet.

**(d) New standards and amendments issued but not effective**

There are no such standards which are notified but not yet effective.



### 3 Critical accounting estimates and judgements

#### Estimates and assumptions

##### (a) Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

##### (b) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### (c) Defined benefit plans (post-employment gratuity )

The cost of the defined benefit gratuity plan and other post-employment medical benefits 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; future salary increases and mortality rates. Due to the 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. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

##### (d) Legal proceedings - estimates of claims and legal processes

The Group is currently involved in a number of legal disputes. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the Special purpose consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

##### (e) Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them.

##### (f) Going concern

The assessment of going concern assumption involves significant judgements over availability of sufficient resources, future business plan, availability of funding/ financial resources.



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 4 : PROPERTY, PLANT AND EQUIPMENT

| Particulars                       | Leasehold Land/<br>Freehold Land | Buildings | Plant &<br>Equipment | Furniture and<br>fixtures | Vehicles | Office equipment | Computers | Total property,<br>plant and<br>equipment | Capital work-in-<br>progress |
|-----------------------------------|----------------------------------|-----------|----------------------|---------------------------|----------|------------------|-----------|---|------------------------------|
| Gross carrying amount             |                                  |           |                      |                           |          |                  |           |   |                              |
| As at April 1, 2022               | 991.42                           | 9,461.98  | 20,693.27            | 3,864.21                  | 452.90   | 842.00           | 711.20    | 37,016.98                                 | 398.26                       |
| Additions                         | -                                | 389.16    | 571.84               | 271.51                    | 48.57    | 69.73            | 55.64     | 1,406.45                                  | 342.28                       |
| Disposals                         | -                                | (981.95)  | (1,036.20)           | (800.50)                  | (46.14)  | (18.42)          | (24.03)   | (2,907.24)                                | (642.28)                     |
| As at March 31, 2023              | 991.42                           | 8,869.19  | 20,228.91            | 3,335.22                  | 455.33   | 893.31           | 742.81    | 35,516.19                                 | 98.26                        |
| Additions                         | 4,631.45                         | 1,591.76  | 2,572.91             | 302.73                    | 86.43    | 62.75            | 53.82     | 9,301.85                                  | 709.60                       |
| Disposals/ Adjustments*           | -                                | -         | (4,231.62)           | (557.92)                  | (248.33) | (204.58)         | (177.75)  | (5,420.20)                                | (752.71)                     |
| As at March 31, 2024              | 5,622.87                         | 10,460.95 | 18,570.20            | 3,080.03                  | 293.43   | 751.48           | 618.88    | 39,397.84                                 | 55.15                        |
| Accumulated depreciation          |                                  |           |                      |                           |          |                  |           |   |                              |
| As at April 1, 2022               | -                                | 1,275.63  | 11,316.93            | 2,043.42                  | 169.92   | 543.21           | 549.98    | 15,899.09                                 | -                            |
| Depreciation expense for the year | -                                | 282.87    | 1,284.83             | 248.78                    | 46.54    | 82.37            | 66.89     | 2,012.28                                  | -                            |
| Disposals                         | -                                | (230.60)  | (479.70)             | (538.70)                  | (16.72)  | (16.68)          | (18.52)   | (1,300.92)                                | -                            |
| As at March 31, 2023              | -                                | 1,327.90  | 12,122.06            | 1,753.50                  | 199.74   | 608.90           | 598.35    | 16,610.45                                 | -                            |
| Depreciation expense for the year | -                                | 315.95    | 543.22               | 115.57                    | 25.75    | 13.48            | 24.66     | 1,038.63                                  | -                            |
| Disposals/ Adjustments*           | -                                | -         | (2,469.59)           | (400.34)                  | (111.44) | (177.20)         | (165.75)  | (3,324.33)                                | -                            |
| As at March 31, 2024              | -                                | 1,643.85  | 10,195.69            | 1,468.73                  | 114.05   | 445.18           | 457.26    | 14,324.75                                 | -                            |
| Net carrying amount               |                                  |           |                      |                           |          |                  |           |   |                              |
| As at March 31, 2023              | 991.42                           | 7,541.29  | 8,106.85             | 1,581.72                  | 255.59   | 284.41           | 144.46    | 18,905.74                                 | 98.26                        |
| As at March 31, 2024              | 5,622.87                         | 8,817.10  | 8,374.51             | 1,611.30                  | 179.38   | 306.30           | 161.62    | 25,073.09                                 | 55.15                        |

\*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<br>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  |

Notes:

a. Leasehold Land includes Rs. 1,143 lakh in respect of cost of land at Bhubaneswar facility, wherein the title deeds are held in the name of Kanara Consumer Products Limited (KCPL), the erstwhile Holding Company. The process of transfer of title is on-going and is currently awaiting the approval at Odisha Industrial Infrastructure Development Corporation (IDCO)

b. Refer note 50 for disclosure of groups commitment for expenditure on account of acquisition of Property, plant and equipment.





Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

c. During the period ended March 31, 2024, the Group has revised the useful life of Property, plant and equipment with effect from April 1, 2023. Set out below is the impact of such change on future period depreciation:

| Particulars              | For the year ended March 31, 2024 |           | March 31, 2023                                     |                   |                  |           | Total |           |                   |
|--------------------------|-----------------------------------|-----------|--|-------------------|------------------|-----------|-------|-----------|-------------------|
|                          | 902.76                            |           | Amount in Capital Work-in-progress for a period of |                   |                  |           |       |           |                   |
|                          | Less than 1 year                  | 1-2 years | 2-3 years  | More than 3 years | Less than 1 year | 1-2 years |       | 2-3 years | More than 3 years |
| Decrease in depreciation | 54.55                             | 0.60      | -  | -                 | 20.86            | 29.25     | 37.31 | 10.84     | 98.26             |
| Projects in progress     |                                   |           |  |                   |                  |           |       |           |                   |

d. Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:  
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 as at March 31, 2024 and March 31, 2023.



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 5 : RIGHT OF USE ASSETS

| Particulars                                | Leasehold land  | Buildings       | Total           |
|--|-----------------|-----------------|-----------------|
| <b>Gross carrying amount</b>               |                 |                 |                 |
| As at April 1, 2022                        | 1,145.27        | 3,720.85        | 4,866.12        |
| Additions                                  | -               | 4,316.94        | 4,316.94        |
| Terminations                               | -               | (827.28)        | (827.28)        |
| <b>As at March 31, 2023</b>                | <b>1,145.27</b> | <b>7,210.51</b> | <b>8,355.78</b> |
| Additions                                  | -               | 1,790.20        | 1,790.20        |
| Terminations                               | -               | (1,987.85)      | (1,987.85)      |
| <b>As at March 31, 2024</b>                | <b>1,145.27</b> | <b>7,012.86</b> | <b>8,158.13</b> |
| <b>Accumulated depreciation</b>            |                 |                 |                 |
| As at April 1, 2022                        | 58.35           | 1,318.15        | 1,376.50        |
| Depreciation expense for the year          | 19.45           | 1,425.60        | 1,445.05        |
| Terminations                               | -               | (529.59)        | (529.59)        |
| <b>As at March 31, 2023</b>                | <b>77.80</b>    | <b>2,214.16</b> | <b>2,291.96</b> |
| Depreciation expense for the year          | 18.70           | 1,431.19        | 1,449.89        |
| Terminations/ Adjustments                  | -               | (305.77)        | (305.77)        |
| <b>As at March 31, 2024</b>                | <b>96.50</b>    | <b>3,339.58</b> | <b>3,436.08</b> |
| <b>Net book value as at March 31, 2023</b> | <b>1,067.47</b> | <b>4,996.35</b> | <b>6,063.82</b> |
| <b>Net book value as at March 31, 2024</b> | <b>1,048.77</b> | <b>3,673.28</b> | <b>4,722.05</b> |

(i) Refer note 44 for detailed disclosures as per Ind AS 116 "Leases".

NOTE 6 : INTANGIBLE ASSETS

| Particulars                                | Goodwill        | Computer Software | Total           |
|--|-----------------|-------------------|-----------------|
| <b>Gross carrying amount</b>               |                 |                   |                 |
| As at April 1, 2022                        | 2,103.16        | 1,097.87          | 3,201.03        |
| Additions                                  | -               | 0.99              | 0.99            |
| Disposal/ Adjustments                      | -               | (10.78)           | (10.78)         |
| <b>As at March 31, 2023</b>                | <b>2,103.16</b> | <b>1,088.08</b>   | <b>3,191.24</b> |
| Additions                                  | -               | 35.35             | 35.35           |
| Disposal/ Adjustments                      | (2,103.16)      | (8.29)            | (2,111.45)      |
| <b>As at March 31, 2024</b>                | <b>-</b>        | <b>1,115.14</b>   | <b>1,115.14</b> |
| <b>Accumulated Amortisation</b>            |                 |                   |                 |
| As at April 1, 2022                        | -               | 823.61            | 823.61          |
| Amortisation expense for the year          | -               | 133.98            | 133.98          |
| Disposal/ Adjustments                      | -               | (1.85)            | (1.85)          |
| <b>As at March 31, 2023</b>                | <b>-</b>        | <b>955.74</b>     | <b>955.74</b>   |
| Amortisation expense for the year          | -               | 42.81             | 42.81           |
| Disposal/ Adjustments                      | -               | (7.45)            | (7.45)          |
| <b>As at March 31, 2024</b>                | <b>-</b>        | <b>991.10</b>     | <b>991.10</b>   |
| <b>Net book value as at March 31, 2023</b> | <b>2,103.16</b> | <b>132.34</b>     | <b>2,235.50</b> |
| <b>Net book value as at March 31, 2024</b> | <b>-</b>        | <b>124.04</b>     | <b>124.04</b>   |

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, 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. The Holding Company during year made assessment of goodwill and concluded that the asset does not have any recoverable value. Accordingly, the goodwill of Rs. 2103.16 lakhs is written-off as per IND AS 36.



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

NOTE 7 : LOANS (NON CURRENT)

| Particulars                  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|------------------------------|-------------------------|-------------------------|
| (Unsecured, considered good) |                         |                         |
| At amortised cost            |                         |                         |
| Loan to Related Parties      | -                       | 276.68                  |
| Less : Loss allowance        | -                       | (276.68)                |
| Other Loans                  | -                       | 2.28                    |
| <b>Total</b>                 | <b>-</b>                | <b>2.28</b>             |

Note:

As at March 31, 2023, the Group had 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 as at March 31, 2023. The Group had taken legal action against aforesaid director and entity for recovering the aforesaid loan amount. Considering the uncertainty in recoverability of above loans, management had provided for the loan receivable during financial year ended March 31, 2023. However, the subsidiary that had provided the loan has been sold during the current year and not a part of the Group as at March 31, 2024.

NOTE 8 : OTHER FINANCIAL ASSETS (NON CURRENT)

| Particulars                  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|------------------------------|-------------------------|-------------------------|
| (Unsecured, considered good) |                         |                         |
| Security deposits            | 1,266.03                | 932.05                  |
| Insurance Receivable*        | -                       | 2,022.29                |
| <b>Total</b>                 | <b>1,266.03</b>         | <b>2,954.34</b>         |

\* During the previous year, a fire accident occurred at one of the Holding Company's factories located in Jhagadia. This incident resulted in damage to various assets, including inventories, property, plant, and equipment. The Holding Company subsequently filed a claim with the insurer for these damages. As of March 31, 2023, the recoverable value for the damaged and burnt assets, including inventories, was Rs. 2,022.29 lakhs, which the Holding Company expected to recover from the insurer. However, only Rs. 152.15 lakhs was realized during this period. Due to the lack of any acknowledgment from the insurer regarding the possibility of further recovery, the remaining amount of Rs. 1,870.14 lakhs has been written off during the year. This balance will be recognized as revenue if and when the claim is settled by the insurer.

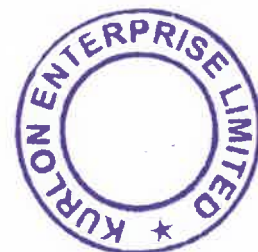
NOTE 9 : NON CURRENT TAX ASSETS (NET)

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Advance income tax net of provision for current tax & including tax deducted at source | 1,368.56                | 2,381.88                |
| MAT credit entitlement   | -                       | 0.51                    |
| <b>Total</b>   | <b>1,368.56</b>         | <b>2,382.39</b>         |

NOTE 10 : OTHER NON CURRENT ASSETS

| Particulars                         | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|-------------------------------------|-------------------------|-------------------------|
| (Unsecured, considered good)        |                         |                         |
| Capital advances (refer note below) | 27.36                   | 1,510.85                |
| <b>Total</b>                        | <b>27.36</b>            | <b>1,510.85</b>         |

Note: During the year the Group has received back the advance paid to Maha Rashtra Apex Corporation Limited (MRACL) (a related party) of Rs.1222.76 lakhs for joint bidding with Kanara Consumer Products Limited (KCPL) concerning auction of property in Jai Bharath Industrial Area, Yeshwanthpur, Bengaluru.



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 11 : INVENTORIES

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| (Valued at lower of cost and net realisable value unless otherwise stated) |                         |                         |
| Raw materials  | 3,683.63                | 2,962.94                |
| Work-in-progress   | 1,256.29                | 987.57                  |
| Finished goods   | 2,649.44                | 3,068.02                |
| Stock-in-trade   | 825.14                  | 542.62                  |
| Stores and spares  | 583.68                  | 488.28                  |
| Stores & spares (in transit)   | 2.93                    | -                       |
| <b>Total</b>   | <b>9,001.11</b>         | <b>8,049.43</b>         |

(i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to Rs. 592.46 Lakhs (March 31, 2023: Rs.581.6 Lakhs) for write-down to net realisable value and provision for slow-moving and obsolete items.

(ii) During the period ended March 31, 2023, the Holding Company has revised the percentage of provision for aged/ slow moving stock effect from April 1, 2023. There is a decrease in provision of Rs.81.52 lakhs for the year.

NOTE 12 : INVESTMENTS (CURRENT)

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Investments In Mutual Funds - fully paid up            |                         |                         |
| Carried at fair value through profit and loss - Quoted | 1,027.82                | 1,602.30                |
| <b>Total</b>   | <b>1,027.82</b>         | <b>1,602.30</b>         |

NOTE 13 : TRADE RECEIVABLES

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| (At amortised cost)                                    |                         |                         |
| Unsecured  |                         |                         |
| Trade receivables - considered good (refer note below) | 6,889.17                | 5,529.89                |
| Trade receivables - considered doubtful                | 1,135.89                | 1,666.42                |
| Trade receivables (gross)                              | 8,025.06                | 7,196.31                |
| Less: Provision for expected credit loss               | (1,135.89)              | (1,666.42)              |
| <b>Total</b>   | <b>6,889.17</b>         | <b>5,529.89</b>         |

Note :

a. Trade receivables are usually non-interest bearing and are on trade terms of 7-90 days.

b. Below is the ageing analysis of trade receivables.

As on March 31, 2024

| Particulars                                      | Outstanding for following periods from due date of payment |                    |                   |               |               |                   | Total           |
|--|--|--------------------|-------------------|---------------|---------------|-------------------|-----------------|
|  | Not due  | Less than 6 months | 6 months - 1 year | 1-2 years     | 2-3 years     | more than 3 years |                 |
| (i) Undisputed trade receivables                 |  |                    |                   |               |               |                   |                 |
| - considered good                                | 2,913.00   | 3,079.93           | 445.02            | 416.43        | -             | -                 | 6,854.38        |
| - which have significant increase in credit risk | -  | -                  | -                 | 127.07        | 72.14         | 748.67            | 947.88          |
| (iii) Disputed trade receivables                 |  |                    |                   |               |               |                   |                 |
| - considered good                                | -  | -                  | -                 | -             | -             | -                 | -               |
| - which have significant increase in credit risk | -  | 3.22               | 7.52              | 17.04         | 28.21         | 166.81            | 222.80          |
| <b>Total</b>                                     | <b>2,913.00</b>  | <b>3,083.15</b>    | <b>452.54</b>     | <b>560.54</b> | <b>100.35</b> | <b>915.48</b>     | <b>8,025.06</b> |

As on March 31, 2023

| Particulars                                      | Outstanding for following periods from due date of payment |                    |                   |               |               |                   | Total           |
|--|--|--------------------|-------------------|---------------|---------------|-------------------|-----------------|
|  | Not due  | Less than 6 months | 6 months - 1 year | 1-2 years     | 2-3 years     | more than 3 years |                 |
| (i) Undisputed trade receivables                 |  |                    |                   |               |               |                   |                 |
| - considered good                                | 2,457.78   | 2,370.63           | 438.98            | 47.49         | 215.01        | -                 | 5,529.89        |
| - which have significant increase in credit risk | -  | -                  | 181.29            | 208.73        | 514.78        | 475.90            | 1,380.70        |
| (iii) Disputed trade receivables                 |  |                    |                   |               |               |                   |                 |
| - considered good                                | -  | -                  | -                 | -             | -             | -                 | -               |
| - which have significant increase in credit risk | -  | 0.87               | 7.04              | 17.70         | 16.60         | 243.51            | 285.72          |
| <b>Total</b>                                     | <b>2,457.78</b>  | <b>2,371.50</b>    | <b>627.31</b>     | <b>273.92</b> | <b>746.39</b> | <b>719.41</b>     | <b>7,196.31</b> |





**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 14 : CASH AND CASH EQUIVALENTS**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

| Particulars          | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|----------------------|-------------------------|-------------------------|
| Balance with banks : |                         |                         |
| Current accounts     | 277.55                  | 339.74                  |
| Cash on hand         | 2.54                    | 6.23                    |
| <b>Total</b>         | <b>280.09</b>           | <b>345.97</b>           |

**NOTE 15 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Deposits having original maturity more than 3 months but less than 12 months | 167.46                  | 0.05                    |
| Deposits with Banks:   |                         |                         |
| - held as margin money   | -                       | 11.57                   |
| Earmarked balances with banks *  | -                       | 137.63                  |
| Unclaimed dividend account   | 58.40                   | 15.01                   |
| <b>Total</b>   | <b>225.86</b>           | <b>164.26</b>           |

Note:

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

**NOTE 16 : LOANS (CURRENT)**

| Particulars                  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|------------------------------|-------------------------|-------------------------|
| (Unsecured, considered good) |                         |                         |
| (At amortised cost)          |                         |                         |
| Others                       | -                       | 10.00                   |
| <b>Total</b>                 | <b>-</b>                | <b>10.00</b>            |

Note:

In the above no loans or advances are granted to promoters, directors, KMPs and related parties.

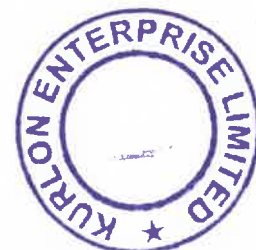
**NOTE 17 : OTHER FINANCIAL ASSETS (CURRENT)**

| Particulars                        | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|------------------------------------|-------------------------|-------------------------|
| (Unsecured, considered good)       |                         |                         |
| Interest accrued on fixed deposits | 13.65                   | 6.38                    |
| Security deposits (Refer Note 66)  | 54.04                   | 15,583.71               |
| <b>Total</b>                       | <b>67.69</b>            | <b>15,590.09</b>        |

**NOTE 18 : OTHER CURRENT ASSETS**

| Particulars                                    | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| (Unsecured, considered good)                   |                         |                         |
| Advances recoverable in cash or kind           |                         |                         |
| - Related parties                              | -                       | 7,430.62                |
| - Advance to Suppliers                         | 917.59                  | 1,703.38                |
| Balances with Statutory/Government authorities | 897.03                  | 1,022.22                |
| Prepaid expenses (refer note below)            | 552.60                  | -                       |
| Unbilled Revenue                               | -                       | 39.42                   |
| Advance to employees                           | 44.55                   | 75.16                   |
| Other Receivables                              | 565.61                  | -                       |
| <b>Total</b>                                   | <b>2,977.38</b>         | <b>10,270.80</b>        |

(a) Prepaid expenses includes amount of Rs. 24.65 Lakhs pertaining to the Holding Company towards amount available for set off in pursuant of sub-rule(3) of rule 7 of the Companies (Corporate social responsibility policy) rules, 2014 (refer note 53).



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 19 : EQUITY SHARE CAPITAL

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Authorised share capital:</b>  |                         |                         |
| 15,06,00,000 fully paid equity shares of Rs. 5/- each<br>(March 31, 2023 : 15,06,00,000 fully paid equity shares of Rs. 5/- each) | 7,530.00                | 7,530.00                |
| <b>Total</b>  | <b>7,530.00</b>         | <b>7,530.00</b>         |
| <b>Issued, subscribed &amp; paid up share capital:</b>  |                         |                         |
| 3,65,52,261 fully paid equity shares of Rs. 5/- each<br>(March 31, 2023 : 3,65,52,261 equity shares of Rs. 5/- each)              | 1,827.62                | 1,827.62                |
| <b>Total</b>  | <b>1,827.62</b>         | <b>1,827.62</b>         |

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

| Particulars                               | As at<br>March 31, 2024 |                 | As at<br>March 31, 2023 |                 |
|---|-------------------------|-----------------|-------------------------|-----------------|
|   | Number of<br>shares     | Rs. in Lakhs    | Number of<br>shares     | Rs. in Lakhs    |
| At the beginning of the year              | 3,65,52,261             | 1,827.62        | 3,65,52,261             | 1,827.62        |
| Bonus shares issued during the year       | -                       | -               | -                       | -               |
| <b>Outstanding at the end of the year</b> | <b>3,65,52,261</b>      | <b>1,827.62</b> | <b>3,65,52,261</b>      | <b>1,827.62</b> |

(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) Details of shareholders holding more than 5% shares in the Holding Company

| Particulars  | As at<br>March 31, 2024 |              | As at<br>March 31, 2023 |              |
|--|-------------------------|--------------|-------------------------|--------------|
|  | Number of<br>shares     | % of holding | Number of<br>shares     | % of holding |
| Kanara Consumer Products Limited (formerly known as "Kurlon Limited")* | 70,147                  | 0.19%        | 3,23,38,830             | 88.47%       |
| Kurlon Trading and Invest Management Private Limited                   | -                       | 0.00%        | 22,63,545               | 6.19%        |
| Sheela Foam Limited (the Holding Company)                              | 3,55,45,951             | 97.25%       | -                       | 0.00%        |

\*Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

During the year Kanara Consumer Products Limited and Kurlon Trading and Invest Management Private Limited sold their shares to Sheela Foam Limited (SFL) vide Share Purchase Agreement (SPA) dated July 17, 2023 and the shares were transferred on October 20, 2023. Accordingly, SFL became the holding company with effect from October 20, 2023.

(d) Shareholding of promoters and promoter group

| Promoter name  | As at<br>March 31, 2024 |               |                             | As at<br>March 31, 2023 |               |                             |
|--|-------------------------|---------------|-----------------------------|-------------------------|---------------|-----------------------------|
|  | Number of<br>shares     | % of holding  | % Change<br>during the year | Number of<br>shares     | % of holding  | % Change during<br>the year |
| Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company) | 70,147                  | 0.19%         | (99.78%)                    | 3,23,38,830             | 88.47%        | 4.57%                       |
| Tonse Sudhakar Pai   | -                       | -             | (100%)                      | 347                     | 0.00%         | -                           |
| Jaya Sudhakar Pai  | -                       | -             | (100%)                      | 2,647                   | 0.01%         | 662.82%                     |
| Sheela Foam Limited (the Holding Company)  | 3,55,45,951             | 97.25%        | 100.00%                     | -                       | -             | -                           |
| <b>Total</b>   |                         | <b>97.44%</b> |                             |                         | <b>88.48%</b> |                             |

Note:

- The above shareholding information is based on the records of the Holding Company
- The Holding Company has neither allotted any equity shares as fully paid up without payment being received in cash nor has brought back any class of equity shares during the period of Five years immediately preceding the balance sheet date
- During the year Kanara Consumer Products Limited and Kurlon Trading and Invest Management Private Limited sold their shares to Sheela Foam Limited (SFL) vide Share Purchase Agreement (SPA) dated July 17, 2023 and the shares were transferred on October 20, 2023. Accordingly, SFL has become the holding company with effect from October 20, 2023.



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 20 : OTHER EQUITY

| Particulars                | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|----------------------------|-------------------------|-------------------------|
| Capital reserve            | 1,505.93                | 315.95                  |
| General reserve            | 1,286.11                | 1,286.11                |
| Retained earnings          | 8,893.23                | 28,713.69               |
| Securities premium account | 14,860.49               | 14,860.49               |
| <b>Total</b>               | <b>26,545.76</b>        | <b>45,176.24</b>        |

NOTE 20.1 : MOVEMENT IN RESERVES AND SURPLUS

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Capital reserve</b>                                       |                         |                         |
| Opening balance  | 315.95                  | 312.24                  |
| Reclassification to retained earnings                        | (315.95)                | -                       |
| Additions (refer note 66)                                    | 1,505.93                | 3.71                    |
| <b>Closing balance</b>                                       | <b>1,505.93</b>         | <b>315.95</b>           |
| <b>General reserve</b>                                       |                         |                         |
| Opening balance  | 1,286.11                | 1,286.11                |
| Additions  | -                       | -                       |
| <b>Closing balance</b>                                       | <b>1,286.11</b>         | <b>1,286.11</b>         |
| <b>Retained earnings</b>                                     |                         |                         |
| Opening balance  | 28,713.69               | 27,849.43               |
| Reclassification from capital reserve                        | 315.95                  | -                       |
| Net profit for the year                                      | (5,121.57)              | 1,046.66                |
| Dividend paid  | (658.05)                | (183.21)                |
| Remeasurements of the net defined benefit plans (net of tax) | (306.36)                | (17.42)                 |
| Non-controlling interest                                     | -                       | 18.23                   |
| Other payments (refer note 66)                               | (14,301.13)             | -                       |
| Reduction of reserves on sale of subsidiaries                | 250.70                  | -                       |
| <b>Closing balance</b>                                       | <b>8,893.23</b>         | <b>28,713.69</b>        |
| <b>Securities premium account</b>                            |                         |                         |
| Opening balance  | 14,860.49               | 14,860.49               |
| Issue of share capital                                       | -                       | -                       |
| <b>Closing balance</b>                                       | <b>14,860.49</b>        | <b>14,860.49</b>        |

NOTE 21 : NON CURRENT BORROWINGS

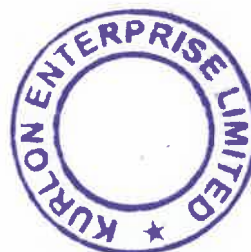
| Particulars                | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|----------------------------|-------------------------|-------------------------|
| (Unsecured)                |                         |                         |
| Loans from related parties | -                       | 59.32                   |
| <b>Total</b>               | <b>-</b>                | <b>59.32</b>            |

NOTE 22 : LEASE LIABILITIES

| Particulars                       | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|-----------------------------------|-------------------------|-------------------------|
| Lease liabilities (refer note 44) | 4,184.39                | 5,257.66                |
| <b>Total</b>                      | <b>4,184.39</b>         | <b>5,257.66</b>         |
| Non-current                       | 3,135.63                | 3,911.16                |
| Current                           | 1,048.76                | 1,346.50                |

NOTE 23 : OTHER NON CURRENT FINANCIAL LIABILITIES

| Particulars                      | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|----------------------------------|-------------------------|-------------------------|
| Deposits from dealers and others | 5,484.94                | 5,835.60                |
| <b>Total</b>                     | <b>5,484.94</b>         | <b>5,835.60</b>         |



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

NOTE 24 : PROVISIONS

| Particulars                                | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Long term provisions:</b>               |                         |                         |
| Provision for employee benefits:           |                         |                         |
| -Compensated absences                      | 97.90                   | -                       |
| -Gratuity                                  | 412.30                  | 113.88                  |
| Other provisions:                          |                         |                         |
| -Provision for warranty (Refer note below) | 213.22                  | 332.57                  |
| <b>Total</b>                               | <b>723.42</b>           | <b>446.45</b>           |
| <b>Short term provisions:</b>              |                         |                         |
| Provision for employee benefits:           |                         |                         |
| -Compensated absences                      | 330.06                  | 140.14                  |
| -Gratuity                                  | 124.82                  | 79.95                   |
| Other provisions:                          |                         |                         |
| -Provision for warranty (Refer note below) | 408.41                  | 486.26                  |
| <b>Total</b>                               | <b>863.29</b>           | <b>706.35</b>           |

Notes:

(a) Provision for warranty:

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.

During the period ended March 31, 2024, the Holding Company has revised the provision policy effective from April 1, 2023 and accordingly, there is a decrease in provision of Rs. 83.00 lakhs for the year.

Movement of provision for warranty

| Particulars                     | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---------------------------------|-------------------------|-------------------------|
| At the beginning of the year    | 818.84                  | 818.84                  |
| Add : Created during the year   | 237.12                  | 361.79                  |
| Less : Utilised during the year | (434.33)                | (361.79)                |
| <b>At the end of the year</b>   | <b>621.63</b>           | <b>818.84</b>           |

NOTE 25 : DEFERRED TAX LIABILITIES (NET)

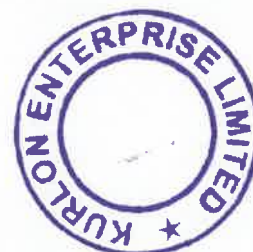
| Particulars                    | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------|-------------------------|-------------------------|
| Deferred tax liabilities (Net) | 92.37                   | 600.83                  |
| <b>Total</b>                   | <b>92.37</b>            | <b>600.83</b>           |

(a) Movement of deferred tax (assets)/liabilities

As at March 31, 2024

| Particulars  | Opening balance | Recognised<br>in the statement of<br>profit or loss | Adjustments/<br>Transfers* | Closing balance |
|--|-----------------|---|----------------------------|-----------------|
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes. | (1,599.01)      | (257.99)  | 0.12                       | (1,341.14)      |
| Right-of-use assets  | (688.61)        | 147.02  | (93.97)                    | (741.66)        |
| Lease liabilities (net)  | 457.37          | (205.00)  | 104.38                     | 557.99          |
| Goodwill   | (231.58)        | (231.58)  | -                          | -               |
| 35DD disallowance  | 4.45            | 4.45  | -                          | -               |
| Provision for leave encashment (u/s 43B)   | 29.86           | (61.43)   | (0.14)                     | 91.43           |
| Provision for gratuity [disallowed u/s 40A(7)]   | 39.20           | (81.89)   | (0.67)                     | 121.76          |
| Notional (Income)/ Loss on Mutual Fund Investment  | 128.68          | 124.81  | -                          | 3.87            |
| Provision for accrued expenses [disallowed u/s 40(a)(i)]   | 0.38            | (0.89)  | -                          | 1.27            |
| Provision for expected credit loss   | 431.28          | 145.40  | -                          | 285.88          |
| Provision for doubtful advances  | 6.27            | 7.00  | (0.73)                     | -               |
| Provision for loans to related parties   | 748.43          | (23.35)   | -                          | 771.78          |
| Provision for warranty expenses  | -               | (156.45)  | -                          | 156.45          |
| Provision for other 43(B) items  | 72.45           | 72.45   | -                          | -               |
| <b>Total</b>   | <b>(600.83)</b> | <b>(517.46)</b>                                     | <b>8.99</b>                | <b>(92.37)</b>  |

\*The balance of deferred tax relating to subsidiaries sold has been adjusted/ transferred (refer note 66)





Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

As at March 31, 2023

| Particulars   | Opening balance   | Recognised in the statement of profit or loss | Closing balance |
|---|-------------------|---|-----------------|
| Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting purposes. | (1,718.31)        | (119.30)                                      | (1,599.01)      |
| Right-of-use assets   | (516.30)          | 172.31  | (688.61)        |
| Lease liabilities (net)   | 252.35            | (205.02)                                      | 457.37          |
| Goodwill  | (231.58)          | -   | (231.58)        |
| 35DD disallowance   | 12.62             | 7.93  | 4.45            |
| Provision for leave encashment (u/s 43B)  | 4.95              | (24.91)                                       | 29.86           |
| Provision for gratuity [disallowed u/s 40A(7)]  | 56.47             | 17.27   | 39.20           |
| Notional (Income)/Loss on investments in mutual funds   | (143.47)          | (272.15)                                      | 128.68          |
| Provision for accrued expenses [disallowed u/s 40(a)(i)]  | 54.97             | 54.59   | 0.38            |
| Provision for doubtful debts  | 412.72            | (18.56)                                       | 431.28          |
| Provision for doubtful advances   | 6.27              | -   | 6.27            |
| Provision for loans to related parties  | 105.22            | (643.21)                                      | 748.43          |
| Provision for Other 43(B) items   | 69.65             | (2.80)  | 72.45           |
|   | <u>(1,634.44)</u> | <u>(1,033.85)</u>                             | <u>(600.83)</u> |

NOTE 26 : BORROWINGS (CURRENT)

| Particulars                      | As at March 31, 2024 | As at March 31, 2023 |
|----------------------------------|----------------------|----------------------|
| <b>Secured</b>                   |                      |                      |
| <b>Term loan from banks</b>      |                      |                      |
| Bank Overdraft                   | 11.55                | 1,014.75             |
| Working capital Loans from Banks | 1.65                 | -                    |
|                                  | <u>13.20</u>         | <u>1,014.75</u>      |
| <b>Unsecured</b>                 |                      |                      |
| Loans from related parties       | -                    | 653.38               |
| <b>Total</b>                     | <u>13.20</u>         | <u>1,668.13</u>      |

Note:

- a. Facilities availed from Bank of Rs. 13.20 lakhs (March 31, 2023 : Rs. 1,014.75 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 Group. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.20% p.a. (for Axis Bank), 3 months MCLR + 0.20% p.a (for Kotak Bank), and 1 Year MCLR + 0.15% p.a. (for IDBI Bank) on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as at March 31, 2024 is Rs.1.00 lakhs (March 31, 2023 : Rs. 1,001.71 lakhs).  
ii. The Group has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2024 is Rs. 12.20 lakhs (March 31, 2023 : Rs. 13.04 lakhs).

NOTE 27 : TRADE PAYABLES

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Trade payables other than acceptances:  |                      |                      |
| (i) Total outstanding dues of micro enterprises and small enterprises                       | 100.03               | 313.09               |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 11,780.33            | 11,025.04            |
| <b>Total</b>  | <u>11,880.36</u>     | <u>11,338.13</u>     |

Notes:

- a. Trade payables other than micro and small enterprises are non interest bearing and are normally settled on 60 days to 90 days credit terms.  
b. Trade payables are measured at amortised cost  
c. Ageing Analysis for Trade payables:

As on March 31, 2024

| Particulars                 | Outstanding for following periods from due date of payment |                  |                  |               |              |                   | Total            |
|-----------------------------|--|------------------|------------------|---------------|--------------|-------------------|------------------|
|                             | Unbilled Dues  | Payables not due | Less than 1 year | 1-2 years     | 2-3 years    | More than 3 years |                  |
| (i) MSME                    | -  | 34.14            | 65.89            | -             | -            | -                 | 100.03           |
| (ii) Others                 | 1.20   | 3,694.67         | 7,163.20         | 833.68        | 44.52        | 43.06             | 11,780.33        |
| (iii) Disputed dues - MSME  | -  | -                | -                | -             | -            | -                 | -                |
| (iv) Disputed dues - Others | -  | -                | -                | -             | -            | -                 | -                |
| <b>Total</b>                | <u>1.20</u>  | <u>3,728.81</u>  | <u>7,229.09</u>  | <u>833.68</u> | <u>44.52</u> | <u>43.06</u>      | <u>11,880.36</u> |



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

As on March 31, 2023

| Outstanding for following periods from due date of payment |                 |                  |                  |               |              |                   |                  |
|--|-----------------|------------------|------------------|---------------|--------------|-------------------|------------------|
| Particulars  | Unbilled Dues   | Payables not due | Less than 1 year | 1-2 years     | 2-3 years    | More than 3 years | Total            |
| (i) MSME   | 264.06          | -                | 17.48            | 22.59         | 8.96         | -                 | 313.09           |
| (ii) Others  | 9,695.04        | -                | 1,147.45         | 160.85        | 7.72         | 13.98             | 11,025.04        |
| (iii) Disputed dues - MSME                                 | -               | -                | -                | -             | -            | -                 | -                |
| (iv) Disputed dues - Others                                | -               | -                | -                | -             | -            | -                 | -                |
| <b>Total</b>   | <b>9,959.10</b> | <b>-</b>         | <b>1,164.93</b>  | <b>183.44</b> | <b>16.68</b> | <b>13.98</b>      | <b>11,338.13</b> |

NOTE: 27.1 : EXPOSURE TOWARDS MICRO, SMALL AND MEDIUM ENTERPRISES

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Group are as under: |                         |                         |
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier:   |                         |                         |
| - Principal amount  | 88.14                   | 279.97                  |
| - Interest  | 11.89                   | 33.12                   |
|   | <b>100.03</b>           | <b>313.09</b>           |

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.

The amount of interest accrued and remaining unpaid at the end of each accounting year

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

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.

NOTE 28 : OTHER CURRENT FINANCIAL LIABILITIES

| Particulars                      | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|----------------------------------|-------------------------|-------------------------|
| Deposits from dealers and others | 52.55                   | 85.65                   |
| Creditors for capital goods      | -                       | 4.84                    |
| Employee related liabilities     | 595.08                  | 982.78                  |
| <b>Total</b>                     | <b>647.63</b>           | <b>1,073.27</b>         |

NOTE 29 : CURRENT TAX LIABILITIES (NET)

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| Provision for income tax (Net of advance tax of Rs. 67 Lakhs) | 84.99                   | 684.10                  |
| <b>Total</b>  | <b>84.99</b>            | <b>684.10</b>           |

NOTE 30 : OTHER CURRENT LIABILITIES

| Particulars                | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|----------------------------|-------------------------|-------------------------|
| Advance from customers     | 418.35                  | 447.70                  |
| Statutory dues payable     | 249.19                  | 491.16                  |
| Unclaimed dividend         | 58.40                   | 15.14                   |
| Payable to related parties | -                       | 36.13                   |
| Other liabilities          | 31.49                   | 67.78                   |
| <b>Total</b>               | <b>757.43</b>           | <b>1,057.91</b>         |



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 31 : REVENUE FROM OPERATIONS**

| Particulars                    | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--------------------------------|--------------------------------------|--------------------------------------|
| <b>Sale of products</b>        |                                      |                                      |
| Finished goods                 | 90,468.55                            | 91,784.91                            |
| Traded goods                   | 6,515.87                             | 3,899.12                             |
| Less : Schemes & rebates       | (15,456.58)                          | (10,297.42)                          |
|                                | <u>81,527.84</u>                     | <u>85,386.61</u>                     |
| <b>Sale of Services</b>        | -                                    | 92.35                                |
| <b>Other operating revenue</b> |                                      |                                      |
| -Income from sale of scrap     | 458.21                               | 251.76                               |
| -Others                        | -                                    | 158.79                               |
| <b>Total</b>                   | <u>81,986.05</u>                     | <u>85,889.51</u>                     |

**(a) Timing of revenue from operations**

| Particulars                          | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Goods transferred at a point in time | 81,986.05                            | 85,797.16                            |
| Services transferred over time       | -                                    | 92.35                                |
| <b>Total</b>                         | <u>81,986.05</u>                     | <u>85,889.51</u>                     |

**(b) Reconciliation of amount of revenue recognised with contract price**

| Particulars                   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Revenue as per contract price | 97,442.63                            | 96,186.93                            |
| Less : Discounts              | (15,456.58)                          | (10,297.42)                          |
| <b>Total</b>                  | <u>81,986.05</u>                     | <u>85,889.51</u>                     |

**(c) Movement in contract liabilities during the year \***

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Opening balance  | 447.70                               | 616.83                               |
| Less : Revenue recognised during the year              | (447.70)                             | (616.83)                             |
| Add : Amount of consideration received during the year | 418.35                               | 447.70                               |
| <b>Total</b>   | <u>418.35</u>                        | <u>447.70</u>                        |

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

**NOTE 32 : OTHER INCOME**

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>Interest income from:</b>   |                                      |                                      |
| Bank deposits  | 9.94                                 | 110.49                               |
| Security deposits  | -                                    | 37.56                                |
| Others   | 29.96                                | 1.54                                 |
| Financial assets at fair value   |                                      |                                      |
| Unwinding of interest on security deposits                                     | 39.13                                | -                                    |
| Interest on Income tax refund  | 22.26                                | -                                    |
| Rental income  | 7.80                                 | -                                    |
| Liabilities/provisions no longer required written back                         | 526.69                               | 59.50                                |
| Income from sale of Investments  | 26.10                                | -                                    |
| Gain on sale of investments in mutual funds                                    | -                                    | 491.04                               |
| Fair valuation adjustments of Investments through profit and loss (refer note) | 15.39                                | -                                    |
| Gain on early termination of lease   | 166.94                               | 72.93                                |
| Other miscellaneous income   | 27.33                                | 69.49                                |
| <b>Total</b>   | <u>871.54</u>                        | <u>842.55</u>                        |

**Note:**

Fair Value Through Profit & Loss (FVTPL) of Investments represent fair valuation changes in mutual funds which includes dividend declared and not distributed (distributed based on record dates) as at reporting dates which have not been recognised in financial statements.



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

**NOTE 33 : COST OF MATERIALS CONSUMED**

| Particulars             | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|-------------------------|--------------------------------------|--------------------------------------|
| <b>Raw material</b>     |                                      |                                      |
| Opening inventory       | 2,962.94                             | 5,242.40                             |
| Add: Purchases          | 40,056.88                            | 35,651.46                            |
| Less: Closing inventory | (3,683.63)                           | (2,962.94)                           |
| <b>Total</b>            | <b>39,336.19</b>                     | <b>37,930.92</b>                     |

**NOTE 34 : PURCHASES OF STOCK-IN-TRADE**

| Particulars               | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---------------------------|--------------------------------------|--------------------------------------|
| Purchases of traded goods | 7,644.26                             | 9,181.32                             |
| <b>Total</b>              | <b>7,644.26</b>                      | <b>9,181.32</b>                      |

**NOTE 35 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**

| Particulars           | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|-----------------------|--------------------------------------|--------------------------------------|
| <b>Closing stock:</b> |                                      |                                      |
| Finished Goods        | 2,649.44                             | 3,068.02                             |
| Stock in trade        | 825.14                               | 542.62                               |
| Work-in-progress      | 1,256.29                             | 987.57                               |
|                       | <b>4,730.87</b>                      | <b>4,598.21</b>                      |
| <b>Opening stock:</b> |                                      |                                      |
| Finished Goods        | 3,068.02                             | 3,536.69                             |
| Stock in trade        | 542.62                               | 812.68                               |
| Work-in-progress      | 987.57                               | 1,875.96                             |
|                       | <b>4,598.21</b>                      | <b>6,225.33</b>                      |
| <b>Total</b>          | <b>(132.66)</b>                      | <b>1,627.12</b>                      |

**NOTE 36 : OTHER MANUFACTURING EXPENSES**

| Particulars                  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|------------------------------|--------------------------------------|--------------------------------------|
| Power and fuel               | 899.63                               | 1,133.14                             |
| Repair and maintenance:      |                                      |                                      |
| - Buildings                  | 182.09                               | 162.24                               |
| - Plant and equipment        | 195.14                               | 113.95                               |
| Processing and other charges | 4,151.98                             | 3,622.26                             |
| <b>Total</b>                 | <b>5,428.84</b>                      | <b>5,031.59</b>                      |

**NOTE 37 : EMPLOYEE BENEFITS EXPENSE**

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages, allowance, and other benefits            | 7,159.58                             | 6,333.57                             |
| Gratuity Expenses (Refer Note 42)                         | 114.09                               | 95.13                                |
| Contribution to provident and other funds (Refer Note 42) | 321.01                               | 318.28                               |
| Workmen and staff welfare expenses                        | 293.69                               | 255.46                               |
| <b>Total</b>  | <b>7,888.37</b>                      | <b>7,002.44</b>                      |





Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024

NOTE 38 : FINANCE COSTS

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Interest expense: (on financial liabilities measured at amortised cost) |                                      |                                      |
| -On borrowings from banks   | 76.67                                | 105.76                               |
| -On lease liabilities   | 401.64                               | 421.26                               |
| Others  | 94.65                                | 202.01                               |
| <b>Total</b>  | <b>572.96</b>                        | <b>729.03</b>                        |

NOTE 39 : DEPRECIATION AND AMORTISATION EXPENSE

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment (refer note 4) | 1,038.63                             | 2,011.95                             |
| Depreciation on right-of-use assets (refer note 5)           | 1,449.89                             | 1,445.05                             |
| Amortisation of intangible assets (refer note 6)             | 42.81                                | 133.98                               |
| <b>Total</b>   | <b>2,531.33</b>                      | <b>3,590.98</b>                      |

NOTE 40 : OTHER EXPENSES

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Freight and forwarding   | 6,339.22                             | 7,588.65                             |
| Rent and hire  | 1,840.76                             | 2,290.36                             |
| Insurance  | 676.49                               | 464.25                               |
| Rates and taxes  | 300.00                               | 293.76                               |
| Legal and professional   | 1,869.75                             | 2,038.27                             |
| Other Maintenance  | 458.53                               | 459.64                               |
| Manpower Charges   | 290.30                               | 634.63                               |
| Security expenses  | 810.80                               | 595.53                               |
| Advertisement, promotion and selling expenses                      | 4,562.49                             | 3,302.59                             |
| Travelling and conveyance  | 1,184.59                             | 1,051.11                             |
| Provision for warranty   | 237.12                               | 363.07                               |
| CSR expenditure (refer note 53)                                    | 81.66                                | 135.46                               |
| Provision for expected credit loss                                 | 18.17                                | 73.78                                |
| Provision for doubtful advances                                    | -                                    | 276.68                               |
| Fair value loss on mutual funds designated through profit and loss | -                                    | 511.28                               |
| Loss on sale/disposal of fixed assets                              | 1,528.46                             | 304.19                               |
| Goodwill written off   | 2,103.16                             | -                                    |
| Miscellaneous  | 650.80                               | 463.70                               |
| <b>Total</b>   | <b>22,952.30</b>                     | <b>20,846.95</b>                     |

NOTE 40.1 : AUDITOR'S REMUNERATION INCLUDED IN LEGAL AND PROFESSIONAL (EXCLUDING GST)

| Particulars            | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|------------------------|--------------------------------------|--------------------------------------|
| Statutory audit        | 44.29                                | 65.00                                |
| Others                 | 9.50                                 | -                                    |
| Tax Audit              | 6.00                                 | -                                    |
| Certification          | 8.55                                 | -                                    |
| Out of pocket expenses | 0.07                                 | 1.50                                 |
| <b>Total</b>           | <b>68.41</b>                         | <b>66.50</b>                         |



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

NOTE 40.2 : EXCEPTIONAL ITEMS

| Particulars                                 | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Adjustment to property, plant and equipment | 131.75                               | -                                    |
| Insurance receivable written off            | 1,870.14                             | -                                    |
| Adjustment to right to use asset            | 34.34                                | -                                    |
| Other Asset written off                     | 227.00                               | -                                    |
| Liabilities no longer required written back | (151.76)                             | -                                    |
| <b>Total</b>                                | <b>2,111.47</b>                      | <b>-</b>                             |

NOTE 41. EARNINGS PER SHARE

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Profit/(Loss) for the year                                     | (5,121.57)                           | 1,046.65                             |
| Earnings used in the calculation of basic earnings per share   | (5,121.57)                           | 1,046.65                             |
| Earnings used in the calculation of diluted earnings per share | (5,121.57)                           | 1,046.65                             |

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Weighted average number of equity shares for the purposes of basic and diluted earnings per share | 365.52                               | 365.52                               |

| Particulars                          | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Basic and diluted earnings per share | (14.01)                              | 2.86                                 |



NOTE 42 : EMPLOYEE BENEFITS

A. Defined contribution plans

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2024 | March 31, 2023 |
| Employer's Contribution towards Provident Fund (PF)            | 304.94         | 309.08         |
| Employer's Contribution towards Employee State Insurance (ESI) | 15.93          | 9.14           |
| Employer's Contribution towards Labour Welfare fund (LWF)      | 0.14           | 0.06           |
| <b>Total</b>   | <b>321.01</b>  | <b>318.28</b>  |

B. The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment 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 in the period the Code becomes effective.

C. Liabilities for compensated absences

The liabilities for compensated absences relate to the company's liabilities for Annual Leave and Sick Leave.

The entire amount of the above liabilities are presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

The liabilities for compensated absences not expected to be settled within the next 12 months amounts to INR 97.90 lakh (March 31, 2023: INR 0).

D. Post employment benefits

Defined benefit plans

Gratuity

The Group has a defined benefit gratuity plan (funded) and is governed by the Payment of Gratuity Act, 1972. The Gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under this Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The plans are exposed to a number of risks, including:

- Investment risk: movement of discount rate used against the return from plan assets
- Interest rate risk: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation
- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

| (i) Changes in the present value of defined benefit obligation | As at           | As at          |
|--|-----------------|----------------|
|  | March 31, 2024  | March 31, 2023 |
| Present value of obligation at the beginning of the year       | 809.39          | 735.43         |
| Interest cost  | 55.78           | 49.54          |
| Current service cost   | 102.15          | 82.77          |
| Benefits payout from plan & employer                           | (129.50)        | (87.85)        |
| Remeasurements - actuarial loss/(gain)                         | 297.21          | 29.50          |
| Present value of obligation at the end of the year*            | <b>1,135.03</b> | <b>809.39</b>  |

\*Included in provision for employee benefits (Refer note 24)

| (ii) Changes in the fair value of plan assets | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2024 | March 31, 2023 |
| Opening balance of fair value of plan assets  | 615.57         | 464.29         |
| Contributions made                            | 60.70          | 201.86         |
| Expected return on plan assets                | 0.85           | 0.34           |
| Actuarial Gain/(Loss)                         | -              | (0.25)         |
| Interest Income                               | 43.84          | 37.18          |
| Benefits paid out from plan                   | (123.05)       | (87.85)        |
| Closing balance of fair value of plan assets  | <b>597.91</b>  | <b>615.57</b>  |

| (iii) Assets and liabilities recognized in the Balance Sheet: | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2024 | March 31, 2023 |
| Present value of obligation as at the end of the year         | 1,135.03       | 809.39         |
| Fair value of plan assets                                     | 597.91         | 615.57         |
| Net asset / (liability) recognized in Balance Sheet           | <b>537.12</b>  | <b>193.82</b>  |
| Non- Current Portion  | 124.82         | 113.88         |
| Current Portion   | 412.30         | 79.95          |



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

| (iv) Expense recognized in the Statement of Profit and Loss        | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Current service cost   | 102.15                               | 82.77                                |
| Interest cost net of income  | 11.94                                | 12.36                                |
| <b>Total expenses recognized in the Statement Profit and Loss*</b> | <b>114.09</b>                        | <b>95.13</b>                         |

\*Included in employee benefits expense (Refer Note 37). Actuarial loss of 296.37 lakhs for the year ended March 31, 2024 (March 31, 2023: 27.77 lakhs) is included in other comprehensive income.

| (v) Remeasurement (gain)/ loss recognized in other comprehensive Income | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Remeasurements - actuarial loss/(gain)                                  | 297.21                               | 27.86                                |
| Return on Plan Asset (more)/less than expected based on Discount rate   | (0.84)                               | (0.09)                               |
| <b>Recognized in other comprehensive income</b>                         | <b>296.37</b>                        | <b>27.77</b>                         |

(vi) The major categories of plans assets are as follows:

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| Unquoted Investments:   |                         |                         |
| Gratuity Fund maintained at Insurance Companies (Life Insurance Corporation of India) | 597.91                  | 615.57                  |
| <b>Total</b>  | <b>597.91</b>           | <b>615.57</b>           |

The Group is expected to contribute Rs. 412.30 lakhs (FY 2022-23: Rs. 79.95 lakhs) to the plan during the FY 2024-25.

| (vii) Actuarial assumptions    | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------|-------------------------|-------------------------|
| Discount rate (per annum)      | 7.21% to 7.23%          | 7.50% to 7.53%          |
| Salary escalation rate         | 5% to 8%                | 5% to 10%               |
| Expected return on plan assets | 0% to 7.52%             | 7.13% to 7.51%          |
| Attrition rate                 | 10.00%                  | 10.00%                  |
| Retirement age                 | 60 years                | 60 years                |

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is extracted from the report obtained from Actuary.

(viii) Expected future benefit payments

The expected maturity analysis of undiscounted gratuity benefits obligations are as follows:

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Within the next 12 months (next annual reporting year) | 106.19                  | 134.62                  |
| Between 1-2 years                                      | 121.28                  | 127.48                  |
| Between 2-5 years                                      | 286.31                  | 550.61                  |
| More than 5 years                                      | 1,801.33                | 3,010.17                |

The average duration of the defined benefit obligation at the end of the reporting year is 9.22 years to 18.71 years (March 31, 2023: 9.12 years to 15.28 years).

(ix) Asset liability matching strategies

The Group has funded the gratuity liability with the Insurance Group. The entire investible assets are managed by the fund managers of the Insurance Group and the Asset Values as informed by the Insurance Group has been taken for the actuarial valuation purpose. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

(x) Quantitative sensitivity analysis for significant assumption is as below

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Defined Benefit Obligations (DBO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

(a) Increase/ (Decrease) on present value of defined benefit obligation at the end of the year

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below.

| Actuarial assumptions  | Reasonably possible change | As at<br>March 31, 2024 |          | As at<br>March 31, 2023 |          |
|------------------------|----------------------------|-------------------------|----------|-------------------------|----------|
|                        |                            | Increase                | Decrease | Increase                | Decrease |
| Discount rate          | (+/- 01%)                  | (81.02)                 | 93.51    | (48.64)                 | 55.27    |
| Salary escalation rate | (+/- 01%)                  | 81.78                   | (73.12)  | 51.28                   | (46.75)  |
| Attrition rate         | (+/- 01%)                  | (9.60)                  | 10.89    | 4.68                    | (5.13)   |

(b) The sensitivity analysis presented above may not be representative of the actual change in the defined obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some assumption may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is same as that applied in calculation of defined benefit obligation liability recognized in the balance sheet.





NOTE 43 : RELATED PARTY TRANSACTIONS

(A) Names of related parties and nature of relationship are given below :

|    | Relationship   | Name of the party  | Country of incorporation | Principal activities   | Proportion of ownership interest |                |
|----|--|--|--------------------------|--|----------------------------------|----------------|
|    |  |  |                          |  | March 31, 2024                   | March 31, 2023 |
| A. | Holding Company  | Kanara Consumer Products Limited (Formerly known as Kurlon Limited) (up to October 20, 2023)   | India                    | Manufacturing of polyurethane foams and mattresses   | 0.19%                            | 88.47%         |
|    |  | Sheela Foam Limited (w.e.f October 20, 2023)   | India                    | Manufacturing of polyurethane foams  | 97.25%                           | 0%             |
| B  | Subsidiary companies (wholly owned)  | Kurlon Retail Limited  | India                    | Retail Trading of mattresses   | 100.00%                          | 100%           |
|    |  | Komfort Universe Products & Services Limited   | India                    | Trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products etc                     | 100.00%                          | 100%           |
|    |  | Belvedere International Limited  | India                    | Trading of mattress and other related product  | 100.00%                          | 100%           |
|    |  | Kanvas Concepts Private Limited  | India                    | Business of interiors & exteriors of Homes, stage designer, furnishing, designing, decorating etc. | 100.00%                          | 100%           |
|    |  | Starship Value Chain and Manufacturing Private Limited   | India                    | Business of logistics  | 100.00%                          | 100%           |
| C  | Subsidiary Entities  | Sevalal Solar Private Limited (up to October 13, 2023)   | India                    | Electric power generation, transmission and distribution   | 0.00%                            | 94%            |
|    |  | Sirar Solar Energies Private Limited (up to October 13, 2023)  | India                    | Electric power generation, transmission and distribution   | 0.00%                            | 94%            |
|    |  | Sirar Dhotre Solar Private Limited (up to October 13, 2023)  | India                    | Electric power generation, transmission and distribution   | 0.00%                            | 94%            |
| D  | Fellow subsidiaries  | Manipal Software & E-Com Private Limited (up to October 20, 2023)<br>Manipal Natural Private Limited (up to October 20, 2023)<br>Staquo World Private Limited (w.e.f October 20, 2023)<br>Staquo Software Private Limited (Formerly know as Divya Software Solutions Private Limited) (w.e.f October 20, 2023)<br>Sleepwell Enterprises Private Limited (w.e.f October 20, 2023)<br>Joyce Foam Pty. Ltd. (w.e.f October 20, 2023)<br>International Foam Technologies Spain S.L. (w.e.f October 20, 2023)<br>Sheela Foam Trading LLC (Dubai) (w.e.f October 20, 2023)<br>Sevalal Solar Private Limited (w.e.f October 13, 2023 up to October 20, 2023)<br>Sirar Solar Energies Private Limited (w.e.f October 13, 2023 up to October 20, 2023)<br>Sirar Dhotre Solar Private Limited (w.e.f October 13, 2023 up to October 20, 2023)  |                          |  |                                  |                |
| E  | Enterprises owned or significantly influenced by key management personnel /Directors and their relatives | Maha Rashtra Apex Corporation Limited (up to October 20, 2023)<br>Jayamahal Trade and Investments Private Limited (up to October 20, 2023)<br>Manipal Advertising Services Private Limited (up to October 20, 2023)<br>Manipal Metropolis Builders Private Limited<br>Jai Bharath Mills Private Limited (up to October 20, 2023)<br>Rangoli Resorts Private Limited (w.e.f October 20, 2023)<br>Manipal Travels (India ) Private Limited (up to October 20, 2023)<br>Sleepwell Foundation (Trust) (w.e.f October 20, 2023)<br>Manipal Software & E-Com Private Limited(w.e.f October 20, 2023)<br>Starship Global VCT LLP (up to October 20, 2023)<br>Home Komfort Retail LLP (up to October 20, 2023)<br>Kanara Consumer Products Limited (Formerly known as Kurlon Limited) (w.e.f October 20, 2023)   |                          |  |                                  |                |
| F  | Directors & Key management personnel (KMP)   | Mr. T. Sudhakar Pai, Managing Director (up to October 20, 2023)<br>Ms. Jaya S Pai, Director (up to October 20, 2023)<br>Mrs. Jyothi Ashish Pradhan, Chief Executive Officer (up to October 20, 2023)<br>Mr. H N Shrinivas, Non-Executive Director (up to October 20, 2023)<br>Mr. Nagarajan S, Non-Executive Director (up to October 20, 2023)<br>Mr. Jamsheed Minoo Panday, Non- Executive Director (up to October 20, 2023)<br>Mrs. Jyothi Ashish Pradhan, Non - Executive Director (w.e.f. October 20, 2023)<br>Mr. Rahul Gautam, Non - Executive Director (w.e.f. October 20, 2023)<br>Mr. Tushaar Gautam, Managing Director(w.e.f. October 20, 2023)<br>Mr. Ravindra Dhariwal, Non-Executive Independent Director (w.e.f. October 21, 2023)<br>Ms. Meena Jagtiani, Non-Executive Independent Director (w.e.f. October 21, 2023)<br>Mr. Abhilash Padmanabh Kamti, Chief Financial Officer<br>Mr. Monu Kumar, Company Secretary |                          |  |                                  |                |



Kurlon Enterprise Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

(B) Disclosure of transactions between the Company and related parties during the year

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Sale of products</b>   |                                      |                                      |
| Manipal Advertising Services Private Limited                        | -                                    | 0.05                                 |
| Sheela Foam Limited   | 700.16                               | -                                    |
| Kanara Consumer Products Limited                                    | 1,037.07                             | -                                    |
|   | <b>1,737.23</b>                      | <b>0.05</b>                          |
| <b>Scheme expenses</b>  |                                      |                                      |
| Sheela Foam Limited   | 0.19                                 | -                                    |
|   | <b>0.19</b>                          | <b>-</b>                             |
| <b>Purchases</b>  |                                      |                                      |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 4,381.46                             | 9,189.29                             |
| Sheela Foam Limited   | 2,935.65                             | -                                    |
|   | <b>7,317.11</b>                      | <b>9,189.29</b>                      |
| <b>Managerial remuneration</b>                                      |                                      |                                      |
| T Sudhakar Pai  | 40.22                                | 75.92                                |
| Jyothi Pradhan  | 46.36                                | 73.89                                |
| Abhilash Kamti  | 46.46                                | 18.00                                |
| Monu Kumar  | 19.12                                | 13.63                                |
|   | <b>152.16</b>                        | <b>181.44</b>                        |
| <b>Repair &amp; Maintenance - Others</b>                            |                                      |                                      |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 73.86                                | 71.50                                |
|   | <b>73.86</b>                         | <b>71.50</b>                         |
| <b>Interest paid on unsecured loan</b>                              |                                      |                                      |
| Jaya S Pai  | 38.11                                | 62.63                                |
|   | <b>38.11</b>                         | <b>62.63</b>                         |
| <b>Freight Outward</b>  |                                      |                                      |
| Sheela Foam Limited   | 0.97                                 | -                                    |
|   | <b>0.97</b>                          | <b>-</b>                             |
| <b>Legal and consultancy charges</b>                                |                                      |                                      |
| Manipal Software & E-Com Private Limited                            | 391.71                               | 424.18                               |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | -                                    | 50.66                                |
|   | <b>391.71</b>                        | <b>474.84</b>                        |
| <b>Advertisement and sales promotion expenses</b>                   |                                      |                                      |
| Manipal Advertising Services Private Limited                        | 306.61                               | 709.13                               |
| Manipal Software & E-Com Private Limited                            | 2.50                                 | -                                    |
| Sheela Foam Limited   | 60.49                                | -                                    |
|   | <b>369.60</b>                        | <b>709.13</b>                        |
| <b>Travelling and conveyance expenses</b>                           |                                      |                                      |
| Manipal Travels (India) Private Limited                             | 126.79                               | 276.76                               |
| Abhilash Padmanabh Kamti  | 1.03                                 | -                                    |
| Jamsheed M Panday   | 0.14                                 | -                                    |
| Monu Kumar  | 0.09                                 | -                                    |
|   | <b>128.05</b>                        | <b>276.76</b>                        |
| <b>Sitting fees</b>   |                                      |                                      |
| H N Shrinivas   | 0.78                                 | 1.17                                 |
| S Nagarajan   | 0.78                                 | 1.17                                 |
| Jaya S Pai  | 0.51                                 | 1.02                                 |
| Jamsheed Minoo Panday   | 0.78                                 | 0.39                                 |
| Jyothi Pradhan  | 2.35                                 | -                                    |
| Meena Jagtiani  | 2.33                                 | -                                    |
| Rahul Gautam  | 2.71                                 | -                                    |
| Ravindra Dhariwal   | 2.33                                 | -                                    |
| Tushaar Gautam  | 0.13                                 | -                                    |
|   | <b>12.70</b>                         | <b>3.75</b>                          |



Kurlon Enterprise Limited  
Notes forming part of the Consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

Dividend paid

|   |               |               |
|---|---------------|---------------|
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 646.84        | 162.09        |
|   | <b>646.84</b> | <b>162.09</b> |

Reimbursement of expenses to related parties

|                          |             |          |
|--------------------------|-------------|----------|
| Abhilash Padmanabh Kamti | 0.70        | -        |
| Jamsheed M Panday        | 0.06        | -        |
| Monu Kumar               | 0.02        | -        |
| T. Sudhakar Pai          | 0.23        | -        |
|                          | <b>1.01</b> | <b>-</b> |

Lease Rentals to related parties

|   |                 |                 |
|---|-----------------|-----------------|
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 1,368.26        | 2,234.08        |
| Manipal Metropolis Builders Private Limited                         | 16.50           | 29.78           |
| Jai Bharath Mills Private Limited                                   | 5.50            | 6.00            |
| Jayamahar Trade and Investments Private Limited                     | 9.73            | 22.94           |
|   | <b>1,399.99</b> | <b>2,292.80</b> |

Sale of Assets

|                     |               |          |
|---------------------|---------------|----------|
| Jyothi Pradhan      | 34.47         | -        |
| Sheela Foam Limited | 71.32         | -        |
| T. Sudhakar Pai     | 1.85          | -        |
|                     | <b>107.64</b> | <b>-</b> |

Printing & Stationery

|  |             |          |
|--|-------------|----------|
| Manipal Advertising Services Private Limited | 0.59        | -        |
|  | <b>0.59</b> | <b>-</b> |

Contribution to CSR expenditure

|                      |              |          |
|----------------------|--------------|----------|
| Sleepwell Foundation | 66.60        | -        |
|                      | <b>66.60</b> | <b>-</b> |

Sale of Investment in Subsidiaries

|   |              |          |
|---|--------------|----------|
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 14.07        | -        |
|   | <b>14.07</b> | <b>-</b> |

(C) Disclosure of balances outstanding at the end of the reporting year

| Particulars   | As at          | As at            |
|---|----------------|------------------|
|   | March 31, 2024 | March 31, 2023   |
| <b>Trade payable</b>  |                |                  |
| Jai Bharath Mills Private Limited                                   | -              | 5.40             |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 100.23         | 132.93           |
| Manipal Advertising Services Private Limited                        | -              | 21.72            |
| Manipal Software & E-Commerce Private Limited                       | 33.97          | 32.86            |
| Manipal Metropolis Builders Private Limited                         | 4.86           | -                |
| Sheela Foam Limited   | 716.57         | -                |
|   | <b>855.63</b>  | <b>192.91</b>    |
| <b>Trade receivable</b>   |                |                  |
| Sheela Foam Limited   | 408.80         | -                |
| Home Komfort Retail LLP   | -              | 41.09            |
| Manipal Advertising Services Private Limited                        | -              | 0.06             |
|   | <b>408.80</b>  | <b>41.15</b>     |
| <b>Capital advances</b>   |                |                  |
| Maha Rashtra Apex Corporation Limited                               | -              | 1,222.76         |
|   | <b>-</b>       | <b>1,222.76</b>  |
| <b>Security deposit</b>   |                |                  |
| Jayamahar Trade and Investments Private Limited                     | -              | 9.00             |
| Manipal Metropolis Builders Private Limited                         | 10.00          | 30.00            |
| Jai Bharath Mills Private Limited                                   | -              | 30.00            |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | -              | 15,300.00        |
|   | <b>10.00</b>   | <b>15,369.00</b> |



**Kurlon Enterprise Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**Unsecured loans payable**

|   |   |               |
|---|---|---------------|
| T Sudhakar Pai  | - | 1.65          |
| Jaya S Pai  | - | 650.00        |
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | - | 62.87         |
|   | - | <u>714.52</u> |

**Advance from customers**

|                     |             |   |
|---------------------|-------------|---|
| Sheela Foam Limited | 6.63        | - |
|                     | <u>6.63</u> | - |

**Lease liabilities**

|   |   |               |
|---|---|---------------|
| Jayamahal Trade and Investments Private Limited | - | 153.70        |
| Manipal Metropolis Builders Private Limited     | - | 86.67         |
|   | - | <u>240.37</u> |

**Advance to Employee**

|                |             |   |
|----------------|-------------|---|
| Jyothi Pradhan | 3.15        | - |
|                | <u>3.15</u> | - |

**Employee Payable**

|                          |             |   |
|--------------------------|-------------|---|
| Abhilash Padmanabh Kamti | 0.19        | - |
|                          | <u>0.19</u> | - |

**Sitting Fees Payable**

|                   |             |   |
|-------------------|-------------|---|
| Ravindra Dhariwal | 2.18        | - |
|                   | <u>2.18</u> | - |

**Advance to related parties**

|   |        |   |
|---|--------|---|
| Kanara Consumer Products Limited (formerly known as Kurlon Limited) | 473.33 | - |
|---|--------|---|

**(D) Disclosure of Key management personnel (KMP) compensation**

| Particulars              | For the year ended | For the year ended |
|--------------------------|--------------------|--------------------|
|                          | March 31, 2024     | March 31, 2023     |
| Salary, wages and bonus  | 152.16             | 181.44             |
| Post-employment gratuity | 6.30               | -                  |
|                          | <u>158.46</u>      | <u>181.44</u>      |

**Terms and conditions:**

Sales of goods to related parties were made at the usual list prices, that prevail in arm's length transactions. Purchases were made at market prices. Outstanding balances at the year-end with related parties are unsecured and interest free (other than loans at market rates) to be settled in cash in the next three months.

The Group has not made any allowance for bad or doubtful debts in respect of related party trade receivables nor has any guarantee been given or received during the year ended 31 March 2024 and 31 March 2023 relating to related party transactions.



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 44 : DISCLOSURES AS PER IND AS 116 'LEASES'**

**Group as lessee**

(i) The Group's significant leasing arrangements are in respect of the following assets:

The Group has lease of land and buildings for offices, warehouses and service centres. 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.

(ii) The carrying amounts of lease liabilities and the movements during the year:

**The changes in the carrying value of ROU assets**

| Particulars                          | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| Opening balance                      | 6,063.82                | 3,489.62                |
| Additions during the year            | 1,790                   | 4,316.61                |
| Disposals/ deletions during the year | (2,077)                 | (827.28)                |
| Depreciation expense for the year    | (1,055)                 | (915.13)                |
| Closing balance                      | <u>4,722.05</u>         | <u>6,063.82</u>         |

| Particulars                    | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Opening Liabilities            | 4,856.22                             | 2,684.88                             |
| Additions                      | 2,301.59                             | 3,734.28                             |
| Accretion of interest          | 209.16                               | 231.35                               |
| Repayment of Lease liabilities | (800.15)                             | (1,022.22)                           |
| Cancellation / adjustments     | (2,382.43)                           | (370.63)                             |
| Closing liabilities            | <u>4,184.39</u>                      | <u>5,257.66</u>                      |
| Non current                    | 3,135.63                             | 3,911.16                             |
| Current                        | <u>1,048.76</u>                      | <u>1,346.50</u>                      |
|                                | <u>4,184.39</u>                      | <u>5,257.66</u>                      |

(iii) Maturity analysis of the lease liabilities:

| Contractual undiscounted cash flows               | As at<br>March 31, 2024 |
|---|-------------------------|
| 3 months or less                                  | 320.08                  |
| 3-12 months                                       | 1,016.39                |
| 1-2 years   | 1,743.25                |
| 2-5 years   | 1,706.78                |
| More than 5 years                                 | 94.45                   |
| <b>Total undiscounted lease liability</b>         | <u>4,880.95</u>         |
| Less: Impact of discounting and other adjustments | (696.56)                |
| <b>Lease liabilities</b>                          | <u>4,184.39</u>         |

(iv) The following are the amounts recognised in the Statement of Profit and Loss:

| Particulars                            | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Finance cost                           | 209.16                               | 231.35                               |
| Depreciation and amortisation expense  | 1,449.89                             | 1,445.05                             |
| Expenses relating to short term leases | 1,840.76                             | 2,290.36                             |

(v) There are no variable lease payments considered in the initial measurement of the lease liability and asset.

(vi) Extension and termination options held are exercisable based on mutual agreement of the Company and the lessors.





Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 45 : FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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 such as trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts 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 to the account for the expected losses of these receivables.

**NOTE 46 : FAIR VALUE HIERARCHY**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.
- Level 2 - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in preference shares, other investments, loans receivables and lease receivables included in level 3.

**Valuation Processes**

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the group chief financial officer (CFO) including board of directors. Discussions of valuation processes and results are held between the CFO and the valuation team every month. The Company takes the help of independent valuers for valuation purposes.

**Fair Valuation Technique**

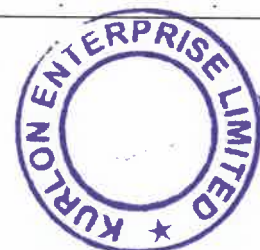
The carrying amounts of trade receivables, trade payables, creditors towards capital goods, cash and cash equivalents, investment in pref. share, other investment and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values financial assets and liabilities consisting of loans receivable, lease receivable, lease liabilities, security deposits receivable and security deposit payable were calculated based on cash flows discounted using estimated borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2024:**

**Fair value measurement hierarchy of assets:**

| Particulars   | Date of Valuation | Total    | Fair value measurement using              |   |   |
|---|-------------------|----------|---|---|---|
|   |                   |          | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial assets measured at fair value through profit and loss</b>            |                   |          |   |   |   |
| Other investments   | March 31, 2024    | 1,027.82 | 1,027.82                                  | -                                       | -   |
| <b>Financial assets measured at fair value through other comprehensive income</b> |                   |          |   |   |   |
| Other investments   | March 31, 2024    | -        | -   | -                                       | -   |
| <b>Financial assets measured at amortized cost</b>                                |                   |          |   |   |   |
| Other investments   | March 31, 2024    | -        | -   | -                                       | -   |
| Loans   | March 31, 2024    | -        | -   | -                                       | -   |
| Trade receivables   | March 31, 2024    | 6,889.17 | -   | -                                       | 6,889.17                                  |
| Cash and cash equivalents   | March 31, 2024    | 280.09   | -   | -                                       | 280.09                                    |
| Bank balances other than cash and cash equivalents                                | March 31, 2024    | 225.86   | -   | -                                       | 225.86                                    |
| Other financial assets  | March 31, 2024    | 1,333.72 | -   | -                                       | 1,333.72                                  |



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**Fair value measurement hierarchy of Liabilities:**

| Particulars   | Date of Valuation | Total     | Fair value measurement using              |   |   |
|---|-------------------|-----------|---|---|---|
|   |                   |           | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial liabilities measured at amortized cost</b> |                   |           |   |   |   |
| Borrowings  | March 31, 2024    | 13.20     | -   | -                                       | 13.20                                     |
| Lease liabilities                                       | March 31, 2024    | 4,184.39  | -   | -                                       | 4,184.39                                  |
| Trade payables  | March 31, 2024    | 11,880.36 | -   | -                                       | 11,880.36                                 |
| Other financial liabilities                             | March 31, 2024    | 6,132.57  | -   | -                                       | 6,132.57                                  |

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023:**

**Fair value measurement hierarchy of Assets:**

| Particulars   | Date of Valuation | Total     | Fair value measurement using              |   |   |
|---|-------------------|-----------|---|---|---|
|   |                   |           | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial assets measured at fair value through profit and loss</b>            |                   |           |   |   |   |
| Other investments   | March 31, 2023    | 1,602.30  | 1,602.30                                  | -                                       | -   |
| <b>Financial assets measured at fair value through other comprehensive income</b> |                   |           |   |   |   |
| Other investments   | March 31, 2023    | -         | -   | -                                       | -   |
| <b>Financial assets measured at amortized cost</b>                                |                   |           |   |   |   |
| Other investments   | March 31, 2023    | -         | -   | -                                       | -   |
| Loans   | March 31, 2023    | 12.28     | -   | -                                       | 12.28                                     |
| Trade receivables   | March 31, 2023    | 5,529.89  | -   | -                                       | 5,529.89                                  |
| Cash and cash equivalents   | March 31, 2023    | 345.97    | -   | -                                       | 345.97                                    |
| Bank balances other than cash and cash equivalents                                | March 31, 2023    | 164.26    | -   | -                                       | 164.26                                    |
| Other financial assets  | March 31, 2023    | 18,544.43 | -   | -                                       | 18,544.43                                 |

**Fair Value measurement hierarchy of Liabilities:**

| Particulars   | Date of Valuation | Total     | Fair value measurement using              |   |   |
|---|-------------------|-----------|---|---|---|
|   |                   |           | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial liabilities measured at amortized cost</b> |                   |           |   |   |   |
| Borrowings  | March 31, 2023    | 1,727.45  | -   | -                                       | 1,727.45                                  |
| Lease liabilities                                       | March 31, 2023    | 5,257.67  | -   | -                                       | 5,257.67                                  |
| Trade payables  | March 31, 2023    | 11,338.13 | -   | -                                       | 11,338.13                                 |
| Other financial liabilities                             | March 31, 2023    | 6,908.87  | -   | -                                       | 6,908.87                                  |

**NOTE 47 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial liabilities comprises of Borrowings , Lease Liabilities, deposits from dealers, trade and other payables. The main purpose of these financial liabilities is to finance *the Group'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 risk.

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.



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

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 and commodity price risk. Financial instruments affected by market risks include deposits from dealers, investments and foreign currency receivables and payables.

The sensitivity analysis in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

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, 2024 and March 31, 2023.

**(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). The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. The Group is exposed to foreign currencies such as "USD" and "EURO".

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| Particulars           | Currency | As at          | As at          |
|-----------------------|----------|----------------|----------------|
|                       |          | March 31, 2024 | March 31, 2023 |
| Trade receivables     | USD      | 0.75           | 22.39          |
| Advance to Suppliers: | USD      | 31.75          | -              |
|                       | EURO     | 138.41         | -              |
| Trade payables        | USD      | 51.41          | 99.50          |
| Trade payables        | EURO     | -              | 27.03          |

**Foreign currency sensitivity analysis**

The Group is mainly exposed to USD and EURO. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for sensitivity change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

**Foreign currency sensitivity analysis**

| Particulars        | As at                              | As at          |
|--------------------|------------------------------------|----------------|
|                    | March 31, 2024                     | March 31, 2023 |
| <b>Basis point</b> | <b>Effect on profit before tax</b> |                |
| +5%                | 0.95                               | (5.21)         |
| -5%                | (0.95)                             | 5.21           |

**(ii) Interest risk**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group's financial liabilities comprises mainly of interest-bearing project term loans. However these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

| Particulars        | As at                              | As at          |
|--------------------|------------------------------------|----------------|
|                    | March 31, 2024                     | March 31, 2023 |
| <b>Basis point</b> | <b>Effect on profit before tax</b> |                |
| +1                 | 1.16                               | (10.15)        |
| -1                 | (1.16)                             | 10.15          |

**(iii) Commodity price risk**

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, The Group has entered into various purchase contracts for these material for which there is an active market. The Group's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further The Group increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**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.

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. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

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 :

|  | Trade receivables       |                         | Loans & other financial assets |                         | Other assets            |                         |
|--|-------------------------|-------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2024 | As at<br>March 31, 2023 | As at<br>March 31, 2024        | As at<br>March 31, 2023 | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
| At the beginning of the year                 | 1,666.42                | 1,592.89                | 276.68                         | -                       | 24.92                   | 24.92                   |
| Allowance created/(reversed) during the year | (530.53)                | 73.53                   | (276.68)                       | 276.68                  | (24.92)                 | -                       |
| <b>At the end of the year</b>                | <b>1,135.89</b>         | <b>1,666.42</b>         | <b>-</b>                       | <b>276.68</b>           | <b>-</b>                | <b>24.92</b>            |

**(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.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| Particulars                 | Less than 1 Year | More than 1 Year | Total            |
|-----------------------------|------------------|------------------|------------------|
| <b>As at March 31, 2024</b> |                  |                  |                  |
| Trade payables              | 11,002.16        | 878.20           | 11,880.36        |
| Other financial liabilities | 647.63           | 5,484.94         | 6,132.57         |
| Borrowings                  | 13.20            | -                | 13.20            |
| Lease Liability             | 1,048.76         | 3,135.63         | 4,184.39         |
|                             | <b>12,711.75</b> | <b>9,498.77</b>  | <b>22,210.52</b> |
| <b>As at March 31, 2023</b> |                  |                  |                  |
| Trade payables              | 11,138.02        | 200.11           | 11,338.13        |
| Other financial liabilities | 1,073.27         | 5,835.60         | 6,908.87         |
| Borrowings                  | 1,668.13         | 59.32            | 1,727.45         |
| Lease Liability             | 1,346.50         | 3,911.16         | 5,257.66         |
|                             | <b>15,225.92</b> | <b>10,006.19</b> | <b>25,232.11</b> |



**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 48 : CAPITAL MANAGEMENT**

The Group's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The group considers the following components of its Balance Sheet to manage capital:

1) Share Capital

2) Other Reserves comprising of General Reserve and Retained Earnings.

The Group capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities.

| Particulars                              | As at                               |                  |
|--|-------------------------------------|------------------|
|  | March 31, 2024                      | March 31, 2023   |
| Equity                                   | 1,827.62                            | 1,827.62         |
| Other Equity                             | 26,545.76                           | 45,160.55        |
| <b>Total equity</b>                      | <b>28,373.38</b>                    | <b>46,988.17</b> |
| Borrowings (including lease liabilities) | (i) 4,197.59                        | 6,985.12         |
| Less: cash and cash equivalents          | 280.09                              | 345.97           |
| <b>Total debt</b>                        | <b>(ii) 3,917.50</b>                | <b>6,639.15</b>  |
| <b>Overall financing</b>                 | <b>(iii) = (i) + (ii) 32,290.89</b> | <b>53,627.32</b> |
| <b>Gearing ratio ( In %)</b>             | <b>(ii) / (iii) 12%</b>             | <b>12%</b>       |

The Group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. The capital structure of the Group is managed with a view of the overall macro economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Group, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Group. The Group's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Group. In order, to maintain or adjust the capital structure, the Group will take appropriate steps as may be necessary.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

**NOTE 49 : DISTRIBUTIONS MADE**

**Dividend on equity shares declared and paid**

| Particulars  | As at          |                |
|--|----------------|----------------|
|  | March 31, 2024 | March 31, 2023 |
| <b>Dividend on equity shares declared and paid</b>   |                |                |
| Final dividend for the year ended March 31, 2023: INR 2 per share (March 31, 2023: Final dividend for the year ended 31 March 2022: INR 0.50 per share)    | 658.05         | 183.21         |
| <b>Proposed dividend</b>   |                |                |
| Proposed dividend for the year ended 31 March 2024: INR NIL per share (31 March 2023: Proposed dividend for the year ended 31 March 2023: INR 2 per share) | -              | 731.04         |

**Note:**

The Company has not proposed any dividend as in 31 March 2024





Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 50 : COMMITMENTS FOR EXPENDITURE**

| Particulars                           | As at          | As at          |
|---------------------------------------|----------------|----------------|
|                                       | March 31, 2024 | March 31, 2023 |
| Capital commitments (net of advances) | 545.68         | 21.04          |
|                                       | <u>545.68</u>  | <u>21.04</u>   |

**NOTE 51 : CONTINGENT LIABILITIES**

| Particulars   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2024 | March 31, 2023 |
| Claims against the holding company not acknowledged as debt (refer note below)                            |                |                |
| Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards: |                |                |
| - Sales tax   | 1,072.45       | 1,072.45       |
| - Entry tax   | 257.90         | 4,293.80       |
| - Income tax  | -              | 2,212.13       |
| - Excise Duty   | 1,418.42       | 636.97         |

**Note:**

The Group 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, 2024. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Groups financial position and results of operations.

**NOTE 52 : SEGMENT INFORMATION**

**Operating segment information**

The Group primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. 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 (Chief Operating Decision Maker) 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.



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 53 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE**

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 Holding 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.

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2024 | March 31, 2023 |
| a) Gross amount required to be spent as per section 135 of the Act | 81.66          | 143.95         |
| Add: Amount unspent from previous years                            | -              | -              |
| <b>Total gross amount required to be spent during the year</b>     | <b>81.66</b>   | <b>143.95</b>  |

|  |        |        |
|--|--------|--------|
| b) Amount spent during the year on       |        |        |
| (i) Construction/acquisition of an asset | -      | -      |
| (ii) On purposes other than (i) above    | 106.31 | 135.98 |

c) Details of CSR expenditure in respect of other than ongoing projects

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| Gross amount required to be spent as per section 135 of the Act | 81.66                   | 143.95                  |
| Add: Amount Unspent from previous years                         | -                       | -                       |
| <b>Total Gross amount required to be spent during the year</b>  | <b>81.66</b>            | <b>143.95</b>           |

b) Amount approved by the Board of Directors to be spent during the year

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| Amount approved by the Board of Directors to be spent during the year | 81.66                   | 143.95                  |

c) Amount spent during the year on:

| Particulars                              | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| (i) Construction/acquisition of an asset | -                       | -                       |
| (ii) On purposes other than (i) above    | 106.31                  | 135.98                  |

d) Details of CSR expenditure in respect of other than ongoing projects

| Particulars   | Year ended<br>March 31, 2024 | Year ended<br>March 31, 2023 |
|---|------------------------------|------------------------------|
| Promotion of health and education                           | -                            | 94.86                        |
| Protection of environment                                   | -                            | 0.09                         |
| Employee Volunteering through Trust for promotion of health | -                            | 3.43                         |
| Contribution to the corpus of trust                         | 66.60                        | 37.60                        |
| Prime Minister National Relief Fund                         | 0.70                         | -                            |
| Protecting national heritage, art, and culture.             | 39.01                        | -                            |
| <b>Total</b>  | <b>106.31</b>                | <b>135.98</b>                |

| Nature of Activity                                     | Balance excess as at<br>April 1, 2023 | Amount required to be spent during the year | Amount spent during the year | Balance excess as at<br>March 31, 2024 |
|--|---------------------------------------|---|------------------------------|--|
| Healthcare/education/skill development/art and culture | -                                     | 81.66                                       | 106.31                       | (24.65)                                |



Kurlon Enterprise Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 54 : STATUTORY GROUP INFORMATION

| Name of the entity in The Group                           | Net Assets, i.e., Total assets minus Total liabilities |                  | Share in Profit and loss             |                   | Share in Other comprehensive income             |                 | Share in Total Comprehensive Income             |                   |
|---|--|------------------|--------------------------------------|-------------------|---|-----------------|---|-------------------|
|   | As % of consolidated net assets                        | Amount           | As % of consolidated profit and loss | Amount            | As % of consolidated other comprehensive income | Amount          | As % of consolidated total comprehensive income | Amount            |
|   |  |                  |                                      |                   |   |                 |   |                   |
| <b>Parent.</b>  |  |                  |                                      |                   |   |                 |   |                   |
| Kurlon Enterprise Limited                                 |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | 104%   | 29,468.14        | 89%                                  | (4,564.97)        | 106%  | (323.60)        | 90%   | (4,888.57)        |
| Balance as at March 31, 2023                              | 102%   | 47,809.96        | (126%)                               | (1,317.45)        | 181%  | (31.47)         | (131%)  | (1,348.92)        |
| <b>Subsidiaries</b>                                       |  |                  |                                      |                   |   |                 |   |                   |
| <b>Indian</b>   |  |                  |                                      |                   |   |                 |   |                   |
| <b>1 Kurlon Retail Limited</b>                            |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | (6%)   | (1,827.76)       | (1%)                                 | 63.35             | (1%)  | 3.45            | (1%)  | 66.80             |
| Balance as at March 31, 2023                              | (4%)   | (1,894.56)       | (6%)                                 | (59.21)           | 17%   | (2.98)          | (6%)  | (62.19)           |
| <b>2 Starship Value Chain &amp; Manufacturing Pvt Ltd</b> |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | 3%   | 877.70           | (2%)                                 | 94.02             | 1%  | (4.51)          | (2%)  | 89.51             |
| Balance as at March 31, 2023                              | 2%   | 788.19           | 23%                                  | 242.36            | (3%)  | 0.59            | 24%   | 242.95            |
| <b>3 Belvedere International Limited</b>                  |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | (1%)   | (192.70)         | 1%                                   | (61.39)           | 0%  | 1.45            | 1%  | (59.94)           |
| Balance as at March 31, 2023                              | 0%   | (132.76)         | (9%)                                 | (93.67)           | 0%  | -               | (9%)  | (93.67)           |
| <b>4 Komfort Universe Products and Services Limited</b>   |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | (4%)   | (1,088.46)       | 14%                                  | (723.84)          | (6%)  | 16.85           | 13%   | (706.99)          |
| Balance as at March 31, 2023                              | (1%)   | (381.47)         | (1%)                                 | (9.07)            | (94%)   | 16.44           | 1%  | 7.37              |
| <b>5 Kanvas Concepts Private Limited</b>                  |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | 0%   | (134.34)         | 0%                                   | (21.50)           | 0%  | -               | 0%  | (21.50)           |
| Balance as at March 31, 2023                              | 0%   | (112.84)         | 0%                                   | (0.64)            | 0%  | -               | 0%  | (0.64)            |
| <b>Consolidation Adjustments</b>                          |  |                  |                                      |                   |   |                 |   |                   |
| Balance as at March 31, 2024                              | 4%   | 1,270.80         | (2%)                                 | 92.76             | 0%  | 0.00            | (2%)  | 92.76             |
| Balance as at March 31, 2023                              | 2%   | 911.65           | 218%                                 | 2,284.36          | 0%  | 0.00            | 222%  | 2,284.36          |
| <b>Total</b>  | <b>100%</b>  | <b>28,373.38</b> | <b>100%</b>                          | <b>(5,121.57)</b> | <b>100%</b>                                     | <b>(306.36)</b> | <b>100%</b>                                     | <b>(5,427.93)</b> |
| Balance as at March 31, 2023                              | <b>100%</b>  | <b>46,988.17</b> | <b>100%</b>                          | <b>1,046.68</b>   | <b>100%</b>                                     | <b>(17.47)</b>  | <b>100%</b>                                     | <b>1029.26</b>    |



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 55 : INCOME TAX EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS**

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax</b>  |                                      |                                      |
| In respect of current year  | 163.57                               | 824.35                               |
| Tax expenses related to earlier years                             | -                                    | (45.45)                              |
|   | <u>163.57</u>                        | <u>778.90</u>                        |
| <b>Deferred tax</b>   |                                      |                                      |
| Origination and reversal of temporary differences                 | (517.46)                             | (1,033.85)                           |
|   | <u>(517.46)</u>                      | <u>(1,033.85)</u>                    |
| <b>Total income tax expense recognised in the current year</b>    | <u>(353.89)</u>                      | <u>(254.95)</u>                      |
| <b>Other Comprehensive Income:</b>                                |                                      |                                      |
| Income Tax recognized in other comprehensive income/(loss)        | (9.99)                               | 10.35                                |
| Tax arising on income and expense recognised in OCI Income/(loss) | <u>(9.99)</u>                        | <u>10.35</u>                         |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Profit before tax</b>  | (5,475.46)                           | 791.71                               |
| Income tax expense calculated at 25.168%                                  | (1,378.06)                           | 199.26                               |
| Reversal of provision for current tax relating to earlier year            | -                                    | (45.45)                              |
| Tax charge on disallowance of corporate social responsibility expenditure | 20.55                                | 34.10                                |
| Others  | 1,003.62                             | (442.86)                             |
| <b>Income tax expense recognised in the Statement of Profit and Loss</b>  | <u>(353.89)</u>                      | <u>(254.95)</u>                      |

**NOTE 56: UTILISATION OF BORROWED FUNDS**

(i) 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:

- 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
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) 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:

- 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.

**NOTE 57 : EVENTS AFTER THE REPORTING PERIOD**

There are no significant adjusting events after the reporting period.

**NOTE 58 : DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)**

The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

**NOTE 59 : UNDISCLOSED INCOME (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)**

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year 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).

**NOTE 60: DETAILS OF BENAMI PROPERTY HELD (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)**

The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

**NOTE 61: RELATIONSHIP WITH STRUCK OFF COMPANIES UNDER SECTION 248 OF THE COMPANIES ACT, 2013 OR SECTION 560 OF COMPANIES ACT, 1956 (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)**

The Group does not have any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.



Kurlon Enterprise Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

NOTE 62: RECONCILIATION OF QUARTERLY RETURNS OR STATEMENTS OF CURRENT ASSETS FILED WITH BANKS OR FINANCIAL INSTITUTIONS

As at March 31, 2024

| Quarter | Name of bank   | Particulars of securities provided                         | Amount as per books of accounts | Amount as reported in the quarterly statement | Amount of difference | Reason for material discrepancies   |
|---------|--|--|---------------------------------|---|----------------------|---|
| Jun-23  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 15,778.13                       | 16,199.20                                     | (421.07)             | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.   |
| Sep-23  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 15,155.60                       | 15,190.13                                     | (34.53)              | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.   |
| Dec-23  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 16,884.39                       | 17,800.58                                     | (916.19)             | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.   |
| Mar-24  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 17,420.84                       | 18,568.57                                     | (1,147.73)           | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances. Additionally, provisional entries passed in books at year end not considered in return submitted to bank. |

As at March 31, 2023

| Quarter | Name of bank   | Particulars of securities provided                         | Amount as per books of accounts | Amount as reported in the quarterly statement | Amount of difference | Reason for material discrepancies   |
|---------|--|--|---------------------------------|---|----------------------|---|
| Jun-22  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 17,536.87                       | 18,985.04                                     | (1,448.17)           | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.   |
| Sep-22  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 17,941.50                       | 18,351.30                                     | (409.80)             | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.   |
| Dec-22  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 18,385.42                       | 18,407.53                                     | (22.11)              | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.   |
| Mar-23  | Axis Bank Ltd, Kotak Mahindra Bank Ltd, IDBI Bank Ltd. | Book Debts ( Net of advances from customers) & Inventories | 15,425.59                       | 16,668.74                                     | (1,243.15)           | The book debts submitted to the bank by Holding Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances. Additionally, provisional entries passed in books at year end not considered in return submitted to bank. |





**Kurlon Enterprise Limited**

Notes forming part of the consolidated financial statements for the year ended March 31, 2024  
(All amounts in INR Lakhs, unless otherwise stated)

**NOTE 63: REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES**

The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**NOTE 64 : COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)**

The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

**NOTE 65: WILFUL DEFAULTER**

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**NOTE 66: SIGNIFICANT EVENTS DURING THE YEAR**

During the year, the Holding Company entered into a tripartite agreement (TA) with Sheela Foam Limited (SFL) and Kanara Consumer Products Limited (KCPL) on October 18, 2023, pursuant to the Share Purchase Agreement (SPA) dated July 15, 2023, involving SFL, KCPL, and Kurlon Trading and Invest Management Private Limited. Based on these agreements, the Holding company conducted the following transactions during the year:

1. KCPL Transferred Dabaspet Foam Land , Dabaspet Sofa Land , Bhubaneshwar Land and Haridwar Land for a consideration of Rs.4631.45 lakhs.
2. The Holding Company acquired the Gwalior Business from KCPL for a consideration of Rs.3400 lakhs, and the excess of liability over asset of Rs. 1505.93 lakhs of the said business acquisition has been recognised as capital reserve.
3. As per one of the terms of the SPA, the company sold its investment in Sevalar Solar Private Limited, Sirar Dhotre Solar Private Limited and Sirar Solar Energies Private Limited to KCPL for a consideration of Rs.14.07 lakhs(investment at par value)
4. The Holding Company has adjusted lease deposit amount of Rs 15,300 towards acquisition cost for the assets received from KCPL, after adjusting for the liabilities owed to KCPL. The remaining balance of ₹14,301.13 lakh has been reduced from the Retained earnings under other payments as surplus cash paid to KCPL.

**NOTE 67: SCHEME OF AMALGAMATION OF WHOLLY OWNED SUBSIDIARIES**

The Board of Directors of the Holding Company (Board) at its meeting held on March 28, 2024, has approved the Composite Scheme of Arrangement between the wholly owned subsidiary of the Company, i.e., Kurlon Enterprise Limited ("KEL" or "Transferee Company") with Belvedere 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 ("SVCAMPL" or Transferor Company 5") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Mumbai ("NCLT"). Accordingly, the aforesaid scheme of arrangement cannot be considered as highly probable unless the regulatory approvals are received and hence, the same has not been accounted in these financial results.

**NOTE 68: SCHEME OF AMALGAMATION WITH HOLDING COMPANY**

During the year the board of holding company, Sheela Foam Limited, approved the Scheme of Amalgamation of Kurlon Enterprises Limited ("KEL" or "Amalgamating Company") with Sheela Foam Limited ("SFL" or "Amalgamated Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Mumbai ("NCLT").

**NOTE 69: REGROUPED/RECLASSIFICATION OF COMPARATIVE FIGURES**

The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification in alignment with the Parent Company presentation.

**NOTE 70: AUDIT TRAIL**

The accounting softwares used by the Group for maintaining its books of account has a feature of recording audit trail (edit log) facility. However, during the year, the Holding Company had enabled the audit trail feature within the accounting software at the application level and at the database level, except for certain tables and transaction fields within the accounting software wherein the audit trail feature was not enabled.

For M S K A & Associates  
Chartered Accountants  
Firm Registration No.: 105047W

*Harsh Jain*

Harsh Jain  
Partner  
Membership No.: 305641  
Place: Bengaluru  
Date: May 15, 2024



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

*Rahul Gautam*  
Rahul Gautam  
Managing Director  
DIN: 01646487  
Place: Noida  
Date: May 15, 2024

*Rahul Gautam*  
Rahul Gautam  
Director  
DIN: 00192999  
Place: Delhi  
Date: May 15, 2024

*Abhilash Padmanabh Kamti*  
Abhilash Padmanabh Kamti  
Chief Financial Officer  
Place: Noida  
Date: May 15, 2024

*Rohit Kumar*  
Rohit Kumar  
Company Secretary  
Membership No.: A38853  
Place: Noida  
Date: May 15, 2024

