



ಕರ್ನಾಟಕ ಸೋಪ್ಸ್ & ಡಿಟರ್ಜೆಂಟ್ಸ್ ಲಿಮಿಟೆಡ್
KARNATAKA SOAPS & DETERGENTS LIMITED

SHORTER NOTICE TO THE 43RD ANNUAL GENERAL MEETING

To

ALL THE SHAREHOLDERS

NOTICE is hereby given that the **43rd Annual General Meeting** of the Members of M/s. Karnataka Soaps and Detergents Limited will be held on Tuesday, the 28th day of November 2023 at 1.00 PM at IKF Hall, 3rd Floor, Khanija Bhavan, Race Course Road, Bangalore 560001, Karnataka 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, 2023 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, 2023:

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, 2023, 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 at the rate of 30% on Profit after tax amounting to Rs. 54,74,80,421/- for the Financial Year ended 31st March 2023:

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. 54,74,80,421/- as recommended by the Board of Directors of the Company for the year ended 31st March 2023 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 2023-24:

To note the appointment of **M/s. P. Chandrasekar LLP, Chartered Accountants, (Firm # 000580S/S200066)**, Bengaluru for the financial year 2023-24 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)**, are hereby appointed by the Comptroller and Auditor General of India as the Statutory Auditors of the Company for the Financial Year 2023-24, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the 44th 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**

Sd/-

(SHEELA ARVIND)
COMPANY SECRETARY (R)

Place: Bengaluru
Date: 25/11/2023



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 43rd 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, Chartered Accountants (Firm # 000580S/S200066)**, as the Statutory Auditors of the Company for the financial year 2023-24 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)/1669, dated 22/09/2023**.
- f) The Financial Statements, Auditors' Report, Boards' Report along with relevant Annexure are enclosed herewith.
- g) The 43rd Annual General Meeting of the Company is being convened at a shorter notice after obtaining the necessary consent from the Shareholders of the Company.

BOARD'S REPORT

To

The Members,
M/s. Karnataka Soaps and Detergents Limited.,
Bangalore

Your Directors have immense pleasure in presenting the 43rd Annual Report of your company along with the audited financial statements, for the financial year March 31, 2023.

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)

Particulars	March 31, 2023	March 31, 2022
Total Revenue from operations	1,127.19	929.62
Other Income	51.45	26.83
Total Income	1,178.64	956.45
Total expenses, including depreciation and finance costs	899.45	715.00
Profit/loss before exceptional items	279.19	241.45
Exceptional items	-	-
Profit/Loss before tax	279.19	241.45
Tax Expense	98.42	103.25
Profit/Loss for the year	180.77	138.20
Other Comprehensive Income	1.72	(0.33)
Total Comprehensive Income for the period	182.49	137.88

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. 54,74,80,421 payable to the Government of Karnataka as the Register of Members as on Record Date.

4. COMPANY'S PERFORMANCE:

A) SALES: Segment wise position of Sales:

Sl. No.	Class of Goods	2022-23		2021-22	
		Qty. in Mts.	Value (Rs. in Lakh)	Qty. in Mts.	Value (Rs. in Lakh)
1.	Soaps	27,229.487	1,04,722.61	23,319.86	85,725.46
2.	Detergents	5,633.111	2,285.51	4,025.23	2,419.54
3.	Sandalwood Oil	0.009	49.07	0.02	77.62
4.	Agarbathies	799.087	1,105.55	765.83	2,080.55
5.	Talcum Powder/ Cosmetics	359.290	1,599.09	315.80	1,309.24
6.	Coconut Oil	514.820	1,917.00	254.55	833.69
7.	Others	267.480	1,040.55	212.23	515.84
	Total	34,803.284	1,12,719.38	28,893.52	92,961.94

B) OPERATING PERFORMANCE:

i) Segment wise Production:

The total value of Production of various products of the Company during the year was Rs. 34,626.29 lakhs as against Rs. 28,468.16 lakhs in the previous year. The product wise actual product quantities are as under:



Sl.No.	Class of Goods	Actual Production In MTs.	
		2022-23	2021-22
1.	Soaps	27,087.110	23,289.15
2.	Detergents	5,832.233	3,820.78
3.	Sandal Oil (Extraction of sandalwood oil)	2.167	3.15
4.	Agarbathies	661.765	668.47
5.	Talcum Powder	579.484	441.52
6.	Coconut Oil	463.539	245.09
7.	Others	-	-
	Total	34,626.298	28,468.16

ii) Highlights for the year 2022-23

Your Company has generated record revenue of Rs.1,127.19 crores during the financial year ended 31.03.2023 as against the revenue of Rs. 929.62 crores in the previous year. The Company has posted a net profit of Rs. 182.49 crores as against Rs. 137.88 in the previous year. The Company has incurred an expense of Rs. 899.45 crores as against Rs. 715.00 crores during the previous year.

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, 2023 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 One Thousand only) each.

The Paid-Up Share capital of the Company at the beginning and end of the Financial Year March 31, 2023 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 One 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 2022-23 including the current composition of the Board are tabled below:

KARNATAKA SOAPS AND DETERGENTS LIMITED

Sl. No	Name of the Director	DIN	Designation	Appointment/ Cessation	Date of Appointment	Date of Cessation
1	Chandrashekar Nayak L	08215036	Independent Director	Cessation	06/07/2020	18/04/2022
2	K M Virupakshappa	08904142	Nominee Director & Chairman	Cessation	27/07/2020	07/03/2023
3	Mahesh B Shirur	08524095	Managing Director	Cessation	06/03/2021	23/05/2022
4	Siddiq Pasha	09253321	Cessation	Cessation	22/06/2021	31/03/2023
5	Dr. Mahesh Mahadevaiah	09628072	Managing Director	Appointment	23/05/2022	-
6	Kukkehalli Nitish	08890701	Nominee Director	Appointment	31/05/2022	-
7	Krishnamurthy K S	-	Nominee Director	Appointment	03/02/2023	-
8	Kiran Avaradi	-	Nominee Director	Appointment	14/02/2023	-
9	Galeppa Doddapoojarappa	-	Nominee Director	Appointment	07/03/2023	-
10	Jayanna Puttappa Malligara	-	Nominee Director	Appointment	02/03/2023	-

The following are the changes in the Board structure post Balance Sheet date 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.	Mallikarjun Veerabhadrapa Savakar	09046936	Nominee Director	Cessation	29/12/2020	22/05/2023
2.	Kubsad Raju Niveditha	09046939	Nominee Director	Cessation	29/12/2020	22/05/2023
3.	Haleshappa Shiva Kumar	09047618	Nominee Director	Cessation	29/12/2020	22/05/2023
4.	Dr. Mahesh Mahadevaiah	09628072	Managing Director	Cessation	23/05/2022	08/08/2023
5.	Vikash Kumar Vikash	08122455	Nominee Director	Cessation	22/06/2021	08/08/2023
6.	Krishnamurthy K S	-	Nominee Director	Cessation	03/02/2023	22/05/2023
7.	Kiran Avaradi	-	Nominee Director	Cessation	14/02/2023	22/05/2023

8.	Galeppa Doddapoojarappa	-	Nominee Director	Cessation	07/03/2023	22/05/2023
9.	Jayanna Puttappa Malligara	-	Nominee Director	Cessation	02/03/2023	22/05/2023
10.	Mallanagouda Basanagouda Patil	02558869	Nominee Director & Chairman	Appointment	13/06/2023	Till date
11.	Purada Katte Manematada Prashanth	10293189	Managing Director	Appointment	08/08/2023	Till date
12.	Manoj Kumar	09379177	Nominee Director	Appointment	08/08/2023	Till date
13.	Ramachandrappa Ramesh	06820058	Nominee Director	Appointment	08/08/2023	Till date

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

Sl. No	Name of the Director & DIN	Designation	Date of Appointment	Date of Cessation
1	Mallanagouda Basanagouda Patil DIN: 02558869	Nominee Director & Chairman	13/06/2023	Till date
2	Purada Katte Manematada Prashanth DIN: 10293189	Managing Director	08/08/2023	Till date
3	Kukkehalli Nitish DIN: 08890701	Nominee Director	31/05/2022	Till date
4	Manoj Kumar DIN: 09379177	Nominee Director	08/08/2023	Till date
5	Ramachandrappa Ramesh DIN: 06820058	Nominee Director	08/08/2023	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, Sri. Chandrashekar Nayak L, (DIN: 08215036) served as the Independent Directors of the Company. However, Sri. Chandrashekar Nayak L, (DIN: 08215036) ceased to be Director of the Company during the year. The Board had placed on record its appreciation for his valuable contribution and guidance during his tenure as Independent Director. Thereafter, Sri Nitish K (DIN: 08890701)



served as the Independent Director effective from 31/05/2022.

In terms of Section 149 of the Act, Sri. Nitish K (DIN: 08890701) is the Independent Director of the Company as at the financial year ended 31.03.2023 and further, the said Director have met the criteria of independent Director.

11. BOARD MEETINGS AND GENERAL MEETINGS

- (i) The Board of Directors duly met **4 (Four)** times during the financial year 2022-23. The Meetings of Board of Directors held during the year 2022-23.

Board Meeting No.	Board Meeting Date
257th	22.04.2022
258th	11.08.2022
259th	07.10.2022
260th	21.11.2022

Company ought to have held the Board Meetings within a gap of 120 days between two consecutive meetings of the Board. However, the Company has not convened a Board Meeting during the period from 01.01.2023 to 31.03.2023; hence the Company violated the provision of Section 173(1) of the Companies Act, 2013

- (ii) The Company has convened the **42nd Annual General Meeting** on 07.10.2022 during the Financial Year 2022-23 beyond the stipulated period i.e., 30.09.2022. However, the Company had obtained the extension of three (3) months i.e., up to 31.12.2022 from the Ministry of Corporate Affairs, Office of the Registrar of Companies, Karnataka vide their order dated 28/09/2022.

Further, the 42nd 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 Extraordinary 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. Nitish K, 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 2022-23

Audit Committee Meeting	Audit Committee Meeting Date
51 st	11.08.2022
52 nd	03.10.2022

(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 Dr. Mahesh Mahadevaiah, IAS (Chairman), Sri. Siddiq Pasha (Member) and Sri. Nitish K, IAS (Member).

The Meeting of the CSR held during the year 2022-23

CSR Meeting No.	CSR Meeting Date
12th	13.04.2022
13th	27.07.2022
14th	03.10.2022
15th	21.11.2022

(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 2022-23 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 2022-23.

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://mysoresandal.karnataka.gov.in/>. The Annual Report on CSR Activities is attached as **Annexure-1** 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	2022-23	2021-22
1.	Electricity	A) Purchased		
		i) Units – KWH	37,74,159.00	33,80,490.00
		ii) Total amount (Rs. in Lakh)	363.76	307.89
		B) Own Generation of Power		
		i) Through Diesel Generator Units	24,144.00	1,836.00
		ii) Diesel consumed (KL)	14,787.00	7,224.00
		iii) Units/liter of Diesel Oil	1.63	2.54
		iv) Cost per Unit (Rs.)	57.05	33.22
		C) Through Steam	-	-
		i) Turbines / Generators	-	-
		ii) Units	-	-
		iii) Cost/ Unit (Rs.)	-	-

2.	Coal	i) Quantity (MTs)	519	612.82
		ii) Value (Rs. in Lakh)	64.92	46.99
		iii) Average Rate / ton (Rs.)	12509.09	7,668.48
3.	Consumption per unit of production (production in MTs (Please refer to Sch. 28))	a) Electricity-KWH Ton	109.69	119.39
		b) Coal (MTs Consumption)	239.52	194.55

B. Technology Absorption:

a.	The efforts made towards technology absorption	New advanced machineries for production of Soaps have been installed
b.	The benefits derived like product improvement, cost reduction, product development or import substitution	Improved performance of the production. Increase in the production capacity
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	-

C. Further, Foreign Exchange earnings and outgo:

a.	Foreign Exchange earned in terms of actual inflows during the year under report	Rs. 19.62 Crores
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. P. Chandrasekar LLP, (Firm Reg No.000580S/S200066), Chartered Accountants, Bengaluru were appointed as Statutory Auditors of the Company to conduct the Statutory Audit for the Financial Year 2022-23 and the remuneration payable to them was approved by the Shareholders in the 42nd Annual General meeting of the Company held on 07/10/2022.

The Office of the Comptroller and Auditor General of India vide Letter No./CA.V/COY/KARNATAKA.KNSOAP/(1)/1669 dated 22-09-2023, have appointed M/s. P.Chandrasekhar LLP (Firm # 000580S/S200066), Chartered Accountants, Bengaluru as the Statutory Auditors of the Company for the year 2023-24 to carry out the statutory audit.

(ii) 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 2022-23 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.

(iii) 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.

(iv) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the rules made there under, the Company appointed M/s. Jyothi Shivayogi & Associates., Company Secretaries, Bengaluru to undertake the Secretarial Audit of the Company for the year ended 31st March 2023. The Secretarial Audit Report issued in this regard is annexed as **Annexure**.

27. 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.	Land (freehold and leasehold) – The PPE records maintained by the Company and detailed records held by revenue authorities in respect of land of the company could not be correlated. All the deficiencies in documentation to the extent identified, encroachment of certain properties of the Company by third parties and other matters set out in notes 2.i to v to Financial Statements. Attention of the members is invited to paragraph 1(c) of our report on matters required to be dealt with in terms of the Companies (Auditor's Report) Order, 2020 ("the Order"), wherein we have expressed our inability to comprehensively identify land not in the name of the Company. These deficiencies detailed in the said notes have significant bearing on the title of the Company to such properties.	The company is in the process of identification of encroachment by third parties, once the company receives all the details of encroachment the company shall pursue legal steps of said land.
2.	Attention is drawn to note no. 2.vi of the Financial Statements regarding 99 years lease of 1.82 acres of the Company's Mysore Property. As per para 7 & 16 of Ind AS 40 – Investment property, an entity shall identify properties as investment property if it is held to earn rentals or for capital appreciation or for both. The Management of the company has not considered this property as investment property though this is given on lease for 99 years and there would be significant capital appreciation in this period. In the absence of such disclosure, we are unable to comment on the impact of this on the Financial Statements.	The company has given on lease 1.82 acres of land at Mysore on lease. The company is not earning any significant rental income from this property even though there is capital appreciation on the land hence the company is not disclosing the land as an investment property.
3.	Attention is drawn to note no. 23 of the Financial Statements regarding property tax payable in respect of land being recognized either being based on estimates or not determined at all in the absence of demands from the revenue authorities and/or pending reconciliation of land records as per asset records with records held by the revenue authorities. Due to non- availability of proper records, adequacy / completeness / correctness of provisions recognized, its impact on Financial Statements could not be ascertained.	The company has made provisions based on the orders issued by the Revenue department of Karnataka. The company has large tracks of vacant land and therefore liable to disclose property tax on the same. The company has approached the respective authorities and has provided for the amounts at the rates upon consultation with them.



4.	<p>Other Fixed Assets:- The Company has not done physical verification of fixed assets and reconciled the same with the Fixed Assets register. In the absence of the same, we are unable to confirm whether all the Fixed Assets of the Company are in existence and are in a usable condition.</p>	<p>The company is initiated the process of Fixed asset physical verification. The same will be carried out and the report of physical verification shall be submitted to your office.</p>
5.	<p>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 of 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 of any potential impairment of assets.</p>	<p>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</p>
6.	<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>
7.	<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>

8.	<p>Confirmation on the Note No. 5 - The Company has a system of appropriating payments received against specific bills raised. However, the appropriation of payments received against bills is done on an ad-hoc basis without any specific advice from the customers. Consequently, we are unable to confirm the age-wise data furnished in respect of trade receivables. Further, the Company has also not obtained confirmation of balances/ statements of account / reconciliation with books in respect of its trade receivables. In the 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 honored 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>
9.	<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 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 the regular intervals of time.</p>
10.	<p>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 does not have any mechanism to identify the vendor as per the regulations which is in contravention of The MSMED Act, 2006 and The Companies Act, 2013.</p>	<p>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.</p>



11.	<p>The company does not enter into formal agreements with the Redistributors appointed by Head office and branches for sales of Products. Redistributors are appointed for various areas and in the event of non-performance of obligations, the company replaces the redistributors. Redistributors are the main link in the chain for Sale of products and major portion of the sales of the company is dependent on such redistributors. Additionally, the Field Sales activities of the company including relationships with the Redistributors are managed by Fixed Contract Employees of the Company. In the absence of a formal arrangement, we are unable to confirm the rights and obligations of the redistributors and the company and the impact on future sales prospects of the company.</p>	<p>The company's current organization structure at the branches is as follows, Every branch has a branch head/ branch accountant/ junior officer and other officials who are permanent employees of the company. These officials have control over the appointment/ Replacement of redistributors stockist's, transporters C&F agents etc. the sales by the branches closely monitored by branch head and marketing executives at HO level. However, efforts are being made to streamlining this process by enforcing proper documentation from the branch level to the HO level</p>
12.	<p>Attention is invited to Note 18.i — Other Income — Recovery of Employee Pension. The Company is accounting the reimbursement of employee final dues settled in the earlier years from the Government of Karnataka in respect of the employees who had joined the company as employees in the rolls of erstwhile Government Sandal Oil Factory, Mysore, Bangalore and Shivamogga. While the company has got reimbursement in respect of 250 such employees from FY 2020-21, the company does not have conclusive records of the overall number of such eligible cases and the potential amount of recovery / reimbursement to be received from the Government. In the absence of this information, we are unable to quantify the impact of such transactions in the Financial statements of the Company.</p>	<p>The company has made provisions amounting to Rs. 9.6 Crore from the year 2021-2022 to 2022-23 towards employees pension amount reimbursable to the KSDL EPF Trust. The company is in the process of obtaining the records of such employees whose pension has been received. However, since the amount is payable to the KSDL EPF Trust.</p>
13.	<p>Attention is invited to Note 38.vi — General regarding inquiry by Karnataka Lokayuktha police on the Raw Material tenders and purchases made by the company. As the investigation is ongoing, we are unable to comment on the compliance with Government guidelines and adequacy of internal controls in procurement of raw materials by the company. We have not been furnished with any documents / information in this regard.</p>	<p>The company has in its board meeting approved the constitution of a committee which will study the report if the cost auditor appointed for the purpose of verification of raw material tenders floated during the year under audit. This process has already initiated and the company is calling for the quotations from the cost auditors.</p>

14.	<p>Attention is invited to Note 28 – Contingent Liabilities, Capital and Other commitments where it is stated that the Company has reported potential financial impact of Contingent Liabilities pertaining to Legal cases against the Head office of the Company. The company does not have a record of such Legal cases and other contingent liabilities in respect of all the branch offices of the company from where the entire Sales turnover emanates and we are unable to comment on the correctness / otherwise of the Contingent Liabilities reported and the potential impact of the same on the financial statements of the company.</p>	<p>The company is in the process of the collation of legal cases and other contingent liability from the all the branch offices. The potential impact of these contingencies will be disclosed once the company is reasonably certainty of the same.</p>
15.	<p>The company has not reconciled its dues in respect of Income Tax including those under appeal with the corresponding liability as well as advance tax/refunds/disputed taxes and not properly classified accordingly in the FS. Attention is drawn to our comments in respect of paragraph 3(vii)(b) of the Order where in disputed taxes are reported based on respective appeal documents/income tax portal as furnished by the Company, which are not independently validated by us in the absence of such reconciliation as stated above.</p>	<p>The company is in the process of reconciling dues in respect of Income Tax including those under appeal with the corresponding liability as well as disputed taxes. The company has furnished documents relating to liabilities of income tax appeal and other disputed taxes. once the said reconciliation is done and the correct amount has been computed and the income tax liability is arrived at the company shall make necessary provisions and disclose it accordingly</p>
16.	<p>Note No. 23 to the financial statements – Other expenses includes Rates and Taxes of Rs. 33.28 Crores, out of which company has made provision for Property Tax of Rs. 20.22 Crores towards the Property tax liability on Vacant land at the Bengaluru Factory, Mysuru Factory and Shivamogga Factory for the period from 2003 to 2023 and Rs.9.61 Crores towards GST demand for the FY 2017-18 and other expenses of Rs.3.45 Crores. In the absence of clear details and external confirmation of such liabilities, we are unable to confirm the correctness or otherwise of the provisions so made in the books of accounts.</p>	<p>The company has made provisions based on the orders issued by the Revenue department of Karnataka. The company has large tracks of vacant land and therefore liable to disclose property tax on the same. The company has approached the respective authorities and has provided for the amounts at the rates upon consultation with them.</p>



17.	The Company has not identified lease contracts entered by it as a lessee within the meaning of Ind AS 116 – Leases and has not consequently adopted the principles of recognition, measurement and disclosure contemplated therein, but has expensed off rent payable to the statement of profit and loss as per contractual terms.	Noted the observation. The company will disclose the lease liabilities/ lease contracts during the next financial year 2023-24 with in the meaning of disclosure requirement of Ind AS-116
18.	Note No. 11 Deferred Tax Asset (Liability) – Net: The Noncurrent liabilities understated to the extent of Rs. 0.93 Crore and consequently has effect of impact on profit after tax and on Other Equity of the Company.	The effect of deffered taxes has been considered in OCI portion of the profit and loss account and reserves 0.93 crore has been taken to reserves
EMPHASIS OF MATTER		
Sl. No.	Observations	Management Reply
1.	Note No. 23 to the financial statements – Other expenses includes Provision for doubtful debts of Rs. 19.83 Crores. The company has not conducted any assessment of the Expected Credit Loss as required under Ind AS 109, however Provision of Rs. 19.83 Crores is made in respect of dues from customers beyond 6 months.	This is in line with the accounting policy of the company to provide for doubtful debts on debtors outstanding for a period greater than six months.
2.	Note No. 18 to the Financial Statements – Other Income – Written backs of Rs. 1.62 Crores which was pertaining to the previous period.	This income pertains to excess provision made and retention monies no longer payable of the previous years which have been written back during the current year.

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

Sl. No.	Observations	Management Reply
1.	The Company has not convened a Board Meeting for the quarter ending 31.03.2023; hence the Company has violated the provision of Section 173(1) of the Companies Act, 2013	Due to the internal issue, the Board Meeting for the March quarter ending was not been convened.
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 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.

3.	In terms of Section 177 of the Companies Act, 2013, the Audit Committee of the Company is not comprised of majority of Independent Directors. However, the Company had only one Independent Director in the Audit Committee. Based on the explanation given by the management, a requisition for appointment of Independent Directors is sent to the Government and Government approval is awaited.	A requisition for appointment of Independent Directors is sent to the Government and Government approval is awaited.
4.	The Company has complied with the provision of having one women director on the Board of the Company. However, as on the date of Audit Report, the company does not have a women director on the Board of the Company.	a requisition for appointment of Woman Directors is sent to the Government and Government approval is awaited.

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 2023 shall be tabled at the AGM.

28. 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.

29. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 March 2023 have been disclosed as per Division II of Schedule III to the Companies Act, 2013.

30. 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.

31. 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.

32. 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.



33. 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:

- Number of complaints pending at the beginning of the year-00
- Number of complaints received during the year-00
- Number of complaints disposed off during the year-00
- Number of cases pending at the end of the year-00

34. 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.

35. EMPLOYEES AND LABOUR WELFARE

(i) Total employees:

The total number of Employees (Including Outsourced / Contract) as on 31/03/2023 is given below:

Particulars	Total Strength
Bangalore Unit	1,169
SOD Mysore	179
SOD Shivamogga	17
Marketing Department (Bangalore, Chennai, Hyderabad, Mumbai, Kolkata and New Delhi)	496
Total	1,861

(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:

Employer and Employees relations form foundation of all organisation and in your Company the amiable relation prevail for years. The industrial relations scenario in the Company continued to be cordial and harmonious in the financial year 2022-23. Regular interactions were with KSDL Employees union and KSDL Employees Officer Association on issues of employee's welfare. This has helped in building an atmosphere of trust and cooperation, resulting in a motivated workforce and continued improvement in performance.

36. ACKNOWLEDGEMENTS:

Your directors whole heartedly thank for the support and co-operation received from State Government, various other Government Authorities including the Ministry of Commerce and Industries, 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**

**Sd/-
M.B. Patil
Chairman
DIN: 02558869**

**Sd/-
Prashanth P K M
Managing Director
DIN:10293189**

Date: 25/11/2023
Place: Bengaluru



Annexure-I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FINANCIAL YEAR 2022-23.

(Pursuant to Section 135 of the Companies Act, 2013 ('the Act') & Rules made thereunder

1. Brief outline on CSR Policy of the Company:

The Corporate Social Responsibility (CSR) is a planned set of activities taking into consideration the Company's capabilities, expectations of the communities living in and around the areas of its operation as well as where it has its presence, targeted to have a significant positive impact in the long term. The main aim is to actively contribute towards overall sustainable socio-economic development in the regions where the industry is operating or where its interests lie that balance financial profit social well-being of local communities and the society at large.

The Policy is available for the public on the Company's website <https://mysoresandal.karnataka.gov.in/>. The Company's CSR policy and initiatives delineate the vision, mission, thrust areas and key requirements aligned with the Schedule VII of Section 135 of the Companies Act, 2013.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Mahesh Mahadevaiah, IAS	Chairman	03	03
2	Sri. Siddiq Pasha	Member	04	04
3	Sri. Nitish K, IAS	Member	03	03

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

<https://mysoresandal.karnataka.gov.in/>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable

In terms of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the requirement of conducting an impact assessment of its CSR Projects is not applicable to the Company.

5.

a	Average net profit of the company as per section 135(5)	1,97,41,65,179.43
b	Two percent of average net profit of the company as per section 135(5)	3,94,83,303.59
c	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NA
d	Amount required to be set off for the financial year, if any	NA
e	Total CSR obligation for the financial year	3,94,83,303.59

6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project - **Rs. 3,94,83,303.59/-**

b) Amount spent in Administrative Overheads - **Nil**

c) Amount spent on Impact Assessment, if applicable - **Nil**

d) Total amount spent for the Financial Year [(a)+(b)+(c)] - **Rs. 3,94,83,303.59/-**

e) CSR amount spent or unspent for the Financial Year.

KARNATAKA SOAPS AND DETERGENTS LIMITED

Total Amount Spent for the Financial Year (in Rs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
3,94,83,303.59/-	Nil	Nil	Nil	Nil	Nil

The Company has spent CSR amount through its implementing agency M/s. Karnataka Soaps and Detergents Limited Corporate Social Responsibility Trust and the CSR amount has been transferred to CSR Trust and accordingly, the amount has been spent by the trust.

f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
i	Two percent of average net profit of the company as per section 135(5)	Nil
ii	Total amount spent for the Financial Year	Nil
iii	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: **Nil**

By the Order of the Board of Directors of

Sd/-
M.B. Patil
Chairman
DIN: 02558869

Sd/-
Prashanth P K M
Managing Director
DIN:10293189

Date: 25/11/2023
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 2022-23

To

The Members

M/s. Karnataka Soaps and Detergents Limited
P.B. 5531, Pune 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 2023 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 2023 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 (effective from 1st July, 2015 and with latest amendments).

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 not convened a Board Meeting for the quarter ending 31.03.2023; hence the Company has 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.*
3. *In terms of Section 177 of the Companies Act, 2013, the Audit Committee of the Company is not comprised of majority of Independent Directors. However, the Company had only one Independent Director in the Audit Committee. Based on the explanation given by the management, a requisition for appointment of Independent Directors is sent to the Government and Government approval is awaited.*



4. *The Company has complied with the provision of having one women director on the Board of the Company. However, as on the date of Audit Report, the company does not have a women director on the Board of the Company.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, 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 Jyothi Shivayogi & Associates
Firm Registration No. S2020KR753900**

**Sd/-
Jyothi Shivayogi
Company Secretary in Practice
Membership No: F9856
C.P. No. 12270
UDIN: F009856E002341702**

Place: Bengaluru

Date: 25-11-2023

“Annexure - A”

To

The Members,
M/s. Karnataka Soaps and Detergents Limited
P.B. 5531, Pune 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 Jyothi Shivayogi & Associates
Firm Registration No. S2020KR753900**

Sd/-

**Jyothi Shivayogi
Company Secretary in Practice
Membership No: F9856
C.P. No. 12270
UDIN: F009856E002341702**

Place: Bengaluru
Date: 25-11-2023

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 2023.

The preparation of financial statements of **Karnataka Soaps & Detergents Limited, Bangalore** for the year ended **31 March 2023** 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 **16th November 2023** which supersedes their earlier Audit Report dated **22nd September 2023**.

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 2023** 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 observation 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**

**Sd/-
(VIMALENDRA A. PATWARDHAN)
Pr.ACCOUNTANT GENERAL (AUDIT-II)
KARNATAKA, BENGALURU**

Place : Bengaluru

Date: 24th November 2023



REVISED INDEPENDENT AUDITOR'S REPORT

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, 2023, the Statement of Profit and Loss, (including other Comprehensive Income) the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the Significant Accounting Policies and other explanatory information on that date and submitted our report on 22nd September 2023. Subsequently the audit report has undergone revision in the light of Observations of the Comptroller and Auditor General of India. This supersedes our earlier report dated 22nd September 2023.

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, 2023, 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 there under, 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. We further report as under: -

1. Land (freehold and leasehold):

-The PPE records maintained by the Company and detailed records held by revenue authorities in respect of land of the company could not be correlated. All the deficiencies in documentation to the extent identified, encroachment of certain properties of the Company by third parties and other matters set out in notes 2.i to v. to Financial Statements. Attention of the members is invited to paragraph 1(c) of our report on matters required to be dealt with in terms of The Companies (Auditors' Report) Order, 2020 ("the Order"), wherein we have expressed our inability to comprehensively identify land not in the name of the Company. These deficiencies detailed in the said notes have significant bearing on the title of the Company to such properties.

2. Attention is drawn to note no. 2.vi of the Financial Statements regarding 99 years lease of 1.82 acres of the Company's Mysore property. As per para 7 & 16 of Ind AS 40 – Investment property, an entity shall identify properties as investment property if it is held to earn rentals or for capital appreciation or for both. The Management of the company has not considered this property as investment property though this is given on lease for 99 years and there would be significant capital appreciation in this period. In the absence of such disclosure, we are unable to comment on the impact of this on the Financial Statements.
3. Attention is drawn to note no. 23 of the Financial Statements regarding property tax payable in respect of land being recognized either being based on estimates or not determined at all in the absence of demands from the revenue authorities and/or pending reconciliation of land records as per asset records with records held by the revenue authorities. Due to non-availability of proper records, adequacy / completeness / correctness of provisions recognized, its impact on Financial Statements could not be ascertained.
4. Other Fixed Assets:- The Company has not done physical verification of fixed assets and reconciled the same with the Fixed Assets register. In the absence of the same, we are unable to confirm whether all the Fixed Assets of the Company are in existence and are in a usable condition.
5. 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 of 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 of any potential impairment of assets.
6. 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.
7. 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.
8. Confirmation on the Note No. 5 - The Company has a system of appropriating payments received against specific bills raised. However, the appropriation of payments received against bills is done on an ad-hoc basis without any specific advice from the customers. Consequently, we are unable to confirm the age-wise data furnished in respect of trade receivables. Further, the Company has also not obtained confirmation



- of balances/ statements of account / reconciliation with books in respect of its trade receivables. In the absence of external confirmation, we are unable to comment on the fair value measurement.
9. 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.
 10. 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 does not have any mechanism to identify the vendor as per the regulations which is in contravention of The MSMED Act, 2006 and The Companies Act, 2013.
 11. The company does not enter into formal agreements with the Redistributors appointed by Head office and branches for sales of Products. Redistributors are appointed for various areas and in the event of non-performance of obligations, the company replaces the redistributors. Redistributors are the main link in the chain for Sale of products and major portion of the sales of the company is dependent on such redistributors. Additionally, the Field Sales activities of the company including relationships with the Redistributors are managed by Fixed Contract Employees of the Company. In the absence of a formal arrangement, we are unable to confirm the rights and obligations of the redistributors and the company and the impact on future sales prospects of the company.
 12. Attention is invited to Note 18– Other Income – Recovery of Employee Pension. The Company is accounting the reimbursement of employee final dues settled in the earlier years from the Government of Karnataka in respect of the employees who had joined the company as employees in the rolls of erstwhile Government Sandal Oil Factory, Mysore, Bangalore and Shivamogga. While the company has got reimbursement in respect of 250 such employees from FY 2020-21, the company does not have conclusive records of the overall number of such eligible cases and the potential amount of recovery / reimbursement to be received from the Government. In the absence of this information, we are unable to quantify the impact of such transactions in the Financial statements of the Company.
 13. Attention is invited to Note 38.vi – General regarding inquiry by Karnataka Lokayuktha police on the Raw Material tenders and purchases made by the company. As the investigation is ongoing, we are unable to comment on the compliance with Government guidelines and adequacy of internal controls in procurement of raw materials by the company. We have not been furnished with any documents / information in this regard.
 14. Attention is invited to Note 28 – Contingent Liabilities, Capital and Other commitments where it is stated that the Company has reported potential financial impact of Contingent Liabilities pertaining to Legal cases against the Head office of the Company. The company does not have a record of such Legal cases and other contingent liabilities in

- respect of all the branch offices of the company from where the entire Sales turnover emanates and we are unable to comment on the correctness / otherwise of the Contingent Liabilities reported and the potential impact of the same on the financial statements of the company.
15. The company has not reconciled its dues in respect of Income Tax including those under appeal with the corresponding liability as well as advance tax/refunds/ disputed taxes and not properly classified accordingly in the FS. Attention is drawn to our comments in respect of para vii of Annexure A to the Independent Auditor's Report where in disputed taxes are reported based on respective appeal documents/income tax portal as furnished by the Company, which are not independently validated by us in the absence of such reconciliation as stated above.
16. Note No. 23 to the financial statements – Other expenses includes Rates and Taxes of Rs. 33.28 Crores, out of which company has made provision for Property Tax of Rs. 20.22 Crores towards the Property tax liability on Vacant land at the Bengaluru Factory, Mysuru Factory and Shivamogga Factory for the period from 2003 to 2023 and Rs.9.61 Crores towards GST demand for the FY 2017-18 and other expenses of Rs.3.45 Crores. In the absence of clear details and external confirmation for other expenses of Rs.3.45 Crores, we are unable to confirm the correctness or otherwise of the provision made for other expenses in the books of accounts.
17. The Company has not identified lease contracts entered by it as a lessee within the meaning of IndAS 116 – Leases and has not consequently adopted the principles of recognition, measurement and disclosure contemplated therein, but has expensed off rent payable to the statement of profit and loss as per contractual terms.
18. Note No. 11 Deferred Tax Asset (Liability) – Net :The Non current liabilities understated to the extent of Rs.0.93 Crore, and consequently has effect of impact on profit after tax and on Other Equity of the Company.
19. On a review of the Flexi deposits of the Company, it was observed that the flexi deposits are held with Canara Bank for a period of 6 months and with State Bank of India for a period of 12 months. Since the original maturity period of these flexi deposits is more than three months, they do not come under the Cash and Cash Equivalents and should be classified under Bank Balances other than Cash and Cash equivalents. This has resulted in overstatement of Cash and Cash Equivalents and understatement of Bank Balances other than Cash and Cash Equivalents by Rs.78.53 crore.
20. Balance with revenue authorities includes a negative balance of Rs.5.59 crore, the said amount was received as IT refund from the Income Tax Authorities for the Assessment Year 2020-2021, this is not in accordance with the generally accepted accounting principles. This has resulted in understatement (since it is shown as payable) of Other Financial Assets and understatement of Income by Rs.5.59 crore.
21. We have observed that in Other Payables includes an amount of Rs.8.00 crore shown under Outstanding liabilities payable to Chief Minister Relief Fund. As per the 361st Board Meeting, the Board had approved an amount of Rs.5.00 crore to be paid to Chief Minister Relief



Fund for the year 2022-23. This amount is pending to be paid during current year. However, an amount of Rs.8.00 crore has been accounted as payable to Chief Minister Relief Fund instead of the Board approved amount of Rs.5.00 crore. This has resulted in overstatement of Other Current Financial Liabilities (Other payables) by Rs.3.00 crore and profit understated to that extent and corresponding effect on Reserves and surplus position of the Company.

22. On a review of the Rates and Taxes account, it is observed that the amount of balance under Rates and Taxes as per Financial Statements is shown as Rs.33.28 crore, while as per the Trial Balance of the Company, the amount is shown as Rs.42.95 crore and as per the ledger the amount is shown as Rs.39.26 crore. Correctness of the balance under "Rates and Taxes" is pending for reconciliation.
23. We have observed that in Advance to Others includes an balance of Rs. 0.44 crore in the account of M/s. Oriental Enterprises Private Limited, as on 31st March 2023. The Company had paid an advance of Rs. 99.42 lakh (including GST) to M/s Oriental Enterprises Private Limited for supply of Pleat Wrapping Machine. The commissioning is pending since February 2020 due to technical glitches and the supplier has take time for resolving this issue. During the year 2021-22, the Company had made a provision to the tune of advance amount of Rs. 99.42 lakh by debiting Risk Cost Expenses and crediting Risk Cost Payable. This has resulted in overstatement of Risk Cost Expenses and Risk Cost Payable by Rs. 0.44 crore. Further, this has also resulted in over statement of Advance to Others (Other Financial Assets) by Rs.0.44 crore.

24. The Company has let out a portion of its property in the Company premises to KMF outlet. It was observed from the files made available to audit that the tenant had not paid rent for the period from February 2020 to December 2020 and also for March 2018 amounting to Rs.0.09 crore. However, in the absence of supporting documents/records, it could not ascertained in audit as to whether the same is accounted and shown in the financial statements, to that extent receivables are understated and other income is understated.

3. Emphasis of Matter

We draw attention to the following matters in the Notes to the Financial Statements.

1. Note No. 23 to the financial statements – Other expenses includes Provision for doubtful debts of Rs. 19.83 Crores. The company has not conducted any assessment of the Expected Credit Loss as required under Ind AS 109, however Provision of Rs. 19.83 Crores is made in respect of dues from customers beyond 6 months.
2. Note No. 18 to the Financial Statements – Other Income – Written backs of Rs. 1.62 Crores which was pertaining to the previous period.

Our Opinion is not modified in respect of these matters.

4. Other Information

1. 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.

2. Books of Account: - The books of account of the Company are maintained in Tally. However, there are certain subsidiary records like Payroll, Inventory, Employee database, Assets registers that are maintained in Excel Spreadsheets. Wherever there are errors, Management has informed us that they have reviewed the same and found them to be in order. The system of book-keeping and other records like pay-registers, asset/stock records are prone to errors/ unauthorized corrections. We have relied on representations of the Management that they have exercised sufficient care to ensure accuracy of the books of account, internal auditors have carried out sufficient checks of the same and have ensured that there are no unauthorized corrections/editing thereof.
3. The financial statements are prepared by external accounting expert appointed by the Company. We have relied upon those statements given by the accounting 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. Head office of the company does not have proper oversight over the individual branch accounts function. We have relied on the branch accounts consolidated by the accounting experts.

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

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

6. 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:

- 6.1 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.
- 6.2 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.

- 6.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 6.4 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.
- 6.5 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.

7. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure 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 except for the matters described in Basis of Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, 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 Balance Sheet and the Statement of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the books of account.
- (d) Except for the possible effect of the matter described in Basis of Qualified Opinion Paragraph, 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 subject **to the qualified opinion as above.**

- (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may 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, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2023, from being appointed as a Director in terms of Section 164(2) of the Act.
- (g) The Auditors Report on Internal Financial Control System as required by the Section 143(3)(i) is given in to this report **Annexure B.**
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 D.**
 - 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.
- 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.
- b. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 states for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For P.CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. 000580S/S200066

Sd/-
CA. MANI KUMAR.D
Partner M. No.212544
UDIN:23212544BGQHGD8753

Place: Bengaluru
Date: 16.11.2023

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) As per the information and explanations provided to us the Company has not maintained adequate records showing particulars, including quantitative details, location and asset coding system of Property, Plant and Equipment (“PPE”) including classification of free hold/lease hold lands, as also detailed in various footnotes to note 2 to FS. Land records need to be reconciled with land records as per revenue authorities pending which we are unable to report on the said matter. The property, plant & equipment are not codified and serially numbered for identification. The Company has no particulars of Intangible assets existing as on the balance sheet date.
 - (b) The property, plant and equipment have been physically verified during the year by the management in accordance with a regular programme of verification. However, there is no proper record of reconciliation of such assets as per books and as physically verified. Hence, we are unable to comment on any material discrepancies in the property, plant & equipment.
 - (c) According to the information and explanations given to us, reference is drawn to note 2.i to 2.v of the Financial Statements which includes observations regarding land records as per company’s records not validated with title deeds and records of Revenue authorities and accordingly, we are unable to comment
- whether the title deeds of immovable properties are held in the name of the Company. Accordingly, we are unable to furnish the necessary details as required under the paragraph 3(i)(c) of the Order. 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 during the year ended 31 March 2023.
 - (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) The inventory has been physically verified by the internal committee appointed by the management during the year. Based on the information and explanation given to us and as represented to us, the Company has physically verified its inventories at the end of the year. In our opinion the coverage and procedure of such verification by the Company needs to be strengthened in respect of tagging of inventory, movement of inventory tracking and immediate up-dation of stock records. In the absence of clear documentation of discrepancies, if any, were noticed during such verification, we are unable to comment on whether they were properly dealt with in the books of account. Inventories lying with third parties were not confirmed by them as at year end. 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. Accordingly, provisions of paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii. (a) During the year the Company has not provided loans, advances in the 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) The Company has not made any investments, given guarantees or securities which are prejudicial to in the interest of the Company. Accordingly, provisions of paragraph 3(iii)(b) is not applicable.
- (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 to 76 of the Companies Act, 2013. Accordingly, reporting under Clause 3(v) of the Order is not applicable to the Company.

- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of 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 cost records with a view to determine whether they are accurate or complete.
- 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	1,62,106
2.	Integrated Goods and Sales Taxes– IGST	64,20,97,841
3.	CGST and SGST Payable	46,997
4.	Royalty	3,47,185

Whereas there are pending litigations as per as direct tax. Details of litigations are given in **Annexure “E”**.

- 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) According to the information and explanation given and as represented to us, there are no frauds by the company or any frauds on the company has been noticed or reported during the year. Accordingly, the provisions of paragraph 3(xi)(a) of the said Order is not applicable.
 - (b) According to the information and explanation given to us, no report under sub- section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - (c) Based on the information and explanation given and as represented to us, there are no whistle blower complaints received by the Company during the year. Since the Company has not furnished any data regarding the same we are unable to comment on the reporting of the of paragraph 3(xi) (c) of the said Order
- 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) In our opinion and according to the information and explanation given to us, the Company has an Internal Audit system which is commensurate with the size and nature of its business except that the Company needs to strengthen the Internal Audit system in respect of enhanced documentation of testing performed and increased oversight over Internal Audit comments by Head office of the company in respect of branch audit reports.
- (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 the Directors 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.

xxi. The reporting under clause 3(xxi) of the order is not applicable in respect of audit

of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For P.CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. No. 000580S/S200066**

**Sd/-
CA. MANI KUMAR.D
Partner M. No.212544
UDIN: 23212544BGQHGD8753**

Place: Bengaluru

Date: 16.11.2023



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 2023 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 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 Controls over Financial Reporting as at March 31, 2023.

- a. The Company does not have centralized manner of book-keeping system. Head office has relied on the information shared by branches. Head office Finance and Accounts team does not exercise oversight over the branch accounting functions.
- 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.
- d. The Company does not have adequate internal control on compliance with

Government guidelines in procurement of raw materials.

- e. The Company has not reconciled its dues in respect of Income tax including those under appeal with the corresponding liability as well as advance tax / refunds / disputed taxes and these are not properly classified in the Financial Statements.

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 2023, 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, 2023 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 P.CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. No. 000580S/S200066
Sd/-
CA. MANI KUMAR.D
Partner M. No.212544
UDIN: 23212544BGQHGD8753

Place: Bengaluru.
Date: 16.11.2023



ANNEXURE - C
Independent Auditors' Report U/S 143(5) of the Companies Act, 2013
for the Year Ended March 31, 2023

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 except for processes connected to accounting transactions like Payroll, HR, Inventory Valuation, raising work/purchase orders, evaluation of quotes from supplies, cheque printing, Receipts etc. that is done outside the IT system. Further, the Company uses Microsoft-Excel application on a large basis for computation as well as reporting purposes including several official documents. We understand that the Company is planning to procure and implement a comprehensive ERP 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).	No. There are no outstanding Loan liabilities of the company as at 31 st March 2023.
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, 2023. 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/- iii. Canara Bank Collection A/c – Shivamogga – 1,000/- Based on the information and explanation obtained by us, the above accounts are not bank accounts and they were only for control account monitoring before net banking operations were commenced.								
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 not fully utilized during the year. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Division</th> <th style="text-align: center;">% Utilisation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Soaps</td> <td style="text-align: center;">78.38</td> </tr> <tr> <td style="text-align: center;">Detergent</td> <td style="text-align: center;">42.63</td> </tr> <tr> <td style="text-align: center;">Cosmetics</td> <td style="text-align: center;">5.52</td> </tr> </tbody> </table> Management has also not conducted any impairment test on the same.	Division	% Utilisation	Soaps	78.38	Detergent	42.63	Cosmetics	5.52
Division	% Utilisation									
Soaps	78.38									
Detergent	42.63									
Cosmetics	5.52									
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 the explanation and information provided there were unserviceable / non-moving raw material (Chemicals) inventory value amounting to Rs.8.35 lakh, and same has been considered and reduced while valuing inventory. Impact on accounts is Rs.8.35 lakh. However, non-moving packing materials were noticed on physical inspection at the factory. In absence of sufficient and appropriate evidence, we are unable to quantify the impact of the same.								
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 have any mechanism at regular intervals for reconciliation of inter-branch transactions. Inter-branch reconciliation was done by the accounting expert in order to prepare the financial statements. ii. In respect of reconciliation of balances with debtors and creditors, the company did not have a formal system of obtaining balance confirmation and reconciliation of the same. iii. In respect of inventory valuation, the management has a proper system in valuation of the same. However, this is not automated and the same is done in excel spread sheets.								



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.
6.	Whether the Company has an effective system to deal with misappropriation / fraud cases and whether the losses, if any, were properly accounted for in the books of accounts?"	According to the information and explanation given and as represented to us , by the Company Management, Company has an effective system to deal with misappropriation / fraud cases. There are no frauds by the Company or any frauds on the Company has been noticed or reported during the year. Same has been stated in the 11 (a) of Annexure 1 of our Report.

For P.CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. No. 000580S/S200066
Sd/-
CA. MANI KUMAR.D
Partner M. No.212544
UDIN: 23212544BGQHGD8753

Place: Bengaluru.
Date: 16.11.2023

KARNATAKA SOAPS AND DETERGENTS LIMITED

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. However, bank reconciliations are not prepared and signed off monthly at branches.
3.	Whether Bank reconciliation of the Main Account and subsidiary bank accounts were done?	Yes
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 GM(Finance)
6.	Whether physical verification of cash has taken place periodically?	Yes
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.
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.
11.	Whether bank confirmations of balances are obtained periodically from banks for all accounts, SB Account, Current Account and fixed deposits?	Yes.
12.	Whether confirmation of balances in respect of all bank balances tally with the Bank statements?	Yes.
13.	Whether Fixed Deposits and interests as per fixed Deposit Register tally with the Confirmation certificate issued by the Bank.	Yes.
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?	Not Applicable
16.	Whether the external confirmations were obtained from Banks in the test checked cases, if so details thereof.	External confirmations were obtained for bank accounts by the company except few cases as reported in the remarks to the Specific Directions.
17.	Whether any of the aforesaid lapses were brought out in the Report of the internal financial controls by the Statutory Auditor, if not whether audit enquiry was issued?	Not Applicable



ANNEXURE-D

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 tax concerned details of the status of litigations is given below:
 - a. Under the income tax act, the details of the cases pending before the appellate authority is given in the **Annexure –E**.
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 2023.

Case No	Court	Suit
Com.O.S-8856/2015	1389-CCH-LXXXII ACCS	Recovery Suit
Com.O.S-8857/2015	1389-CCH-LXXXII ACCS	Recovery Suit
Com.O.S-8863/2015	1389-CCH-LXXXII ACCS	Recovery Suit

The suit is partly decreed in favour of KS&DL against Corporation Bank & M/s Balaji food processing Industry in respect of O.S 8856/2015 & O.S 8863/2015, while the suit is partly decreed in favour of KS&DL only against M/s Balaji Food Processing Industry. The Company is filing the Executive Petition through its advocate before the Hon'ble City Civil Court against the defendants. The next date will be Known after the filing.

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

For P.CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. No. 000580S/S200066
Sd/-
CA. MANI KUMAR.D
Partner M. No.212544
UDIN: 23212544BGQHG8753

Place: Bengaluru.

Date: 16.11.2023

ANNEXURE - E

KARNATAKA SOAPS AND DETERGENTS LTD

Statement of pending cases related to Income Tax as on 31.03.2023

Sl. No.	Name of the Statute	Nature of the dues	Amount (Rs. In Crores)	Period to which the amount relates (Assessment Year)	Forums Where the dispute is pending
1	Income Tax Act	Income tax	0.18	2002-03	Appellate Authority- Deputy Commissioner of Income Tax
2	Income Tax Act	Income tax	1.82	2003-04	Appellate Authority- Commissioner of Income Tax
3	Income Tax Act	Income tax	0.22	2008-09	Appellate Authority- Commissioner of Income Tax
4	Income Tax Act	Income tax	0.31	2009-10	Appellate Authority- Commissioner of Income Tax
5	Income Tax Act	Income tax	0.80	2010-11	Appellate Authority- Commissioner of Income Tax
6	Income Tax Act	Income tax	4.54	2013-14	Appellate Authority- Commissioner of Income Tax
7	Income Tax Act	Income tax	0.42	2004-05	Appellate Authority- Deputy Commissioner of Income Tax
8	Income Tax Act	Income tax	2.73	2016-17	ACIT, LTU Circle(4)(1)
9	Income Tax Act	Income tax	0.39	2017-18	ACIT, LTU Circle(1)
10	Income Tax Act	Income tax	0.05	2018-19	DCIT, LTU Circle(1)
11	Income Tax Act	Income tax	18.58	2020-21	Appellate Authority- Commissioner of Income Tax
12	Central Board of Indirect Tax & Customs	Goods and Sales Tax	9.61	2017-18	ACCT(Audit)-2.6

**For P.CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. No. 000580S/S200066**

**Sd/-
CA. MANI KUMAR. D
Partner M. No.212544
UDIN: 23212544BGQHGD8753**

Place: Bengaluru.
Date: 16.11.2023



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 2023 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 P. CHANDRASEKAR LLP
Chartered Accountants
Firm Regn. No. 000580S/S200066

Sd/-
CA. MANI KUMAR .D
Partner M. No.212544
UDIN: 23212544BGQHGD8753

Place: Bengaluru.
Date: 16.11.2023

**KARNATAKA SOAPS AND DETERGENTS LIMITED
BENGALURU - 560 055.**

**ANNUAL ACCOUNTS
FOR THE
YEAR ENDED 31-03-2023**



KARNATAKA SOAPS AND DETERGENTS LIMITED
BALANCE SHEET AS AT MARCH 31, 2023

(All amounts are in Crores of INR)

Sl. No.	Particulars	Note	As at 31 March 2023	As at 31 March 2022
I.	Assets			
1	Non-Current Assets			
	Property, Plant and Equipment	2A	1,277.73	1,280.44
	Capital Work-In-Progress	2B	0.27	-
	Financial Assets			
	i) Deposits	3	0.02	0.02
	Total Non-Current Assets		1,278.01	1,280.45
2	Current Assets			
	Inventories	4	140.71	125.72
	Financial Assets			
	i) Trade Receivables	5	25.95	20.15
	ii) Cash and Cash Equivalents	6	90.63	99.26
	iii) Bank balances other than cash and cash equivalents	7	850.09	650.19
	iv) Other Financial Assets	8	54.08	25.72
	Total Current Assets		1,161.45	921.03
	Total Assets		2,439.46	2,201.48
II.	Equity and Liabilities			
A	Equity			
	Equity Share Capital	9	31.82	31.82
	Other Equity	10	1,912.54	1,771.41
	Total Equity		1,944.36	1,803.24
B	Liabilities			
1	Non-Current Liabilities			
	Deferred Tax Liabilities	11	129.73	158.77
	Provisions	12	8.57	10.27
	Total Non-Current Liabilities		138.30	169.04
2	Current liabilities			
	Financial Liabilities			
	i) Trade Payables	13		
	a) Total outstanding dues of Micro Enterprises & Small Enterprises			
	b) Total outstanding dues of creditors other than Micro Enterprises & Small Enterprises		6.84	28.29
	ii) Other Current Financials Liabilities	14	101.32	53.11
	iii) Other Current Liabilities	15	131.81	96.60
	iv) Provisions	16	116.83	51.20
	Total Current liabilities		356.80	229.20
	Total Equity and Liabilities		2,439.46	2,201.48
	The accompanying Significant Accounting Policies and Notes are an integral part of Financial Statements			
	Significant Accounting Policies	1		
	Notes to Financial Statements	2-38		

For and On behalf of the Board of Directors
KARNATAKA SOAPS AND DETERGENTS LIMITED

As per our report of even date
FOR P CHANDRASEKAR LLP
CHARTERED ACCOUNTANTS
FRN : 000580S/S200066

Sd/-
(Dr. PRASHANT PKM, IFS)
MANAGING DIRECTOR
DIN : 10293189

Sd/-
(M.B. PATIL)
CHAIRMAN
DIN : 02558869

Sd/-
(CA. MANI KUMAR. D)
PARTNER
MEMBERSHIP NO : 212544

PLACE: BENGALURU, DATE: 22.09.2023

KARNATAKA SOAPS AND DETERGENTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in Crores of INR)

Sl. No.	Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
	Income			
I.	Revenue From Operations	17	1,127.19	929.62
II.	Other Income	18	51.45	26.83
III.	Total Income (I + II)		1,178.64	956.45
	Expenses:			
a	Cost of Materials Consumed	19	642.31	516.30
b	Purchase of Stock in Trade	20	8.19	3.54
c	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	21	-6.19	15.81
d	Employee Benefits Expense	22	71.66	68.92
e	Depreciation and Amortization Expense	2	2.74	2.49
f	Other Expenses	23	180.73	107.93
IV	Total Expenses		899.45	715.00
V	Profit Before Tax		279.19	241.45
VI	Tax Expense:			
	(i) Current Tax		122.07	84.50
	(ii) Deferred Tax		-29.96	-1.56
	(iii) Previous Year Tax		6.31	20.31
			98.42	103.25
VII	Net Profit After Tax (V-VI)		180.77	138.20
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		2.65	-0.50
	Less: Income tax effect on above		-0.93	0.18
VIII	Other Comprehensive Income		1.72	-0.33
IX	Total Comprehensive Income for the period (VII+VIII) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		182.49	137.88
X	Earnings per equity share:	24		
	Basic & Diluted (in Rs.)		5,680.75	4,342.90
	Face Value per Share (in Rs.)		1,000.00	1,000.00
	Significant Accounting Policies	1		
	Notes on Financial Statements	2-38		

For and On behalf of the Board of Directors
KARNATAKA SOAPS AND DETERGENTS LIMITED

As per our report of even date
FOR P CHANDRASEKAR LLP
CHARTERED ACCOUNTANTS
FRN : 000580S/S200066

Sd/-
(Dr. PRASHANT PKM, IFS)
MANAGING DIRECTOR
DIN : 10293189

Sd/-
(M.B. PATIL)
CHAIRMAN
DIN : 02558869

Sd/-
(CA. MANI KUMAR. D)
PARTNER
MEMBERSHIP NO : 212544

PLACE: BENGALURU, DATE: 22.09.2023



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

(Rs. In Crore)

Particulars	For the Year Ended 31-03-2023	For the Year Ended 31-03-2022
A. Cash Flow From Operating Activities		
Net Profit before tax as per Statement of Profit and Loss	279.19	241.45
Add/(Less):		
Depreciation, Amortisation and Impairment	2.74	2.49
Depreciation, Amortisation and Impairment on Disposal / Written Back	-11.48	-0.93
Taxes Paid	-128.38	-104.63
Interest and Dividend Income & Other Non Operating Income	-51.45	-26.83
OCI - Acturial Gains	2.65	-0.50
Rounding Off	-	-
Operating Profit before Working Capital Changes	93.27	111.06
Adjustment for movements in:		
Non current Deposit	-	-0.02
Trade Receivables	-5.80	-1.22
Inventories	-14.99	32.66
Other Financial Assets	-28.36	19.39
Trade Payables	-21.44	5.36
Other Financials Liabilities	48.21	14.82
Other Current liability	35.21	-11.98
Current Provisions	65.62	48.48
Net Cash From Operating Activities	171.71	218.56
B. Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment	-0.91	-4.62
Sale of Property, Plant & Equipment	12.10	1.02
Interest and Dividend Income & Other Non Operating Income	51.45	26.83
Net Cash From Investing Activities	62.64	23.23
C. Cash Flow From Financing Activities		
Increase/(Decrease) in Long Term Liabilities	-1.71	1.67
Dividend & Dividend Tax Paid	-41.36	-22.80
Net Cash from Financing Activities	-43.07	-21.13
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	191.28	220.66
Opening Balance of Cash and Cash Equivalents	749.45	528.79
Closing Balance of Cash and Cash Equivalents	940.71	749.45
Components of Cash and Cash Equivalents:		
Balances with Bank not carrying interest - Bank Balances in Cash & Cash Equivalents	90.62	99.25
Balances with Bank carrying interest - Other Bank Balances	850.09	650.19
Cash in Hand - Cash Balances in Cash & Cash Equivalents	0.01	0.01
Total of Cash, Cash Equivalents & Other Bank Balance	940.71	749.45
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.		

For and On behalf of the Board of Directors
KARNATAKA SOAPS AND DETERGENTS LIMITED

Sd/-
(Dr. PRASHANT PKM, IFS)
MANAGING DIRECTOR
DIN : 10293189

PLACE: BENGALURU, DATE: 22.09.2023

Sd/-
(M.B. PATIL)
CHAIRMAN
DIN : 02558869

As per our report of even date
FOR P CHANDRASEKAR LLP
CHARTERED ACCOUNTANTS
FRN : 000580S/S200066
Sd/-
(CA. MANI KUMAR. D)
PARTNER
MEMBERSHIP NO : 212544

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

A. Equity Share Capital	
Particulars	Amount
Balance as at 01.04.2022	31.82
Changes in Equity Share Capital (2022-23)	-
Balance as at end 31.03.2023	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 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 Operation	Other Items of other Comprehensive Income (Specify Nature)	Money Received against Share Warrants	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (Revaluation reserve)	Retained Earnings								
Balance as at 31.03.2022	-	-	-	-	775.86	995.55	-	-	-	-	-	-	-	1,771.41
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	1.72	-	1.72
Dividends	-	-	-	-	-	41.36	-	-	-	-	-	-	-	41.36
Profit / (Loss) for the year	-	-	-	-	-	180.78	-	-	-	-	-	-	-	180.78
Any other changes (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of MAT Credit														-
Reversal of Deferred Tax														-
Balance as at 31.03.2023	-	-	-	-	775.86	1,134.96	-	-	-	-	-	2	-	1,912.54



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 Operation	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 31.03.2021	-	-	-	-	775.86	880.47	-	-	-	-	-	-	-	1,656.33
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-0.33	-	-	-	-	-	-	-	-0.33
Dividends	-	-	-	-	-	22.80	-	-	-	-	-	-	-	22.80
Profit / (Loss) for the year	-	-	-	-	-	138.20	-	-	-	-	-	-	-	138.20
Any other changes (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of MAT Credit														-
Reversal of Deferred Tax														-
Balance as at 31.03.2022	-	-	-	-	775.86	995.55	-	-	-	-	-	-	-	1,771.41

Note 1: Significant Accounting Policies**1.1 Corporate Information**

Karnataka Soaps And Detergents Limited is a Public Limited Company, 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 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.

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 and Capital Work in Progress

A Property, Plant and Equipment

(Rs. In Crore)

Particulars	Freehold Land	Leasehold Land	Building	Plant & Machinery	Computers	Equipment	Furniture & Fixtures	Office Equipments	Inter Communication Systems	Motor Vehicles	Intangible Assets	Total
As at April 1, 2022	-	-	0.05	0.12	0.05	0.04	0.06	0.04	-	0.30	-	0.64
Additions	-	-	-	11.99	-	-	-	0.01	-	0.10	-	12.10
Disposals/Deductions	-	-	-	36.13	2.77	2.60	2.14	1.78	0.06	2.77	-	1,306.80
Balance as on March 31, 2023	1,219.09	32.05	7.40	26.46	2.24	1.81	1.53	1.43	0.06	1.60	-	37.81
II Accumulated Depreciation	-	-	0.28	1.76	0.16	0.14	0.09	0.09	0.00	0.21	-	2.74
As at April 1, 2022	-	-	-	11.37	-	-	-	0.01	-	0.09	-	11.48
Depreciation Expense	-	-	2.96	16.85	2.41	1.95	1.62	1.51	0.06	1.72	-	29.07
Disposals/Deductions	-	-	4.43	19.28	0.37	0.65	0.52	0.28	0.00	1.06	-	1,277.73
Balance as on March 31, 2023	1,219.09	32.05	4.43	21.55	0.48	0.75	0.55	0.33	0.00	0.98	-	1,280.44
III Net Carrying Amount (I-II)	1,219.09	32.05	4.43	21.55	0.48	0.75	0.55	0.33	0.00	0.98	-	1,280.44

Particulars	Freehold Land	Leasehold Land	Building	Plant & Machinery	Computers	Equipment	Furniture & Fixtures	Office Equipments	Inter Communication Systems	Motor Vehicles	Intangible Assets	Total
As at April 1, 2021	-	-	2.47	1.38	0.32	0.04	0.07	0.10	-	0.23	-	4.62
Additions	-	-	-	1.01	-	-	-	0.01	-	-	-	1.02
Disposals/Deductions	-	-	-	48.00	2.72	2.57	2.08	1.76	0.06	2.58	-	1,318.25
Balance as on March 31, 2022	1,219.09	32.05	7.35	25.67	2.11	1.68	1.44	1.36	0.06	1.39	-	36.25
II Accumulated Depreciation	-	-	0.13	1.71	0.13	0.14	0.09	0.08	0.00	0.21	-	2.49
As at April 1, 2021	-	-	-	0.92	-	-	-	0.01	-	-	-	0.93
Depreciation Expense	-	-	2.68	26.46	2.24	1.81	1.53	1.43	0.06	1.60	-	37.82
Disposals/Deductions	-	-	4.67	21.55	0.48	0.75	0.55	0.33	0.00	0.98	-	1,280.44
Balance as on March 31, 2022	1,219.09	32.05	4.67	21.55	0.48	0.75	0.55	0.33	0.00	0.98	-	1,280.44
III Net Carrying Amount (I-II)	1,219.09	32.05	4.67	21.55	0.48	0.75	0.55	0.33	0.00	0.98	-	1,280.44

B. Capital Work in Progress

Particulars	March 31, 2023				March 31, 2022			
	Amount of CWIP for a period of				Amount of CWIP for a period of			
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years
Project in Progress	0.27	-	-	-	-	-	-	-
Total	0.27	-	-	-	0.27	-	-	-

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 dabaspet 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.

Notes:

- i. As per Land records maintained, the Company has capitalized land aggregating to 119.52 acres (Including 20 Acres Of Leasehold land at Dabaspeta in Nelamangala Taluk)
- ii. Process of updating land records including title to the properties is in progress.
- iii. Out of the 37.40 acres of the Company in Bangalore, complete documents are available for 16.70 acres. Company is pursuing for 20.70 Acres with the respective authorities to complete the documentation in favour of the company for the remaining premises.
- iv. In respect of 34.87 acres of the Company in Mysore and 27.25 acres of the company in Shivamogga, the company is pursuing with the respective Revenue authorities to complete the documentation in favour of the company.
- v. In respect of 15.25 acres of the company in Shivamogga pertaining to Colony premises, the Irrigation department has built a canal cutting across the property and Shivamogga Corporation has laid a proper tar road, cutting across the property. Some portion of the land is also encroached by various parties. Efforts are being made to take possession of the land and discuss with revenue authorities on obtaining compensation for such utilization of land.
- vi. The Company has entered into a 99 year lease agreement with the National Institute of Engineering effective from 01.06.1961 leasing out 1.82 acres of Land for construction of Hostel Building, Warden's Quarters and attached out-houses of the Institute. The rent was fixed at Re. 1 per annum.
- vii. All the title deeds of the immovable properties are held in the name of the company
- viii. 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
- ix. Lease hold land amounting to Rs.15.66 Crore(Revalued amount Rs.32.05 crore), is allotted by KIADB on 20th July 2015, measuring 80940 Sq. Mtrs Plot No. 457 of Sompura II Stage Industrial area , Sy No.Parts of 98/1,98/2, 103/2 & 104 of Beeragondanahalli village Thyamagondlu Hobli, Nelamangalar Taluk, Bengaluru rural dist, on lease for a period of 10 years 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 2023	As at 31 March 2022
Deposit Non Current	0.02	0.02
Total	0.02	0.02

4. Inventories

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(Valued at lower of cost and net realizable value)		
Raw Materials & Packing Material	62.07	53.51
Stores & Spares (at cost net of provision)	2.72	2.50
Work in Progress	8.83	10.83
Finished Goods	67.07	58.88
Total	140.69	125.72

5. Trade Receivables

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Secured, considered good	Nil	Nil
Unsecured, considered good:		
A) Trade Receivables less than 6 months from due date	25.95	20.10
B) Others		
Trade Receivables more than 6 months from due date	19.83	6.27
Less: Provisions for Bad Debts	-19.83	-6.22
Total	25.95	20.15

6. Cash and Cash Equivalents

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on Hand	0.01	0.01
Balance with Banks		
Balance in Current Accounts	12.09	11.36
Balance in Flexi Deposits	78.53	87.89
Total	90.63	99.26

7. Bank Balances Other than Cash & Cash Equivalents

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Deposits with maturities more than 3 months but less than 12 months	850.09	650.19
Total	850.09	650.19

Note: The fixed deposits include deposits under lien against bank guarantees Rs. 0.09 crore

8. Other Financial Assets

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured: Considered good		
Balance with Revenue Authority*	11.23	10.77
Interest Accrued on FD	25.99	11.86
Advances to Staff	0.20	0.64
Advance to Others	16.27	2.27
Prepaid Expenses	0.07	-
Other Deposits	0.32	0.18
Total	54.08	25.72

KARNATAKA SOAPS AND DETERGENTS LIMITED

“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”

“Advance to Others – Rs. 14.4 Crores – Company has released an advance of Rs. 14.4 Crores to Karnataka Public Works Department on 03.02.2023 towards 50% cost of 2 Ton Soap Manufacturing facility including Building and related Plant and Machinery. The cost of the project was Rs. 28.80 Crores and this was approved in the Board Meeting dated 07.10.2022. This amount is grouped under Other Advances”

9. Equity Share Capital

(Rs. In Crore)

Particulars	As at 31 March 2023	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	35.00
Issued, Subscribed and Paid-Up: 3,18,221 Equity Shares of Rs. 1,000 each	31.82	31.82	31.82

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

Particulars	2022-23		2021-22	
	(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 2023		As at 31 March 2022	
	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	3,18,221.00	100%	Nil
	Total	3,18,221.00	100%	Nil

10. Other equity

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
A) Retained Earnings			
Opening Balances	995.55	880.47	785.70
Add or (Less) Profit After Taxes	180.77	138.20	112.94
Add or (Less) Other Comprehensive Income	1.72	-0.33	1.01
Less: Appropriations			
i) Dividend Paid During the Year	41.36	22.80	15.91
ii) Dividend Distribution Tax			3.27
Total of Retained Earnings	1,136.68	995.55	880.47
B) General Reserve			
General Reserve	775.86	775.86	775.86
Total of General Reserve	775.86	775.86	775.86
Total (A+B)	1,912.54	1,771.41	1,656.33

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

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Deferred Tax Asset/(Liability)	-158.77	-160.33
Less: Closing Deferred Tax Asset/(Liability)	-129.73	-158.77
Transferred to Profit & Loss Account	-29.04	-1.56
Deferred tax assets on account of :		
Calculation of Closing Deferred Tax Asset/(Liability)		
Leave Salary	3.47	4.32
Gratuity	0.64	0.44
Provision for Bad & Doubtful Debts	6.94	0.00
Other Provisions	14.69	0.00
Depreciation on Property Plant and Equipment	3.29	-3.02
Income Tax effect on Other Comprehensive Income	0.93	-0.18
Total	29.96	1.56

Note: The Deferred Tax is computed based on Income Tax Computation under Income Tax Law. The company cannot prepare a Tax Balance Sheet and then perform a reconciliation between Tax Networth and that of Networth under Company Law and make Deferred Tax Computation which is technically not feasible as required by Ind-AS. However, the impact of other comprehensive income Rs.0.93 crore is not considered in the Balance Sheet resulting in understatement of Non-Current Liabilities

12. Long Term Provisions

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Leave Encashment - LT	7.26	9.56
Provision for Gratuity LT	1.30	0.71
Total	8.57	10.27

13. Trade Payables

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Micro, Small and Medium Enterprises	-	-
Other than Micro, Small and Medium Enterprises	6.84	28.29
Total	6.84	28.29

Based on the information available, the company has identified the principal amount outstanding as on March 31, 2023 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 2023	As at 31 March 2022
Trade Deposits	17.35	15.89
Other Payables	83.98	37.22
Total	101.32	53.11

15. Other Current Liabilities

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory Liabilities	60.40	47.51
Advance from Customers	71.40	49.09
Total	131.81	96.60

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16. Short Term Provisions

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Gratuity	0.54	0.54
Provision for Leave Encashment	2.67	2.78
Provision for Taxations	103.81	38.42
Other Provision	9.82	9.47
Total	116.83	51.20

17. Revenue from Operations

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A) Sale of Products		
i) Domestic Sales		
a) Soaps	1,060.94	846.31
b) Detergents	23.51	24.39
c) Agarbathies	11.41	20.67
d) Cosmetics	35.61	13.07
e) Others	10.90	14.38
Total Domestic Sales	1,142.37	918.82
ii) Export Sales		
a) Soaps	19.48	17.61
b) Agarbathies	0.08	0.30
c) Talcum Powder	0.07	0.13
Total Export Sales	19.62	18.04
Total Sales	1,162.00	936.85
Discounts and Trade Schemes	34.80	7.24
Revenue from Operations	1,127.19	929.62

18. Other Income

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on Bank Deposits	45.21	23.65
Rent Received	0.42	0.74
Profit on Sale of Asset	0.31	0.07
Application Fee From RDS/Tender	0.01	0.01
Recovery of Employee Pension	3.55	1.98
Written Backs	1.62	0.19
Training & Development Fees Collected	0.03	0.01
Export Incentives and Duty Drawbacks	0.18	0.10
Misc Receipts including Awards & Insurance Claims	0.12	0.07
Total	51.45	26.83

The company has received Rs. 3.55 Crores (Previous year:- Rs. 1.98 Crores) from the Government of Karnataka towards refund of Employer Contribution of Provident Fund, Leave Encashment and Ex-gratia settled to those employees (250) who were eligible for pension based on High Court Order / Government Order vide Writ Petition No:48089-48247/2014 dated:27.03.2015. These employees were employed with Government Sandal Oil Factory, Bangalore, Mysore and Shivamogga before these were merged into the Company in 01.10.1980. Government of Karnataka is honoring the pension commitments based on the said High Court / Government Order. The amount of such reimbursement / recovery of Employee Pension till date is Rs. 9.67 Crores.

(Rs. In Crore)

Financial Year	Amount of Recovery / Reimbursement
2020-21	4.14
2021-22	1.98
2022-23	3.55
Total	9.67

**19. Cost of Materials Consumed**

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw material consumed		
Opening stock	53.51	55.60
Purchases	650.87	514.21
Less: Closing stock	62.07	53.51
Total	642.31	516.30

20. Purchase of Stock-in-Trade

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Toothpaste	7.00	2.75
Other Purchases - Trading	1.19	0.79
Total	8.19	3.54

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

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
At the beginning of the Year		
Work-in-progress	10.83	17.63
Finished goods including Stock In Trade	58.88	67.89
At the end of the Year	69.71	85.52
Work-in-progress	8.83	10.83
Finished goods including Stock In Trade	67.07	58.88
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress	75.90	69.71
	-6.19	15.81

22. Employee Benefits Expenses

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, Wages, Bonus & Ex-gratia	59.56	57.59
Directors Remuneration	0.08	0.10
Provident fund and other funds	3.33	4.07
Employee Benefits	2.60	2.06
Labour Welfare Expenses	6.09	5.10
Total	71.66	68.92
* Remuneration & Other Benefits Paid to Directors		
i) Salary	0.04	0.05
ii) House Rent and other allowances.	0.04	0.04
iii) Re-imbursment of Medical Expenses.	-	-
iv) Leave Salary Contribution.	-	0.01
v) Company's contribution to Pension and other Funds.	-	-
Total	0.08	0.10

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23. Other Expenses

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Freight, Clearing & Forwarding	32.71	25.62
Power and Fuel	3.76	3.19
Processing charges	11.24	9.15
Stores and Spares consumed	2.29	0.97
Repairs & Maintenance	3.65	5.99
Insurance	0.91	0.85
Research & Development	0.31	0.26
Rent	1.38	1.16
Rates & Taxes	33.28	9.43
Communication Expenses including Printing & Stationery	0.56	0.65
Travelling & Conveyance	6.73	6.67
Board Meeting Expenses	0.05	0.05
Auditors Remuneration*	0.05	0.03
Legal and Professional Charges	0.93	0.64
Subscription to Journals and Periodicals	0.04	0.01
Security Service charges	2.16	1.46
Advertisement, Publicity & Business Promotion	34.07	25.24
Exchange Fluctuations	0.02	0.06
Donations and CSR Spending**	11.95	11.43
Bank Charges	0.04	0.04
Risk cost expenses	2.88	4.97
Provision for Doubtful Debts	19.83	-
General Expenses	1.87	0.07
Fixed Assets Written Off	0.60	-
Miscellaneous Expenses	9.40	-
Total	180.73	107.93

Notes: Due to non-receipt of demand notice from Revenue authorities towards property tax payable by company in respect of vacant land, provision for property tax has been made based on self assessment 27,27/2 dated 30.05.2023 in respect of land in the jurisdiction of Bangalore, Mysore and Shivamogga City corporations. The Company has made this estimation during the current year and made provisions to the extent ascertained, pending reconciliation of land records as per the Asset register and the actual land held by the company as per records of the revenue authorities.

* Auditors' remuneration (excluding GST)

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Audit Fees	0.05	0.03
Reimbursement of Out of Pocket Expenses	-	-
Other services	-	-
Total	0.05	0.03

** 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.

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
KSDL CSR Trust	3.94	3.43
CMRF Donation	8.00	8.00
Total of Donation & CSR	11.94	11.43



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 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	As at 31 March 2023	As at 31 March 2022
i) Amount required to be spent by the company during the year	3.94	3.43
ii) Amount of expenditure incurred	3.94	3.43
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, relief and rural development projects.	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	3.94	3.43
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.	-	-

KARNATAKA SOAPS AND DETERGENTS LIMITED

24. Earnings per Share

(Rs. In Crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net Profit / (loss) after tax for the year (Rs. in Crores)	180.77	138.20
Profit / loss attributable to equity share holders (Rs. in Crores)	180.77	138.20
Number of Shares outstanding at the beginning of the year	318,221	318,221
Add : Shares Issued during the year	-	-
Number of Shares outstanding at the end of the year	318,221	318,221
Weighted Average Number of Equity Shares For calculating Basic and Diluted EPS	318,221	318,221
Basic and Diluted Earnings Per Share (Rs.)	5,680.75	4,342.90
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 2023	For the year ended 31 March 2022
a. Equity dividend		
Dividends Paid During the Year.	41.36	22.80
Dividend Tax Paid During the Year	-	-
b. Dividends not recognised at the end of the reporting period		

26. Fair Value Measurements

Financial instruments by category:

(Rs. In Crore)

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial Assets - Non-current				
Non-current Investments*	-	-	-	-
Loans, Advances & Deposits	-	-	-	-
Financial Assets - Current				
Investments	-	-	-	-
Trade Receivables	-	25.95	-	20.15
Cash and Cash Equivalents	-	90.63	-	99.26
Bank balances other than cash and cash equivalents	-	850.09	-	650.19
Other Financial Assets	-	54.08	-	25.72
Financial Liabilities - Current				
Trade Payables	-	-6.84	-	-28.29
Other Financial Liabilities	-	-101.32	-	-53.11



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:

(Rs. In Crore)

Particulars	31 March 2023			31 March 2022		
	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

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:

(Rs. In Crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Upto 30 days	25.95	20.10
30-60 days	-	-
60-90 days	-	-
More than 90 days	19.82	6.26
Total	45.77	26.36
Expected credit loss	-	-

2022-23

Particulars	Outstanding for following periods from due date of payment					(Rs. In Crore)
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	25.95	16.29	2.48	0.85	0.14	45.70
(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					0.00	0.00
(vi) Disputed Trade Receivables – credit impaired					0.03	0.03
Provision for bad and doubtful debts	0					-19.83

2021-22

Particulars	Outstanding for following periods from due date of payment					(Rs. In Crore)
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	20.10	1.31	1.65	0.10	2.44	25.60
(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

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 2023

(Rs. In Crore)

Particulars	Within 6 months	
	As at 31 March 2023	As at 31 March 2022
Financial Liabilities - Non-current		
Other non-current financial liabilities		
Financial Liabilities - Current		
Borrowings		
Trade payables	6.83	28.29
Other financial liabilities		
Total	6.83	28.29

As at 31 March 2023

(Rs. In Crore)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME					
(ii) Others	5.91	0.92	0.00	0.00	6.83
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

As at 31 March 2022

(Rs. In Crore)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME					
(ii) Others	28.87	0.00	0.01	-0.59	28.29
(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:

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In Indian Rupees

Currencies	31 March 2023		31 March 2022	
	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 March 2023	31 March 2022
Export of Goods	In INR	19.62	18.00
	In USD	0.17	0.17
Foreign Currency Expenditure	In INR	-	-
	In USD	-	-

(iii) Transactions in foreign currency at Closing rate

(In Dollars)

Particulars	Party Name	Gross Receivable	Bank Charges	Net Received
Trade Receivables				

(In Indian Rupees)

Particulars	Party Name	Exchange rate on 31/3/23	Gross Receivable	Bank Charges	Net Received
Trade Receivables		82.2169	-	-	-

28. Contingent liabilities, Capital and other commitments

(Rs. In Crore)

Particulars	31 March 2023	31 March 2022
Disputed income tax demands under appeal	30.04	13.73
Disputed VAT demands under appeal	0.28	0.28
Disputes with Employees & Others	0.87	2.42
Guarantees issued by banks (secured by bank deposits under lien with the bank 0.19 crore)	0.09	0.18
Capital Commitments	3.32	-

The Company's Legal team has a record of the Cases Lodged by the Head office of the company and the Cases against the Head office of the company and the amounts reported under Contingent Liabilities above include potential financial impact of such cases against the Head office of the company.

Company has provided bank guarantee amounting to Rs.0.09 Crores towards supply of soaps to The Municipal 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:

(Rs. In Crore)

Particulars	31 March 2023	31 March 2022
Leave Salary	0.30	3.45
Employer Contribution to PF	2.32	3.16
Employer Contribution to ESI	0.13	0.15
Employer Contribution to Pension Funds & Others*	0.68	0.65
Total	3.43	7.41

* 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 its 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:-

(i)

Particulars	31 March 2023	31 March 2022
Actuarial assumptions		
Discount rate (per annum)	7.50%	7.10%
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	12.35	11.60
Service cost	1.80	2.24
Interest cost	0.79	0.70
Actuarial (gain) /loss	-2.48	0.50
Benefits paid	-2.52	-2.69
Present Value of obligation at the end of the year	9.93	12.35

(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	9.93	12.34
Fair Value Adjustments	2.52	2.69
Less : Liabilities Discharged	-2.52	-2.69
Net liability recognised	9.93	12.34

(vi) Expenses recognised in the Statement of Profit and Loss

Particulars	31 March 2023	31 March 2022
Current Service Cost	1.80	2.24
Past Service Cost		
Interest cost	0.79	0.70
Net gratuity cost recognised in the current year	2.59	2.94
Included in note 22 Employee benefits expense		

(vii) Expenses recognised in the Statement of other comprehensive income

Particulars	31 March 2023	31 March 2022
Actuarial (gain)/loss recognised in the current year	2.48	-
Net Leave Salary Cost recognised in the current year	9.93	-

Particulars	31 March 2023	31 March 2022
Actuarial (gain)/loss recognised in the current year	-	-
Net Gratuity Cost recognised in the current year	-1.84	-

(viii) 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 March 2023	31 March 2022
Defined Benefit Obligation (Leave Salary)	0.30	3.45

Particulars	31-Mar-23	
	Decrease	Increase
Discount Rate (- / + 1%)	0.68	-0.59
(% change compared to base due to sensitivity)	7.09%	-6.20%
Salary Growth Rate (- / + 1%)	-0.57	0.64
(% change compared to base due to sensitivity)	-5.98%	6.70%
Attrition Rate (- / + 1%)	0.14	-0.12
(% change compared to base due to sensitivity)	1.44%	-1.27%

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%

“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. Karimallappa Madal Virupakshappa - Chairman (Till: March 07, 2023) Mr. Mahesh B Shirur - Managing director (Till May 23, 2022) Dr. Mahesh Mahadevaiah - Managing director (From May 23, 2022)
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(II) Transactions with related parties during the year: (Rs. in Crores)

Relationship / name of the related party	Description of the nature of transactions	Value of the transactions	
		31-03-2023	31-03-2022
Key management personnel:	Remuneration Paid to KMPs	0.42	0.51

(III) Balances of related parties: (Rs. in Crores)

Particulars	31-03-2023	31-03-2022
		0

(IV) Maximum balance during the year (reckoned as at end of each month) (Rs. in Crores)

Particulars	31-03-2023		31-03-2022	
	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: (Rs. in Crores)

Particulars	31-03-2023	31-03-2022
A : Directors		
Remuneration to Mr. K.Madal Virupakshappa - Chairman	0.08	0.10
Director Sitting Fees	0.01	0.01
B : Key Managerial Persons (KMP)		
Remuneration to Mr. K.R.Avinash -General Manager (Finance)	0.15	-
Remuneration to Dr. Mahesh B Shirur - Managing director	-	0.40
Remuneration to Dr. Mahesh M - Managing director	0.18	-
Total	0.42	0.51

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, 2023 is Rs. 1.38 crore (previous year Rs.1.16 crore).

a) As a lessee

Lease liabilities

(Rs. in Crores)

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	0.57	1.44
One to three years	2.51	1.41
Three years to five years	0.48	-
More than five years	-	-
Total undiscounted lease liabilities as 31st March	3.56	2.85

Amounts recognized in statement of profit and loss

(Rs. in Crores)

Short term leases	As at 31 March 2023	As at 31 March 2022
Expenses relating to short term lease	1.38	1.16
Total	1.38	1.16

b) As a lessor

Amounts recognized in statement of profit and loss

(Rs. in Crores)

Particulars	As at 31 March 2023	As at 31 March 2022
Operating lease income	0.42	0.74
Total	0.42	0.74

Undiscounted lease payments to be received after

(Rs. in Crores)

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	0.03	0.06
One to three years	0.32	0.28
Three years to five years	0.42	-
More than five years		
Total undiscounted lease liabilities as 31st March	0.77	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

“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 customers 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 to 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

- (i) The confirmations in respect of trade payable, Trade deposits, Advance from customers and trade receivables have not been obtained. Hence, the balances are subject to confirmations and reconciliation, if any.
- (ii) 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.
- (iii) 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.
- (iv) 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
- (v) Amounts in the financial statements are rounded off to the nearest Crores and Previous period figures have been regrouped / reclassified whichever necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III of the Companies Act, 2013.
- (vi) The Lokayuktha police of the Karnataka State Government had issued a Search Warrant on the Company and has collected copies of documents pertaining to Tenders and Quotation regarding purchase of raw materials of the company. The inquiry is ongoing and does not have any impact on the Financial Statements of the company.
- (vii) The Company has not been declared as an wilful defaulter by any bank or financial institution or other lenders.
- (viii) The Company have no transactions with Companies that has been struck off.

- (ix) The Company has not traded or invested in crypto currency or virtual currency during the financial year or in the previous year.
- (x) There are no charges registration or satisfaction of charge not created with ROC beyond the time period.
- (xi) There are no immovable properties not held in the name of the company.
- (xii) The Company has no transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961),
- (xiii) The Company has not made any revaluation to the Property, Plant and Equipment.
- (xiv) The Company has not entered into any Scheme of arrangement.
- (xv) The Company has not given any loans or advances to the Directors/KMP/Related Parties other than reported in the related party transaction disclosure

(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	3.26	4.02	-0.76	
b) Debt- Equity Ratio (In times)	Debt consists of borrowings and lease liabilities	Total equity	0.25	0.22	0.03	
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	0.00	
d) Return on Equity Ratio (In %)	Profit for the year less Preference dividend (if any)	Average total equity	0.09	0.08	0.02	
e) Inventory Turnover Ratio (In times)	Cost of Goods sold	Average Inventory	-0.05	0.25	-0.30	
f) Trade Receivable Turnover Ratio (In times)	Revenue from operations	Average trade receivables	48.91	47.59	1.32	
g) Trade Payable Turnover Ratio (In times)	Total Purchases	Average trade payables	37.06	20.08	-20.08	
h) Net Capital Turnover Ratio (In times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	1.51	1.34	0.16	
i) Net Profit Ratio (In %)	Profit for the year	Revenue from operations	0.16	0.15	0.01	
j) Return on Capital Employed (In %)	Profit before tax and finance costs	Capital employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.11	0.11	0.00	
k) Return on Investment (In %)	Income generated from invested funds	Average invested funds in treasury investments	0.00	0.00	0.00	