



ಕರ್ನಾಟಕ ಸೋಪ್ಸ್ ಅಂಡ್ ಡಿಟರ್ಜೆಂಟ್ಸ್ ಲಿಮಿಟೆಡ್
(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಒಂದು ಉದ್ಯಮ)
KARNATAKA SOAPS & DETERGENTS LIMITED
(A Government of Karnataka Undertaking)

KSDL/CS/AGM42/2022-23

SHORTER NOTICE TO THE 42ND ANNUAL GENERAL MEETING

To

ALL THE SHAREHOLDERS

NOTICE is hereby given that the **42nd Annual General Meeting** of the Members of M/s. Karnataka Soaps and Detergents Limited will be held on Friday, the 7th day of October 2022 at 4.00 PM at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS

01. **To receive, consider and adopt the audited Balance Sheet, Cash flow statement and Statement of Profit and Loss for the Financial Year ended 31st March, 2022 along with the Reports of the Board including Secretarial Audit, Auditor's Report including comments of the Comptroller and Auditor General of India for the Financial Year ended 31st March, 2022:**

If thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT**, pursuant to the provisions of Section 134 of the Companies Act, 2013, the Audited Standalone Balance Sheet & Profit & Statement of Profit and Loss Account and Cash Flow Statement for the financial year ended March 31, 2022, together with the Directors' Report including Secretarial Audit Report and Statutory Auditor's Report along with Nil comments from C & AG, Karnataka, Bengaluru as circulated to the shareholders and laid before the meeting, be received, approved and adopted.”

02. **To declare the Dividend for the Financial Year ended 31st March 2022:**

ಆಡಳಿತ ಕಛೇರಿ ಮತ್ತು ಕಾರ್ಖಾನೆ : ನಂ.27, ಕೈಗಾರಿಕಾ ಪ್ರದೇಶ, ಅಂಚೆ ಪೆಟ್ಟಿಗೆ ಸಂಖ್ಯೆ: 5531, ಬೆಂಗಳೂರು-ಪುಣೆ ಹೆದ್ದಾರಿ, ಮಲ್ಲೇಶ್ವರಂ (ಪಶ್ಚಿಮ) ಬೆಂಗಳೂರು-560 055, ಭಾರತ
ದೂರವಾಣಿ: ■ 080-2216 4800 ■ ಟೋಲ್ ಫ್ರೀ ಸಂಖ್ಯೆ: 1800 425 1103

Registered office & factory : #27, Industrial Suburb, P.B No 5531, Bengaluru-Pune Highway, Malleshwaram (West), Bengaluru - 560 055. INDIA
Ph : ■ 080-2216 4800 (Board) ■ Toll Free No.: 1800 425 1103

e-mail: promysoresandal@gmail.com Website : www.mysoresandal.org

If thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT, a final dividend at the rate of 30% on Profit after tax amounting to Rs. 41,36,25,593/-as recommended by the Board of Directors of the Company for the year ended 31st March 2022 be and is hereby declared and the same be paid to the Members of the Company appearing in the Register of Members as on the Record date.”

03. Appointment of Statutory Auditors for the Financial Year 2022-23:

To note the appointment of **M/s.P. Chandrasekar LLP, (Firm # 000580S/S200066), Chartered Accountants**, Bengaluru for the financial year 2022-23 by the Comptroller and Auditor General of India, New Delhi and authorize the Board of Directors to fix their remuneration and, to pass the following resolution with or without modifications as an **Ordinary Resolution**:

“RESOLVED THAT, pursuant to the provisions of Section 139 read with applicable rules if any, other provisions of the Companies Act, 2013 and relevant Rules framed thereunder, as amended from time to time, **M/s. P. Chandrasekar LLP, Chartered Accountants (Firm # 000580S/S200066), Chartered Accountants**, are hereby appointed by the Comptroller and Auditor General of India as the Statutory Auditors of the Company for the Financial Year 2022-23, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the 43rd Annual General Meeting at such remuneration to be recommended by the Board of Directors.”

By the Order of the Board

M/s. KARNATAKA SOAPS AND DETERGENTS LIMITED



**SHEELA ARVIND
COMPANY SECRETARY (R)**

Place: Bangalore
Date: 03/10/2022

NOTES:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the company. Proxy so appointed shall be entitled to vote only on a poll. The instrument appointing a proxy should, however, be deposited at the Registered Office of the company before forty-eight hours of the commencement of the meeting. A blank Proxy form is enclosed.

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- b) Members/Proxies should sign and fill the attendance slip for attending the meeting and bring their attendance slip along with their copy of the Annual report to the Annual General Meeting of the Company.
- c) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- d) The Registers under the Companies Act, 2013 will be available for inspection at the Registered Office of the Company during business hours except on holidays. The said Registers will also be available for inspection by the Members at the 42nd AGM of the Company.
- e) The Company being a Government Company, the Comptroller and Auditor General of India, New Delhi has appointed **M/s. P Chandrasekar LLP, (Firm # 000580S/S200066), Chartered Accountants** as the Statutory Auditors of the Company for the financial year 2022-23 pursuant to the provisions of sub-section (5) of Section 139 of the Companies Act, 2013 vide letter **No. CA. V/COY/KARNATAKA, KNSOAP(1)/155** dated **26/08/2022**.
- f) The Financial Statements, Auditors' Report, Boards' Report along with relevant Annexure are enclosed herewith.
- g) The 42nd Annual General Meeting of the Company is being convened at a shorter notice after obtaining the necessary consent from the Shareholders of the Company.

h) The Route Map of the AGM Venue is given below



Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies

(Management and Administration) Rules, 2014]

CIN: U85110KA1980SGC003871

Name of the company: M/s. Karnataka Soaps and Detergents Limited

Registered office: P.B.5531 Poona Highway, Bangalore-560055

Name of the member (s):

Registered address:
.....

Email id:

Folio No./ Client Id:

DP Id:

I / We, being the Member(s) M/s. Karnataka Soaps and Detergents Limited and holding shares of the above named Company, hereby appoint:

1. Name:

Address:
.....

E-mail Id:

Signature: , or failing him

2. Name:

Address:
.....

E-mail Id:

Signature: , or failing him

3. Name:

Address:

.....

E-mail Id:

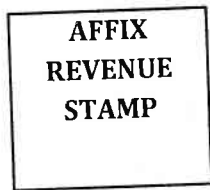
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Friday, the 7th Day of October 2022 at 4.00 PM at the Registered Office of the Company and /or at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

- 01. To receive, consider and adopt the audited Balance Sheet, Cash flow statement and Statement of Profit and Loss for the Financial Year ended 31st March, 2022 along with the Reports of the Board including Secretarial Audit, Auditor's Report including comments of the Comptroller and Auditor General of India for the Financial Year ended 31st March, 2022.
- 02. To declare the Dividend for the Financial Year ended 31st March 2022.
- 03. Appointment of Statutory Auditors for the Financial Year 2022-23.

Signed this..... day of 2022.



Signature of shareholder(s)

Signature of Proxy holder(s)

Notes:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



ATTENDANCE SLIP

42ND ANNUAL GENERAL MEETING

L.F. No..... No. of Shares held.....

Name (s) in full Name & Address as registered with the Company

- 1.
- 2.
- 3.

I hereby record my presence at the 42nd Annual General Meeting of shareholders of M/s. Karnataka Soaps and Detergents Limited is scheduled to be held on Friday, the 7th Day of October 2022 at 4.00 PM at the Registered Office of the Company.

Please tick in the box

- Equity shareholder
- Proxy

Equity Shareholder's Signature

Proxy's Signature

Notes:

1. Equity shareholders/proxies are requested to bring this slip along with them to the AGM. Duplicate slips will not be issued at the entrance of the venue of the meeting.
2. Equity shareholders attending the meeting in person by proxy are requested to complete the attendance slip and hand it over at the entrance of the venue of the meeting.



To

The Members,

M/s. Karnataka Soaps and Detergents Limited.,

Bangalore

Your Directors have immense pleasure in presenting the 42nd Annual Report of your company along with the audited financial statements, for the financial year March 31, 2022.

1. FINANCIAL RESULTS OF OUR OPERATIONS:

The financial performance of your Company for the fiscal year under review is given below:

(In Indian Rs/- Crores)

FINANCIAL PARTICULARS	2021-22	2020-21
Total Revenue from operations	929.62	783.74
Other Income	26.83	21.12
Total Income	956.45	804.86
Total expenses, including depreciation and finance costs	715.00	634.00
Profit/Loss before exceptional items	241.45	170.86
Exceptional items	-	-
Profit/Loss before tax	241.45	170.86
Tax expense	103.25	57.94
Profit /(Loss) for the year	138.20	112.92
Other Comprehensive Income	(0.33)	1.01
Total Comprehensive Income for the period	137.88	113.93

2. AMOUNTS TRANSFERRED TO RESERVES:

No amount has been transferred to the General Reserves during the year under review.

3. DIVIDEND:

The Board of Directors of your company is pleased to recommend a dividend of 30% on Profit after tax amounting to Rs. 41,36,25,593/- payable to those Shareholders whose names appear in the Register of Members as on Record Date.



4. COMPANY'S PERFORMANCE:

A) SALES:

Segment wise position of Sales:

Sl. No.	Class of Goods	2021-22		2020-21	
		Qty. in Mts.	Value (Rs. in Lakh)	Qty. in Mts.	Value (Rs. in Lakh)
1.	Soaps	23,319.86	85,725.46	20,754.03	73,668.73
2.	Detergents	4,025.23	2,419.54	3342.19	1,775.44
3.	Sandalwood Oil	0.021	77.62	0.014	58.72
4.	Agarbathies	765.83	2,080.55	690.30	1,903.73
5.	Talcum Powder/cosmetics	315.80	1,309.24	239.72	713.36
6.	Coconut Oil	254.55	833.69	190.88	319.40
7.	Others	212.23	515.84	85.06	192.12
	Total	28,893.52	92,961.94	25,302.19	78,631.50

B) OPERATING PERFORMANCE:

i) Segment wise Production:

The total value of Production of various products of the Company during the year was Rs. 28,468.16 lakhs as against Rs. 24,640.72 lakhs in the previous year. The product wise actual product quantities are as under:

Sl. No.	Class of Goods	Actual Production In MTs.	
		2021-22	2020-21
1.	Soaps	23,289.15	19,682.79
2.	Detergents	3,820.78	3,574.29
3.	Sandal Oil (Extraction of sandalwood oil)	3.15	4.06
4.	Agarbathies	668.47	598.28
5.	Talcum Powder	245.09	699.24
6.	Coconut Oil	441.52	82.06
7.	Others	-	-
	Total	28,468.16	24,640.72



ii) Highlights for the year 2021-22

The Company has posted a net profit of Rs. 138.20 crores as against Rs. 112.92 in the previous year. The Company has incurred an expense of Rs. 715.00 crores as against 634.00 crores during the previous year.

iii) COVID-19

The management has assessed and determined that considering the nature of its operations and overall revenue model, second and third wave of COVID-19 does not have any material impact on the Company's financial position as at March 31, 2022, its financial performance for the year then ended and its internal control over financial reporting as at March 31, 2022.

5. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT.

Your Company has no such material changes and commitments affecting the financial position between the end of the financial year and date of report.

6. CHANGES IN THE CAPITAL STRUCTURE OF THE COMPANY DURING THE YEAR

The Authorized Share capital of the Company at the beginning and end of the Financial Year March 31, 2022 was Rs. 35,00,00,000/-(Rupees Thirty Five Crores only) divided into 3,50,000(Three Lakh Fifty Thousand only) shares of Rs.1,000/-(Rupees Thousand only) each.

The Paid-Up Share capital of the Company at the beginning and end of the Financial Year March 31, 2022 was Rs. 31,82,21,000/-(Rupees Thirty-One Crore Eighty-Two Lakh Twenty-One Thousand only) divided into 3,18,221(Three Lakh Eighteen Thousand Two Hundred and Twenty-One) shares of Rs.1,000/- (Rupees Thousand only) each.

The Company has not issued Sweat Equity Shares, Bonus Shares, Employee Stock Options, debentures, bonds, share warrants or any other non-convertible securities during the year under review.

7. CREDIT RATING OF SECURITIES:

Your Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad. Hence, the Company has not obtained credit rating for its securities from any of the Credit Rating Agencies during the year under review.



8. INVESTOR EDUCATION AND PROTECTION FUND:

Your company has not transferred any unclaimed dividend to Investor Education and Protection Fund during the year under review as the entire dividend was claimed by all the Shareholders within the stipulated time period. Hence, the provisions of Section 125(2) of the Companies Act, 2013 do not apply.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Being a Government Corporation, the Directors who are the Nominee Directors of the Company shall be only on deputation. The changes during the year FY 2021-22 including the current composition of the Board are tabled below:

Sl.No	Name of the Director	DIN	Designation	Appointment/ Cessation	Date of Appointment	Date of Cessation
1	Nagasandra Jaganmatha Ramaiah	07397768	Independent Director	-	11/09/2017	31/05/2021
2	Chandrashekar Nayak L	08215036	Independent Director	Appointment	06/07/2020	-
3	K M Virupakshappa	08904142	Nominee Director & Chairman	Appointment	27/07/2020	-
4	Mahesh B Shirur	08524095	Managing Director	Appointment	06/03/2021	-
5	Mallikarjun Veerabhadrapa Savakar	09046936	Nominee Director	Appointment	29/12/2020	-
6	Kubsad Raju Niveditha	09046939	Nominee Director	Appointment	29/12/2020	-
7	Haleshappa Shiva Kumar	09047618	Nominee Director	Appointment	29/12/2020	-
8	Siddiq Pasha	09253321	Nominee Director	Appointment	22/06/2021	-
9	Vikash Kumar Vikash	08122455	Nominee Director	Appointment	22/06/2021	-



BOARD'S REPORT 2021-22

The following are the changes in the Board subsequent to the financial year and up to the date of the Board Report:

Sl. No.	Name of the Director	DIN	Designation	Appointment/ Cessation	Date of Appointment	Date of Cessation
1.	Mahesh Shirur B	08524095	Managing Director	Cessation	06/03/2021	23/05/2022
2.	Dr. Mahesh Mahadevaiah	09628072	Managing Director	Appointment	23/05/2022	-
3.	Chandrashekar Nayak L	08215036	Independent Director	Cessation	06/07/2020	18/04/2022
4.	Sri. Nitish K	08890701	Nominee Director	Cessation	31/05/2022	-

As on the date of Report, the composition of the Board is as under:

SI No.	Name of the Director & DIN	Designation	Date of Appointment	Date of Cessation
1.	K M Virupakshappa (DIN: 08904142)	Nominee Director & Chairman	27/07/2020	Till date
2.	Dr. Mahesh Mahadevaiah (DIN: 09628072)	Managing Director	23/05/2022	Till date
3.	Sri. Nitish K (DIN: 08890701)	Nominee Director	31/05/2022	Till date
4.	Sri. Siddiq Pasha (DIN: 09253321)	Nominee Director	22/06/2021	Till date
5.	Sri. Vikash Kumar Vikash (DIN:08122455)	Nominee Director	22/06/2021	Till date
6.	Mallikarjun Veerabhadrappe Savakar (DIN: 09046936)	Nominee Director	29/12/2020	Till date
7.	Kubsad Raju Niveditha (DIN: 09046939)	Nominee Director	29/12/2020	Till date
8.	Haleshappa Shiva Kumar (DIN: 09047618)	Nominee Director	29/12/2020	Till date



10. INDEPENDENT DIRECTORS

The procedure for appointment of Independent Directors is as per the Articles of Association of the Company read with the Companies Act, 2013.

At the beginning of the financial year, Smt. Nagasandra Jaganmatha Ramaiah (DIN:07397768) and Sri. Chandrashekar Nayak L, (DIN: 08215036) served as the Independent Directors of the Company. However, Smt. Nagasandra Jaganmatha Ramaiah (DIN:07397768) attained superannuation on 31/05/2021 and retired from the Directorship of the Company during the year. The Board had placed on record its appreciation for her valuable contribution and guidance during her tenure as Independent Director.

In terms of Section 149 of the Act, Sri. Chandrashekar Nayak L, (DIN: 08215036) is the Independent Directors of the Company as at the financial year ended 31.03.2022 and further, the said Directors have met the criteria of independent Directors.

11. BOARD MEETINGS AND GENERAL MEETINGS

- (i) The Board of Directors duly met **4 (Four)** times during the financial year 2021-22. The Meetings of Board of Directors held during the year 2021-22.

Board Meeting No.	Board Meeting Date
253 rd	25/06/2021
254 th	07/09/2021
255 th	12/11/2021
256 th	20/01/2022

The Company has exceeded more than 120 days gap in conducting two board meetings i.e., between 252nd held on 28/01/2021 and 253rd Board meeting held on 25/06/2021, hence the Company violated the provision of Section 173(1) of the Companies Act, 2013;

- (ii) The Company has convened the **41st Annual General Meeting** on 28/01/2022 during the Financial Year 2021-22 beyond the stipulated period i.e., 30/09/2021 pursuant to extension of three (2) months i.e., up to 30/11/2021 granted by the Ministry of Corporate Affairs, Office of the Registrar of Companies, Karnataka vide their order dated 23/09/2021. Further, the company filed an application with Registrar of companies, Bangalore, Karnataka seeking further one month extension i.e., up to 31st December 2022 in Form GNL 1 filed vide SRN No. T58781949, dated 16/11/2021. Accordingly, the extension was granted for 25 days i.e., up to 25/12/2021.

Once again, the company filed an application with Registrar of companies seeking further extension of time for holding the 41st Annual General Meeting of the company



in Form GNL-1 vide SRN No. T63402481, dated 13.12.2021. Accordingly, the extension was granted for 5 days i.e., up to 30.12.2021.

Further, the 41st Annual General Meeting of the Company was held at a shorter notice after obtaining the necessary consent from the Shareholders of the Company.

(iii) The Company has not held any Extra-ordinary General Meeting during the year under review.

The Company has complied with applicable Secretarial Standards and its respective guidance notes while conducting the Board Meetings and General Meetings. The required quorum was present in all the Board Meetings and General Meetings and respective notices were dispatched with an adequate time period.

12. COMMITTEES

(i) Audit Committee:

The Audit Committee formed under Section 177 of the Companies Act, 2013 comprises of Sri. L Chandrashekar Nayak, IAS (Chairman), Sri. Siddiq Pasha (Member) and Sri. Vikash Kumar Vikash, IPS (Member).

The Audit committee oversees the compliance with the internal control systems, review of the financial statements for fair compilation of data, adequacy of disclosure and also Corporate Governance.

The Meeting of the Audit Committee Meeting held during the year 2021-22

Audit Committee Meeting	Audit Committee Meeting Date
49 th	12/11/2021
50 th	20/01/2022

(ii) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee formed under Section 135 of the Companies Act, 2013 formulates and monitors the Corporate Social Responsibility Policy, recommends the amount of expenditure to be incurred on CSR activities and ensures implementation of programmes/activities proposed to be undertaken by the Company.

The Members of the CSR Committee were Sri. Mahesh B Shirur, IFS (Chairman), Sri. Siddiq Pasha (Member) and Sri. L Chandrashekar Nayak, IAS (Member).

The Meeting of the CSR held during the year 2021-22



CSR Meeting No.	CSR Meeting Date
10 th	21/05/2021
11 th	22/07/2021

(iii) Nomination and Remuneration Committee:

Your Company being a Government Company, the provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable.

(iv) Stakeholders Relationship Committee:

The Company is not required to form this Committee under the provisions of the Act as it does not have more than 1000 shareholders. However, steps have been taken to ensure smooth communication with the stakeholders of the Company and redress their grievances.

(v) Investment Committee:

The Investment Committee of the Company has duly met three times during the FY 2021-22 to discuss matters relating to investment of surplus funds in nationalized banks.

13. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

Your Company is a Government Company and in pursuance of Section 2(45) of the Companies Act, 2013, the appointment of Directors and Key Managerial Personnel is as per the Government Notification and Remuneration paid to such Directors and Key Managerial Personnel is as per the norms of Government of Karnataka.

14. BOARD'S EVALUATION

All Directors of the Company are nominated by the Government of Karnataka and hence the evaluation is also made by the Government Level.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Following is the Directors' Responsibility Statement pursuant to the provisions of sub-section (5) of section 134 of the Companies Act, 2013, referred to in clause (c) of sub-section (3) of the said section, in respect of the financial statements of the Company:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;



- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis.
- e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. ADEQUACY OF INTERNAL FINANCIAL CONTROL:

KS&DL has an internal control system commensurate with the size, scale and complexity of its operations. The Audit Committee comprises of professionally qualified Directors, who interact with the Statutory Auditors, internal auditors and management in dealing with matters within its terms of reference. Your Company has a proper and adequate system of internal controls. These controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition.

However, the Audit Committee and the Board are of the opinion that the Company has sound Internal Financial Controls commensurate with the nature and size of its business operations and operating effectively and no material weakness exist during the Financial Year 2021-22.

17. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any Subsidiary, Associate or Joint Venture.

18. DEPOSITS

During the year under review, your Company has neither accepted nor renewed any deposits from the public within the meaning of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186;

The Company has not made any investment, given guarantees and securities during the year under review. Hence, there was no need to comply with the provisions of Section 186 of the Companies Act, 2013.



20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES.

During the year under review, there were no contracts or arrangements entered into by the Company with related parties in accordance with provisions of section 188 of the Companies Act, 2013.

21. CORPORATE SOCIAL RESPONSIBILITY

Your Company has a well-documented Corporate Social Responsibility (CSR) Policy, which is available on the website of the Company at <https://mysoersandal.karnataka.gov.in/>. The Annual Report on CSR Activities is attached as **Annexure** to this Report.

22. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

FORM A.

A. POWER & FUEL CONSUMPTION

Sl. No	Type	Particulars	2021-22	2020-21
1.	Electricity	A) Purchased		
		i) Units – KWH	33,80,490.00	29,41,321.00
		ii) Total amount (Rs. in Lakh)	307.89	269.35
		B) Own Generation of Power		
		i) Through Diesel Generator Units	1,836.00	38,328.00
		ii) Diesel consumed (KL)	7,224.00	21,238.00
		iii) Units/liter of Diesel Oil	2.54	1.80
		iv) Cost per Unit (Rs.)	33.22	44.81
		C) Through Steam		
		i) Turbines / Generators	-	-
		ii) Units	-	-



		iii) Cost/ Unit (Rs.)	-	-
2.	Coal	i) Quantity (MTs)	612.82	1002.36
		ii) Value (Rs. in Lakh)	46.99	77.22
		iii) Average Rate / ton (Rs.)	7,668.48	7,703.55
3.	Consumption	a) Electricity-KWH/Ton	119.39	120.15
	Consumption per unit of production (production in MTs (Please refer to Sch. 28)	b) Coal (MTs Consumption)	194.55	246.40

Technology Absorption:

a.	The efforts made towards technology absorption	-
b.	The benefits derived like product improvement, cost reduction, product development or import substitution	-
c.	In case of imported technology imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not	--



	taken place, and the reasons thereof.	
d.	The expenditure incurred on Research and Development	-

A. Foreign Exchange earnings and outgo:

a.	Foreign Exchange earned in terms of actual inflows during the year under report	Rs. 18,03,51,209.5
b.	Foreign Exchange outgo in terms of actual outflows during the year under report	-NIL-

23. RISK MANAGEMENT

The Company has a well-defined process in place in place to ensure appropriate identification and mitigation of risks. It has taken profound steps to ensure that there is a sound Risk Management Policy in place to address such concerns/risks through mitigating actions on continuing basis. The Risk Management process covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies.

The Audit Committee has additional oversight in the area of risk management and its timely implementation. However, the key objective of Risk Management is not to eliminate the risks inherent to the business but to address such risks in an effective and potent manner.

24. DETAILS OF THE ESTABLISHMENT OF VIGIL MECHANISM

The Company believes in the conduct of affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. Any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company.

However, the provisions relating to Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013 is not applicable to the Company during the year under review. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.



25. MATERIAL ORDERS OF JUDICIAL BODIES OR REGULATORS

Your Board of Directors report that during the year under review, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

26. AUDITORS

(i) Statutory Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013, M/s. Vijay Panchappa & Co, (Firm # 004693S), Chartered Accountants, Bengaluru were appointed as Statutory Auditors of the Company to conduct the Statutory Audit for the Financial Year 2021-22 and the remuneration payable to them was approved by the Shareholders in the 41st Annual General meeting of the Company held on 28/01/2022.

The Office of the Comptroller and Auditor General of India vide Letter No. CA. V/COY/KARNATAKA, KNSOAP(1)/155, dated 26/08/2022, have appointed M/s. P Chandrasekar LLP, (Firm # 000580S/S200066), Chartered Accountants, Bengaluru as the Statutory Auditors of the Company for the year 2022-23 to carry out the statutory audit.

27. INTERNAL AUDITORS

The below mentioned Chartered Accountants were appointed as the Internal Auditors of the Company to carry out Internal Audit at Head office, Divisions and Branches, for the Financial Year 2021-22 and the said Auditors have accordingly submitted their Report from time to time:

Sl. No.	Name of the Auditors	Branches
1	M/s. Natraj Associates.,	Head Office SOD Mysore SOD Shimoga
2	M/s. S. Venkatram & Co.,	Bangalore Branch
3	M/s. V.N.Purohit & Co.,	Hyderabad Branch
4	M/s. R.Subramanian & Co., LLP	Chennai Branch
5	M/s. R.S.V.A & Co.,	Mumbai Branch
6	M/s. DKD & Associates.,	Kolkata Branch
7	M/s. Gupta Amit Kumar & Co.,	New Delhi Branch

The observations made by the Internal Auditors in their Report were carefully examined by the Management and further, it has taken rigorous efforts to comply with the same.



(ii) Cost Auditors

The provisions of Section 148 of Companies Act, 2013 is not applicable to the Company during the year under review. Hence, there no Cost Auditors appointed for the Company in this regard.

(iii) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the rules made there under, the Company had appointed M/s. Sheela Arvind & Co., Company Secretaries, Bengaluru to undertake the Secretarial Audit of the Company for the year ended 31st March 2022. The Secretarial Audit Report issued in this regard is annexed as **Annexure**.

28. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

a) By the Statutory Auditor in his Report:

Sl NO.	Statutory Auditor's Comment	Management Reply
1.	As per para 9 & 12 of the Ind AS 36 – Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. Management has not performed any test indication of impairment by considering external source of information and internal source of information. In absence of sufficient and appropriate evidence, we are unable to quantify the impact.	The Company has set up a committee to monitor the Impairment of Assets which is in the process of evaluating the fixed assets for possible effects of impairment. The committee shall submit its report by the end of the current financial year thus helping the Company assess whether there is any requirement of Impairment on Fixed Assets as at the Balance sheet date of the Current financial year under the INDAS 36.
2.	As per para 15 of the Ind AS 12 – Income Taxes, a deferred tax liability shall be recognised for all temporary differences and as per para 46, deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Recognition of deferred tax liability in the financial statements is not in line with the Ind AS 12 – Income Taxes. In absence of sufficient and appropriate evidence, we are unable to quantify the impact.	The Company has an accounting policy in place where it recognizes Deferred taxes based on timing differences arising on reconciliation of profit/loss as per financial statements and profit/loss as per taxation. The Company has computed its timing differences and has arrived at a net deferred tax liability which is lesser than the previous year. Hence the same is recognized as per the computation made in accordance with the Company's Policy in compliance with the INDAS 12. The Company has



BOARD'S REPORT 2021-22

		also given a note to this effect wherein it has stated that it is not feasible to prepare the Balance Sheet as per the Income Tax Act, 1961 and then prepare a reconciliation.
3.	<p>Supply of goods and services as per Revenue from Operations and supply of goods and services between inter-units and supply of goods and services as per returns declared with GST Department are not reconciled. In absence of reconciliation of turnover, we are unable to quantify the impact on financial statements.</p> <p>Availing of Input Tax Credit on all the items, including Capital Goods which are not in connection with the production, is in contravention of ITC Rules. In absence of reconciliation of input tax credit, we are unable to quantify the impact on financial statements.</p>	<p>The Company is in the process of reconciliation of the sales and inter-unit transfers with the sales declared in the GST Returns being filed by it. The Company is also reconciling the purchases and is segregating the Capital purchases and revenue purchases made by it. Once the said reconciliation is done, the Company will reverse any excess credit it has availed and will capitalize the same.</p>
4.	<p>As per section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and remuneration of Managerial Personnel) Amendments Rules, 2014: every listed company and every other Public Company having a paid-up share capital of ten crore rupees or more shall have whole-time Company Secretary. The Company has not appointed any whole-time Company Secretary which is in contravention of the provision of the requirements of section 203 of the Companies Act, 2013.</p>	<p>The Company is in the process of identifying and calling for employment of a full time company secretary. The same will be completed by the date of the next balance sheet.</p>
5.	<p>Confirmation on the Note No. 5 - Trade Receivables disclosed in the financial statements are subject to confirmations. Management is in the process of obtaining confirmations from some of the debtors. In absence of external confirmation, we are unable to comment on the fair value measurement.</p>	<p>The Company has sent out the balance confirmation request letters to all the parties representing its Trade receivables. As and when the request letters are honoured and the Company gets the balance confirmations, the Company shall reconcile the balances wherever applicable and set up or write off additional provisions if necessary.</p>
6.	<p>Confirmation on the Note No. 13 - Trade Payables, Note No.14 – Other Payables & Trade Deposits and Note No.15 – Advance from Customers disclosed in the financial statements are subject to confirmations. In absence of external confirmation, we are unable to comment on the fair value measurement.</p>	<p>The Company has sent out the balance confirmation request letters to all the parties representing its trade payables. As and when the request letters are honoured and the Company gets the balance confirmations, the Company shall reconcile the</p>



BOARD'S REPORT 2021-22

		balances wherever applicable and set up or write off additional provisions if necessary.
7.	As per The MSMED Act, 2006 – a Company has to identify the vendors who are registered under the said Act. The Company has to make separate disclosure in its financial statements and half yearly reporting requirements under the Companies Act, 2013. The disclosure and reporting should include the principal amount due and paid, quantum of interest due and paid, the reasons for delay, if any. The Company has not made any mechanism to identify the vendor as per the regulations which is in contravention of The MSMED Act, 2006 and The Companies Act, 2013.	In the additional disclosure under the Note No. 13, the Company has stated that it has identified the principal amount outstanding towards vendors and suppliers who are registered under the MSME Act. However since the Company doesn't foresee any material interest accruing to it, it has not disclosed the Principal amount outstanding.
8.	Note No. 12 and 16 to the financial statements – Long Term Provisions and Short Term Provisions includes Provision for Gratuity for the financial year 2020-21 amounting to Rs.(0.59) crore was long term in nature and Rs.(0.32) was short term in nature. The company has created a Gratuity asset based on the actuarial valuation by considering the actuarial gain which is deviation of conservative accounting principles.	The Company's management in careful consideration of the amount of Gratuity and Leave Encashment Liabilities is of the opinion that the provision amounts of Gratuity and Leave encashment are in excess of the actual output based on the actuarial valuation certificate. The Actuarial Valuation is performed by experts who have considered all the factors involved in their calculations and have arrived at the value. Thus the Company in line with their report has recognized Gratuity asset.
9.	The financial statements prepared by the management expert which is an outsourced task by the Company. We have relied upon those statements given by the management experts. The Company does not have any internal mechanism to reconcile the inter-unit transactions on regular intervals. The entire accounts were consolidated by the said expert.	The Company has appointed an external expert to consolidate the financial statements commensurate with its size and nature of business. The Company is also in the process of working out an internal mechanism through which the inter-unit reconciliation can be done at regular intervals of time.
10.	Note No. 4 to the financial statements – Inventories. Based on our test check, we observed that the goods were dispatched to the inter-units as on 31 Mar 2022, which was practically goods on transit for another 1 to 3 days. The same was treated as finished goods at receiver place on the same date instead of goods on transit in the presentation of inventories as at end of the reporting period.	This overstatement/understatement has occurred due to management oversight in valuation. The Management takes every precaution to ensure that all the valuation reports are carefully perused before the financial values are considered. The amounts considered together



BOARD'S REPORT 2021-22

	<p>Further, the inventories value depicted by the in Note no. 4 are not matching with the inventory register maintained by them. Resulting in</p> <ul style="list-style-type: none"> - Stock of Blended Perfume overstated to an extent of Rs.15.00 lakhs and consequently Profit is overstated to an extent of Rs.15.00 lakhs. - Freshnol understated to an extent of Rs.11.27 lakhs and consequently Profit is understated to an extent of 11.27 lakhs. - Divya Karpoora overstated to an extent of Rs.18.56 lakhs and consequently Profit is overstated to an extent of Rs.18.56 lakhs. <p>The above matters are not in line with the Ind AS 2 – Inventories.</p>	<p>comprehensively are not material commensurate the nature and size of the Company. The current year values for inventory shall be continued as is due to the obtenance and submission of Signed Inventory Valuation Reports to all other agencies of the Government. However the Company will ensure that this oversight is rectified in the next financial year.</p>
11.	<p>Ratio analysis forming part of the financial statements disclosed by the company – Inventory Turnover ratio (in times), Trade Receivables Turnover ratio (in times) and Trade Payables turnover ratio (in times) are not in order with the latest amendments of ministry of corporate affairs.</p>	<p>The Company has noted the deviation of Revised Schedule III. The Company will comply with the Revised Schedule III and the subsequent amendments from the upcoming Financial Year.</p>
12.	<p>As per para 32 of Ind AS 1 – Presentation of financial statements – an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Ind AS. The Company has accounted a transaction which is offsetting in nature to an extent of Rs.40.35 lakhs with Oriental Enterprises Pvt Ltd which is not in line with the Ind AS 1. Resulting in understatement of advance made for another transaction to an extent of Rs.40.35 lakhs and consequential provisions against such advance is overstated to an extent of Rs.40.35 lakhs which is not in line with the Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets.</p>	<p>The Company has identified that the transaction pertaining to the advances is different from the liability owed by it to the Party in the instant case. The Company will ensure that henceforth, the Company will disclose both the Balances under the respective heads without net off and the amounts pertaining to the transaction in the instant case will be reclassified to their respective heads in the next financial year.</p>

b) the Company Secretary in Practice in her Secretarial Audit Report:

SI No.	Observations	Management Reply
1.	<p>The Company has exceeded more than 120 days gap in conducting two Board Meetings i.e., between 252nd Board Meeting held on 28/01/2021 and the 253rd Board Meeting held on 25/06/2021 and violated the provision of Section 173(1) of the Companies Act, 2013.</p>	<p>Due to Covid-19 pandemic, the Board could not meet within the prescribed 120 days time period.</p>



2.	The Company is required to appoint a whole-time Company Secretary in pursuance to the Provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	The company initiated the process of Appointment. However, no suitable candidate was found for the post of Whole time Company Secretary.
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Review Certificate / Non-review Certificate / NIL Comments as may be received from the Comptroller and Auditor General of India, under Sec.143 (6) (b) of the Companies Act, 2013, on the Accounts of the Corporation for the year ended 31st March 2022 will be tabled at the AGM.

29. DISCLOSURE ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

30. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 March 2022 have been disclosed as per Division II of Schedule III to the Companies Act, 2013.

31. INDIAN ACCOUNTING STANDARDS, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013.

32. ANNUAL RETURN

The Company is having a website i.e., <https://mysoresandal.karnataka.gov.in/> and annual return of the Company has been published on such website. A link of the same is given.

33. OTHER DISCLOSURES

- (i) The Consolidated Financial Statement is not required to be presented in addition to the standalone financial statement of the company as the Company does not have any associate/subsidiary.
- (ii) The Company has been successful in creating a safe, secure and hassle-free green environment at its premises. It has also taken various initiatives for planting trees, providing safe drinking water, treatment of effluents and clean sanitation.



34. DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. Internal Committee (IC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year-00
- (b) Number of complaints received during the year-01
- (c) Number of complaints disposed off during the year-01
- (d) Number of cases pending at the end of the year-00

35. DETAILS OF PENALTIES/PUNISHMENT/ COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE DIRECTORS' REPORT.

There are no penalties/punishment/Commitments affecting the financial position of the Company between the end of the financial year and the date of Director's Report.

36. EMPLOYEES AND LABOUR WELFARE

(i) **Total employees:**

The total number of Employees as on 31/03/2022 is given below:

Particulars	Total Strength
Bangalore Unit	193
SOD Mysore	23
SOD Shivamogga	05
Marketing Department (Bangalore, Chennai, Hyderabad, Mumbai, Kolkata and New Delhi)	33
Total	254



(ii) Staff-Management Relationship:

The staff-management relationship during the year under review has been cordial and harmonious.

(iii) Labour Welfare:

The workmen and other staff have actively indulged in all the other activities relating to Arts and Culture. In addition to the above, few programs were also conducted in order to encourage the workers. The lunch rooms, shelter rooms, rest rooms, crèches and other areas were effectively managed and additional focus was also given for sanitation and cleanliness.

(iv) Display of Notices :

Adequate Notices and other Circulars have been displayed on the Notice Board in the factory premises in both Kannada and English language. Safety Boards, Sign Boards and other Instructions have also been exhibited in the work area for the convenience of workers.

(v) Industrial Relations:

The financial year 2021-22 was also affected by the effects of Covid-19 and the 2nd and 3rd waves of the pandemic put a lot of pressure on employees as well as on Management. However, our robust Industrial relations practices, welfare schemes and employee engagement initiatives helped us run our business smoothly in this challenging period. The overall employee relations with staff and workmen across all the Division continued to be cordial during the year, thus we were able to avoid any production loss due to these events.

37. ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation for the support and co-operation received from State Government, various other Government Authorities including the Ministry of Tourism, Banks, Financial Institutions and Shareholders of the Company.

Your Company also desires to acknowledge all its esteemed customers in India as well as in overseas for their aid and sheer faith in the Company's products and services. Your Company also wishes to express their sincere gratitude for all the Suppliers, Contractors and other Dealers for their incessant co-operation and support.

Your Directors wish to place on record deep appreciation for the untiring efforts, contributions and services made by all the company's Executives, Staff, workers and employees at all levels.

**By the Order of the Board of Directors of
M/s. KARNATAKA SOAPS AND DETERGENTS LIMITED**



KARNATAKA SOAPS AND DETERGENTS LIMITED
Government of Karnataka

BOARD'S REPORT 2021-22

MADAL VIRUPAKSHAPPA

Chairman

DIN: 08904142

MAHESH M

Managing Director

DIN: 09628072

Date : 07/10/2022

Place: Bengaluru

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 2021-22

To

The Members
M/s. Karnataka Soaps and Detergents Limited
P.B. 5531, Poona Highway,
Bangalore 560055

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Karnataka Soaps and Detergents Limited**, (Hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Karnataka Soaps and Detergents Limited** ("the Company") for the financial year ended on 31st March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The Management of the Company has identified and confirmed that the following Laws/Rules/Policies are specifically applicable to them:

1. Drugs and Cosmetics Act, 1940
2. The Patents Act, 1970
3. The Trademarks Act, 1999
4. The Designs Act, 2000
5. The Industrial Disputes Act, 1947
6. The Payment of wages Act, 1936
7. The Minimum Wages Act, 1948
8. The Employee State Insurance Act, 1948
9. The Employees Provident Fund and Miscellaneous Provisions Act, 1952
10. The Payment of Bonus Act, 1965
11. The Payment of Gratuity Act, 1972
12. The Contract Labour (Regulation and Abolition) Act, 1970
13. The Maternity Benefits Act, 1961
14. The Income Tax Act, 1961
15. Shops and Establishment Act, 1948
16. Legal Metrology Act, 2009
17. Environment (Protection) Act, 1986
18. Factories Act, 1948
19. Industrial (Development Regulation) Act, 1991
20. Acts relating to Electricity, Fire, Petroleum, Boilers, drugs, motor vehicles, explosives;
21. GST Act, 2017

The provisions of Clause (ii), (iii), (iv) and Clause (V) are not applicable for this company.

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

- (I) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

Our scope of Audit is restricted to compliances under the Companies Act, 2013 and rules made there under and other Acts, as specified above, which are applicable to the company.

We further state that during the period under review and based on our verification of the records maintained by the Company and also on the review of Compliance Report, statements by the respective heads of the department, taken on record by the Board of Directors of the Company. In our opinion, adequate systems and process and control mechanism exists in the Company to monitor the Compliance with applicable laws relating to workmen and environment as stated above. Certain non materials observations made during the course of audit relating to the provisions of the Companies Act, Labour Laws have been addressed by the Company. During the period under review, the Company has complied with the provisions of the Act, Rules, Guidelines, Standards and others mentioned above subject to the following matters which are material in nature.

Company Law:

Matter for Emphasis:

- 1. The Company has exceeded more than 120 days gap in conducting two Board Meetings i.e., between 252nd Board Meeting held on 28/01/2021 and the 253rd Board Meeting held on 25/06/2021 and violated the provision of Section 173(1) of the Companies Act, 2013.*
- 2. The Company is required to appoint a whole-time Company Secretary in pursuance to the Provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.*

We further report that:

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

Adequate notice has been given to all directors to schedule the Board Meetings during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the audit period the Company has-

1. Not issued Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
2. No Redemption / buy-back of securities
3. No Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
4. No Merger / amalgamation / reconstruction, etc.
5. No Foreign technical collaborations.

**For Sheela Arvind & Co.,
Company Secretaries**

**Sd/-
Sheela Arvind
Proprietrix
Membership No: FCS 9686
CP No: 11992
FRN No: S2015KR300700
UDIN: F009686D001135712**

Place: Bangalore
Date: 04/10/2022

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

“Annexure - A”

To

The Members,
M/s. Karnataka Soaps and Detergents Limited
P.B. 5531, Poona Highway,
Bangalore 560055

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Whenever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Sheela Arvind & Co.,
Company Secretaries**

Sd/-

**Sheela Arvind
Proprietrix
Membership No: FCS 9686
CP No: 11992
FRN No. S2015KR300700
UDIN: F009686D001135712**

Place: Bangalore
Date: 04/10/2022

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF KARNATAKA SOAPS & DETERGENTS LIMITED, BANGALORE
FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of **Karnataka Soaps & Detergents Limited, Bangalore** for the year ended **31 March 2022** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated **27 September 2022** which supersedes their earlier Audit Report dated **24 August 2022**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Karnataka Soaps & Detergents Limited, Bangalore** for the year ended **31 March 2022** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the **revision made in the Statutory Auditors' Report**, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller and Auditor General of India**


(SHANTHI PRIYA S.)

**Pr. ACCOUNTANT GENERAL (AUDIT-II)
KARNATAKA, BENGALURU**

**Bengaluru
Date: 06.10.2022**



INDEPENDENT AUDITOR'S REPORT (REVISED)

TO THE MEMBERS OF KARNATAKA SOAPS AND DETERGENTS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

1. Qualified opinion

We have audited the accompanying standalone Ind AS financial statements of, **Karnataka Soaps and Detergents Limited** which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information. Subsequently, the audit report has been revised in light of the observations of Comptroller and Audit General of India. This report supersedes our earlier report dated 24 Aug 2022.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its Profit including other comprehensive income, its Cash flows and the changes in equity for the year ended on that date.

2. Basis for Qualified Opinion

We have conducted our audit of standalone Ind AS Financial Statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS Financial Statements.

1. As per para 9 & 12 of the Ind AS 36 – Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. Management has not performed any test indication of impairment by considering external source of information and internal source of information. In absence of sufficient and appropriate evidence, we are unable to quantify the impact.
2. As per para 15 of the Ind AS 12 – Income Taxes, a deferred tax liability shall be recognised for all temporary differences and as per para 46, deferred tax assets and liabilities shall be measured





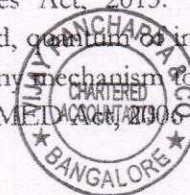
at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Recognition of deferred tax liability in the financial statements is not in line with the Ind AS 12 – Income Taxes. In absence of sufficient and appropriate evidence, we are unable to quantify the impact.

3. Supply of goods and services as per Revenue from Operations and supply of goods and services between inter-units and supply of goods and services as per returns declared with GST Department are not reconciled. In absence of reconciliation of turnover, we are unable to quantify the impact on financial statements.

Availing of Input Tax Credit on all the items, including Capital Goods which are not in connection with the production, is in contravention of ITC Rules. In absence of reconciliation of input tax credit, we are unable to quantify the impact on financial statements.

4. As per section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and remuneration of Managerial Personnel) Amendments Rules, 2014: every listed company and every other Public Company having a paid-up share capital of ten crore rupees or more shall have whole-time Company Secretary. The Company has not appointed any whole-time Company Secretary which is in contravention of the provision of the requirements of section 203 of the Companies Act, 2013.
5. Confirmation on the Note No. 5 - Trade Receivables disclosed in the financial statements are subject to confirmations. Management is in the process of obtaining confirmations from some of the debtors. In absence of external confirmation, we are unable to comment on the fair value measurement.
6. Confirmation on the Note No. 13 - Trade Payables, Note No.14 – Other Payables & Trade Deposits and Note No.15 – Advance from Customers disclosed in the financial statements are subject to confirmations. In absence of external confirmation, we are unable to comment on the fair value measurement.
7. As per The MSMED Act, 2006 – a Company has to identify the vendors who are registered under the said Act. The Company has to make separate disclosure in its financial statements and half yearly reporting requirements under the Companies Act, 2013. The disclosure and reporting should include the principal amount due and paid, amount of interest due and paid, the reasons for delay, if any. The Company has not made any mechanism to identify the vendor as per the regulations which is in contravention of The MSMED Act, 2006 and The Companies Act, 2013.





8. Note No. 12 and 16 to the financial statements – Long Term Provisions and Short Term Provisions includes Provision for Gratuity for the financial year 2020-21 amounting to Rs.(0.59) crore was long term in nature and Rs.(0.32) was short term in nature. The company has created a Gratuity asset based on the actuarial valuation by considering the actuarial gain which is deviation of conservative accounting principles.
9. The financial statements prepared by the management expert which is an outsourced task by the Company. We have relied upon those statements given by the management experts. The Company does not have any internal mechanism to reconcile the inter-unit transactions on regular intervals. The entire accounts were consolidated by the said expert.
10. Note No. 4 to the financial statements – Inventories. Based on our test check, we observed that the goods were dispatched to the inter-units as on 31 Mar 2022, which was practically goods on transit for another 1 to 3 days. The same was treated as finished goods at receiver place on the same date instead of goods on transit in the presentation of inventories as at end of the reporting period.
- Further, the inventories value depicted by the in Note no. 4 are not matching with the inventory register maintained by them. Resulting in
- Stock of Blended Perfume overstated to an extent of Rs.15.00 lakhs and consequently Profit is overstated to an extent of Rs.15.00 lakhs.
 - Freshnol understated to an extent of Rs.11.27 lakhs and consequently Profit is understated to an extent of 11.27 lakhs.
 - Divya Karpoora overstated to an extent of Rs.18.56 lakhs and consequently Profit is overstated to an extent of Rs.18.56 lakhs.
- The above matters are not in line with the Ind AS 2 – Inventories.
11. Ratio analysis forming part of the financial statements disclosed by the company – Inventory Turnover ratio (in times), Trade Receivables Turnover ratio (in times) and Trade Payables turnover ratio (in times) are not in order with the latest amendments of ministry of corporate affairs.
12. As per para 32 of Ind AS 1 – Presentation of financial statements – an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Ind AS. The Company has accounted a transaction which is offsetting in nature to an extent of Rs.40.35 lakhs with Oriental Enterprises Pvt Ltd which is not in line with the Ind AS 1. Resulting in understatement of advance made for another transaction to an extent of Rs.40.35 lakhs and consequential provisions against such advance is overstated to an extent of Rs.40.35 lakhs which is not in line with the Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets.





Emphasis of Matter

1. Management has assessed impact of COVID-19 pandemic and same is disclosed in notes forming part of financial statements. Based on our verification and available evidence, we report that the company has carried out its production without any interruptions. Since the goods produced by the company falls under essential consumer goods. There is no material evidence to prove that the going concern assumption is affected due to the pandemic.
2. As it is said in the Point No.1 to Emphasis of Matter paragraph, based on our verification and available records, the company has not faced any loss of revenue due to pandemic.
3. The Company has availed an interest free unsecured Loan from the State Government of Karnataka on different intervals on Rehabilitation scheme during 1995-96 scheme amounting to Rs 3.50 crore. On account of reconciliation, based on the confirmation from respective authority (Loans/A2/2021/113 dated: 22.02.2021), the balance was Rs.3.25 crore. During the financial year, the company has cleared the outstanding balance of Rs.3.25 crore as per counter party's demand and balance of Rs.0.25 crore treated as **Other Income** forming part of the financial statements.
4. Note No. 23 to the financial statements – Other expenses includes Donations & CSR spending provision for the year amounting to Rs.11.43 crore, out of which Rs.8.00 crore towards the donations and remaining of Rs.3.43 crore towards CSR activity. The provision of Rs.3.43 crore has been paid to **KSDL CSR Trust** within the stipulated time-period.
5. Note No. 23 to the financial statements – Other expenses - Rates & Taxes includes an amount of Rs.2.12 crore has been paid to Karnataka State Pollution Control Board towards the consent fees vide Combined Consent Order No: AW-330892 PCB ID: 10671 Dated: 13.04.2022 for the period 2021 to 2030 under Combined consent for discharge of effluents under the Water (Prevention and Control of Pollution Act, 1974 and emission under Air (Prevention and Control of Pollution) Act, 1981.
6. Note No. 16 to the financial statements – Short Term Provisions includes Provision for taxation. During the previous year 2020-21, the assessee was claimed refund of Rs.32.68 crore and the same has been processed for refund vide Intimation Order DIN: CPC/2122/A6/231220523 Dated 21.03.2022. The department has adjusted the refund to the tune of Rs.18.42 crore to earlier years demand U/s 245 on the same Intimation Order under Income Tax Act, 1961. The provision has been provided for the adjusted refund of Rs.18.42 crore towards demand.
7. Note No. 23 to the financial statements – financial statements – Other expenses - Provision for Risk Cost Expenses includes of Rs.3.97 crore towards liquidated accounts recovered earlier from the suppliers. Case Details are Pavani Impacts Rs.0.68 crore Case No. SL (CIVIL) 6741/2021,





Chemixil Corporation Rs.1.58 crore and 3F Industries Rs.1.71 crore Case No. Writ Petition No.5022/2020 respectively. Documents number and details.

8. Note No. 23 to the financial statements – Other expenses – Rates & Taxes includes of Rs.4 crore towards GST provision for claiming of incorrect input tax of Sandalwood purchase from Kerala state. The provision is made in light of the qualification made by the annual certification during the FY 2017-18 under IGST Act, CGST Act and KGST Act, 2017.
9. Note No. 18 to the financial statements – Other Income – Rent Received includes of Rs.10.9 lakh from Karnataka Milk Federation which is under dispute. The Company has paid GST on the non-recovery of rental income. The case is before the High Court of Karnataka vide Writ Petition No.5313/2020 and pending adjudication.
10. Note No. 18 to the financial statements – Other Income – Written Backs of Rs.19 lakh which was pertaining to the prior period.
11. Note No. 28 to the financial statements – Contingent Liabilities are identified and disclosed by the management and relied upon by the auditors.

Other matters

1. Note No. 23 to the financial statements – Other expenses - Provision for Risk Cost Expenses includes of Rs.99.42 lakh. The company has placed work order dated 08.02.2019 M/s Oriental Enterprises Private Limited, Mumbai for supplying, erecting & commissioning of Guerze Pleat Wrapping machine model – PL150 at a cost of Rs.397.66 lakhs (including GST) vide Work Order No. KSDL/AGM (M): 18-19: 571 Dt.08.02.2019 and Tender No. NSDL/2018-19/IND3629 Dt.30.07.2018. An advance amount of Rs.99.42 lakhs was paid to the supplier during November 2019 as per agreement.

The Machine has been invoiced in January 2020 and received by the Company in February 2020 and was yet to be commissioned. The supplier has submitted the claim of Rs.258.48 lakhs.

Further, the machine has not commissioned due to technical glitches and the supplier has taken a time for resolving the issue. During the financial year, the company has made a provision to the tune of advance made amounting to Rs.99.42 lakh.





13. Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

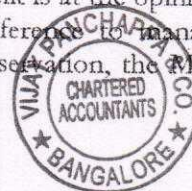
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially 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.

14. Responsibility of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance and Cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the companies (Indian Accounting Standards) Rules, 2015, amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Management has assessed impact of COVID-19 pandemic on the Company, and same is disclosed in notes on significant accounting policies on accounts and management responsibility statement. since being the company produce and sell essential goods in COVID-19 pandemic the business of the essential goods was open uninterruptedly and the sales are not decreased as compared with previous year of same quarter to the same period, hence the management is at the opinion that, the company has not faced any loss due to COVID-19 pandemic. With reference to management assessment and documents obtained and explanation given and with our observation, the Management assessment is correct and accepted.





As it is as said above paragraph, the company carried the business uninterruptedly there is no material evidence to say COVID-19 pandemic interruption affected the going concern concept of the company. Hence, the management is of the opinion that the continuity of the company business was not affected due to COVID-19 pandemic. With reference to management assessment and documents obtained and explanation given and with our observation, the Management assessment is correct and accepted.

As explained above, due to COVID-19 pandemic company no inventories losses its use /damaged and no assets of the company impaired, since that, management is at the opinion that, there is no situation arises to write off the inventories/assets and there is no impact of COVID-19 pandemic on the financial position of the entity. With reference to management assessment and documents obtained and explanation given and with our observation, the Management assessment is correct and accepted.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

15. Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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's issued by the Institute of Chartered Accountants of India will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion we also:

- a. Identify and assess the risks of material misstatement of the 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.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 we are also responsible for expressing our opinion on whether the company has adequate Internal Financial Controls and operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





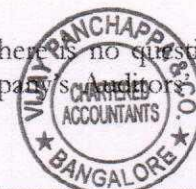
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If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

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

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

16. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, though the manner in which they are being maintained is appropriate and proper returns adequate for the purpose of audit have been received from the branches not visited by us.
 - (c) The Branches of the company are audited by us and hence there is no question of dealing with Branch Auditors Reports and incorporating them in the Company's Auditor's Report as required under section 143(3)(c) of the Act.





- (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Ind AS) Rules, 2015, amended.
- (e) There are no such financial transactions or matters which have an adverse effect on the functioning of the company.
- (f) On the basis of written representations received from the Directors as on 31st March, 2022, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2022, from being appointed as a Director in terms of Section 164(2) of the Act. – No written representations received for 31st March 2022.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company has pending litigations, disclosed the impact of pending litigations on its financial position in the standalone Ind AS financial statements, refer **Annexure E**.
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - IV. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.





d) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. No interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

(h) The Auditors Report on Internal Financial Control System as required by the Section 143(3)(i) is given in to this report **Annexure B**.

a. As required by section 143(5) of the Companies Act, 2013, we give in **Annexure-C** a statement on directions issued by the Comptroller and Auditor General of India for the said company.

For VIJAY PANCHAPPA & CO.,
Chartered Accountants
Firm Regn. No.004693S

CA. P.M. MUDIGUDAR
Partner M. No.204096



Place: Bengaluru

Date: 27 Sep 2022

UDIN: 22204096AVVYDR7004



Annexure "A" to the Independent Auditor's Report referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

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

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment till 31st March 2022. However, the property, plant & equipment are not serially numbered for identification. The Company has no particulars of Intangible assets existed as on the balance sheet date.
- (b) The property, plant and equipment have not physically verified during the year by the management in accordance with a regular programme of verification. According to our observation, we are unable to comment on the any material discrepancies existed with the property, plant & equipment.
- (c) According to the information and explanations given by the management, the title deeds of all the immovable properties are held in the name of the Company.
- (d) The company has not revalued its property, plant & equipment or intangible assets during the year ended 31 March 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) The inventory has been physically verified by the committee appointed by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have substantially been confirmed by them as at year end. No discrepancies of 10% or more in aggregate for each class of inventory (including inventories lying with third parties) were noticed. Based on the explanation provided to us, there are stocks of slow moving and non-moving packing materials in Depots pertaining to previous years. The management has not taken suitable steps to evaluate the net realizable value of such slow moving/non-moving stock items to comply provisions of Ind AS 2 to "Inventories".
- (b) The Company has not sanctioned working capital limits in excess of 5 Crores in aggregate from banks during the year on the basis of security of inventories of the Company. Based on the records examined by us in the normal course of audit of the financial statements, there is no quarterly returns /statements filed by the Company with such banks are in agreement with the books of accounts of the Company. Therefor requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. (a) During the year the Company has not provided loans, advances or any other nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other





- parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the investments made by the Company is not prejudicial to the Company's interest. The Company has not provided guarantees or security and has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties and hence not commented upon.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public nor accepted any amounts which are deemed to be deposits during the year within the meaning of Sections 73 and 76 of the Companies Act, 2013. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Companies Act, 2013. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of specified products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not made a detailed examination of the same.
- vii. According to the information and explanations given to us and on the basis of our examination, the company is regular in depositing undisputed statutory dues including income-tax, sales-tax, duty of customs, value added tax, goods and service tax, cess, Provident fund, professional tax and other material statutory dues were outstanding, at the end of the year, for a period of more than six months from the date they became payable to the appropriate authorities except for the following dues.





Sl.	Nature of Dues	Amount in INR
1.	PF Trust	12,19,470
2.	Central Sales Tax	91,071
3.	Value Added Tax of various states	91,13,699
4.	Integrated Goods and Sales Taxes – IGST	56,29,63,768
5.	TCS on sale of goods	64,074
6.	CGST and SGST Payable	47,013

Whereas there are pending litigations as per as direct and indirect tax. Details of litigations are given in **Annexure "F"**.

- a. Under VAT Act the Rs 27,76,124/- litigated liability for which the appeal is pending before the various forum of an appellate authority.
 - b. Under the income tax act, the details of the cases pending before the appellate authority is given in the **Annexure-F**.
- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Hence, the requirement to report on clause (ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.



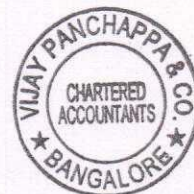


- x. (a) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company and hence not commented upon.
- (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) No fraud by the Company or no material fraud on the company has been noticed or reported during the year but we observed that Director of Finance has been charged with Fraud and has been subject to Disciplinary Action, in the year 2016-17 and the details of the same are given in **Annexure-D** in form ADT-4.
- (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor / secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Further we observed the details of the same are given in **Annexure-D** in form ADT-4 for the year 2016-17. A departmental enquiry was initiated against Mr Ravi P, the then DGM(Finance) who was involved in the Financial Irregularities. Details of the same is given in the **Annexure-D** in the form ADT-4.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) (a) to (c) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Ind AS.
- xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- xvi. (a) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.





- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) The Group does not have more than one CIC as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios disclosed in notes to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub-section 5 of Section 135 of the Act. This matter has been disclosed in notes to the financial statements.
- (b) All amounts that are unspent under sub-section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub-section (6) of Section 135 of the said Act. This matter has been disclosed in notes to the financial statements.



VIJAY PANCHAPPA & CO.,
CHARTERED ACCOUNTANTS

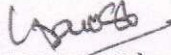


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e-mail: vijaypanchappa@gmail.com
www.cavijaypanchappaandco.com

xxi. Whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO report containing the qualifications or adverse remarks. This order is not applicable to the Company.

For VIJAY PANCHAPPA & CO.,
Chartered Accountants
Firm Regn. No.004693S




CA. P.M. MUDI GOUDAR
Partner M. No.204096

Place: Bengaluru
Date: 27 Sep 2022
UDIN: 22204096AVVYDR7004



**ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE FINANCIAL STATEMENTS OF KARNATAKA SOAPS AND
DETERGENTS LTD.**

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

We have audited the internal financial controls over financial reporting of Karnataka Soaps and Detergents Limited ("the Company") as of 31st March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an





understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

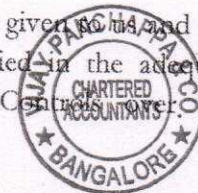
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified of Opinion

In our opinion and according to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the adequacy and operative effectiveness of the company's Internal Financial Control over Financial Reporting as at March 31, 2022.





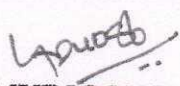
- a. The Company does not have centralized manner of book-keeping system. Head office has relied on the information shared by branches.
- b. The Company has no proper system of reconciliation for inter-branch transactions reconciliation of balances and inventory valuation.
- c. The Company does not have any internal policy to test the useful life of Property, Plant & Equipment, impairment of Property, Plant & Equipment.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the company has maintained in all material respects, adequate internal financial controls over financial reporting and such controls over financial reporting were operating effectively as of March 31st 2022, based on the internal financial controls over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the 31st March, 2022 financial statement of the company, where ever these material weaknesses have effected our opinion on the financial statements of the company and we have issued a qualified opinion on the financial statements.

For VIJAY PANCHAPPA & CO.,
Chartered Accountants
Firm Regn. No.004693S


CA. P.M.MUDIGOUDAR
Partner M. No.204096



Place: Bengaluru
Date: 27 Sep 2022
UDIN: 22204096AVVYDR7004



ANNEXURE - C

**Independent Auditors' Report U/S 143(5) of the Companies Act, 2013 for the Year Ended
 March 31, 2022**

Sl No	Directions	Remarks
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on integrity of accounts along with the financial implication, if any, be stated	Yes, The Company has an IT system which process all the accounting transactions. During the course of audit, we have not come across any accounting transactions that were processed outside of the IT system. Accordingly, commenting on financial implications and integrity of accounts on account of processing accounting transactions outside the IT system does not arise. However, the processes connected to accounting transactions like raising work/purchase orders, evaluation of quotes from supplies, cheque printing, Receipts etc. happens outside the IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off to debts/loans/interest etc., made by a lender to the company due to the company's inability to repay the loan. If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender company).	There was no restructuring of existing loans during the period ended March 31, 2022. Also, there were no cases of waiver/ write off of debts/ loans/ interest etc., made by a lender to the company. Accordingly reporting of financial implication on such restructuring / waiver/ write off of debts/ loans/ interest etc., by the lender to the Company does not arise.
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	No Funds are received/ receivable for specific schemes from Central / State Govt. or its Agencies during the period ended March 31, 2022. As per information provided and on verification of the books of accounts and other records examined by us during the normal course of audit, to the best of knowledge, there were no cases of deviation with respect to funds received/ receivable for specific purpose and its utilization as per terms and conditions does not arise.





Additional Company Specific Directions

Sl No	Specific Directions	Remarks
1.	All the items with regard to Cash and Bank Balances as per Annexure-1, shall be verified and the cases of specific non-compliances to be reported. Details of unexplained balances/ balances operated under suspense head may also be examined.	Yes – Verified all items with regard to Cash and Bank Balances except two bank accounts in bangalore branch on which balance confirmations are not provided: i. Corporation Bank A/c (526): 2,72,004/- ii. Corporation Bank A/c (560): 4,05,500/- On the basis of the explanation obtained by us, the above accounts are not bank accounts and they were only control account monitoring before net banking came into picture.
2.	State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity	Based on the explanation provided to us, Plant and machineries were fully utilized during the year. However, management has not conducted the impairment test on the same.
3.	Whether any amount has been locked up in unserviceable/ non-moving raw material and work in progress and if so what is the impact on accounts	Based on our verification, there were no unserviceable/ non-moving raw material and work in progress. However, there were non-moving packing materials exist. The matter is emphasised in our report. In absence of sufficient and appropriate evidence, we are unable to quantify.
4.	Whether the company has a proper system of reconciliation for inter-branch transactions, reconciliation of balances with debtors and creditors and inventory valuation?	i. The Company does not any mechanism and regular intervals for reconciliation of inter-branch transactions. Inter-branch reconciliation was done by the management expert in order to prepare the financial statements. ii. In respect of reconciliation of balances with debtors and creditors, the management was requested some of the debtors and creditors for confirmation and we have emphasised the matter in our report. iii. In respect of inventory valuation, the management has a proper system in valuation of the same.
5.	Whether the company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	Yes – Company's pricing policy absorbs all fixed and variable cost of productions as well as allocation of overheads

For VIJAY PANCHAPPA & CO.,
 Chartered Accountants
 Firm Regn. No.004693S

[Signature]
 CA. P.M.MUDIGODAR
 Partner M. No.204096

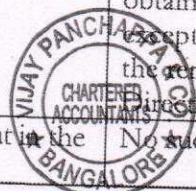


Place: Bengaluru
 Date: 27 Sep 2022
 UDIN: 22204096AVVYDR7004



Annexure - 1

Sl No	Items in checklist	Remarks
1.	Whether all the Bank Accounts/Fixed Deposits have been opened with banks proper authorization and approvals as per the aforesaid delegations of power?	Yes
2.	Whether there is any periodical system of preparation of bank reconciliation of statement and whether they were produced for verification to audit?	Yes - Bank reconciliation statements were produced for our verification.
3.	Whether Bank reconciliation of the Main Account and subsidiary bank accounts were done?	Yes - All bank reconciliations were done.
4.	Whether the interest for the entire duration of Fixed Deposits accounted in the books of accounts?	Yes
5.	Was the authorization to operation bank accounts were given to single signatory?	No - The authorization has been delegated to Joint signatory of MD and CFO.
6.	Whether physical verification of cash has taken place periodically?	Yes. It is done at regular intervals.
7.	Whether cash in hand as shown in balance sheet tallies with the certificate of verification of cash?	Yes
8.	Is there is a register of Fixed Deposits showing amounts, maturity dates, rate of Interest and dates of payment of Interest?	Yes - It is maintained in System.
9.	Is there a follow-up system to ensure that interest on Fixed Deposits is received on due dates?	Yes.
10.	Is there a follow-up system to ensure that the transfer of matured amount of fixed deposits is done without any delay?	Yes. The banker has the facility to do the same.
11.	Whether bank confirmations of balances are obtained periodically from banks for all accounts, SB Account, Current Account and fixed deposits?	Yes. Except few matters discussed in the remarks to Specific Directions.
12.	Whether confirmation of balances in respect of all bank balances tally with the Bank statements?	Yes. Except few matters discussed in the remarks to Specific Directions.
13.	Whether Fixed Deposits and interests as per fixed Deposit Register tally with the Confirmation certificate issued by the Bank.	Yes - System balances tallies confirmation certificates issued by the Bank.
14.	Whether the confirmation statements received from Bank are authenticated and in the Letterhead of the Bank?	Yes.
15.	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	No such cases.
16.	Whether the external confirmations were obtained from Banks in the test checked cases, if so details thereof.	External confirmations were obtained for all bank accounts except few matters discussed in the remarks to Specific Directions.
17.	Whether any of the aforesaid lapses were brought out in the	No such cases.





Report of the internal financial controls by the Statutory Auditor, if not whether audit enquiry was issued?	
--	--

Annexure – D Fraud Reporting – Section 143(12)

FORM NO. ADT.4

REPORT TO THE CENTRAL GOVERNMENT

[See rule 13(2)(f) of the Companies (Audit and Auditors) Rules, 2014]

(As reported in previous Year)

Date: July 23, 2019

1. There is a dispute at Court – M/s Ruchi Soya Industries Vs KSDL. The same was covered in Note No. 45 to Notes to Accounts for the Year Ended March 31, 2017.

KSDL has placed an order on 20-07-2004 for supply of 100 Metric Tons of Palm Kernel Fatty Acid Distillate with General Foods Limited now Ruchi Soya Industries. As Ruchi Soya Industries did not supply with-in the stipulated period, KSDL procured material from the open market and debited the additional costs of materials against the dues to Ruchi Soya Industries. Then Ruchi Soya Industries approached for arbitration.

On 30-10-2008 Arbitration Award was issued in favor of Ruchi Soya Industries. KSDL preferred an Appeal against the Arbitration Award and Pursued other legal remedies in City Civil Court of VI Additional City Civil Court. The Sessions Court Judge, Bangalore decreed certain sums of money to be paid to Ruchi Soya Industries.

The said court order was tampered and instead of making payment of Rs.1,34,38,643/- the finance director has made payment of Rs.1,62,35,353/- on Oct 25, 2016.

The said amount paid was not approved by the Board. The same was discussed during the 235th Board Meeting held on Jan 04, 2017. Based on the conclusion of the Board Meeting, a Show Cause Notice was issued to all the concerned on 27/09/2017 for excess payment of Rs.27,96,710/-.

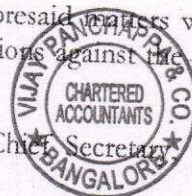
Ruchi Soya Industries paid RS.18,53,093/- as full and final settlement on Feb 27, 2018. KSDL could not recover the full amount as Ruchi Soya Industries has filed Insolvency on Jan 08, 2018.

It may be noted that the Finance Director has not been delegated the powers to sign Vakalath or Any Documents on behalf of the company and he has not been given any General Power of Attorney by the Board/MD.

All the dispute related papers and cheques has been signed by the Finance Director. Therefore, on Feb 23, 2018 the Board issued a Show Cause Notice on the Finance Director.

In the 244th Board Meeting held on Jan 23, 2019 the aforesaid ~~cases~~ was placed and the Board ordered the Managing Director to initiate Disciplinary Actions against the Director Finance and the other involved officers of the company.

KSDL Submitted its Inquiry Report to the Additional Chief Secretary, Commerce and Industry Department, Government of Karnataka.





Particulars of the officers or employees who are suspected to be involved in the commission of the offence, if any:

- a) Name(s): **Dr. T. Venkateshaiah**
- b) Designation: **Director Finance**
- c) If Director, his DIN: **Not a Director on Board**
- d) PAN: **ABEPT7275P**

Basis on which fraud is suspected: **Tampering of Court Order and Making Excess Payment**
Period during which the suspected fraud has occurred: **2016-17**

Date of sending report to the Board or Audit committee as per rule 13(2)(a): **July 24, 2019**

Date of reply received from Board or Audit committee, if any and if so received, attach copy thereof and give gist of the reply:

The Audit Committee accepted the report and informed the Auditors that the concerned employee has appealed against the said orders and the matter has been directed to the Board of Directors by the High Court.

The Board of Directors are yet to hear the appeal.

The aforesaid response was given on July 24, 2019

Whether the auditor is satisfied with the reply of the Board or Audit committee. **Yes.**

Estimated amount involved in the suspected fraud; **Rs.27,96,710/-**

Details of steps, if any, taken by the company in this regard; **Recovered Rs.18,53,093 – Taken Disciplinary Actions against the concerned officials (Furnish full details with references)**

Any other relevant information:

- 1) The alleged party has filed a civil case against the company for not to accept allegation made by the company and whereas company is depending in court of law matter is pending before the court. Further there has been a criminal case pending against allegiants who were responsible for tampering of court decree on excess payment in case number 7238/2020 filed during AUGUST 2020 before the finalization of financial statements for the year 2019-20 and completion of statutory audit.
- 2) A departmental enquiry was initiated against Mr P.Ravi the then DGM(Finance) who was involved in financial irregularities. He was placed under suspension. There after the company after receiving the enquiry report, the said Sri P Ravi was dismissed from the service. The Government constituted a committee for investigation into the said matter. A retired High Court judge was appointed for this purpose. Thereafter the retired judge has submitted the report to the Government. The outcome of the report was yet to be known to the company. Further, the company has initiated for recovery of the dues from the proprietor of M/s. Balaji Food processing Industry. The Criminal and Civil cases have been filed against the supplier and those connected therewith. The company has taken legal action against the party for recovery of money filed criminal and civil case due to COVID-19 pandemic court did not allot the date of hearing. Next date of hearing of the related cases is **15 Sep 2022.**

VIJAY PANCHAPPA & CO.,
CHARTERED ACCOUNTANTS



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Case No	Court	Suit	Next Date of Hearing
Com.O.S- 8856/2015	1389-CCH-LXXXII ACCS	Recovery Suit	22nd August 2022
Com.O.S- 8857/2015	1389-CCH-LXXXII ACCS	Recovery Suit	22nd August 2022
Com.O.S- 8863/2015	1389-CCH-LXXXII ACCS	Recovery Suit	22nd August 2022



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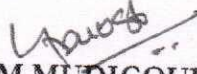


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VERIFICATION

I, **CA. P.M.MUDIGOUDAR** Partner of **Vijay Panchappa and Co**, Chartered Accountants (FRN No: 004963S) do hereby declare that the information furnished above is true, correct and complete in all respects including the attachments to this form.

For **VIJAY PANCHAPPA & CO.,**
Chartered Accountants
Firm Regn. No.004693S


CA. P.M.MUDIGOUDAR
Partner M. No.204096



Place: Bengaluru
Date: 27 Sep 2022
UDIN: 22204096AVVYDR7004



ANNEXURE - E IMPACT OF PENDING LITIGATIONS

1. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including income-tax, sales-tax, duty of customs, value added tax, goods and service tax, cess, Provident fund, professional tax and other material statutory dues to the appropriate authorities. Whereas there are pending litigations as per as direct and indirect tax concerned details of the status of litigations is given below:
 - a. Under VAT Act the Rs 27,76,124/- litigated liability for which the appeal is pending with the appellate authority.
 - b. Under the income tax act, the details of the cases pending before the appellate authority is given in the Annexure -F.
2. A departmental enquiry was initiated against Mr Ravi P, the then DGM(Finance) who was involved in the Financial Irregularities He was placed under suspension. There after the company after receiving the enquiry report, the said Sri P Ravi was dismissed from the service. The Government constituted a committee for investigation into the said matter.

A retired High Court judge was appointed for this purpose. Thereafter the retired judge has submitted the report to the Government. The outcome of the report was yet to be known to the company. Further, the company has initiated for recovery of the dues from the proprietor of M/S Balaji Food Processing Industry. The Criminal and Civil cases have been filed against the supplier and those connected therewith.

The Company has taken legal action against the party for recovery of money filed criminal and civil case. Matter is pending before the Court of Law and Next date of hearing is 01st Sep 2022.

Case No	Court	Suit	Next Date of Hearing
Com.O.S- 8856/2015	1389-CCH-LXXXII ACCS	Recovery Suit	22nd August 2022
Com.O.S- 8857/2015	1389-CCH-LXXXII ACCS	Recovery Suit	22nd August 2022
Com.O.S- 8863/2015	1389-CCH-LXXXII ACCS	Recovery Suit	22nd August 2022

The Company has made 100% provision amount recoverable from the accused.

For VIJAY PANCHAPPA & CO.
Chartered Accountants
Firm Regn. No.004693S



CA. P.M.MUDIGUDAR
Partner M. No.204096

Place: Bengaluru
Date: 27 Sep 2022
UDIN: 22204096AVVYDR7004



Annexure - F
KARNATAKA SOAPS AND DETERGENTS LTD
 Statement of pending cases related to Income Tax as on 31.03.2022

Assessment Year	Amount	Current Status
A.Y.2002-2003 (Under Rectification)	18,06,941	Case disposed in favour of Company vide CIT(Appeal) order dated 28.04.2015 & directed the Assessing Officer for granting relief to the Company after verifying the claims. Rectification is under process.
A.Y.2003-2004 (Under Rectification)	1,81,67,977	Case disposed in favour of Company vide CIT(Appeal) order dated 28.04.2015 & directed the Assessing Officer for granting relief to the Company after verifying the claims. Rectification is under process.
A.Y.2008-2009 (Under Rectification)	21,65,199	Under Rectification at CIT(A)
A.Y.2009-2010 (Under Rectification)	31,46,560	Under Rectification at CIT(A) order giving effect to appeal order by ITAT regarding exgratia disallowed of Rs.5427780 pending with assessing officer. Approximate tax effect Rs.1845000. Hearing concluded in January 2017 and orders awaited.
A.Y.2010-2011	79,56,400	Awaiting rectification order. Further, a notice u/s 250 received dated 12/08/2020 received to stating to submit the synopsis in brief about grounds of appeal and the submission made to CIT (A). Mr. V.G Iyer has submitted said relevant details through e-proceedings on 19/08/2020. Further progress on this regard is awaited.
A.Y.2013-2014	4,53,92,430	A personal hearing notice was sent on 18/01/2017. Mr. Iyer attended to the personal hearing and submitted the details. further, a notice u/s 250 received dated 12/08/2020 received to stating to submit the synopsis in brief about grounds of appeal and the submission made to CIT (A). Mr. V.G Iyer has submitted said relevant details through e-proceedings on 19/08/2020. Further progress on this regard is awaited.
A.Y.2004-2005	41,55,920	Company Appealed before DCIT for Rectification of Assessment order u/s 154 of Income Tax Act 1961 dated on 18.02.2013. Rectification pending before Asst. Dy.Commissioner of Income Tax, LTU, with regards to claim for setoff of brought forward losses of Rs.98,82,019/- which has not been considered resulting in assessed income at Rs. 98,82,019/- and balance tax thereon including interest demanded as per u/s 154 & 156 by the ACIT Order No.AAACK8519K/AC.LTU/11-12 Dt.06.02.2012. Order in this respect is awaited.
A.Y.2009-2010	11,25,22,416	Rectification of order giving effect to appeal order by ITAT regarding Exgratia disallowed of Rs.54,27,780 pending with Assessing officer. Approximate tax effect Rs.18,45,000. Hearing is concluded in January 2017 and orders awaited.



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A.Y.2016-2017	2,72,64,300	A rectification order dated 11/01/2019 stating to rectify by the Assessing Officer KAR/C/612/1. Rectification order received on 28/05/2021 [ITBA/REC/S/154_1/2021-22/1033149377(1)]. Rectification is under progress.
A.Y.2017-2018	93,05,340	An application u/s 154 is filed addressing to ACIT on 14/12/2019 and reply through e-proceedings is submitted on 25/1/2020 by disagreeing the demand. Further process awaited.
A.Y.2018-2019	5,49,810	An application u/s 154 filed on 14/12/2019 filed requesting rectification and to withdraw the demand amount raised u/s 156 of the Act. A response is filed through e-proceedings by disagreeing with demand. Further process awaited.

For VIJAY PANCHAPPA & CO.,
Chartered Accountants
Firm Regn. No.004693S



[Signature]
CA. P.M.MUDIGOUDAR
Partner M. No.204096

Place: Bengaluru
Date: 27 Sep 2022
UDIN: 22204096AVVYDR7004



COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of M/s Karnataka Soaps and Detergents Limited for the financial year ended on 31st March 2022 in accordance with the directions/sub-directions issued by the C&AG of India under section 143(5) of the Companies Act 2013 and certify that we have complied with all the directions/sub-directions issued to us.

For VIJAY PANCHAPPA & CO.
Chartered Accountants
Firm Regn. No.004693S



P. Mudigoudar
CA. P.M.MUDIGOUDAR
Partner M. No.204096

Place: Bengaluru
Date: 27 Sep 2022
UDIN: 22204096AVVYDR7004

KARNATAKA SOAPS AND DETERGENTS LIMITED

BENGALURU - 560 055.

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31-03-2022

Karnataka Soaps and Detergents Limited

Balance sheet as at 31 March 2022

(Rs. In Crore)

S. No.	Particulars	Note	As at 31 March 2022	As at 31 March 2021
I.	Assets			
1	Non-Current Assets			
	Property, Plant and Equipment	2	1,280.44	1,278.40
	Financial Assets			
	i) Deposits	3	0.02	
	Total Non-Current Assets		1,280.45	1,278.40
2	Current Assets			
	Inventories	4	125.72	158.38
	Financial Assets			
	i) Trade Receivables	5	20.15	18.93
	ii) Cash and Cash Equivalents	6	99.26	19.59
	iii) Bank balances other than cash and cash equivalents	7	650.19	509.19
	iv) Other Financial Assets	8	25.72	45.10
	Total Current Assets		921.03	751.20
	Total Assets		2,201.48	2,029.60
II.	Equity and Liabilities			
A	Equity			
	Equity Share Capital	9	31.82	31.82
	Other Equity	10	1,771.41	1,656.33
	Total Equity		1,803.24	1,688.15
B	Liabilities			
1	Non-Current Liabilities			
	Deferred Tax Liabilities	11	158.77	160.33
	Provisions	12	10.27	8.60
	Total Non-Current Liabilities		169.04	168.93
2	Current liabilities			
	Financial Liabilities			
	i) Trade Payables	13	28.29	22.93
	ii) Other Current Financials Liabilities	14	53.11	38.29
	Other Current Liabilities	15	96.60	108.58
	Provisions	16	51.20	2.72
	Total Current liabilities		229.20	172.52
	Total Equity and Liabilities		2,201.48	2,029.60
	Significant Accounting Policies	1		
	Notes on Financial Statements	2-38		

On behalf of the Board



(Dr. MAHESH M., IAS)
MANAGING DIRECTOR
DIN : 0009628072

PLACE: BENGALURU
DATE: 11.08.2022

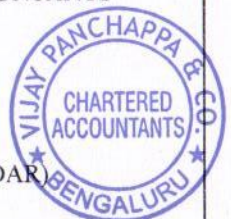


K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FRN : 004693S



(CA. P.M. MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096 A PRYHT 2157-





Karnataka Soaps and Detergents Limited
Statement of Profit and Loss for the year ended 31 March 2022

(Rs. In Crore)


S No	Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
	Income			
I.	Revenue From Operations	17	929.62	783.74
II.	Other Income	18	26.83	21.12
III.	Total Income (I + II)		956.45	804.86
	Expenses:			
a	Cost of Materials Consumed	19	516.30	491.27
b	Purchase of Stock in Trade	20	3.54	0.69
c	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	21	15.81	-6.42
d	Employee Benefits Expense	22	68.92	60.46
e	Depreciation and Amortization Expense	2	2.49	2.32
f	Other Expenses	23	107.93	85.68
IV	Total Expenses		715.00	634.00
V			241.45	170.86
VI	Tax Expense:			
	(i) Current Tax		84.50	59.97
	(ii) Deferred Tax		-1.56	-2.03
	(iii) Previous Year Tax		20.31	
			103.25	57.94
VII	Net Profit After Tax (V-VI)		138.20	112.92
VIII	Other Comprehensive Income			
A.	(i) Items that will not be reclassified to profit or loss			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Items that will not be reclassified to profit or loss in subsequent periods			
	(iii) Net (loss)/gain on Fair Market Valuation of Assets			
	(iv) Actuarial Gains/(Losses) on Defined Benefit Plans		-0.5	1.55
	Less: Income tax effect on above		0.18	-0.54
VIII	Other Comprehensive Income		-0.33	1.01
IX	Total Comprehensive Income for the period (VII+VIII) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		137.88	113.93
X	Earnings per equity share:	24		
	Basic & Diluted (in Rs.)		4,332.69	3,580.84
	Face Value per Share (in Rs.)		1,000.00	1,000.00
	Significant Accounting Policies	1		
	Notes on Financial Statements	2-38		

On behalf of the Board


(Dr. MAHESH M., IAS)
MANAGING DIRECTOR
DIN : 0009628072


K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FRN : 004693S


(CA.P.M.MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096APRYH12157



PLACE: BENGALURU
DATE: 11.08.2022

Karnataka Soaps and Detergents Limited
Cash Flow Statement for the year ended 31st March, 2022

		(Rs. In Crore)	
	Particulars	For the Year Ended 31-03-2022	For the Year Ended 31-03-2021
A.	Cash Flow From Operating Activities		
	Net Profit before tax as per Statement of Profit and Loss	241.45	170.86
	Add/(Less):		
	Depreciation, Amortisation and Impairment	1.58	2.32
	Taxes Paid	-104.64	-59.97
	Interest and Dividend Income & Other Non Operating Income	-26.83	-21.12
	OCI - Acturial Gains	-0.50	1.55
	Rounding Off		0.00
	Operating Profit before Working Capital Changes	111.06	93.65
	Adjustment for movements in:		
	Non current Deposit	-0.02	
	Trade Receivables	-1.22	48.80
	Inventories	32.66	41.63
	Other Financial Assets	19.39	-4.83
	Trade Payables	5.36	-3.28
	Other Financials Liabilities	14.82	4.35
	Other Current liability	-11.98	
	Current Provisions	48.48	-10.24
	Net Cash From Operating Activities	218.55	170.10
B.	Cash Flow From Investing Activities		
	Purchase of Property, Plant and Equipment	-4.62	-1.50
	Sale of Property, Plant & Equipment	1.02	0.01
	Interest and Dividend Income & Other Non Operating Income	26.83	21.12
	Net Cash From Investing Activities	23.23	19.63
C.	Cash Flow From Financing Activities		
	Increase/(Decrease) in Long Term Liabilities	1.67	-1.13
	Dividend & Dividend Tax Paid	-22.79	-19.18
	Net Cash from Financing Activities	-21.12	-20.31
	Net (Decrease) in Cash and Cash Equivalents (A+B+C)	220.66	169.41
	Opening Balance of Cash and Cash Equivalents	528.79	359.38
	Closing Balance of Cash and Cash Equivalents	749.45	528.79
	Components of Cash and Cash Equivalents:		
	Balances with Bank not carrying interest - Bank Balances in Cash & Cash Equivalents	99.25	19.59
	Balances with Bank carrying interest - Other Bank Balances	650.19	509.19
	Cash in Hand - Cash Balances in Cash & Cash Equivalents	0.01	0.01
	Total of Cash, Cash Equivalents & Other Bank Balance	749.45	528.79


Notes:

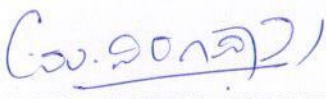
(i) The above Standalone Cash Flow Statement has been prepared under indirect method as set out in Ind AS-7-Cash Flow Statement notified under the Section 133 of the Companies Act, 2013.

(ii) Other Bank Balances have been treated as Cash and Bank Balances for the Purposes of preparation of Cash Flows.


(iii) Other Bank Balances are Fixed Deposits, Margin Money and any other bank balance which are not freely used by the company for its operations

On behalf of the Board


(Dr. MAHESH M., IAS)
MANAGING DIRECTOR
DIN : 0009628072


K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FRN : 004693S


(CA.P.M. MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096APRYH12157



PLACE: BENGALURU
DATE: 11.08.2022

Karnataka Soaps and Detergents Limited

STATEMENT OF CHANGES IN EQUITY
For the period ended 31.03.2022

A. Equity Share Capital

Particulars

Amount

Balance as at 01.04.2021

31.82

Changes in Equity Share Capital (2021-22)

Balance as at end 31.03.2022

31.82

(1) Current Reporting Period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
31.82	-	31.82	-	31.82

(2) Previous Reporting Period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
31.82	-	31.82	-	31.82

B. Other Equity

(1) Current Reporting Period

	Share Application Money pending Allotment	Equity Component of Financial Instrument	Reserves & Surplus				Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash flow hedges	Revaluation Surplus	Exchange differences on translating the Financial Statement of a Foreign	Other Items of Comprehensive Income (Specify Nature)	Money Received against Share Warrants	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (Revaluation reserve)	Retained Earnings								
Balance as at 31.03.2021	-	-	-	-	775.86	880.47	-	-	-	-	-	-	-	1,656.33
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	(0.33)	-	-	-	-	-	-	-	(0.33)
Dividends	-	-	-	-	-	22.79	-	-	-	-	-	-	-	22.79
Profit / (Loss) for the year	-	-	-	-	-	138.20	-	-	-	-	-	-	-	138.20
Any other changes (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of MAT Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of Deferred Tax	-	-	-	-	-	775.86	995.56	-	-	-	-	-	-	1,771.41
Balance as at 31.03.2022	-	-	-	-	-	775.86	995.56	-	-	-	-	-	-	1,771.41



B. Other Equity

(2) Previous Reporting Period

	Share Application Money pending Allotment	Equity Component of Compound Financial Instrument	Reserves & Surplus				Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash flow hedges	Revaluation Surplus	Exchange differences on translating the Financial Statement of a Foreign Entity	Other Items of other Comprehensive Income (Specify Nature)	Money Received against Share Warrants	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (Specify Nature)	Retained Earnings								
Balance as at 31.03.2020	-	-	-	-	775.86	785.70	-	-	-	-	-	-	-	1,561.56
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	1.01	-	-	-	-	-	-	-	1.01
Dividends	-	-	-	-	-	19.18	-	-	-	-	-	-	-	19.18
Profit / (Loss) for the year	-	-	-	-	-	112.94	-	-	-	-	-	-	-	112.94
Any other changes (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of MAT Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of Deferred Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.03.2021	-	-	-	-	775.86	880.47	-	-	-	-	-	-	-	1,656.33



9 Equity Share Capital

(Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised:		
3,50,000 Equity Shares of Rs. 1,000 each	35.00	35.00
Issued, Subscribed and Paid-Up:	-	-
3,18,221 Equity Shares of Rs. 1,000 each	31.82	31.82

(i) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	2021-22		2020-21	
	(In Nos.)	Rs. In Crore	(In Nos.)	Rs. In Crore
Shares outstanding at the beginning of the year	3,18,221	31.82	3,18,221	31.82
Shares outstanding at the end of the year	3,18,221	31.82	3,18,221	31.82
(ii) Details of shares in the Company held by each shareholder holding more than 5% shares:				
Name of Shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
100% held by Government of Karnataka & its Nominees to comply with the requirements of minimum No. of Shareholders	3,18,221.00	100%	3,18,221.00	100%

Share held by the promoters at the end of the year				% of change during the year
S. No	Promoter Name	No of shares	% of total shares	
1	Government of Karnataka	3,18,221	100%	Nil
	Total	3,18,221	100%	Nil

10 Other equity

(Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
A) Retained Earnings		
Opening Balances	880.47	785.70
Add or (Less) Profit After Taxes	138.20	112.94
Add or (Less) Other Comprehensive Income	-0.33	1.01
Less: Appropriations		
Dividend Paid During the Year	22.79	15.91
ii) Dividend Distribution Tax		3.27
Total of Retained Earnings	995.56	880.47
B) General Reserve		
General Reserve	775.86	775.86
Total of General Reserve	775.86	775.86
Total (A+B)	1,771.41	1,656.33



Note 1: Significant Accounting Policies

1.1 Corporate Information

Karnataka Soaps And Detergents Limited is a Public incorporated on 09th July 1980. It is classified as State Govt company and is registered at Registrar of Companies, Bangalore. Its authorized share capital is Rs. 350,000,000 and its paid up capital is Rs. 318,221,000. It is involved in Human health activities. Karnataka Soaps And Detergents Limited's Corporate Identification Number is (CIN) U85110KA1980SGC003871 and its registration number is 3871. Its Email address is mysosandal@vsnl.com and its registered address is P.B.5531 Bangalore - Pune Highway, Bangalore - 560055. India.

1.2 Brand Information

Mysore Sandal Soap is a brand of soap manufactured by the Karnataka Soaps and Detergents Limited (KSDL). This soap has been manufactured since 1916 when Krishna Raja Wadiyar IV, the King of Mysore set up the Government Soap Factory in Bangalore. The main motivation for setting up the factory was the excessive sandalwood reserves that the Mysore Kingdom had which could not be exported to Europe because of the First World War. In 1980, KSDL was incorporated as a company by merging the Government Soap Factory with the sandal oil factories at Shimoga and Mysore. Mysore Sandal Soap is the only soap in the world made from 100% pure sandalwood oil. KSDL owns a proprietary Geographical indication (GI) tag on the Mysore sandal soap which gives it intellectual property rights to use the brand name, to ensure quality and also prevent piracy and unauthorised use by other manufacturers. In 2006, Mahendra Singh Dhoni, the Indian cricketer was selected as the first brand ambassador of the Mysore Sandal Soap.

1.3 Basis of Preparation

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 since March 2018.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- i) Land
- ii) Derivative Financial Instruments
- iii) Certain Financial Assets and Liabilities which are to be reported at Fair Market Value
- iv) Liabilities related to Employee Benefits such as Gratuity and Leave Salary

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Company has only one Business Segment and is operating only in India and hence the company need not show Segment Results as per indAS 108 (Refer Para 12 of the said standard for identifying reportable segment)



Current and non-current classification

Assets and Liabilities have been classified as current or non-current as per the Corporation's normal operating cycle and other criteria set out in revised Schedule III- to the Companies Act, 2013.

Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Corporation and the currency of the primary economic environment in which the Corporation operates. All values are rounded to the nearest crores up to two decimals, except when otherwise indicated.

1.4 Summary of Significant Accounting Policies

A) REVENUE RECOGNITION :

- a) Sales are recognised at the point of time of despatch of finished goods to customers in case of domestic sales and in case of exports sales are reckoned on the date of bill of lading.
- b) Sales are net of taxes and returns

B) GRATUITY & LEAVE ENCASHMENT :

Gratuity and Leave encashment are accounted on the basis of actuarial valuation. A separate gratuity fund is created.

The Company engages an Actuarial Valuer to arrive at the Provision to be created and then pays the provision subsequent year to the Gratuity Trust set by it.

C) ADVERTISEMENT, PUBLICITY, SALES PROMOTION & DISTRIBUTION EXPENSES :

Advertisement & publicity and sales promotion & distribution expenses incurred on the existing products of the Company are charged against the profit of the year to which it relates.

D) FIXED ASSETS :

- a) Fixed Assets are stated at Cost of Acquisition or Construction (Less) Depreciation.
- b) Fixed Assets costing individually ₹ 5,000/- or below is charged to revenue.

E) DEPRECIATION :

Calculation of Depreciation on Fixed Assets which are tangible in nature is calculated in a manner that amortises the cost of assets after installation & commissioning (Less) its residual value. All their useful life as stated under Schedule - II of Companies Act - 2013. The Method of Depreciation followed is Straight Line Method.

F) IMPAIRMENT OF ASSETS :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.



G) INVENTORIES :

Inventories are valued as under:

- i) Stock of Raw materials, Chemicals, Perfumeries, Packing materials, Fuel, Stores and Spares are valued at Weighted Average Cost.
- ii) Cost of Work-in-progress includes materials, labour and overheads incurred in bringing the inventories to their present location and condition.
- iii) Finished Goods lying at factory are valued at cost or market value whichever is lower. In respect of finished goods in transit and finished goods lying with outstation sales depots, freight have been included and are valued at the lower of cost or market value. Damaged goods have been valued at estimated Realisable Value.

H) SUNDRY DEBTORS, LOANS AND ADVANCES :

Sundry Debtors, loans and advances are stated after making adequate provision for doubtful balances.

I) FOREIGN CURRENCY TRANSACTIONS :

Transactions in foreign currencies, to the extent not covered by forward contracts are accounted at the prevailing rates, and resultant gains or losses arising out of fluctuations in exchange rates are recognised in the profit and loss account. Foreign Currency Assets and Liabilities at the year end are translated at the year end exchange rates, and resultant gains or losses arising out of fluctuations in exchange rates are recognised in the statement of profit and loss.

J) TAXES ON INCOME :

Taxes are determined following the tax effect accounting method and a provision therefore is recognized. A deferred tax asset or deferred tax liability is recorded to recognize the tax effect on timing differences arising on reconciliation of profit/loss as per financial statements and profit/loss as per taxation.

K) CASH AND CASH EQUIVALENTS

The Company classifies cash in hand and Balances with Bank Current A/c and Flexi Deposits as cash & cash equivalents.

Cheques & Draft received and pending bank deposits are also treated as Balance with Bank Current A/C as the company immediately deposits them into Bank.

Fixed Deposits of any period and Margin Money are treated as other Bank Balances.



2 Property, Plant and Equipment

Description	Gross Block				Depreciation				Net Block as at 31 March 2022	Net Block as at 31 March 2021
	As at 01 April 2021	Additions	Deductions	As at 31 March 2022	As at 01 April 2021	For the year	Deductions	As at 31 March 2022		
Land	1,251.14	-	-	1,251.14	-	-	-	-	1,251.14	1,251.14
Building	4.88	2.47	-	7.35	0.13	-	2.32	2.68	4.67	2.32
Plant & Machinery	47.63	1.38	1.01	48.00	1.71	0.92	26.46	21.55	21.96	21.96
Computers	2.40	0.32	-	2.72	2.11	-	2.24	0.48	0.29	0.29
Equipment	2.53	0.04	-	2.57	1.68	-	1.81	0.75	0.86	0.86
Furniture & Fixtures	2.00	0.07	-	2.08	1.44	-	1.53	0.55	0.57	0.57
Office Equipments	1.67	0.10	0.01	1.76	1.36	0.01	1.43	0.33	0.32	0.32
Inter Communication Systems	0.06	-	-	0.06	0.06	-	0.06	0.00	0.01	0.01
Motor Vehicles	2.34	0.23	-	2.58	1.39	-	1.60	0.98	0.96	0.96
Total	1,314.65	4.62	1.02	1,318.25	36.25	2.49	37.82	37.82	1,280.44	1,278.40
Previous Year	1,313.31	1.50	0.15	1,314.66	34.08	2.32	0.15	36.26	1,278.40	1,279.23

Intangible assets

Description	Gross Block				Depreciation				Net Block as at 31 March 2022	Net Block as at 31 March 2021
	As at 01 April 2021	Additions	Deductions	As at 31 March 2022	As at 01 April 2021	For the year	Deductions	As at 31 March 2022		
Intangible assets	-	-	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-	-	-

Description	Gross Block				Depreciation				Net Block as at 31 March 2021	Net Block as at 31 March 2020
	As at 01 April 2020	Additions	Deductions	As at 31 March 2021	As at 01 April 2020	For the year	Deductions	As at 31 March 2021		
Land	1,251.14	-	-	1,251.14	-	-	-	-	1,251.14	1,251.14
Building	4.88	1.12	0.15	4.88	2.51	0.05	2.56	2.37	2.32	2.37
Plant & Machinery	46.66	0.10	-	47.63	24.18	1.64	25.67	21.96	22.48	22.48
Computers	2.30	0.10	-	2.40	1.98	0.13	2.11	0.29	0.32	0.32
Equipment	2.43	0.10	-	2.53	1.54	0.14	1.68	0.86	0.89	0.89
Furniture & Fixtures	1.97	0.03	-	2.00	1.36	0.09	1.45	0.55	0.61	0.61
Office Equipments	1.55	0.12	-	1.67	1.29	0.06	1.35	0.32	0.26	0.26
Inter Communication Systems	0.06	0.02	-	0.08	0.05	-	0.06	0.02	0.01	0.01
Motor Vehicles	2.32	-	-	2.32	1.18	0.20	1.38	0.94	1.14	1.14
Total	1,313.31	1.50	0.15	1,314.65	34.08	2.32	36.26	32.20	1,278.40	1,279.23
Previous Year	1,293.17	2.56	0.28	1,295.45	31.21	1.23	0.25	32.20	1,263.26	1,261.96

Intangible assets

Description	Gross Block				Depreciation				Net Block as at 31 March 2021	Net Block as at 31 March 2020
	As at 01 April 2020	Additions	Deductions	As at 31 March 2021	As at 01 April 2020	For the year	Deductions	As at 31 March 2021		
Intangible assets	-	-	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-	-	-

Note:

- i. All the title deeds of the immovable properties are held in the name of the company
- ii. All the immovable properties held in the name of the company are revalued as at 31st March 2018 by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017
- iii. Company has a property in dasapet which is currently not used by the company because of the dispute, this property is not classified as investment property since the intention is not for capital appreciation or to earn the rental income. Company intends to construct the building for its own use.



3 Deposits

(Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Deposit Non Current	0.02	
Total	0.02	-

4 Inventories

(Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
(Valued at lower of cost and net realizable value)		
Raw Materials & Packing Material	53.51	55.60
Stores & Spares (at cost net of provision)	2.50	17.26
Work in Progress	10.83	17.63
Finished Goods	58.88	67.89
Total	125.72	158.38

5 Trade Receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Secured, considered good	Nil	Nil
Unsecured, considered good:		
A) Trade Receivables less than 6 months from due date	20.10	18.93
B) Others		-
Trade Receivables more than 6 months from due date	6.27	6.10
Provisions for Bad Debts	-6.22	-6.10
Total	20.15	18.93

6 Cash and Cash Equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on Hand	0.01	0.01
Balance with Banks		
Balance in Current Accounts	11.36	6.39
Balance in Flexi Deposits	87.89	13.19
Total	99.26	19.59

7 Bank Balances Other than Cash & Cash Equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Deposits with maturities more than 3 months but less than 12 months	650.19	509.19
Total	650.19	509.19

Note: The fixed deposits include deposits under lien against bank guarantees Rs. 0.18 crore



8 Loans & Advances

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured: Considered good		
Balance with Revenue Authority*	10.77	28.70
Interest Accrued on FD	11.86	11.03
Advances to Staff	0.64	1.13
Advance to Others	2.27	4.23
Prepaid Expenses	-	0.01
Other Deposits	0.18	
Total	25.72	45.10

Note: *

The GST Credits have been moved to Statutory Liabilities. As Income Tax Provisions (Liability) and Advance Tax and TDS (Assets) are of same nature similar to Outstanding Liability and its payment, the same is reported after netting off. As per Income Tax Law, the Income Tax has to be paid before filing the return of income and the company has to perform a self assessment and claim refund if any at the time of filing return. Based on the refund provisions of the law, the refunds are expected to be cleared as soon as possible but not later than the time allotted for Assessment. Therefore the expected receipt of refund date is on demand basis and hence the Refund Due on account of Income Tax is a Current Assets

11 Deferred Tax Asset/(Liability) - (Net)

(Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening Deferred Tax Asset/(Liability)	-160.33	-161.81
Less: Closing Deferred Tax Asset/(Liability)	-158.77	-160.33
Transferred to Profit & Loss Account	-1.56	-1.48
Deferred tax assets on account of :		
Calculation of Closing Deferred Tax Asset/(Liability)		
Leave Salary	4.32	4.06
Gratuity	0.44	-0.32
Provision for Bad & Doubtful Debts	0.00	-2.13
Depreciation on Property Plant and Equipment	-3.02	-3.64
Income Tax effect on Other Comprehensive Income	-0.18	0.54
Total	1.56	-1.49

Note:

The Deferred Tax is computed based on Income Tax Computation under Income Tax Law. The company cannot prepare Tax Balance Sheet and then perform a reconciliation between Tax Network and that of Network under Company Law and make Deferred Tax Computation which is technically not feasible as required by Ind-AS.



12 **Long Term Provisions** (Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for Leave Encashment - LT	9.56	9.19
Provision for Gratuity LT	0.71	-0.59
Total	10.27	8.60

13 **Trade Payables** (Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Micro, Small and Medium Enterprises	-	-
Other than Micro, Small and Medium Enterprises	28.29	22.93
Total	28.29	22.93

Based on the information available, the company has identified the principal amount outstanding as on March 31, 2022 towards suppliers who are micro, small and medium enterprises under the MSMED Act. Further, the company is of the opinion that no material interest liability would accrue on dues as there have been no substantial delays in payments and delays if any are not attributable as delay from the company end.

14 **Other Current Financial Liabilities** (Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Trade Deposits	15.89	12.37
Loan from Government		3.50
Other Payables	37.22	22.42
Total	53.11	38.29

15 **Other Current Liabilities** (Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory Liabilities	47.51	50.71
Advance from Customers	49.09	57.87
Total	96.60	108.58

16 **Short Term Provisions** (Rs. In Crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for Gratuity	0.54	-0.32
Provision for Leave Encashment	2.78	2.41
Provision for Taxations	38.42	
Other Provision	9.47	0.63
Total	51.20	2.72



17 Revenue from Operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A) Sale of Products		
i) Domestic Sales		
a) Soaps	846.31	724.04
b) Detergents	24.39	17.75
d) Agarbathies	20.67	18.98
e) Cosmetics	13.07	10.74
g) Others	14.38	1.92
Total Domestic Sales	918.82	773.44
ii) Export Sales		
a) Soaps	17.61	12.65
b) Agarbathies	0.30	0.05
c) Talcum Powder	0.13	0.17
Total Export Sales	18.04	12.88
Total Sales	936.85	786.31
Discounts and Trade Schemes	7.24	2.57
Revenue from Operations	929.62	783.74

18 Other Income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on Bank Deposits	23.65	14.77
Other Interest Income		0.03
Rent Received	0.74	1.19
Profit on Sale of Asset	0.07	0.69
Application Fee From RDS/Tender	0.01	0.01
Recovery of Employee Pension	1.74	4.14
Written Backs	0.19	-
Training & Development Fees Collected	0.01	0.00
Export Incentives and Duty Drawbacks	0.10	0.27
Misc Receipts including Awards & Insurance Claims	0.31	0.02
Total	26.83	21.12

19 Cost of Materials Consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed		
Opening stock	55.60	81.04
Purchases	514.21	465.83
Less: Closing stock	53.51	55.60
Total	516.30	491.27



20 Purchase of Stock-in-Trade

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Toothpaste	2.75	0.68
Other Purchases - Trading	0.79	0.01
Total	3.54	0.69

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
At the beginning of the Year		
Work-in-progress	17.63	6.47
Finished goods including Stock In Trade	67.89	72.63
	85.52	79.10
At the end of the Year		
Work-in-progress	10.83	17.63
Finished goods including Stock In Trade	58.88	67.89
	69.71	85.52
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress	15.81	-6.42

22 Employee Benefits Expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, Wages, Bonus & Ex-gratia	57.59	50.80
Directors Remuneration	0.10	0.11
Provident fund and other funds	4.07	3.46
Employee Benefits	2.06	2.01
Labour Welfare Expenses	5.10	4.08
Total	68.92	60.46
* Remuneration & Other Benefits Paid to Directors		
i) Salary	0.05	0.11
ii) House Rent and other allowances.	0.04	-
iii) Re-imbursment of Medical Expenses.		-
iv) Leave Salary Contribution.	0.01	-
v) Company's contribution to Pension and other Funds.		-
Total	0.10	0.11



23 **Other Expenses**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Freight, Clearing & Forwarding	25.62	19.35
Power and Fuel	3.19	3.61
Processing charges	9.15	9.67
Stores and Spares consumed	0.97	1.12
Coal handling charges		0.08
Repairs & Maintenance	5.99	4.40
Insurance	0.85	0.83
Research & Development	0.26	0.65
Rent	1.16	1.35
Rates & Taxes	9.43	1.75
Communication Expenses including Printing & Stationery	0.65	0.57
Travelling & Conveyance	6.67	6.26
Board Meeting Expenses	0.05	0.01
Auditors Remuneration*	0.03	0.04
Legal and Professional Charges	0.64	0.73
Subscription to Journals and Periodicals	0.01	0.01
Security Service charges	1.46	1.34
Advertisement, Publicity & Business Promotion	25.24	27.92
Exchange Fluctuations	0.06	0.05
Donations and CSR Spending**	11.43	5.90
Bank Charges	0.04	0.03
Risk cost expenses	4.97	
General Expenses	0.07	
Total	107.93	85.68

*** Auditors' remuneration (excluding GST)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Audit Fees	0.03	0.04
Reimbursement of Out of Pocket Expenses		
Other services		-
Total	0.03	0.04

**** Note on Donation & CSR**

The Company has established a CSR Trust in the name KSDL CSR Trust. The company also donates directly to CMRF. Both the spending's are included in Donation and CSR. Both the items are covered under CSR Scheme of Indian Company Law

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
KSDL CSR Trust	3.43	2.90
CMRF Donation	8.00	3.00
Total of Donation & CSR	11.43	5.90



Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	(Rs. In Crores)	
	As at 31st March 2022	As at 31st March 2021
i) Amount required to be spent by the company during the year	3.43	2.90
ii) Amount of expenditure incurred	3.43	2.90
iii) Shortfall at the end of the year	-	-
iv) Total of previous years shortfall	Nil	Nil
v) Reason for shortfall	Not Applicable	Not Applicable
vi) Nature of CSR activities	Eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects	
vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	3.43	2.90
viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-



24 Earnings per Share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net Profit / (loss) after tax for the year (Rs. in Crores)	138.20	109.66
Profit / loss attributable to equity share holders (Rs. in Crores)	138.20	109.66
Number of Shares outstanding at the beginning of the year	3,18,221	3,18,221
Add : Shares Issued during the year	-	-
Number of Shares outstanding at the end of the year	3,18,221	3,18,221
Weighted Average Number of Equity Shares		
For calculating Basic and Diluted EPS	3,18,221	3,18,221
Basic and Diluted Earnings Per Share (Rs.)	4,342.90	3,446.09
Face Value per Share (Rs.)	1,000.00	1,000.00

Note:

The Company does not have any outstanding dilutive potential equity shares as at the Balance Sheet Date. Consequently, basic and diluted earnings per share of the Company remain the same.

25 Capital Management**25.1 Risk Management**

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Apart from trade payables and other current liabilities, there is no debt on the company. Therefore, the company manages its capital and return to shareholders by adequately investing in mutual funds and adjusting the amount of dividend paid to the shareholders.

25.2 Dividends**(Rs. In Crore)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Equity dividend		
Dividends Paid During the Year.	22.79	15.91
Dividend Tax Paid During the Year		3.27
b. Dividends not recognised at the end of the reporting period		



26 Fair Value Measurements

Financial instruments by category:

Particulars	31-03-2022		31-03-2021	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial Assets - Non-current	-	-	-	-
Non-current Investments*	-	-	-	-
Loans, Advances & Deposits	-	-	-	-
Financial Assets - Current	-	-	-	-
Investments	-	-	-	-
Trade Receivables	-	20.15	-	18.93
Cash and Cash Equivalents	-	99.26	-	19.59
Bank balances other than cash and cash equivalent	-	650.19	-	509.19
Loans & Advances	-	25.72	-	45.10
Financial Liabilities - Current	-	-	-	-
Trade Payables	-	-28.29	-	-22.93
Other Financial Liabilities	-	-53.11	-	-38.29

(Rs. In Crore)

I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value and
- (b) 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. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

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 unlisted equity securities, contingent consideration and indemnification asset included in level 3.

II. Financial assets and liabilities measured at fair value hierarchy - recurring fair value measurement:

Particulars	31-03-2022			31-03-2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets - Non-current	0	0	0	0	0	0
Financial Assets - Current	0	0	0	0	0	0
Financial Liabilities - Non-current	0	0	0	0	0	0
Financial Liabilities - Current	0	0	0	0	0	0

(Rs. In Crore)

Note:

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of trade receivables, cash and bank balances, other bank balances, non-current loans, current loans, trade payables and other current financial liabilities are considered to be approximately equal to the fair value.



27 Financial Risk Management

The Company's principal financial liabilities comprise deposits, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include current loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

A Credit risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk management

To manage credit risk, the Company follows a policy of providing 30-180 days credit to the domestic customers basis the nature of customers. The credit limit policy is established considering the current economic trends of the industry in which the company is operating. Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government agencies/public sector undertakings. However, the trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

Age of receivables that are past due:	As at		As at		(Rs. In Crore)
	Particulars	31 March 2022	31 March 2021	Total	
Up to 30 days		20.10	10.59		
30-60 days			5.08		
60-90 days			3.25		
More than 90 days			6.26		
Total		26.37	6.10	25.03	
Expected credit loss		-	-	-	

Particulars	2021-22					Rs. In Crore)
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	20.10	1.31	1.65	0.10	2.44	25.61
(ii) Undisputed Trade Receivables – which have significant increase in credit risk					0.00	0.00
(iii) Undisputed Trade Receivables – credit impaired					0.03	0.03
(iv) Disputed Trade Receivables – considered good					0.00	0.00
(v) Disputed Trade Receivables – which have significant increase in credit risk					0.19	0.19
(vi) Disputed Trade Receivables – credit impaired					0.53	0.53
Provision for bad and doubtful debts						-6.22

Particulars	2020-21					Rs. In Crore)
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	18.93	1.26	1.10	0.45	2.54	24.27
(ii) Undisputed Trade Receivables – which have significant increase in credit risk					0.00	0.00
(iii) Undisputed Trade Receivables – credit impaired					0.03	0.03
(iv) Disputed Trade Receivables – considered good					0.00	0.00
(v) Disputed Trade Receivables – which have significant increase in credit risk					0.19	0.19
(vi) Disputed Trade Receivables – credit impaired					0.53	0.53
Provision for bad and doubtful debts						-6.10

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule



B Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and other financial liabilities.

Liquidity risk management

The Company's management is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturities of non – derivative financial liabilities**As at 31 March 2022****(Rs. In Crore)**

Particulars	Within 6 months	
	As at 31 March 2022	As at 31 March 2021
Financial Liabilities - Non-current		
Other non-current financial liabilities		
Financial Liabilities - Current		
Borrowings		
Trade payables	28.29	22.93
Other financial liabilities		
Total	28.29	22.93

Particulars	2021-22				(Amount in Rs.)
	Outstanding for Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME					
(ii) Others	28.87	0.00	0.01		28.29
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

Particulars	2020-21				(Amount in Rs.)
	Outstanding for Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME					
(ii) Others	23.51	0.00	0.01		22.93
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					



C **Market Risk**
(i) **Foreign Currency Risk**

The Company is exposed to foreign exchange risk on their receivables which are held in USD. The fluctuation in the exchange rate of INR relative to USD may have a material impact on the company's assets and liabilities.

Foreign currency risk management

In respect of the foreign currency transactions, the company does not hedge the exposures since the management believes that the same is insignificant in nature.

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in USD with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

Currencies	In Indian Rupees			
	31-03-2022		31-03-2021	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
USD	0	0	0	0

(ii) **Earnings in Foreign Exchange**

Particulars	Currency	31-03-2022	31-03-2021
Export of Goods	In INR	18	13
	In USD	0.17	0.13
Foreign Currency Expenditure	In INR	-	-
	In USD	-	-

(iii) **Transactions in foreign currency at Closing rate**

					In Dollars
Particulars	Party Name	Exchange rate on 31/3/22	Gross Receivable	Bank Charges	Net Received
Trade Receivables	Sri Ambika PTE ltd, Singapore	75.82	49622.3	0	49622.3

					In Indian Rupees
Particulars	Party Name	Exchange rate on 31/3/22	Gross Receivable	Bank Charges	Net Received
Trade Receivables	Sri Ambika PTE ltd, Singapore	75.82	37,62,362.79	-	37,62,362.79



28 **Contingent liabilities, Capital and other commitments**

(Rs.in Crores)

Particulars	31-Mar-22	31-Mar-21
Disputed income tax demands under appeal	13.73	17.35
Disputed VAT demands under appeal	0.28	0.28
Disputes with Employees & Others	2.42	0.38
Guarantees issued by banks (secured by bank deposits under lien with the bank 0.19 crore)	0.18	

Company has provided bank gurantee amounting to Rs.0.18 Crores towards supply of soaps to The Muncipal Corporation of Greater Mumbai which is secured by 100% margin in the form of fixed deposit.

29 **Employee benefits**

As per Indian Accounting Standard-19 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

Brief description of the plans:

The Company has various schemes for employee benefits such as provident fund, gratuity and superannuation. In case of funded schemes, the funds are administered through trustees/ appropriate authorities. The Company's defined contribution plans are superannuation and provident fund as the Company has no further obligation beyond making the contributions. The Company's defined benefit plans consists of gratuity. The employees of the Company are entitled to compensated absences as per the Company's policy.

(a) **Defined Contribution Plan:**

- (i) Leave Salary
(ii) PF, ESI & Others

During the year, the company has recognised the following amounts in the Statement of profit and loss*:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

Particulars	(in Indian Rs.)	
	31-Mar-22	31-Mar-21
Leave Salary	3.45	2.92
Employer Contribution to PF	3.16	2.66
Employer Contribution to ESI	0.15	0.22
Employer Contribution to Pension Funds & Others*	0.65	0.58
Total	7.41	6.38
* included in Note 22- 'Employee benefits expense'		

(b) **Defined Benefit Plan :**

(1) **Contribution to Gratuity fund (funded scheme)**

The company manages the gratuity fund through it's own gratuity trust for its employees. Actuarial valuation will be done at the end of the every year. Excess/shortfall if any will be provided in the books of the company. Gratuity is payable to all eligible employees on death or on separation / termination in terms of the provisions of the Payment of Gratuity (Amendment) Act, 1997, or as per the Company's scheme whichever is more beneficial to the employees.

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined contribution plan of gratuity based on the following assumptions:-

Particulars	(in Indian Rs.)	
	31-Mar-22	31-Mar-21
(i) Actuarial assumptions		
Discount rate (per annum)	7.10%	6.56%
Salary escalation rate	10.00%	10.00%
Mortality rate (% of IALM 12-14)	100.00%	100.00%
Attrition rate	2.00%	2.00%
Retirement age	60 years	60 years
(ii) Assets information:		
There are no Plan Assets. The Company has formed a Gratuity Trust which maintains investments and pays Gratuity. Leave Salary is handled by the company without any Investment Back-ups		
Total Investments	-	-
(iii) Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	11.60	13.82
Service cost	2.24	2.19
Interest cost	0.70	0.73
Actuarial (gain) /loss	0.50	-1.55
Benefits paid	-2.69	-3.59
Present Value of obligation at the end of the year	12.34	11.60



(iv)	Changes in the Fair value of Plan Assets There are no Plan Assets. The Company has formed a Gratuity Trust which maintains investments and pays Gratuity. Leave Salary is handled by the company without any Investment Back-ups		
	Fair Value of Plan Assets at the end of the year	-	-
(v)	Assets and liabilities recognised in the balance sheet		
	Present value of the defined benefit obligation at the end of the year	12.34	11.60
	Fair Value Adjustments	2.69	3.59
	Less : Liabilities Discharged	-2.69	-3.59
	Net liability recognised	12.34	11.60
	Expenses recognised in the Statement of Profit and Loss		
(vi)	Particulars	31-Mar-22	31-Mar-21
	Current Service Cost	2.24	2.49
	Past Service Cost		
	Interest cost	0.70	3.67
	Net gratuity cost recognised in the current year	2.93	6.16
	Included in note 22 'Employee benefits expense'		
	Particulars	31-Mar-22	31-Mar-21
	Current Service Cost	2.24	2.19
	Past Service Cost		
	Interest cost	0.70	0.73
	Net Leave Salary Expense recognised in the current year	2.93	2.92
	Included in note 22 'Employee benefits expense'		
	Expenses recognised in the Statement of other comprehensive income		
(vi)	Particulars	31-Mar-22	31-Mar-21
	Actuarial (gain)/loss recognised in the current year		-1.55
	Net Leave Salary Cost recognised in the current year		1.37
	Particulars	31-Mar-22	31-Mar-21
	Actuarial (gain)/loss recognised in the current year	-	
	Net gratuity cost recognised in the current year		-0.91

(vii) **Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of the sensitivity analysis is given below:

Particulars	31-Mar-22	31-Mar-21
Defined Benefit Obligation (Leave Salary)	3.45	2.92

Particulars	31-Mar-22	
	Decrease	Increase
Discount Rate (- / + 1%)	1.18	-1.01
(% change compared to base due to sensitivity)	34.25%	-29.16%
Salary Growth Rate (- / + 1%)	-0.97	1.11
(% change compared to base due to sensitivity)	-27.96%	32.09%
Attrition Rate (- / + 1%)	0.32	-0.27
(% change compared to base due to sensitivity)	9.13%	-7.79%

Particulars	31-Mar-21	
	Decrease	Increase
Discount Rate (- / + 1%)	1.09	-0.93
(% change compared to base due to sensitivity)	37.43%	-31.86%
Salary Growth Rate (- / + 1%)	-0.89	1.02
(% change compared to base due to sensitivity)	-30.54%	35.06%
Attrition Rate (- / + 1%)	0.29	-0.25
(% change compared to base due to sensitivity)	9.98%	-8.51%

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period.



30 Related Party Disclosure:

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

(I) Names of related parties and description of relationship with the Company
Key management personnel:

Mr. Kartimalappa Madal Virupakshappa - Chairman
Mr. Mahesh B Shirur - Managing director
Mr. Vikash Kumar Vikash - Director (From June 22, 2021)
Mr. Chandra Shekhar Lakshmana Nayaka - Director
Mr. Mallikarjun Veerabhadrappa Savakar - Director
Mr. Kubsad Raju Nivedita - Director
Mr. Haleshappa Shiva Kumar - Director
Mr. Siddiq Pasha - Director (From June 22, 2021)

(II) Transactions with related parties during the year:

Relationship / name of the related party	Description of the nature of transactions	Rs. Crores	
		31-03-2022	31-03-2021
Key management personnel:	Remuneration Paid to KNMPs	0.51	0.46

(III) Balances of related parties

Particulars	Rs. Crores	
	31-03-2022	31-03-2021
	0	0

(IV) Maximum balance during the year (reckoned as at end of each month)

Particulars	31-03-2022		31-03-2021	
	Dr.	Cr.	Dr.	Cr.
Not Applicable as there are no Balances with Related Parties at any point of time during the year				



(V)

Key Management Personnel (KMP) compensation:

Particulars	Rs. Crores	
	31-03-2022	31-03-2021
A : Directors		
Remuneration to Mr. K. Madal Virupakshappa - Chairman	0.10	0.07
Director Sitting Fees	0.01	0.01
B : Key Managerial Persons (KMP)		
Remuneration to Mr. Vijay Kumar - Managing director		0.10
Remuneration to Mr. Hari Kumar Jha - Managing director		0.24
Remuneration to Mr. Mahesh B Shirur - Managing director	0.40	0.02
Total	0.51	0.44

Note: Since the provision for gratuity and leave absences are determined for the company as a whole, it is not possible to identify the amount for KMPs separately.

31 Leases

The Company has leasing arrangements for its various godowns and office buildings. Non-cancellable period for those leasing arrangements are less than 12 months and the Company elected to apply the recognition exemption for short term leases to these leases. The lease amount is charged as rent. The Total lease payments accounted for the year ended March 31, 2022 is 1.16 crore (previous year 1.35 crore).

a) As a lessee

Particulars	Rs. Crores	
	As at 31 March 2022	As at 31 March 2021
Less than one year	1.44	1.35
One to three years	1.41	-
Three years to five years		
More than five years		
Total undiscounted lease liabilities as 31st March	2.85	1.35

Amounts recognized in statement of profit and loss

	Rs. Crores	
	As at 31 March 2022	As at 31 March 2021
Short term leases	1.16	1.35
Expenses relating to short term lease	1.16	1.35
Total	1.16	1.35



b) As a lessor

Amounts recognized in statement of profit and loss	Rs. Crores	
	As at 31 March 2022	As at 31 March 2021
Operating lease income	0.74	1.19
Total	0.74	1.19

Undiscounted lease payments to be received after

Particulars	As at	
	31 March 2022	31 March 2021
Less than one year	0.06	-
One to three years	0.28	-
Three years to five years	-	-
More than five years	-	-
Total undiscounted lease liabilities as 31st March	0.34	-

32 Contractual liabilities

All contractual liabilities connected with business operations of the Company have been appropriately provided for.

33 Realisations

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation of current assets, loans and advances, will in the ordinary course of business be not less than the amounts at which they are stated in the Balance Sheet.

34 Transfer pricing

The Management is of the opinion that its transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for tax.



35 Segment Reporting

As per para 12 of Ind AS 108, two or more operating segments may be aggregated into a single operating system if aggregation is consistent with the core principle of this Ind AS, the segments have similar economic characteristics, and the segments are similar in each of the following respects:

- a) the nature of the products and services
 - b) the nature of the production process
 - c) the type or class of customer for their products and services
 - d) the methods used to distribute their products or provide their services
 - e) if applicable, the nature of their regulatory environment
- Further, the Company views the business in toto and not as segments and hence Segment reporting is not applicable.

36 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

37 Impairment

Company is in the process of identification of impairment on its assets. Impairment loss if any will be recognised in the next financial year.

38 General

Confirmation of balances as on the year end was requested from the vendors and response to the letters are awaited. Hence, the balances are subject to confirmations and reconciliation, if any.

Segregation between current and non current liabilities/assets as at end of current and previous reporting periods have been done on an estimated basis in certain cases to the extent of information available. Due to reassessment of current and non current balances, there have been considerable regroupings between current and non current balances and vice versa.

No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

As per the information available with the company, there are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

The spread of COVID-19 has severely impacted business around the globe. There has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Trade Receivables, and Inventory as at the balance sheet date and has concluded that there is no material adjustments required in the financial statements. The management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Amounts in the financial statements are rounded off to the nearest Crores and Previous period figures have been regrouped / reclassified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III of the Companies Act, 2013.



(i) Ratio Analysis						
Ratios	Numerator	Denominator	Current Year	Previous Year	Variation in %	Reason for Variance
a) Current Ratio (In times)	Total current assets	Total current liabilities	4.02	4.35	-7.71%	
b) Debt- Equity Ratio (In times)	Debt consists of borrowings and lease liabilities	Total equity	0.22	0.20	9.19%	
c) Debt Service Coverage Ratio (In times)	EBITDA = Earnings Before Interest, Tax, Depreciation, and Amortization	Debt service = Current maturities of Debt	0.00	0.00		
d) Return on Equity Ratio (In %)	Profit for the year less Preference dividend (if any)	Average total equity	0.08	0.07	12.45%	
e) Inventory Turnover Ratio (In times)	Cost of Goods sold	Average Inventory	0.18	0.15	16.58%	
f) Trade Receivable Turnover Ratio (In times)	Revenue from operations	Average trade receivables	31.40	14.90	110.79%	Considerable increase in Revenue from operation and decrease in average trade receivable has resulted in increase in trade receivable turnover ratio.
g) Trade Payable Turnover Ratio (In times)	Total Purchases	Average trade payables	12.94	12.41	4.23%	
h) Net Capital Turnover Ratio (In times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	1.34	1.36	-1.01%	
i) Net Profit Ratio (In %)	Profit for the year	Revenue from operations	0.15	0.14	2.36%	
j) Return on Capital Employed (In %)	Profit before tax and finance costs	Capital employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.11	0.08	30.28%	Considerable increase in profit has resulted in increase in return on capital employed.
k) Return on Investment (In %)	Income generated from invested funds	Average invested funds in treasury investments	0.00	0.00		





SHAREHOLDING PATTERN OF THE COMPANY FOR THE YEAR ENDED
31.03.2022

Sl. No.	Name of the Share Holders	No. of Shares held (Equity Shares of Rs. 1000/- each)
1.	Hon'ble Governor of Karnataka	3,18,215
2.	Sri. Mahesh B Shirur, IFS Managing Director	1
3.	Sri. Siddiq Pasha, Joint Secretary to Government, Commerce & Industries Department (Services & Co-ordination)	1
4.	Sri. B Venkatesh Murthy, Deputy Secretary to Govt. (Textiles)	1
5.	Smt. R. Manjula, Under Secretary to Govt. (C&C)	1
6.	Smt. K Uma, Deputy Secretary to Govt., (Services-2), Finance Department	1
7.	Smt. Vanitha, Under Secretary to Govt, (Exp-1 & B&R) I/C	1
Total		3,18,221

By the Order of the Board For and on behalf of
M/s. KARNATAKA SOAPS AND DETERGENTS LIMITED

Sd/-
Madal Virupakshappa
Chairman
DIN: 08904142

Sd/-
Mahesh M
Managing Director
DIN: 09628072

Date : 07/10/2022
Place: Bengaluru