



41^{ನೇ} ವಾರ್ಷಿಕ ವರದಿ
41st ANNUAL REPORT
2020 - 2021

ಕರ್ನಾಟಕ ಸೋಪ್ಸ್ & ಡಿಟರ್ಜೆಂಟ್ಸ್ ಲಿಮಿಟೆಡ್
KARNATAKA SOAPS & DETERGENTS LIMITED



BOARD OF DIRECTORS

NAME	DESIGNATION	DATE OF APPOINTMENT	DATE OF CESSATION
Sri. K Madal Virupakshappa	Chairman	27/07/2020	Till date
Sri. Mahesh B Shirur, IFS	Managing Director	06/03/2021	Till date
Sri. Vikash Kumar Vikash, IPS	Independent Director	22/06/2021	Till date
Sri. Chandrashekar Nayaka L, IAS	Independent Director	06/07/2020	Till date
Sri. Siddiq Pasha	Independent Director	22/06/2021	Till date
Sri. Mallikarjun Veerabhadrapa Savakar	Nominee Director	29/12/2020	Till date
Smt. K Niveditha Raju	Woman / Nominee Director	29/12/2020	Till date
Sri. H Shiva Kumar	Nominee Director	29/12/2020	Till date
Smt. N R Jaganmatha	Woman Director	11/09/2017	31/05/2021
Sri. Hari Kumar Jha, IFS	Managing Director	01/08/2020	06/03/2021
Sri.GauravGupta, IAS	Chairman	30/07/2019	27/07/2020
Sri.VijayaKumar, IFS	Managing Director	12/09/2019	31/07/2020
Sri. Pavan Kumar Malapati, IAS	Independent Director	01/08/2018	06/07/2020
Dr. Srinivasan Chandrasekaran	Independent Director	19/08/2002	29/12/2020
Sri. H P Prakash, IFS	Independent Director	23/09/2019	31/03/2021

HEAD OF THE DEPARTMENTS

Name	Designation	Department
Sri.K.R. Avinash, KA&AS	Gen. Manager	Finance
Sri. C.M.Suvarna Kumar	Gen. Manager	Marketing , Exports & PRO
Sri.Umashanker Apali	Gen. Manager	P&M SOAPS. HRD, SOD MYSORE, SHIMOGA
Sri. Satish Pilbanter	Dy.Gen. Manager	Production, Materials
Sri.K.C.Sunderamurthy	AGM	Finance

KARNATAKA SOAPS AND DETERGENTS LIMITED

Smt.Sheela Arvind	:	Consulting Company Secretary
Registered Office	:	P B No.5531, Bengaluru-Pune ighway Bengaluru- 560 055
CIN	:	U85110KA1980SGC003871
Plants	:	At Bengaluru : Soaps, Detergents & Cosmetics : At Mysore : Sandalwood Oil & Agarbathis : At Shimoga : Sandal Nursery
Branches	:	Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai & New Delhi.
Auditor	:	M/s. Vijay Panchappa & Co., Chartered Accountants, (FRN004693S) #28/26, 2nd Floor, 18th Main Raoad, Vijaynagar, Bengaluru-560 040.
Bankers	:	State Bank of India, Canara Bank



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ABOUT US :

M/s. Karnataka Soaps and Detergents Limited a fully owned Government of Karnataka Company, started its journey in the year 1916 as Government Sandalwood Oil Factory. It was converted into a public sector company on 9th July 1980 with its Registered office in Bangalore.

The authorized share capital of the company is Rs.35.00 crores against which the subscribed share capital is Rs.31.82 crores.

The Company has its clear vision to transform itself into a modern professional organization in the fast moving consumer goods sector at the National level and International level and also to

spread its fragrance in the FMCG global market.

The Company produces varied products like bathing soap, detergents, cosmetics, agarbathies and sandalwood oil. The flag ship brand of the company is Mysore Sandal Soap which contributes to 75% of the company turn over. To be in line with the FMCG companies continuous innovation and product development is taken place in the company and new products are launched on regular basis. In bathing soap the company has successfully introduced Mysore Sandal Millennium, Mysore Sandal Centennial, Mysore Sandals Rose Bath Tablet 150gms.

The company is in the progressive mode and is making continuous progress year over year.

Production achieved for last 5 years

Qty in MTs

Years	Soaps		Detergents		Cosmetics	
	Target	Achieved	Target	Achieved	Target	Achieved
2016-17	13047.00	13071.00	1841.00	1706.00	464.00	779.00
2017-18	13416.00	13921.00	1785.00	2640.00	592.00	826.00
2018-19	15662.00	16241.00	6410.00	3454.00	948.00	1111.00
2019-20	17441.00	17099.00	3184.00	3372.00	1200.00	1149.00
2020-21	17439.84	19862.79	3183.83	3574.29	1200.10	781.29

Similarly in Sales also it has not lagged behind, the company is making steady growth year over year both in tonnage and value.

Sales Quantity achieved for last 5 years

Qty in MTs

Years	Soaps	Detergents	Cosmetics
2016-17	13100.00	1928.42	803.05
2017-18	13768.68	2470.93	842.85
2018-19	15580.19	3150.84	1010.85
2019-20	16575.03	3611.35	967.63
2020-21	20754.03	3342.20	430.16

Gross Sales Achieved For Last 5 Years

Value Rs in Crore

Years	Gross Sales		Net Profit
	Target	Achieved	
2016-17	500.00	521.06	54.71
2017-18	550.00	583.00	66.66
2018-19	635.00	672.00	109.45
2019-20	725.00	731.76	109.66
2020-21	783.58	919.16	113.95

VISION OF KS&DL

Our Company's vision is to produce the best quality Natural Sandalwood oil “**from soil to oil**”, from the legal and ethical sources on sustainable basis through commercial cultivation of natural Sandalwood & aromatic oil to produce the best quality natural Sandalwood oil based soaps, cosmetics through continuous innovation and excellence to meet the global standards.

MISSION OF KS&DL:

KS&DL Research centre constant endeavor is continuously working on upgrading the existing products quality by re-engineering the formulations as a part of continuous innovation & development including newer products with the heightened regulatory measures to meet the Global Standards viz., FDA, REACH & EURO.



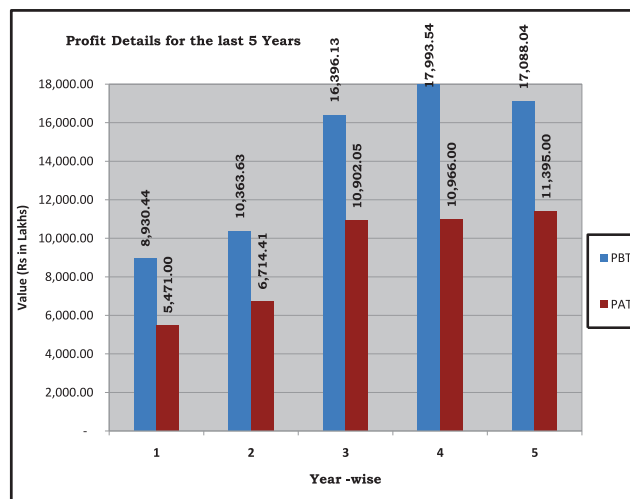
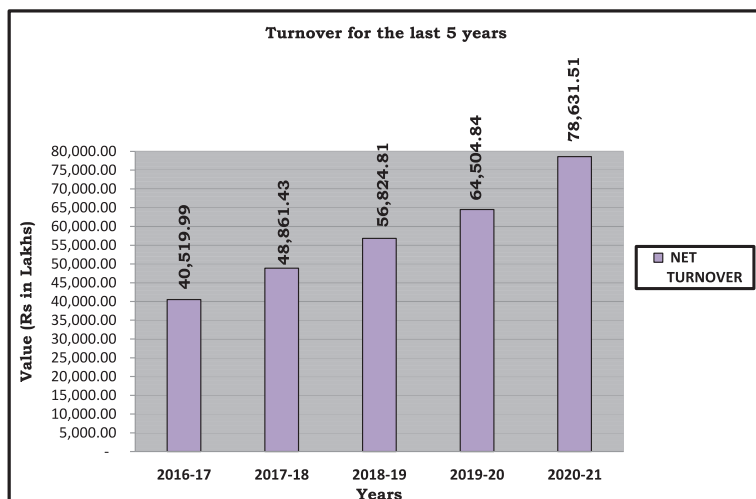
YEAR AT GLANCE

(Rs. In Lakhs)

Particulars	2020-21	2019-20	Change %
Turnover	78,631.51	64,504.84	21.90
Value Added	29,606.37	30,459.57	-2.80
Employee (Nos)	292	349	-16.33
Profit Before Tax	17,088.04	17,993.54	-5.03
Profit After Tax (+OCI)	11,395.00	10,966.00	3.91
Dividend	2,279.00	1,591.11	43.23
Dividend Distribution Tax		327.06	-100.00
Retained Earnings	9,015.18	9,398.02	-4.07
Total Assets	2,02,959.77	1,94,662.13	4.26
Net Worth	1,68,815.42	1,59,338.60	5.95
Total Borrowings	-	-	0.00
Debt : Equity	-	-	0.00
Earning per share (in Rs)	3580.84	3446.09	3.91

* The above values are as per the financial statements prepared in accordance with the Ind AS after providing for dividend and tax thereof.

YEAR	NET TURNOVER	PBT	PAT
2016-17	40,519.99	8,930.44	5,471.00
2017-18	48,861.43	10,363.63	6,714.41
2018-19	56,824.81	16,396.13	10,902.05
2019-20	64,504.84	17,993.54	10,966.00
2020-21	78,631.51	17,088.04	11,395.00



CHAIRMAN'S SPEECH AT THE 41ST ANNUAL GENERAL MEETING ON 28/01/2022

Ladies and Gentlemen,

On behalf of the Board of Directors, it gives me immense pleasure to give a very warm and cordial welcome to the 41st Annual General Meeting of our company. I hope that each one of you is safe and is

keeping good health. The year gone by has been quite challenging for all of us due to COVID-19 pandemic. It truly tested our mettle, wherein, the whole human kind had to deal with a very different world than the one we have known before. Here, I want to pay our sincere gratitude to all frontline workers, who have been working tirelessly, combating COVID-19 and its ill effects. The supple, yet firm and strong character of our Company built over years, was put to the strenuous test during these times. And our Company emerged out of it relatively unscathed. With the pandemic far from over and as we continue to face emerging threats from new variants, we all must put our best efforts together to sail through this uncharted territory. We are fully confident that with concerted and collaborative efforts, we would successfully overcome these challenges.

It is an honor and satisfaction for me to address you again to share the performance highlights and achievements of our Company during the FY 2020-21 and its future outlook. Despite the initial contraction, our business has recovered and recorded a steady year of performance in FY 2020-21.

Despite a challenging economy, during the financial year 2020-21, the Company recorded exemplary performance by achieving Revenue of Rs. 786.32 crores as against Rs. 645.05 for FY 2019-20.

The Notice convening the Meeting, the Directors' Report, Comments of the C & AG and the Audited Accounts for the year ended 31st March 2021

have been with you and with your permission, I shall take them as read.

BUSINESS AND FINANCIAL PERFORMANCE OF THE COMPANY

In the year under review, the domestic business grew at over 21.90%. I have pleasure in informing you that our Company has achieved a turnover of Rs. 786.32 crores compared to Rs. 645.05 crores in the previous year. The Net Profit after taxes for the year 2020-21 has been at Rs. 112.94 crores as against the Net Profit of Rs. 113.16 crores in the previous year 2019-20. Our Directors recommend a final dividend of 20% on Profit after tax for the year ended 31st March, 2021 amounting to Rs. 22,78,99,598 subject to the approval of the shareholders.

Our Company is making all efforts to increase production and sales in terms of quantity so as to achieve an increase in market share. The Company has taken several measures to ensure that the company's profitability lines are broad-based. In this direction, the Company has sought assistance from market survey agencies to ascertain its market share and its position in the FMCG space.

Our Company's Board of Directors have constituted a Committee for CSR and the Company owned CSR trust. All the CSR funds are spent through the Trust to Further an amount of Rs. 2,90,09,836.67/- has been earmarked for the FY 2020-21.

On the whole, it was yet another year of sustained performance with considerable achievements across various businesses. This wouldn't have been possible without the strong commitment, dedication and determination of the work force at various levels.

FUTURE PROSPECTS:

During the current year 2021-22, the Company aims to reach a total target of Rs. 963 crores. In this regard, the Company has devised future plans



to achieve the same. Accordingly, the Company is trying to improve trading efficiency and price effectiveness for good margins of trading. However, the company has made a turnover of Rs. 850 Crores till date.

In the near future, the Company is under the process of Development of a water bottling plant at Shivamogga and a New Soap production line at the SEP unit.

INDUSTRIAL RELATIONS:

Our Company has always believed that the biggest asset is the dedicated manpower. I believe that the growth of our Company's business is linked with the efforts of our manpower. I would like to thank each and every employee whose commitment and efforts made the financial year 2020-21 yet another successful year for the Company.

ACKNOWLEDGEMENT:

It is my pleasure and privilege to serve this great Company as a Chairman which is in business existence over a century.

I place on record my sincere gratitude for the help received by our Company from the Government of Karnataka, Ministry of Corporate Affairs, the Government of India, the Comptroller & Auditor General of India, the Statutory Auditors and all my colleagues on the Board. I also extend my thanks for the support and assistance extended by the Commercial Banks. I further extend my thanks to all customers, suppliers, contractors and the employees of our Company for their co-operation and trust reposed. This is however only possible through tireless efforts; dedication and commitment of our team who have helped us reach where we are now and look forward to their continued commitment in the journey forward.

Thank you,

Sd/-
(K.MADAL VIRUPAKSHAPPA)
CHAIRMAN
DIN :08904142

Dated. 28/01/2022
Bengaluru

From the Desk of Managing Director

**Dear Colleague's,
Shareholders, Ladies and
Gentlemen,**

On behalf of the Board of Directors, I extend a warm welcome to all of you to the 41st Annual General Meeting of M/s. Karnataka Soaps and Detergents Limited. Since the quorum is present, I call the

meeting in order. I trust your family and you are keeping well in the midst of this unprecedented pandemic COVID-19. It is a privilege to host you today. I thank you for your continued trust, encouragement and unequivocal support to the Company and its Management

It is really appreciable that our Company is emerging stronger and healthier and is scaling new heights. I do have full faith in our team work and dedication. We are bouncing back to the old glorious days moving towards a bright and prosperous future.

The Directors' Report and the Audited Accounts for the Financial Year ended March 31, 2021 have been with you and, with your consent, I shall take them as read. Before I speak to you about the performance of our company, let me briefly touch upon the current trends prevailing in the economic scenario and the Sector in which our Company is operating.

Future Prospects

In the near future, the Company is under the process of development of a water bottling plant at Shivamogga and a New Soap production line at the SEP unit.

Performance Highlights

Despite a challenging economy, during the financial year 2020-21, the Company has recorded an exemplary performance by achieving Revenue of Rs. 786.32 crores as against Rs. 645.05 for FY 2019-20. The Company aims to reach a total target of Rs. 963 crores during the current year 2021-22. In this regard, the Company has devised future plans to achieve the same.

Accordingly, the Company is trying to improve trading efficiency and price effectiveness for good margins of trading. However, the company has made a turnover of Rs. 850 Crores till date.

FINANCIAL PERFORMANCE OF THE COMPANY

In the year under review, the Company reported profitable growth, with revenue increasing to 21.90% I have pleasure in informing you that our Company has achieved Rs. 786.32 crores compared to Rs. 645.05 crores in the previous year. The Net Profit after taxes for the year 2020-21 has been at Rs. 112.94 crores as against the Net Profit of Rs. 113.16 crores in the previous year 2019-20. We are hereby confident that we would make significant progress and become one of the leading players of Manufacturers of Soaps, Detergents and Sandalwood oil.

I would like to place on record my sincere appreciation to the Board of directors for their guidance. I would like to convey my deepest appreciation of the relentless efforts put in by all the employees, the impressive milestones achieved so far are a tribute to their dedication. We are committed to continue our exciting journey of growth with the support and guidance of our customers, employees, shareholders, bankers, governments, and the Board. I would like to thank the shareholders, suppliers and customers for their consistent and resolute support. I would like to take this opportunity to thank all those who have supported and guided us during the year. We aim to earn your trust every day and will work towards achieving the greater heights of success in coming years.

I thank all my colleagues on the Board for their unanimous support and immense encouragement. Thank you,

**MAHESH B SHIRUR
MANAGING DIRECTOR
DIN :08524095**

Dated. 28/01/2022
Bengaluru

Note: This does not purport to be report of the Proceedings of the 41st Annual General Meeting of the Company.



SHORTER NOTICE TO THE 41st ANNUAL GENERAL MEETING

To

ALL THE SHAREHOLDERS

NOTICE is hereby given that the 41st Annual General Meeting of the Members of M/s. Karnataka Soaps and Detergents Limited will be held on Friday, 28th day of January 2022 at 4.00 PM at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS

01. To receive, consider and adopt the audited Balance Sheet, Cash flow statement and Statement of Profit and Loss for the Financial Year ended 31st March, 2021 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, 2021:

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, 2021, 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 a rate of 20% on Profit after tax amounting to Rs. 22,78,99,598/- for the Financial Year ended 31st March 2021:

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

"RESOLVED THAT, a final dividend at a rate of 20% on Profit after tax amounting to Rs.22,78,99,598/- as recommended by the Board of Directors of the Company for the year ended 31st March 2021 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 2021-22:

To note the appointment of **M/s. Vijay Panchappa & Co., (Firm # 004693S), Chartered Accountants, Bengaluru** for the financial year 2021-22 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. Vijay Panchappa & Co., (Firm # 004693S), Chartered Accountants**, are hereby appointed by the Comptroller and Auditor General of India as the Statutory Auditors of the Company for the Financial Year 2021-22, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the 42nd 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

Place: Bangalore

Date: 25/01/2022

NOTES:

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

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

- b) Members/Proxies should sign and fill the attendance slip for attending the meeting and bring their attendance slip along with their copy of the Annual report to the Annual General Meeting of the Company.
- c) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- d) The Registers under the Companies Act, 2013 will be available for inspection at the Registered Office of the Company during business hours except on holidays. The said Registers will also be available for inspection by the Members at the 41st AGM of the Company.
- e) The Company being a Government Company, the Comptroller and Auditor General of India, New Delhi has appointed M/s. Vijay Panchappa & Co., (Firm # 004693S), Chartered Accountants as the Statutory Auditors of the Company for the financial year 2021-22 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)/674 dated 24/08/2021.
- f) The Financial Statements, Auditors' Report, Boards' Report along with relevant Annexure are enclosed herewith.
- g) The 41st 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, with great pleasure, present the 41st Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2021.

1. 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, 2021	March 31, 2020
Total Revenue from operations	786.32	645.05
Other Income	21.12	31.38
Total Income	807.43	676.42
Total expenses, including depreciation and finance costs	636.55	496.49
Profit/loss before exceptional items	170.88	179.94
Exceptional items	-	-
Profit/Loss before tax	170.88	179.94
Tax Expense	57.94	66.77
Profit/Loss after tax	112.94	113.16
Other Comprehensive Income	1.01	(3.50)
Total Comprehensive Income for the period	113.95	109.66

2. AMOUNTS TRANSFERRED TO RESERVES:

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

3. DIVIDEND:

The Board of Directors of your company is pleased to recommend a dividend of 20% on Profit after tax amounting to Rs. 22,78,99,598/-

payable to those Shareholders whose names appear in the Register of Members as on Record Date.

4. COMPANY'S PERFORMANCE:

A) SALES: Segmentwise position of Sales:

Sl. No.	Class of Goods	2020-21		2019-20	
		Qty. in Mts.	Value (Rs. in Lakh)	Qty. in Mts.	Value (Rs. in Lakh)
1.	Soaps	20,754.034	73,668.73	16,575.030	56,468.00
2.	Detergents	3342.198	1,775.44	3,611.348	1,998.00
3.	Sandalwood Oil	0.014	58.72	0.004	13.00
4.	Agarbathies	690.301	1,903.73	762.998	2,168.00
5.	Talcum Powder/ cosmetics	239.729	713.36	355.743	1,698.00
6.	Coconut Oil	190.881	319.40	611.884	1,559.00
7.	Others	85.064	192.12		599.00
	Total	25,301.771	78,631.50	21,917.007	64,503.00

B) OPERATING PERFORMANCE:

i) Segment wise Production:

The total value of Production of various products of the Company during the year was Rs. Rs. 70,359.00 lakhs as against Rs. 61,293.77 lakhs in the previous year. The product wise actual product quantities are as under:

Sl. No.	Class of Goods	Actual Production In MTs.	
		2020-21	2019-20
1.	Soaps	19,682.79	17,098.521
2.	Detergents	3,574.293	3,372.332
3.	Sandal Oil (Extraction of sandalwood oil)	4.068	1.904
4.	Agarbathies	598.277	668.719
5.	Talcum Powder	699.237	705.897
6.	Coconut Oil	82.057	443.586
7.	Others	-	-
	Total	24,640.722	22,290.960

ii) Highlights for the year 2020-21

The Company has posted a net profit of Rs. 112.94 crores against Rs. 113.16 in the previous year. The Company has incurred an expense of Rs. 636.55 crores as against 496.49 crores during the previous year.

iii) COVID-19

Since the outbreak of COVID-19 in early 2020, your Company has recognized health and safety of its employees. Various mitigating measures were taken to manage or reduce its impact including provision of safety kits and redesigning the work processes to support social distancing, frequent health screening at each location, etc. Your Company believes that vaccination is the key to improving immunity and defence against the COVID-19 and is looking to take the necessary steps to ensure vaccination facilities for its employees and their families.

The Company carried the business uninterrupted as there is no material evidence to say Covid-19 interruption affected the going concern concept of the Company. Hence, the management is of the opinion that the continuity of the Company business was not been affected due to Covid-19 during the year under review.

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, 2021 was Rs. 35,00,00,000/- (Rupees Thirty Five Crores

only) divided into 3,50,000 (Three Lakh Fifty Thousand only) shares of Rs. 1,000/- (Rupees Thousand only) each.

The Paid-Up Share capital of the Company at the beginning and end of the Financial Year March 31, 2021 was Rs. 31,82,21,000/- (Rupees Thirty-One Crore Eighty-Two Lakh Twenty-One Thousand only) divided into 3,18,221 (Three Lakh Eighteen Thousand Two Hundred and Twenty One) shares of Rs. 1,000/- (Rupees Thousand only) each.

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

7. CREDIT RATING OF SECURITIES:

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

8. INVESTOR EDUCATION AND PROTECTION FUND:

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

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Being a Government Corporation, the Directors who are the Nominee Directors of the Company, shall be only on deputation. The changes during the year FY 2020-21 including the current composition of the Board are tabled below:



Sl. No	Name of the Director	DIN	Designation	Appointment/ Cessation	Date of Appointment	Date of Cessation
1	Nagasandra Jaganmatha Ramaiah	07397768	Independent Director	-	11/09/2017	-
2	Srinivasan Chandrasekaran	00520272	Independent Director	-	19/08/2002	29/12/2020
3	Chandrashekar Nayak L	08215036	Independent Director	Appointment	06/07/2020	-
4	Hari Kumar Jha	01922964	Managing Director	Appointment & Cessation	01/08/2020	06/03/2021
5	K M Virupakshappa	08904142	Nominee Director & Chairman	Appointment	27/07/2020	-
6	Pavan Kumar Malapati	07793505	Independent Director	Cessation	01/08/2018	06/07/2020
7	Hunugund Phakeerappa Prakash	06688928	Nominee Director	Cessation	23/09/2019	31/03/2021
8	Vijay Kumar	08577334	Managing Director	Cessation	12/09/2019	31/07/2020
9	Gaurav Gupta	02184763	Nominee Director & Chairman	Cessation	30/07/2019	27/07/2020
10	Mahesh B Shirur	08524095	Managing Director	Appointment	06/03/2021	Till date
11	Mallikarjun Veerabhadrapa Savakar	09046936	Nominee Director	Appointment	29/12/2020	Till date
12	Kubsad Raju Niveditha	09046939	Nominee Director	Appointment	29/12/2020	Till date
13	Haleshappa Shiva Kumar	09047618	Nominee Director	Appointment	29/12/2020	Till date

10. INDEPENDENT DIRECTORS

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

At the beginning of the financial year, Smt. Nagasandra Jaganmatha Ramaiah (DIN:07397768), Dr. Srinivasan Chandrasekaran (DIN:00520272), and Sri. Pavan Kumar Malapati (DIN:07793505) served as the Independent Directors of the Company. However, Dr. Srinivasan Chandrasekaran (DIN:00520272) and Sri.

Pavan Kumar Malapati (DIN:07793505) resigned from the Directorship of the Company during the year. The Board had placed on record its appreciation for their valuable contribution and guidance during their tenure as Independent Director. Further, Sri. Chandrashekar Nayak L, (DIN: 08215036) was appointed as Independent Director during the year.

In terms of Section 149 of the Act, Smt. Nagasandra Jaganmatha Ramaiah (DIN:07397768) and, Sri. Chandrashekar Nayak L, (DIN: 08215036) are the Independent Directors of the Company as at the financial year ended 31.03.2021 and further, the said Directors have met the criteria of independence.

11. BOARD MEETINGS AND GENERAL MEETINGS

- (i) The Board of Directors duly met 4 (Four) times during the financial year 2020-21. The Meetings of Board of Directors held during the year 2020-21.

Board Meeting No.	Board Meeting Date
249th	30/05/2020
250th	23/09/2020
251st	29/12/2020
252nd	28/01/2021

The Company has exceeded more than 120 days gap in conducting two board meetings i.e., between 248th 04/12/2019 (Adjourned meeting 11/12/2019) and 249th Board meeting (30/05/2020), hence the Company violated the provision of Section 173(1) of the Companies Act, 2013;

- (ii) The Company has convened the 40th Annual General Meeting on 28/01/2021 during the Financial Year 2020-21 beyond the stipulated period i.e., 30/09/2020 pursuant to extension of three (3) months i.e., up to 31/12/2020 granted by the Ministry of Corporate Affairs, Office of the Registrar of Companies,

Karnataka vide their order dated 08.09.2020. Further, the 40th Annual General Meeting of the Company was held at a shorter notice after obtaining the necessary consent from the Shareholders of the Company.

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

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

12. COMMITTEES

(i) Audit Committee:

The Audit Committee formed under Section 177 of the Companies Act, 2013 comprises of Sri. L Chandrashekar Nayak, IAS (Chairman) and Smt. N R Jaganmatha (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 2020-21

Audit Committee Meeting	CSR Meeting Date
47th	24/07/2020
48th	28/12/2020

(ii) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee formed under Section 135 of the Companies Act, 2013 formulates and monitors the Corporate Social Responsibility Policy, recommends the amount of expenditure to

be incurred on CSR activities and ensures implementation of programmes/activities proposed to be undertaken by the Company.

The Members of the CSR Committee were Sri. Mahesh B Shirur, IFS (Chairman), Smt. N R Jaganmantha (Member) and Sri. L Chandrashekar Nayak, IAS (Member).

The Meeting of the CSR held during the year 2020-21

CSR Meeting No.	CSR Meeting Date
6th	30/05/2020
7th	05/11/2020
8th	18/02/2021
9th	19/03/2021

(iii) Nomination and Remuneration Committee:

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

(iv) Stakeholders Relationship Committee:

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

(v) Investment Committee:

The Investment Committee of the Company has duly met four times during the FY 2020-21 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 profits 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 2020-21.

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 – I 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	2020-21	2019-20
1.	Electricity	A) Purchased		
		i) Units – KWH	29,41,321	27,86,728
		ii) Total amount (Rs. in Lakh)	269.35	258.68
		B) Own Generation of Power		
		i) Through Diesel Generator Units	38,328	10,583.70
		ii) Diesel consumed (KL)	21,238	7579
		iii) Units/liter of Diesel Oil	1.80	1.40
		iv) Cost per Unit (Rs.)	44.81	42.55
		C) Through Steam	-	-
		i) Turbines / Generators	-	-
		ii) Units	-	-
		iii) Cost/ Unit (Rs.)	-	-

2.	Coal	i) Quantity (MTs)	1002.36	373.79
		ii) Value (Rs. in Lakh)	77.22	28.92
		iii) Average Rate / ton(Rs.)	7703.55	7736.34
3.	Consumption per unit of production (production in MTs (Please refer to Sch. 28))	a) Electricity-KWH/Ton	120.15	125.49
		b) Coal (MTs Consumption)	256.40	196.32

B. Technology Absorption:

a.	The efforts made towards technology absorption	-
b.	The benefits derived like product improvement, cost reduction, product development or import substitution	-
c.	In case of imported technology imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	-
d.	The expenditure incurred on Research and Development	65 lakhs

C. Foreign Exchange earnings and outgo:

a.	Foreign Exchange earned in terms of actual inflows during the year under report	12,87,59,568
b.	Foreign Exchange outgo in terms of actual outflows during the year under report	-NIL-

23. RISK MANAGEMENT

The Company has a well-defined process in place in place to ensure appropriate identification and mitigation of risks. It has taken profound steps to ensure that there is a sound Risk Management Policy in place to address such concerns/risks through mitigating actions on continuing basis. The Risk Management process covers risk



identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies.

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

24. DETAILS OF THE ESTABLISHMENT OF VIGIL MECHANISM

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

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

25. MATERIAL ORDERS OF JUDICIAL BODIES OR REGULATORS

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

26. AUDITORS

(i) Statutory Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013, M/s. Vijay Panchappa & Co, (Firm # 004693S), Chartered Accountants, Bengaluru were appointed as Statutory Auditors of the Company to conduct the Statutory Audit for the Financial Year 2020-21 and the remuneration payable to them was approved by the Shareholders

in the 40th Annual General meeting of the Company held on 28/01/2021.

The Office of the Comptroller and Auditor General of India vide Letter No./CA. V/COY/KARNATAKA,KNSOAP(1)/674, dated 24/08/2021, have appointed M/s. Vijay Panchappa & Co, (Firm # 004693S), Chartered Accountants, Bengaluru as the Statutory Auditors of the Company for the year 2021-22 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 2020-21 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
2	M/s. S. Venkatram & Co.,	Bangalore
3	M/s. V.N.Purohit & Co.,	Hyderabad
4	M/s. R.Subramanian & Co., LLP	Chennai
5	M/s. R.S.V.A & Co.,	Mumbai
6	M/s. DKD & Associates.,	Kolkata
7	M/s. Gupta Amit Kumar & Co.,	New Delhi

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 had appointed M/s. Sheela Arvind & Co., Company Secretaries, Bengaluru to undertake the Secretarial Audit of the Company for the year ended 31st

March 2021. 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:** Enclosed separately as Annexure.
- b) **the Company Secretary in Practice in her Secretarial Audit Report:** Enclosed separately as Annexure.

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 2021 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:

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



- (d) 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 as on 31/03/2021 is given below:

Particulars	Total Strength
Bangalore Unit	223
SOD Mysore	22
SOD Shivamogga	7
Marketing Department (Bangalore, Chennai, Hyderabad, Mumbai, Kolkata and New Delhi)	40
Total	292

(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:

During the year under review, the Industrial Relations in all the Divisions were cordial.

36. ACKNOWLEDGEMENTS:

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

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

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

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

**Sd/-
MADAL VIRUPAKSHAPPA
Chairman
DIN: 08904142**

**Sd/-
MAHESH B SHIRUR
Managing Director
DIN:08524095**

Date :28/01/2022
Place: Bengaluru

ANNUAL REPORT ON CSR ACTIVITIES ANNEXURE-I

Annual Report on CSR Activities

(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.	Sri. Mahesh B Shirur, IFS	Chairman	1	1
2.	Smt. N R Jaganmatha	Member	4	4
3	Sri. L Chandrashekar Nayak, IAS	Member	1	0

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 details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

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. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
NA.			

6. Average net profit of the company as per section 135(5). - 1,45,04,91,833.67

7. (a) Two percent of average net profit of the company as per section 135(5) - 2,90,09,836.67.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - NA

(c) Amount required to be set off for the financial year, if any - NA

(d) Total CSR obligation for the financial year (7a+7b-7c) - 2,90,09,836.67

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



Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
4,31,30,000	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.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Project duration.	(7) Amount allocated for the project (in Rs.).	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	The Deputy Commissioner, Uttara Karnataka, Karwar.	Rural Development	Yes	North Karnataka	-		14.00	-	-	No	KS&DL CSR Trust	CSR00013217
2.	Block Education Officer, Public Education Department, Channagiri Taluk, Davanagere District	Education	Yes	Channagiri Taluk, Davanagere District, Karnataka	-		205.60	-	-	No	KS&DL CSR Trust	CSR00013217
3.	Anganawadi Centres at Channagiri Taluk, Davanagere District -	Education	Yes	Channagiri Taluk, Davanagere District, Karnataka	-		30.80	-	-	No	KS&DL CSR Trust	CSR00013217
4.	Renovation of Government Senior Secondary School at Bengeri, Hubli	Education	Yes	Bengeri, Hubli	-		40.00	-	-	No	KS&DL CSR Trust	CSR00013217

KARNATAKA SOAPS AND DETERGENTS LIMITED

5.	Class Room at Government School in Shiralakoppa	Education	Yes	Shiralakoppa, Shimoga, Karnataka	-	40.00	-	-	No	KS&DL CSR Trust	CSR00013217
6.	Sabha Bhawana at Government Higher Primary School, Marigudi, Sirsi, Uttara Kannada District	Education	Yes	Marigudi, Sirsi, Uttara Kannada District	-	10.00	-	-	No	KS&DL CSR Trust	CSR00013217
7.	Construction of 4 Class Rooms & Toilet Blocks to K.B.G.G. High School at Bennihalli Village in Harapanahalli Taluk	Education	Yes	Bennihalli Village in Harapanahalli Taluk	-	21.00	-	-	No	KS&DL CSR Trust	CSR00013217
8.	Construction of class rooms in the Higher Primary School at Kempnahalli	Education	Yes	Kempnahalli, Davanagere District	-	20.00	-	-	No	KS&DL CSR Trust	CSR00013217
9	Construction of Library at Geddalahatti	Education	Yes	Geddalahatti	-	15.00	-	-	No	KS&DL CSR Trust	CSR00013217
10	Renovation of Government Junior Primary School at Madenahalli	Education	Yes	Madenahalli	-	2.10	-	-	No	KS&DL CSR Trust	CSR00013217
11	Renovation of Government Junior Primary School at Gururajapura	Education	Yes	Gururajapura	-	2.80	-	-	No	KS&DL CSR Trust	CSR00013217
12	construction of 500 LPH Capacity of RO plant unit at Channagiri Taluk, Kagaluru Panchayat, Chikkakagaluru Village	Rural Development	Yes	Channagiri Taluk, Kagaluru	-	7.50	-	-	No	KS&DL CSR Trust	CSR00013217



13.	RO plant unit at Channagiri Taluk, Kempanahalli Panchayat, Gomala Village	Rural Development	Yes	Channagiri Taluk, Kempanahalli Panchayat, Gomala Village	-	7.50	-	-	No	KS&DL CSR Trust	CSR00013217
14.	RO plant unit at Channagiri Taluk, Kerebilachi Village Panchayat, Swargavathi Pattana (Near Shanthisagara).	Rural Development	Yes	Channagiri Taluk, Kerebilachi Village	-	7.50	-	-	No	KS&DL CSR Trust	CSR00013217
15.	RO plant unit at Channagiri Taluk, Joldal Village Panchayat, Santhebennuru-	Rural Development	Yes	Taluk, Joldal Village Panchayat	-	7.50	-	-	No	KS&DL CSR Trust	CSR00013217
Total						431.30	-	-			

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.		Name.	CSR registration number.
1.	NA	NA	NA	NA	NA	NA	NA	NA
Total								

(d) Amount spent in Administrative Overheads - NA

(e) Amount spent on Impact Assessment, if applicable - NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)–4,31,30,000

(g) Excess amount for set off, if any - Nil

Sl. No.	Particular	Amount(in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	2,90,09,837
(ii)	Amount available for spending for FY 2019-20	1,37,47,631
(iii)	Total amount spent for the Financial Year	4,31,30,000
(iv)	Excess amount spent for the financial year [(iii)-(ii)-(i)]	3,72,532
(v)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(vi)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3,72,532

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer.	
1.	NA	NA	NA	NA	NA	NA	NA
	Total						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
1	NA	NA	NA	NA	NA	NA	NA	NA
	Total							



10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year
- (a) Date of creation or acquisition of the capital asset(s).NA
 - (b) Amount of CSR spent for creation or acquisition of capital asset.NA
 - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.NA
 - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).NA
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). - NA

SD/-
MADAL VIRUPAKSHAPPA
Chairman
DIN: 08904142

SD/-
MAHESH B SHIRUR
Managing Director
DIN:08524095

Date : 28/01/2022
Place: Bengaluru

**ADDENDUM TO THE DIRECTOR'S REPORT
REPLIES TO THE INDEPENDENT AUDITOR'S REPORT ON ACCOUNT OF KARNATAKA
SOAPS & DETERGENTS LIMITED FOR THE PERIOD 2020-21**

SI. No.	AUDITOR'S REPLY	MANAGEMENT REPLY
1	Management has assessed impact of COVID-19 pandemic on the Company, and same is disclosed in notes on accounts and management responsibility statement. As per company assessment and our verification and observations, we report that in respect of COVID-19 pandemic, since being the company produce and sell essential goods, in COVID-19 pandemic the business of the essential goods was open without interruption and the sales are not decreased as compared with previous year of same quarter of the same period, hence we are of the opinion that the company has not faced any loss due to COVID-19 pandemic.	Noted.
2	As it is said in above paragraph, the company carried the business without interruption; there is no material evidence to say COVID-19 pandemic interruption affected the going concern concept of the company. Hence, we are of the opinion that the continuity of the company business was not affected due to COVID-19 pandemic.	Noted.
3	The Company has availed an Unsecured Loan from the State Government of Karnataka on different intervals on Rehabilitation scheme during 1995-96 scheme amounting to Rs 3,50,00,000/-. But as per Accountant General (A&E) Certification No: Loans/A2/2021/113 dated: 22.02.2021 on confirmation of Balances the company has made a payment of Rs 3,25,00,000.00 (Three Crore and Twenty Five Lakhs Only) on 10th October 2021. The balance still showed under the head Loans and Advance from Government of Karnataka. On the settlement of account, It is advised to obtain No balance is payable to Government and transfer the balance amount of Rs 25,00,000/- (Rupees. Twenty Five Lakhs Only) to Profit and Loss account.	No due certificate will be obtained and necessary entry will be passed in the current year 2022-23.
4	The Company has issued Purchase Order to M/s 3F Industries, Hyderabad on 26-09-2021 for supply of DFA Snow White Soap Noodles 70:30, following e-procurement procedure. Earlier to this, the same firm was kept in Blacklisted due to poor quality supply soap nodules and an amount of Rs 1.16 Cr was also recovered from them. The firm filed a court of law (petition No: WP:5022/2020) against the company for issuing blacklisted order without providing an opportunity before blacklisting. The court allowed petitioner to participate in e-tender procedure for pending court of law (petition No:WP:5022/2020) subject to final outcome of the petition. Since the M/s 3F industries, Hyderabad was L1 one among other four participants, the empanelled Legal Advisers has opined that "Regarding the award of the tender, we need to get directions from the Hon'ble court." The same was not complied by the Company while issuing Purchase Order and issue was not been discussed and in PNC meeting "under what circumstances the same firm was selected for the supply of DFA Snow White Soap Noodles 70:30 which the company has already kept in Blacklist, duly violating the legal opinion provided by panel advocates". The Company has explained to us that "Due to Covid-19 Pandemic delay the court case is still pending and by this time M/s 3F Industries, Hyderabad has supplied the DFA Snow White Soap Noodles 70:30 satisfactorily".	In anticipation of Court Order and to keep continuous production of soaps to meet Market demand Company has given PO to M/s 3F Industries who is L-1 after following tender formalities.



5	<p>“The company has placed work order dated 08.02.2019 M/s Oriental Enterprises Private Limited, Mumbai for supplying, erecting & commissioning of Guerze Pleat Wrapping machine at a cost of Rs.397.66 lakhs (including GST). An advance amount of Rs.84.25 lakhs (Net of GST/TDS deductions) was paid to the supplier during November 2019. The same is yet to be commissioned. The supplier vide letter dated 23.01.2020 has claimed 65% payment amounting to Rs.258.48 lakhs including GST.</p> <p>The Machine has been invoiced in January 2020 and received by the Company in February 2020 and is yet to be commissioned. Further the supplier has submitted the claim of Rs.258.48 lakhs. Hence, the Company is required to recognize the liability for this amount payable to the supplier and classify the value of the equipment (Rs.397.66 lakhs including GST) under Non-current assets – Capital work in progress. This resulted in understatement of Capital Work in Progress and consequent understatement of liabilities to that extent.</p> <p>“The following advance and the same is yet to be adjusted against the supplies made: (i) Oriental Enterprises Pvt Ltd - Rs.0.84 crore. (ii) Balaji Food Processing Industry - Rs.4.99 crore (iii) KRIDL - Rs.0.098 crore. This resulted in overstatement of Trade Payables and understatement of Loans and Advances by Rs.5.928 crore. Even during this financial year the liability is not provided.</p>	<p>Expecting installation report and GRN from Production department, after receiving the same from production / stores department suitable action will be taken to account the same.</p>
6	<p>The excess amount of Rs 154.26 lakhs over and above approved budget of 243.10 Lakh is spent on centenary celebration on 30th July 2016 is yet to be rectified. It is explained to us that the company is forming a committee to scrutiny of the expenditure to get the ratification from the board. The same was reported in our previous audit report.</p>	<p>A Committee has been formed in the 245th Board meeting to verify the genuinity of expenditure incurred on Centenary Celebration the committee report is awaited for taking further action. Expecting Committee report.</p>
7	<p>The company has leased its part of the property of Bangalore Factory area, to KMF for the period of 10 years from 1st July 2016 to 30th June 2026 to run KMF to sell its products in the name of Nandini, by way of unregistered deed. It has been explained to us that “they have registered a case in the court of Law (petition No: WP 5313/2020) and hence lease agreement cannot be registered at this stage”.</p>	<p>The matter is forwarded to Company Advocates for taking suitable action in this regard.</p>

Appendix A : CARO points

1	Having regard to the nature of the Company's business/activities, maintenance of Cost Records prescribed by the Central Government under sub section (1) of section 148 of Companies Act, 2013 is not applicable to the Company. Hence, the reporting under paragraph 3(vi) of the Order does not arise. The company is advised to maintain the reconciliation between Costing Profit and Book Profit.	The Company has taken steps to develop and implement a standardize and well integrated system to cover these issues.
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Appendix B : ICFR Audit Report Points

	<p>In our opinion, the Companies internal controls and the internal financial controls system over financial reporting are inadequate to be commensurate with the size of the company and the nature of its business as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> <p>a. The Company does not have centralized manner of book-keeping system. They have relied on the information shared by branches.</p> <p>b. The Company has no proper system of reconciliation for inter-branch transactions reconciliation of balances and inventory valuation,</p> <p>c. The Company does not have any internal policy to test the useful life of Property, Plant & Equipment, impairment of Property, Plant & Equipment.</p> <p>Consequently, we are unable to obtain sufficient appropriate audit evidence as to provide a basis for our opinion as to whether the company had adequate internal financial controls over financial reporting and that whether such internal financial controls were operating effectively as on 31st March 2021.</p>	The Company has taken steps to develop and implement a standardize and well integrated system to cover these issues.
	<p>Disclaimer of Opinion</p> <p>Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph above and based on the information and explanation given to us, the Company has not adequately established its internal financial control over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> <p>We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.</p>	

**Appendix C:**

Independent Auditor's Report U/S 143(5) of the Companies Act, 2013
for the year Ended March 31, 2021

Para No.	Auditors Observation	Management Response
1	Yes, The Company has an IT system which process all the accounting transactions. During the course of audit, we have not come across any accounting transactions that were processed outside of the IT system. Accordingly, commenting on financial implications and integrity of accounts on account of processing accounting transactions outside the IT system does not arise. However, the processes connected to accounting transactions like raising work/purchase orders, evaluation of quotes from supplies, cheque printing, Receipts etc. happens outside IT system.	We are introducing Cloud based ERP System to the Company and the proposal is under tender process.
2	There was no restructuring of existing loans during the period ended March 31, 2021. Also, there were no cases of waiver/ write off of debts/ loans/ interest etc., made by a lender to the company. Accordingly reporting of financial implication on such restructuring / waiver/ write off of debts/ loans/ interest etc., by the lender to the Company does not arise.	Company has not availed any loans from Govt/Agencies hence, no such restructuring / waiver/ write off of debts/ loans/ interest etc., during the period ended March 31, 2021.
3	No Funds are received/ receivable for specific schemes from Central / State Agencies during the period ended March 31, 2021. As per information provide to 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.	The Company has not received any funds from Central / State Agencies, taken steps to develop and implement a standardize and well integrated system to cover these issues.

ADDENDUM TO BOARD'S REPORT FOR THE FY 2020-21

SI No	Statutory Auditor's Comment	Management Reply
1.	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 Corporation 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.	The Company has initiated the process of appointing a Whole time Company Secretary.
2.	As per para 9 & 12 of the Ind AS 36 – Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. Management has not performed any test indication of impairment by considering external source of information and internal source of information. In absence of sufficient and appropriate evidence, we are unable to quantify the impact.	The assessment of impairment of assets are initiated and shall be taken up in the current year.

Company's Reply to the Observations of the Secretarial Auditors as contained in their Report Dated 20.01.2022 for the year ended on 31.03.2021.

SI No	Observations	Management Reply
1.	The Company has exceeded more than 120 days gap in conducting the 249th Board Meeting from its previous Board Meeting held on 04/12/2019 (Adjourned meeting 11/12/2019) and violated the provision of Section 173(1) of the Companies Act, 2013.	Due to Covid-19 pandemic, the Board could not meet within the prescribed 120 days time period.
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 has initiated the process of appointing a whole-time Company Secretary.

**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 2020-21
To

The Members

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2021 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 2021 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'):-The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (e) 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;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (g) 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 exceeded more than 120 days gap in conducting the 249th Board Meeting from its previous Board Meeting held on 04/12/2019 (Adjourned meeting 11/12/2019) and violated the provision of Section 173(1) of the Companies Act, 2013.
2. The Company is required to appoint a whole-time Company Secretary in pursuance to the Provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

We further report that:

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

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



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

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

5. No Foreign technical collaborations.

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

Sd/-

**Sheela Arvind
Proprietrix**

Membership No: FCS 9686

CP No: 11992

FRN No: S2015KR300700

UDIN: F009686C002240035

Place: Bangalore

Date: 20/01/2022

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

“Annexure - A”

To

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Whenever required, we have obtained the

Management representation about the compliance of laws, rules and regulations and happening of events etc.

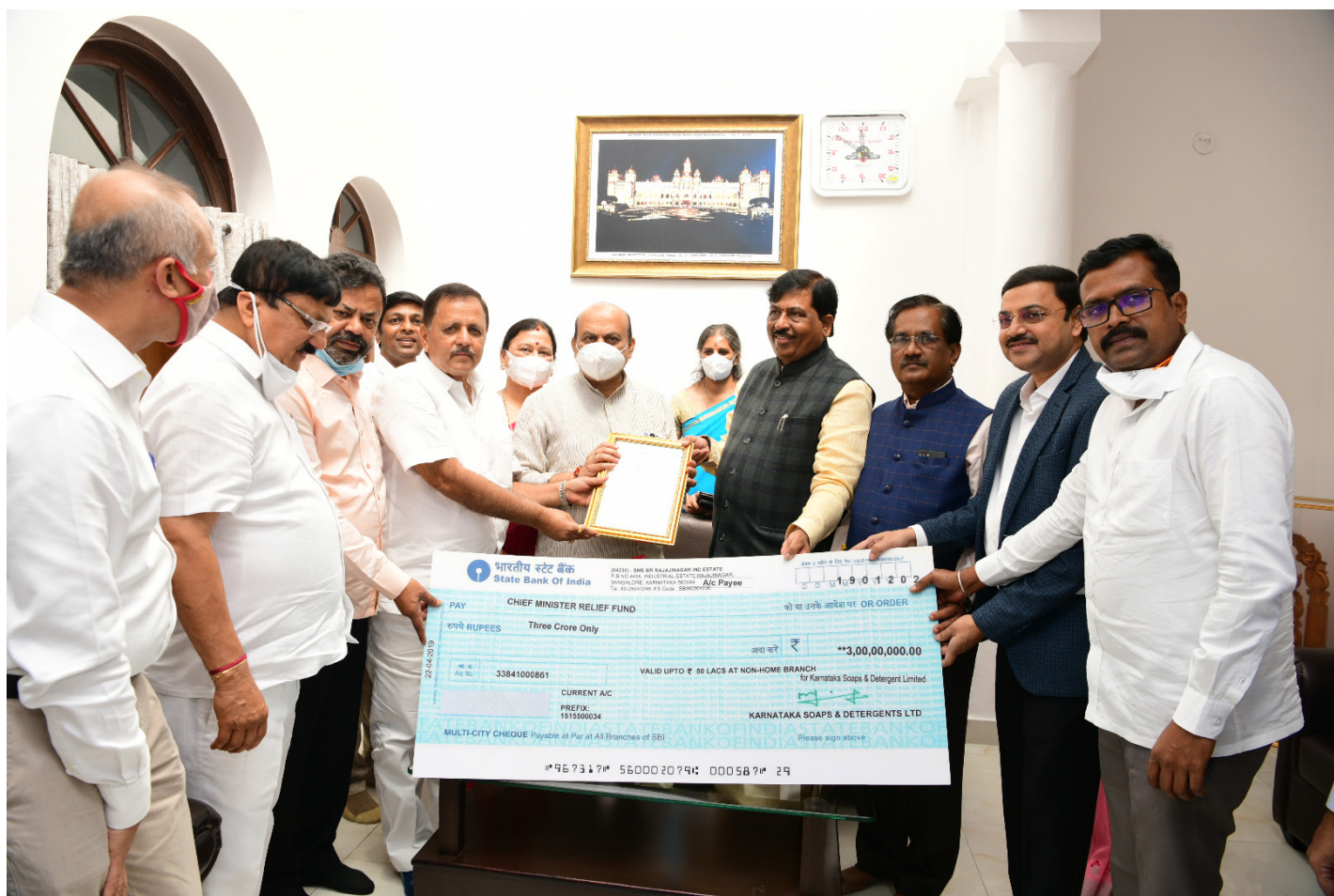
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-

**Sheela Arvind
Proprietrix
Membership No: FCS 9686
CP No: 11992
FRN No.S2015KR300700
UDIN: F009686C002240035**

Place: Bangalore
Date: 20/01/2022



Karnataka Soaps and Detergents Limited has contributed Rs.3 crores to “**Chief Minister Relief Fund**” cheque was handed over the to **Sri Basavaj S. Bommai**, Hon’ble Chief Minister, Government of Karnataka on 20.01.2022. Sri Murugesh R. Nirani, Hon’ble Minister for Large and Medium Industries, Sri Araga Jnanendra, Hon’ble Minister for Home, Sri Madal K. Virupakshappa, Hon’ble Chairman, KS&DL and MLA, Channagiri Constituency, Sri M.P. Renukacharya, Hon’ble MLA Honnali Constituency and Sri Mahesh B. Shiruru, IFS, Managing Director, KS&DL. The Board of Directors and Senior Officers of KS&DL were present during the event.

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 2021.

The preparation of financial statements of **Karnataka Soaps & Detergents Limited, Bangalore**, for the year ended **31st March 2021** 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 **20th January 2022** which supersedes their earlier Audit Report dated **12th November 2021**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the of the financial statements of **Karnataka Soaps & Detergents Limited, Bangalore** for the year ended **31 March 2021** 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 Financial Statement** by the management indicated in the **Note no.35** and **Statutory Auditor Report**, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors report under section 143(6)(b) of the Act.,

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

**Sd/-
(SHANTHIPRIYA S.)
Pr. ACCOUNTANT GENERAL (AUDIT-II)
KARNATAKA, BENGALURU**

Place : BENGALURU
Date: 25.01.2022



INDEPENDENT AUDITOR'S REPORT (REVISED)

TO THE MEMBERS OF KARNATAKA SOAPS AND DETERGENTS LIMITED

1. Report on the Audit of the Standalone Financial Statements

We have audited the accompanying financial statements of, Karnataka Soaps and Detergents Limited which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

On Completion of Audit of Accounts of the Company for the year ended 31st March 2021, we have issued a revised report dated: 13th December 2021 on the accounts of the Company. The accounts has been revised in the light of the observations of audit of Comptroller and Auditor General of India. Revision of accounts resulted in profit for the year ended amounting Rs.113.95 crore as against profit of Rs.115.46 crore as reported previously. Hence, this report supersedes our previous report.

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 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, 2021, its Profit including other comprehensive income, its Cash flows and the changes in equity for the year ended on that date.

2. Qualified Opinion and Basis for Qualified Opinion

We have conducted our audit of Standalone 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 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 financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1. 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 Corporation 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.
2. As per para 9 & 12 of the Ind AS 36 – Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. Management has not performed any test indication of impairment by considering external source of information and internal source of information. In absence of sufficient and appropriate evidence, we are unable to quantify the impact.

3. Emphasis of Matter

1. Management has assessed impact of COVID-19 pandemic on the Company, and same is disclosed in notes on accounts and management responsibility statement. As per company assessment and our verification and observations, we report that in respect of COVID-19 pandemic, since being the company produce and sell essential goods, in COVID-19 pandemic the business of the essential goods was open without interruption and the sales are not decreased as compared with previous year of same quarter of the same period, hence we are of the opinion that the company has not faced any loss due to COVID-19 pandemic.
2. As it is said in above paragraph, the company carried the business without interruption; there is no material evidence to say COVID-19 pandemic interruption affected the going concern concept of the company. Hence, we are of the opinion that the continuity of the company business was not affected due to COVID-19 pandemic.
3. The Company has availed an Unsecured Loan from the State Government of Karnataka on different intervals on Rehabilitation scheme during 1995-96 scheme amounting to Rs 3,50,00,000/-. But as per Accountant General(A&E) Certification No: Loans/A2/2021/113 dated: 22.02.2021 on confirmation of Balances the company has made a payment of Rs 3,25,00,000.00 (Three Core and Twenty Five Lakhs Only) on 10th October 2021. The balance still showed under the head Loans and Advance from Government of Karnataka. On the settlement of account, It is advised to obtain No balance is payable to Government and transfer the balance amount of Rs 25,00,000/- (Rupees. TwentyFive Lakhs Only/-) to Profit and Loss account.
4. The Company has issued Purchase Order to M/s 3F Industries, Hyderabad on

26-09-2021 for supply of DFA Snow White Soap Noodles 70:30, following e-procurement procedure. Earlier to this, the same firm was kept in Blacklisted due to poor quality supply soap nodules and an amount of Rs 1.16 Cr was also recovered from them. The firm filed a court of law (petition No: WP:5022/2020) against the company for issuing blacklisted order without providing an opportunity before blacklisting. The court allowed petitioner to participate in e-tender procedure for pending court of low (petition No:WP:5022/2020) subject to final outcome of the petition. Since the M/s 3F industries, Hyderabad was L1 one among other four participants, the empaneled Legal Advisers has opined that "Regarding the award of the tender, we need to get directions from the Hon'ble court." The same was not complied by the Company while issuing Purchase Order and issue was not been discussed and in PNC meeting "under what circumstances the same firm was selected for the supply of DFA Snow White Soap Noodles 70:30 which the company has already kept in Blacklist, duly violating the legal opinion provided by panel advocates". The Company has explained to us that "Due to Covid-19 Pandemic delay the court case is still pending and by this time M/s 3F Industries, Hyderabad has supplied the DFA Snow White Soap Noodles 70:30 satisfactorily".

5. The company has placed work order dated 08.02.2019 M/s Oriental Enterprises Private Limited, Mumbai for supplying, erecting & commissioning of Guerze Pleat Wrapping machine at a cost of Rs.397.66 lakhs (including GST). An advance amount of Rs.84.25 lakhs (Net of GST/TDS deductions) was paid to the supplier during November 2019. The same is yet to be commissioned. The supplier vide letter dated 23.01.2020 has claimed 65% payment amounting to Rs.258.48 lakhs including GST.

The Machine has been invoiced in January 2020



and received by the Company in February 2020 and is yet to be commissioned. Further the supplier has submitted the claim of Rs.258.48 lakhs. Hence, the Company is required to recognize the liability for this amount payable to the supplier and classify the value of the equipment (Rs.397.66 lakhs including GST) under Non-current assets – Capital work in progress. This resulted in understatement of Capital Work in Progress and consequent understatement of liabilities to that extent.

The following advance and the same is yet to be adjusted against the supplies made:

- i) Oriental Enterprises Pvt Ltd - Rs.0.84 crore.
- ii) Balaji Food Processing Industry - Rs.4.99 crore
- iii) KRIDL - Rs.0.098 crore.

This resulted in overstatement of Trade Payables and understatement of Loans and Advances by Rs.5.928 crore. Even during this financial year the liability is not provided.

6. The excess amount of Rs 154.26 lakhs over and above approved budget of 243.10 Lakh is spent on centenary celebration on 30th July 2016 is yet to be rectified. It is explained to us that the company is forming a committee to scrutiny of the expenditure to get the ratification from the board. The same was reported in our previous audit report.
7. The company has leased its part of the property of Bangalore Factory area, to KMF for the period of 10 years from 1st July 2016 to 30th June 2026 to run KMF to sell its products in the name of Nandini, by way of unregistered deed. It has been explained to us that “they have registered a case in the court of Law (petition No: WP 5313/2020) and hence lease agreement cannot be registered at this stage”.

4. Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

5. Responsibility of Management and Those Charged with Governance for the Standalone 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 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

As it is as said above paragraph, the company carried the business uninterruptedly there is no material evidence to say COVID-19 pandemic interruption affected the going concern concept of the company. Hence,

the management is of the opinion that the continuity of the company business was not affected due to COVID-19 pandemic. With reference to management assessment and documents obtained and explanation given and with our observation, the Management assessment is correct and accepted.

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

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

6. Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the 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 Audits 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 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 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 financial statements, including the disclosures, and whether the 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

- 7.1 As required by the Companies (Auditor's Report) Order, 2016 ("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.
- 7.2 As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, though the manner in which they are being maintained is appropriate and proper returns adequate for the purpose of audit have been received from the branches not visited by us.
- (c) The Branches of the company are audited by us and hence there is no question of dealing with Branch Auditors Reports and incorporating them in the Company's Auditors' Report as required under section 143(3)(c) of the Act.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) There are no such financial transactions or matters which have an adverse effect on the functioning of the company.
- (f) On the basis of written representations received from the Directors as on 31st March, 2021, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2021, from being appointed as a Director in terms of Section 164(2) of the Act. – No written representations received for 31st March 2021.
- (g) With respect to the other matters to be included in the Auditor's Report

in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- I. The Company has pending litigations, disclosed the impact of pending litigations on its financial position in the financial statements, refer **Annexure E**.
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (h) Auditor's Report on Internal Financial Control System as required by the Section 143(3) (i) is given in to this report **Annexure B**.
- 7.3 As required by section 143(5) of the Companies Act, 2013, we give in Annexure-Ca statement on directions issued by the Comptroller and Auditor General of India for the said company.

For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No:004693S

Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263

Place: Bengaluru.
Date: 20th January 2022



Annexure “A” to the Independent Auditor’s Report

On the basis of such checks as we considered appropriate and according to the information and explanations given to us, we state that:

i. Property, Plant and Equipment:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment till 31st March 2021, but the fixed assets acquired during financial year 2020-21 is not updated in the Property, Plant and Equipment register maintained in the company; the company is at the practice that Property, Plant and Equipment register is being updated on completion of the statutory audit.
- (b) The Company has physically verified the Property, Plant and Equipment during the year and physical verification certification has been obtained. As per physical verification statements no discrepancies noticed.
- (c) As per the information and explanation provided to us and to the best of our knowledge, the title deeds of the Immovable properties owned by the Company and found that they are in order and there are no undue encumbrances affecting titles and possession.

ii. Inventory

- (a) The company has maintaining proper records of inventory manually and no material discrepancies were noticed on our sample tests.
- (b) As per annual physical verification made by the committee appointed by the management, at the end of the year committee verified and no discrepancies reported.

- (c) In confirmation with internal audit report, it is observed that there are stock of slow moving and non moving packing materials in Depots pertaining to prior period. 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”.

iii. Loans and Borrowings and Guarantees – Granted

Based on the information provided to us and the verification conducted by us we are of opinion that

- (a) The company has not granted any loans, secured or unsecured to companies, firms, LLP’s or other parties covered in the register maintained u/s 189 of the Companies Act 2013.
- (b) The company has not given any guarantee for loans taken by others from Banks or Financial Statements.

iv. Loans and Borrowings and Guarantees – Obtained

The Company has availed an Unsecured Loan from the State Government of Karnataka on different intervals on Rehabilitation scheme during 1995-96 scheme amounting to Rs 3,50,00,000/-. In the previous year it was been accounted under Other Equity.

The principal secretary, Commerce and Industries Department has written a letter on 06-11-2020 instructed the company to reconcile the amount payable to its departments and repay without any further delay considering all these aspects the unsecured liability amount Rs.3,50,00,000/- is repayable within one year from the end of financial year. In compliances with the IndAS 107, it is shown as other current liabilities.

v. Public Deposits

According to the information and explanation given to us, the Company has not accepted any deposits from the public in accordance with relevant provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Hence, the reporting under paragraph 3(v) of the Order does not arise.

vi. Costing Records

Having regard to the nature of the Company's business/activities, maintenance of Cost Records prescribed by the Central Government under sub section (1) of section 148 of Companies Act, 2013 is not applicable to the Company. Hence, the reporting under paragraph 3(vi) of the Order does not arise. The company is advised to maintain the reconciliation between Costing Profit and Book Profit.

vii. Statutory Matters

According to the information and explanations given to us and on the basis of our examination, the company is regular in depositing undisputed statutory dues including income-tax, sales-tax, duty of customs, value added tax, goods and service tax, cess, Provident fund, professional tax and other material statutory dues were outstanding, at the end of the year, for a period of more than six months from the date they became payable to the appropriate authorities except for the following dues.

Sl.	Nature of Dues	Amount in INR
1.	PF Trust	12,19,470
2.	Central Sales Tax	91,071
3.	Value Added Tax of various states	91,13,699

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

- Central Excise liability which was under litigation is settled under the Vivad se Viswas settlement scheme of the Central Government for the demand of Rs 6,25,83,299/- and an amount of Rs 74,17,550.90 duly adjusting pre-payment of Rs. 3,32,54,814/- at the time of litigation.
- Under VAT Act the Rs 27,76,124/- litigated liability for which the appeal is pending with the appellate authority.
- Under the income tax act, the details of the cases pending before the appellate authority is given in the Annexure-F. Since matter of the cases are strong enough to defend so that company has not opted vivad se viswas scheme of central government to settle the disputed income tax liability.

viii. Repayment of Loan

The Company has availed an Unsecured Loan from the State Government of Karnataka on different intervals on Rehabilitation scheme during 1995-96 scheme amounting to Rs, 3,50,00,000/-. The principal secretary, Commerce and Industries Department has written a letter on 06-11-2020 instructed the company to reconcile the amount payable to its departments and repay without any further delay. Considering all these points the unsecured liability amount Rs.3,50,00,000/- is repayable within one year from the end of financial year.

ix. Utilization of IPO and other Further Public Offer

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.



x. Reporting of Fraud

- 1) We observed that Director of Finance has been charged with Fraud and has been subject to Disciplinary Action. The details of the same are given in Annexure-D in form ADT-4.
- 2) A departmental enquiry was initiated against Mr Ravi P, the then DGM(Finance) who was involved in the Financial Irregularities. Details of the same is given in the Annexure-D in the form ADT-4.

xi. Approval for Managerial Remuneration

The Company is a Limited Company, the provisions of section 197, read with Schedule V of the Companies Act 2013 does not apply to the company and hence reporting under paragraph 3(xi) of the Order is not applicable.

xii. Nidhi Company

The Company is not a Nidhi company. Accordingly, reporting under paragraph 3(xii) of the Order is not applicable.

xiii. Related Party Transaction

According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.

xiv. Private Placement of Preferential Issues

During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv) of the order is not applicable to the Company.

xv. Non Cash Transactions

According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with them and hence reporting under provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. Register under RBI Act

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No:004693S

Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263

Place: Bengaluru.
Date: 20th January 2022

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 2021 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.

Basis for Disclaimer of Opinion

In our opinion, the Companies internal controls and the internal financial controls system over financial reporting are inadequate to be commensurate with the size of the company and the nature of its business as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

- a. The Company does not have centralized manner of book-keeping system. They have relied on the information shared by branches.

- b. The Company has no proper system of reconciliation for inter-branch transactions reconciliation of balances and inventory valuation,
- c. The Company does not have any internal policy to test the useful life of Property, Plant & Equipment, impairment of Property, Plant & Equipment.

Consequently, we are unable to obtain sufficient appropriate audit evidence as to provide a basis for our opinion as to whether the company had adequate internal financial controls over financial reporting and that whether such internal financial controls were operating effectively as on 31st March 2021.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph above and based on the information and explanation given to us, the Company has not adequately established its internal financial control over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No:004693S

Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263

Place: Bengaluru.

Date: 20th January 2022

ANNEXURE - C**Independent Auditors' Report U/S 143(5) of the Companies Act, 2013
for the Year Ended March 31, 2021**

Sl No	Directors	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	<p>Yes, The Company has an IT system which process all the accounting transactions.</p> <p>During the course of audit, we have not come across any accounting transactions that were processed outside of the IT system. Accordingly, commenting on financial implications and integrity of accounts on account of processing accounting transactions outside the IT system does not arise.</p> <p>However, the processes connected to accounting transactions like raising work/purchase orders, evaluation of quotes from supplies, cheque printing, Receipts etc. happens outside IT system.</p>
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).	<p>There was no restructuring of existing loans during the period ended March 31, 2021. Also, there were no cases of waiver/ write off of debts/ loans/ interest etc., made by a lender to the company.</p> <p>Accordingly reporting of financial implication on such restructuring / waiver/ write off of debts/ loans/ interest etc., by the lender to the Company does not arise.</p>
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.	<p>No Funds are received/ receivable for specific schemes from Central / State Agencies during the period ended March 31, 2021.</p> <p>As per information provide to 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.</p>

For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No:004693S

Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263

Place: Bengaluru.
Date: 20th January 2022



Additional Company Specific Directions

SI No	Specific Directions	Remarks
1.	Whether the auditor has verified all the items with regard to Cash and Bank Balances enclosed at Annexure-I, in case of specific non-compliances whether the same has been reported.	Yes – Verified all items with regard to Cash and Bank Balances. No discrepancies noticed.
2.	Whether the company has any unexplained balances and accounts operated under suspense head.	No such cases
3.	State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity	Plant and machinery fully utilized
4.	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	No such cases.
5.	Whether the company has proper internal controls while making payments to vendors	Yes.
6.	Whether the company has a proper system of reconciliation for inter-branch transactions, reconciliation of balances and inventory valuation?	Yes. Intra branch transactions and reconciliation are made at the year end.
7.	Whether the company has a robust internal control system and internal financial control system for compilation of accounts and preparation of financial statement considering that the same is outsourced?	Internal control system and internal financial control system are inadequate. The financial statement and the related workings and disclosure are complied and reviewed by Management consultant.
8.	Whether there is an effective system to obtain confirmations and reconcile the balances of debtors and creditors	Yes – there is effective system to obtain confirmations and reconcile the balances of debtors and creditors at the year end.
9.	Whether any balances are operated in the nature of suspense accounts for which no supporting details are available?	No such cases during the period of audit.
10.	Whether the company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	Yes – Company's pricing policy absorbs all fixed and variable cost of productions as well as allocation of overheads

For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No:004693S

Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263

Place: Bengaluru.
Date: 20th January 2022

Annexure – 1

SI 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 –Year end bank reconciliation statements were produced for our verification
3	Whether Bank reconciliation of the Main Account and subsidiary bank accounts were done?	Yes – All bank reconciliation were done.
4	Whether the interest for the entire duration of Fixed Deposits accounted in the books of accounts?	Yes
5	Was the authorization to operation bank accounts were given to single signatory?	No – Joint signatory of Managing Director and the Chief Finance Officer.
6	Whether physical verification of cash has taken place periodically?	Yes done at regular intervals.
7	Whether cash in hand as shown in balance sheet tallies with the certificate of verification of cash?	Yes
8	Is there is a register of Fixed Deposits showing amounts, maturity dates, rate of Interest and dates of payment of Interest?	Yes – Maintained in System
9	Is there a follow-up system to ensure that interest on Fixed Deposits is received on due dates?	Yes – Maintained in System
10	Is there a follow-up system to ensure that the transfer of matured amount of fixed deposits is done without any delay?	Yes – Maintained in System
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 – System balances tallies confirmation certificates issued by the Bank.
14	Whether the confirmation statements received from Bank are authenticated and in the Letterhead of the Bank?	Yes
15	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	No such cases
16	Whether the external confirmations were obtained from Banks in the test checked cases, if so details thereof.	Yes - Fixed Deposits in Union Bank of India, Malleswaram Branch and Canara Bank, Mahalakshmi Layout Branch.
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?	No such cases.



**Annexure – D Fraud Reporting – Section
143(12)
FORM NO. ADT.4
REPORT TO THE CENTRAL GOVERNMENT
[See rule 13(2)(f) of the Companies (Audit and
Auditors) Rules, 2014]
(As reported in previous Year)
Date: July 23, 2019**

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

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

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

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

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

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

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

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

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

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

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

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

Basis on which fraud is suspected: **Tampering of Court Order and Making Excess Payment**

Period during which the suspected fraud has occurred: **2016-17**

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

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

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

The Board of Directors are yet to hear the appeal.

The aforesaid response was given on July 24, 2019

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

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

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

Any other relevant information:

1) The alleged party has filed a civil case against the company for not to accept allegation made by the company and whereas company is depending in court of law matter is pending before the court. Further there has been a criminal case pending against allegiants who were responsible for tampering of court decree on excess payment in case number 7238/2020 filed during AUGUST 2020 before the finalization of financial statements for the year 2019-20 and completion of statutory audit.

2) A departmental enquiry was initiated against Mr P. Ravi the then DGM (Finance) who was involved in financial irregularities. He was placed under suspension. There after the company after receiving the enquiry report, the said Sri P Ravi was dismissed from the service. The Government constituted a committee for investigation into the said matter. A retired High Court judge was appointed for this purpose. Thereafter the retired judge has submitted the report to the Government. The outcome of the report was yet to be known to the company. Further, the company has initiated

for recovery of the dues from the proprietor of M/s Balaji Food processing Industry. The Criminal and Civil cases have been filed against the supplier and those connected therewith. The Company has taken legal action against the party for recovery of money filed criminal and civil case due to COVID-19 pandemic court did not allot the date of hearing. Next date of hearing of the related cases is 6th January 2022.

Case No	Court	Suit	Next Date of Hearing
Com.O.S-8856/2015	1389-CCH-LXXXII ACCS	Recovery Suit	7th February 2022
Com.O.S-8857/2015	1389-CCH-LXXXII ACCS	Recovery Suit	7th February 2022
Com.O.S-8863/2015	1389-CCH-LXXXII ACCS	Recovery Suit	7th February 2022

VERIFICATION

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

**For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No: 004693S**

**Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No: 204096
UDIN : 22204096AAAABT2263**

Place: Bengaluru.
Date: 20th January 2022



ANNEXURE-“E” IMPACT OF PENDING LITIGATIONS

1. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including income-tax, sales-tax, duty of customs, value added tax, goods and service tax, cess, Provident fund, professional tax and other material statutory dues to the appropriate authorities. Whereas there are pending litigations as per as direct and indirect tax concerned details of the status of litigations is given below:

- a. Central Excise liability which was under litigation is settled under the vivad se viswas settlement scheme of the Central Government for the demand of Rs 6,25,83,299/- and an amount of Rs 74,17,550.90 duly adjusting pre-payment of Rs. 3,32,54,814/- at the time of litigation. Because of the litigation is settled under vivad se viswas settlement scheme the company's Liability is reduced to that extent of Rs. 2,19,10,934.10 and further interest and penalties as well as litigation carrying expenditure is reduced.
- b. Under VAT Act the Rs 27,76,124/- litigated liability for which the appeal is pending with the appellate authority.
- c. Under the income tax act, the details of the cases pending before the appellate authority is given in the annexure –f. Since matter of the cases are strong enough to defend so that company has not opted vivad se viswas of scheme of central government to settle the disputed income tax liability. As per documents provided and information obtained, we are of the opinion of that, the matters can be depended on company will be relieve from the liability.

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 6th January 2022.

Case No	Court	Suit	Next Date of Hearing
Com.O.S-8856/2015	1389-CCH-LXXXII ACCS	Recovery Suit	7th February 2022
Com.O.S-8857/2015	1389-CCH-LXXXII ACCS	Recovery Suit	7th February 2022
Com.O.S-8863/2015	1389-CCH-LXXXII ACCS	Recovery Suit	7th February 2022

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

For VIJAY PANCHAPPA AND CO.
Chartered Accountants
Firm Reg. No:004693S

Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263

Place: Bengaluru.

Date: 20th January 2022

KARNATAKA SOAPS AND DETERGENTS LTD
Statement of pending cases related to Income Tax as on 31.03.2021

Assessment Year	Amount	Current Status
A.Y.2002-2003 (Under Rectification)	1806941	Case disposed in favour of Company vide CIT(Appeal) order dated 28.04.2015 & directed the Assessing Officer for granting relief to the Company after verifying the claims. Rectification is under process.
A.Y.2003-2004 (Under Rectification)	18167977	Case disposed in favour of Company vide CIT(Appeal) order dated 28.04.2015 & directed the Assessing Officer for granting relief to the Company after verifying the claims. Rectification is under process.
A.Y.2008-2009 (Under Rectification)	2165199	Under Rectification at CIT(A)
A.Y.2009-2010 (Under Rectification)	3146560	Under Rectification at CIT(A) order giving effect to appeal order by ITAT regarding exgratia disallowed of Rs.5427780 pending with assessing officer. Approximate tax effect Rs.1845000. Hearing concluded in January 2017 and orders awaited.
A.Y.2010-2011	7956400	Awaiting rectification order. Further, a notice u/s 250 received dated 12/08/2020 received to stating to submit the synopsis in brief about grounds of appeal and the submission made to CIT (A). Mr. V.G Iyer has submitted said relevant details through e-proceedings on 19/08/2020. Further progress on this regard is awaited.
A.Y.2013-2014	45392430	A personal hearing notice was sent on 18/01/2017. Mr. Iyer attended to the personal hearing and submitted the details. further, a notice u/s 250 received dated 12/08/2020 received to stating to submit the synopsis in brief about grounds of appeal and the submission made to CIT (A). Mr. V.G Iyer has submitted said relevant details through e-proceedings on 19/08/2020. Further progress on this regard is awaited.
A.Y.2004-2005	4155920	Company Appealed before DCIT for Rectification of Assessment order u/s 154 of Income Tax Act 1961 dated on 18.02.2013. Rectification pending before Asst. Dy.Commissioner of Income Tax, LTU, with regards to claim for setoff of brought forward losses of Rs.98,82,019/- which has not been considered resulting in assessed income at Rs. 98,82,019/- and balance tax thereon including interest demanded as per u/s 154 & 156 by the ACIT Order No.AAACK8519K/AC.LTU/11-12 Dt.06.02.2012. Order in this respect is awaited.
A.Y.2009-2010	112522416	Rectification of order giving effect to appeal order by ITAT regarding Exgratia disallowed of Rs.54,27,780 pending with assessing officer. Approximate tax effect Rs.18,45,000. Hearing is concluded in January 2017 and orders awaited.



A.Y.2016-2017	27264300	A rectification order dated 11/01/2019 stating to rectify by the Assessing Officer KAR/C/612/1. Rectification order received on 28/05/2021[ITBA/REC/S/154_1/2021-22/1033149377(1)]. Rectification is under progress.
A.Y.2017-2018	9305340	An application u/s 154 is filed addressing to ACIT on 14/12/2019 and reply through e-proceedings is submitted on 25/1/2020 by disagreeing the demand. Further process awaited.
A.Y.2018-2019	549810	An application u/s 154 filed on 14/12/2019 filed requesting rectification and to withdraw the demand amount raised u/s 156 of the Act. A response is filed through e-proceedings by disagreeing with demand. Further process awaited.

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 2021 in accordance with the directions/sub-directions issued by the C&AG of India under section 143(5) of the Companies Act 2013 and certify that we have complied with all the directions/sub-directions issued to us.

For VIJAY PANCHAPPA AND CO.

**Chartered Accountants
Firm Reg. No:004693S**

**Sd/-
(CA P.M. MUDIGOUDAR)
Partner M.No:204096
UDIN : 22204096AAAABT2263**

Place: Bengaluru.
Date: 20th January 2022

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

**ANNUAL ACCOUNTS
FOR THE
YEAR ENDED 31-03-2021**



Karnataka Soaps and Detergents Limited
Balance sheet as at 31 March 2021

(Rs. In Crore)

Sl. No.	Particulars	Note	As at 31 March 2021	As at 31 March 2020
I.	Assets			
1	Non-Current Assets			
	Property, Plant and Equipment	2	1,278.40	1,279.23
	Total Non-Current Assets		1,278.40	1,279.23
2	Current Assets			
	Inventories	3	158.38	200.01
	Trade Receivables	4	18.93	67.73
	Cash and Cash Equivalents	5	19.59	68.24
	Bank balances other than cash and cash equivalents	6	509.19	291.14
	Loans & Advances	7	45.10	40.27
	Total Current Assets		751.20	667.39
	Total Assets		2,029.60	1,946.62
II.	Equity and Liabilities			
A	Equity			
	Equity Share Capital	8	31.82	31.82
	Other Equity	9	1,656.33	1,561.56
	Total Equity		1,688.15	1,593.39
B	Liabilities			
1	Non-Current Liabilities			
	Deferred Tax Liabilities	10	160.33	161.81
	Provisions	11	9.19	10.32
	Total Non-Current Liabilities		169.52	172.13
2	Current liabilities			
	Trade Payables	12	22.93	26.21
	Other Current Liabilities	13	147.50	143.15
	Provisions	14	1.50	11.74
	Total Current liabilities		171.93	181.10
	Total Equity and Liabilities		2,029.60	1,946.62
	Significant Accounting Policies	1		
	Notes on Financial Statements	23-35		

On behalf of the Board

Sd/-
(MAHESH B. SHIRUR)
MANAGING DIRECTOR
DIN : 08524095

Sd/-
K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

Sd/-
(AVINASH K.R.)
GM - FINANCE
PAN : AIYPA0488Q

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO: 004693S

Sd/-
(CA.P.M.MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096AAAABT2263

PLACE : BENGALURU, DATE : 20-01-2022

KARNATAKA SOAPS AND DETERGENTS LIMITED

Statement of Profit and Loss for the year ended 31 March 2021

(Rs. In Crore)

S No	Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
	Income			
I.	Revenue From Operations	15	786.32	645.05
II.	Other Income	16	21.12	31.38
III.	Total Income (I + II)		807.43	676.42
	Expenses:			
a	Cost of Materials Consumed	17	491.26	270.55
b	Purchase of Stock in Trade	18	0.69	4.19
c	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	19	(6.43)	61.47
d	Employee Benefits Expense	20	60.46	70.35
e	Depreciation and Amortization Expense	2	2.32	2.08
f	Other Expenses	21	88.24	87.85
IV	Total Expenses		636.55	496.49
V			170.88	179.94
VI	Tax Expense:			
	(i) Current Tax		59.97	59.57
	(ii) Deferred Tax		(2.03)	7.20
			57.94	66.77
VII	Net Profit After Tax (V-VI)		112.94	113.16
VIII	Other Comprehensive Income			
A.	(i) Items that will not be reclassified to profit or loss			(3.50)
	(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 Retirement Benefits		1.55	
	Less: Income tax effect on above		(0.54)	
VIII	Other Comprehensive Income		1.01	(3.50)
IX	Total Comprehensive Income for the period (VII+VIII) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		113.95	109.66
X	Earnings per equity share:	22		
	Basic & Diluted (in Rs.)		3,580.84	3,446.09
	Face Value per Share (in Rs.)		1,000.00	1,000.00
	Significant Accounting Policies	1		
	Notes on Financial Statements	23-35		

On behalf of the Board

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO: 004693S

Sd/-
(MAHESH B. SHIRUR)
MANAGING DIRECTOR
DIN : 08524095

Sd/-
K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

Sd/-
(AVINASH K.R)
GM - FINANCE
PAN : AIYPA0488Q

Sd/-
(CA.P.M.MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096AAAABT2263

PLACE :BENGALURU, DATE : 20-01-2022

Cash Flow Statement for the year ended 31st March, 2021

(Rs. In Crore)

Particulars	For the ear Ended 31-03-2021	For the ear Ended 31-03-2020
A. Cash Flow From Operating Activities		
Net Profit before tax as per Statement of Profit and Loss	170.88	179.94
Add/(Less):		
Depreciation, Amortisation and Impairment	2.32	2.08
Taxes Paid	-59.97	-59.57
Interest and Dividend Income & Other Non Operating Income	-21.12	-31.38
OCI - Actuarial Gains	1.55	-3.50
Rounding Off	-	-0.00
Operating Profit before Working Capital Changes	93.67	87.57
Adjustment for movements in:		
Trade Receivables	48.80	-15.51
Inventories	41.63	18.03
Loans and Advances	-4.83	86.00
Trade Payables	-3.28	23.82
Other Current Liabilities	4.35	50.25
Current Provisions	-10.24	-115.70
Net Cash From Operating Activities	170.10	134.46
B. Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment	-1.50	-18.06
Sale of Property, Plant & Equipment	0.01	
Interest and Dividend Income & Other Non Operating Income	21.12	31.38
Net Cash From Investing Activities	19.63	13.32
C. Cash Flow From Financing Activities		
Increase/(Decrease) in Long Term Liabilities	-1.13	1.65
Dividend & Dividend Tax Paid	-19.18	-26.84
Net Cash from Financing Activities	-20.31	-25.19
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	169.41	122.58
Opening Balance of Cash and Cash Equivalents	359.38	236.79
Closing Balance of Cash and Cash Equivalents	528.79	359.38
Components of Cash and Cash Equivalents:		
Balances with Bank not carrying interest - Bank Balances in Cash & Cash Equivalents	19.59	68.19
Balances with Bank carrying interest - Other Bank Balances	509.19	291.14
Cash in Hand - Cash Balances in Cash & Cash Equivalents	0.01	0.04
Total of Cash, Cash Equivalents & Other Bank Balance	528.79	359.38

Notes: (i) Figures in brackets represent cash outflow. (ii) 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. (iii) Other Bank Balances have been treated as Cash and Bank Balances for the Purposes of preparation of Cash Flows. (iv) Other Bank Balances are Fixed Deposits, Margin Money and any other bank balance which are not freely used by the company for its operations

On behalf of the Board

Sd/-
(MAHESH B. SHIRUR)
MANAGING DIRECTOR
DIN : 08524095

Sd/-
K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

Sd/-
(AVINASH K.R)
GM - FINANCE
PAN : AIYPA0488Q

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO: 004693S
Sd/-
(CA.P.M.MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096AAAABT2263

PLACE : BENGALURU, DATE : 20-01-2022

Statement of Changes in Equity for the year ended 31 March 2021

(Rs. In Crore)

Equity Share Capital	Note	Number of Shares	Amount
As at 01 April 2020	8	318,221	31.82
Changes during the year		-	-
As at 31 March 2021		318,221	31.82

Other equity

(Rs. In Crore)

Particulars	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Opening balance as at 01 April 2020	-	775.86	785.70	1,561.56
Transactions during the year				
Net Profit / (Loss) for the year	-	-	112.94	112.94
Other Comprehensive Income for the year	-	-	1.01	1.01
Dividend Paid	-	-	-15.91	-15.91
Dividend Tax Paid	-	-	-3.27	-3.27
Closing balance as at 31 March 2021	-	775.86	880.47	1,656.33

Statement of Changes in Equity for the year ended 31 March 2020

(Rs. In Crore)

Equity Share Capital	Note	Number of Shares	Amount
As at 01 April 2020	8	318,221	31.82
Changes during the year		-	-
As at 31 March 2021		318,221	31.82

Other equity

(Rs. In Crore)

Particulars	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Opening balance as at 01 April 2020		775.86	702.88	1,478.74
Transactions during the year				
Net Profit / (Loss) for the year			113.16	113.16
Other Comprehensive Income for the year			-3.50	-3.50
Dividend Paid			-22.28	-22.28
Dividend Tax Paid		-	-4.57	-4.57
Closing balance as at 31 March 2021	-	775.86	785.70	1,561.56

On behalf of the Board

Sd/-
(MAHESH B. SHIRUR)
MANAGING DIRECTOR
DIN : 08524095

Sd/-
K. MADAL VIRUPAKSHAPPA
DIRECTOR
DIN : 08904142

Sd/-
(AVINASH K.R.)
GM - FINANCE
PAN : AIYPA0488Q

As per our report of even date
FOR VIJAY PANCHAPPA & CO
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO: 004693S

Sd/-
(CA.P.M.MUDIGOUDAR)
PARTNER
MEMBERSHIP NO : 204096
UDIN : 22204096AAAABT2263

PLACE :BENGALURU, DATE : 20-01-2022



Note 1: Significant Accounting Policies

1. 1 Corporate Information

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

1.2 Brand Information

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

1.3 Basis of Preparation

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

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

- 1 Land
- 2 Derivative Financial Instruments
- 3 Certain Financial Assets and Liabilities which are to be reported at Fair Market Value
- 4 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 financial statements are presented in INR and all values are rounded to the nearest crore in INR, except when otherwise indicated.

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)

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.

Property, Plant and Equipment

(Rs. In Crore)

Description	Gross Block			Depreciation			Net Block as at 31 March 2021
	As at 01 April 2020	Additions	Deductions	As at 31 March 2021	For the year	Deductions	
Land	1,251.14	-	-	1,251.14	-	-	1,251.14
Building	4.88	-	-	4.88	0.05	-	2.32
Plant & Machinery	46.66	1.12	0.15	47.63	1.64	0.15	21.96
Computers	2.30	0.10	-	2.41	0.13	-	0.29
Equipment	2.43	0.10	-	2.53	0.14	-	0.86
Furniture & Fixtures	1.97	0.03	-	2.00	0.09	-	0.56
Office Equipments	1.55	0.12	-	1.67	0.06	-	0.32
Inter Communication Systems	0.06	-	-	0.06	0.00	-	0.01
Motor Vehicles	2.32	0.02	-	2.34	0.20	-	0.96
Total	1,313.31	1.50	0.15	1,314.66	2.32	0.15	1,278.40
Previous Year	1,295.45	18.06	0.19	1,313.31	2.08	0.19	1,279.23

Intangible assets

(Rs. In Crore)

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

The following table shows changes in Property and equipment during the year ended 31st March 2021

(Rs. In Crore)

Description	Gross Block			Depreciation			Net Block as at 31 March 2020
	As at 01 April 2019	Additions	Deductions	As at 31 March 2020	For the year	Deductions	
Land	1,251.14	-	-	1,251.14	-	-	1,251.14
Building	3.49	1.40	0.00	4.88	0.03	0.00	2.37
Plant & Machinery	30.59	16.08	0.00	46.66	1.39	0.00	22.48
Computers	2.18	0.13	0.00	2.30	0.11	0.00	0.32
Equipment	2.36	0.08	-	2.43	0.14	-	0.90
Furniture & Fixtures	1.97	0.16	0.16	1.97	0.09	0.16	0.61
Office Equipments	1.53	0.04	0.03	1.55	0.11	0.02	0.26
Inter Communication Systems	0.06	-	-	0.06	0.00	-	0.01
Motor Vehicles	2.14	0.18	-	2.32	0.19	-	1.14
Total	1,295.45	18.06	0.19	1,313.31	2.08	0.19	1,279.23
Previous Year	1,293.17	2.56	0.28	1,295.45	1.23	0.25	1,263.26

Intangible assets

(Rs. In Crore)

Description	Gross Block			Depreciation			Net Block as at 31 March 2020
	As at 01 April 2019	Additions	Deductions	As at 31 March 2020	For the year	Deductions	
Intangible assets	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-



3 Inventories

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
A) Raw Materials & Packing Material (at cost)	55.60	81.04
B) Stores & Spares (at cost net of provision)	17.26	39.88
C) Work in Progress (at cost)	17.63	6.47
D) Finished Goods	67.89	72.63
Total	158.38	200.01

4 Trade Receivables

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured, considered good	Nil	Nil
Unsecured, considered good:		
A) Trade Receivables less than 6 months from due date	18.93	67.73
B) Others	-	-
Trade Receivables more than 6 months from due date	6.10	6.10
Less: Provisions for Bad Debts	-6.10	-6.10
Total	18.93	67.73

5 Cash and Cash Equivalents

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on Hand	0.01	0.04
Balance in Current Accounts	6.39	7.05
Balance in Flexi Deposits	13.19	61.14
Total	19.59	68.24

6 Bank Balances Other than Cash & Cash Equivalents

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed Deposit with Banks	509.19	291.14
Margin Money towards Bank Guarantee	-	-
Total	509.19	291.14

7 Loans & Advances

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured: Considered good		
Balance with Revenue Authority*	28.70	16.86
Interest Accrued on FD	11.03	18.90
Advances to Staff	1.13	0.97
Advance to Others	4.23	3.53
Prepaid Expenses	0.01	0.01
Total	45.10	40.27

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

8 Equity Share Capital

Rs. In Crore

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised:		
3,50,000 Equity Shares of Rs. 1,000 each	35.00	35.00
Issued, Subscribed and Paid-Up:	-	-
3,18,221 Equity Shares of Rs. 1,000 each	31.82	31.82

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

Particulars	2020-21		2019-20	
	(In Nos.)	Rs. In Crore	(In Nos.)	Rs. In Crore
Shares outstanding at the beginning of the year	318,221	31.82	318,221	31.82
Shares outstanding at the end of the year	318,221	31.82	318,221	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 2021		As at 31 March 2020	
	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	318,221.00	100%	318,221.00	100%

9 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
A) Retained Earnings		
Opening Balances	785.70	702.88
Add or (Less) Profit After Taxes	112.94	113.16
Add or (Less) Other Comprehensive Income	1.01	-3.50
Less: Appropriations		
i) Dividend Paid During the Year	-15.91	-22.28
ii) Dividend Distribution Tax	-3.27	-4.57
Total of Retained Earnings	880.47	785.70
B) General Reserve		
General Reserve	775.86	775.86
Total of General Reserve	775.86	775.86
Total (A+B)	1,656.33	1,561.56

**10 Deferred Tax Asset/(Liability) - (Net)**

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Deferred Tax Asset/(Liability)	-161.81	-154.61
Less: Closing Deferred Tax Asset/(Liability)	-160.33	-161.81
Transferred to Profit & Loss Account	-1.49	7.20
Deferred tax assets on account of :		
Calculation of Closing Deferred Tax Asset/(Liability)		
Leave Salary	4.06	4.84
Gratuity	-0.32	7.22
Provision for Bad & Doubtful Debts	-2.13	-2.13
Bonus/Ex-Gratia	0.00	-1.03
Fixed Assets (WDV)	-3.64	-1.69
Income Tax effect on Other Comprehensive Income	0.54	
Total	-1.49	7.20

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

11 Long Term Provisions

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Gratuity		-
Provision for Leave Encashment	9.19	10.32
Total	9.19	10.32

12 Trade Payables

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Micro, Small and Medium Enterprises	-	-
Other than Micro, Small and Medium Enterprises	22.93	26.21
Total	22.93	26.21

13 Other Current Liabilities

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from Customers	57.87	69.65
Statutory Liabilities	50.71	22.64
Trade Deposits	12.37	17.20
Loan from Government	3.50	3.50
Other Payables	23.06	30.16
Total	147.50	143.15

14 Short Term Provisions

(Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Gratuity	-0.91	8.25
Provision for Leave Encashment	2.41	3.50
Total	1.50	11.74

Note: As per Income Tax Act, a Company has to assess its income and compute Tax and pay the same as Advance Tax. Therefore the Provision for Tax is like a Liability against which Advance Tax is paid and hence the same has been netted off. Previous Year, the company has done the Accounting as per some advise received by it, however this year the correct Ind-AS Practice was followed

15 Revenue from Operations

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A) Sale of Products		
i) Domestic Sales		
a) Soaps	724.04	550.42
b) Detergents	17.75	19.98
c) Sandalwood Oil	0.59	0.13
d) Agarbathies	18.98	21.53
e) Talcum Powder	6.96	16.87
f) Coconut Oil	3.19	15.59
g) Others	1.92	6.00
Total Domestic Sales	773.44	630.52
ii) Export Sales		
a) Soaps	12.65	14.26
b) Detergents	-	-
c) Agarbathies	0.05	0.16
d) Talcum Powder	0.17	0.11
Total Export Sales	12.88	14.53
Revenue from Operations	786.32	645.05

**16 Other Income**

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on Bank Deposits	14.77	28.34
Other Interest Income	0.03	0.06
Rent Received	1.19	0.95
Profit on Sale of Asset	0.69	0.13
R & D Services	0.00	0.00
Application Fee From RDS/Tender	0.01	0.01
Recovery of Employee Pension	4.14	-
Written Backs	-	0.99
Training & Development Fees Collected	0.00	0.00
Export Incentives and Duty Drawbacks	0.27	0.84
Misc Receipts including Awards & Insurance Claims	0.02	0.06
Total	21.12	31.38

17. Cost of Materials Consumed

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material consumed		
Opening stock	81.04	45.68
Add: Purchases	465.83	305.91
Less: Closing stock	55.60	81.04
Total	491.26	270.55

18. Purchase of Stock-in-Trade

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Toothpaste	0.68	4.19
ii) Comb or Razors	0.01	-
Total	0.69	4.19

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

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
At the beginning of the Year		
Work-in-progress	6.47	26.12
Finished goods including Stock In Trade	72.63	114.45
	79.09	140.57
At the end of the Year		
Work-in-progress	17.63	6.47
Finished goods including Stock In Trade	67.89	72.63
	85.52	79.09
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress	-6.43	61.47

20 Employee Benefits Expenses

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Salaries, Wages, Bonus & Ex-gratia	50.80	47.65
ii) Directors Remuneration *	0.11	0.29
iii) Provident fund and other funds	3.46	4.15
iv) Employee Benefits	2.01	14.42
v) Labour Welfare Expenses	4.08	3.85
Total	60.46	70.35
* Remuneration & Other Benefits Paid to Directors		
i) Salary	0.11	0.29
ii) House Rent and other allowances.	-	-
iii) Re-imbursement of Medical Expenses.	-	-
iv) Leave Salary Contribution.	-	-
v) Company's contribution to Pension and other Funds.	-	-
Total	0.11	0.29

**21 Other Expenses**

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Freight, Clearing & Forwarding	19.35	11.84
Power and Fuel	3.61	3.16
Processing charges	9.67	7.95
Stores and Spares consumed	1.12	1.09
Coal handling charges	0.08	0.03
Repairs & Maintenance	4.40	3.81
Insurance	0.83	0.30
Research & Development	0.65	0.61
Rent	1.35	1.02
Rates & Taxes	1.75	1.84
Communication Expenses including Printing & Stationery	0.57	0.70
Travelling & Conveyance	6.26	6.68
Board Meeting Expenses	0.01	0.01
Auditors Remuneration *	0.04	0.07
Legal and Professional Charges	0.73	0.57
Subscription to Journals and Periodicals	0.01	0.01
Security Service charges	1.34	1.45
Advertisement, Publicity & Business Promotion	27.92	39.12
Discounts and Trade Schemes	2.57	3.15
Exchange Fluctuations	0.05	-
Loss on Sale of Assets & Asset Write Offs	-	0.01
Donations and CSR Spending **	5.90	4.38
Bank Charges	0.03	0.07
General Expenses		0.00
Total	88.24	87.85

*** Auditors' remuneration (excluding service tax)**

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Audit Fees	0.04	0.07
Reimbursement of Out of Pocket Expenses		-
Other services	-	-
Total	0.04	0.07

**** Note on Donation & CSR**

The Company has established a CSR Trust in the name KSDL CSR Trust. Then the company also donates directly to CMRF/PMRF. 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 2021	For the year ended 31 March 2020
KSDL CSR Trust	2.90	2.38
CMRF Donation	3.00	2.00
Total of Donation & CSR	5.90	4.38

The related complete disclosure was done as per Company Law Requirements in the Annual Report of the company. The same was Audited by Company Secretary in Whole Time Practice and the needed forms are filed with Registrar of Companies.

22 Earning per share

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net Profit / (loss) after tax for the year (in Rs.)	113.95	109.66
Profit / loss attributable to equity share holders (in Rs.)	113.95	109.66
Weighted Average Number of equity shares outstanding during the year	318,221	318,221
Basic and Diluted Earnings Per Share (Rs.)	0.00	0.00
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.

23 Capital Management

23.1 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.

23.2 Dividends

(Rs. In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Equity dividend		
Dividends Paid During the Year.	15.91	22.28
Dividend Tax Paid During the Year	3.27	4.57
b. Dividends not recognised at the end of the reporting period		



24. Fair Value Measurement

Financial instrument by category

Rs. in crores

Particulars	31.03.2021		31.03.2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial Assets - Non-current				
Non-current Investments*	-	-	-	-
Loans, Advances & Deposits	-	-	-	-
Financial Assets - Current				
Investments	-	-	-	-
Trade Receivables	-	18.93	-	67.73
Cash and Cash Equivalents	-	19.59	-	68.24
Bank balances other than cash and cash equivalents	-	509.19	-	291.14
Loans & Advances	-	45.10	-	40.27
Financial Liabilities - Current				
Trade Payables	-	-22.93	-	-26.21
Other Financial Liabilities	-	-147.50	-	-143.15

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	31.03.2021		31.03.2020	
	Level 1	Level 2	Level 1	Level 2
Financial Assets - Non-current				
Investments	0	0	0	0
Financial Assets - Current				
Investments	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.

25 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

Age of receivables that are past due: (Rs. In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Upto 30 days	10.59	50.80
30-60 days	5.08	10.16
60-90 days	3.25	5.42
More than 90 days		1.35
Total	18.93	67.73
Expected credit loss	-	-

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 2021

(Rs. In Crore)

Particulars	Within 6 months	
	As at 31 March 2021	As at 31 March 2020
Financial Liabilities - Non-current		
Other non-current financial liabilities		
Financial Liabilities - Current		
Borrowings		
Trade payables	22.93	26.21
Other financial liabilities		
Total	22.93	26.21



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:

In Indian Rupees

Currencies	31.03.2021		31.03.2020	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
USD	0	0	0	0

(ii) Earnings in Foreign Exchange

Particulars	Currency	31.03.2021	31.03.2020
<u>Export of Goods</u>			
	In INR	13	15
	In USD	0	0
<u>Foreign Currency Expenditure</u>			
	In INR	-	-
	In USD	-	-

26 Contingent liabilities, Capital and other commitments

(in Indian Rs.)

Particulars	31-Mar-21	31-Mar-20
Disputed income tax demands under appeal	17.35	17.35
Disputed VAT demands under appeal	0.28	0.28
Disputes with Employees & Others	0.38	0.38

27 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) Gratuity
- (ii) Leave Salary
- (iii) 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:

(in Indian Rs.)

Particulars	31-Mar-21	31-Mar-20
Gratuity	-0.91	8.25
Leave Salary	2.92	6.17
Employer Contribution to PF	2.66	3.19
Employer Contribution to ESI	0.22	0.27
Employer Contribution to Pension Funds & Others	0.58	0.69
Total	5.48	18.57

* included in Note 20- 'Employee benefits expense'

**(b) Defined Contribution Plan :****(1) Contribution to Gratuity fund (funded scheme)**

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:-

(in Indian Rs.)

Particulars	31-Mar-21	31-Mar-20
(i) Actuarial assumptions		
Discount rate (per annum)	6.78%	6.56%
Salary escalation rate	10.00%	10.00%
Mortality rate (% of IALM 06-08)	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	13.82	10.97
Interest cost	2.19	3.67
Service cost	0.73	2.49
Actuarial (gain) /loss	-1.55	-
Benefits paid	-3.59	-3.32
Present Value of obligation at the end of the year	11.60	13.82

(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	11.60	13.82
Fair Value Adjustments	3.59	3.32
Less : Liabilities Discharged	-3.59	-3.32
Net liability recognised	11.60	13.82

Expenses recognised in the Statement of Profit and Loss

(vi) Particulars	31-Mar-21	31-Mar-20
Current Service Cost	-0.91	8.25
Past Service Cost		
Interest cost		
Net gratuity cost recognised in the current year	-0.91	8.25
Included in note 20 'Employee benefits expense'		

Particulars	31-Mar-21	31-Mar-20
Current Service Cost	2.19	2.49
Past Service Cost		-
Interest cost	0.73	3.67
Net Leave Salary Expense recognised in the current year	2.92	6.17
Included in note 20 'Employee benefits expense'		

Expenses recognised in the Statement of other comprehensive income

(vi) Particulars	31-Mar-21	31-Mar-20
Actuarial (gain)/loss recognised in the current year	-1.55	
Net Leave Salary Cost recognised in the current year	1.37	-

Particulars	31-Mar-21	31-Mar-20
Actuarial (gain)/loss recognised in the current year	-	
Net gratuity cost recognised in the current year	-0.91	-

**(vii) Sensitivity Analysis:**

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

Particulars	31-Mar-21	31-Mar-20
Defined Benefit Obligation (LEAVE SALARY)	2.92	6.17

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

Particulars	31-Mar-20	
	Decrease	Increase
Discount Rate (- / + 1%)	1.06	-0.90
(% change compared to base due to sensitivity)	17.14%	-14.59%
Salary Growth Rate (- / + 1%)	-0.86	0.99
(% change compared to base due to sensitivity)	-13.99%	16.06%
Attrition Rate (- / + 1%)	0.28	-0.24
(% change compared to base due to sensitivity)	4.57%	-3.90%

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.

28 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. K.Madal Virupakshappa - Chairman Mr.Hari Kumar Jha - Managing Director Mr.Mahesh B Shirur - Managing Director Mr.K.R.Avinash - General Manager (Finance)
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(II) Transactions with related parties during the year: Rs. Crores

Relationship / name of the related party	Description of the nature of transactions	Value of the transactions	
		31-Mar-21	31-Mar-20
Key management personnel:	Remuneration Paid to KMPs	0.46	0.35

(III) Balances of related parties

Particulars	31-Mar-21	31-Mar-20
	0	0

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

Particulars	31-Mar-21		31-Mar-20	
	Dr.	Cr.	Dr.	Cr.
Not Applicable as there are no Balances with Related Parties at any point of time during the year				

**(V) Key Management Personnel (KMP) compensation:**

Particulars	31-Mar-21	31-Mar-20
A : Directors		
Remuneration to Mr. K.Madal Virupakshappa - Chairman	0.07	-
Remuneration to Mr. B.A.Basavaraju - Chairman	-	0.07
Director Sitting Fees	0.01	0.01
B : Key Managerial Persons (KMP)		
Remuneration to Mr. Vijay Kumar - Managing director	0.10	-
Remuneration to Mr. Hari Kumar Jha - Managing director	0.24	-
Remuneration to Mr. Mahesh B Shirur - Managing director	0.02	-
Remuneration to Mr. M.R.Ravi Kumar - Managing director	-	0.07
Remuneration to Mr. Vijay Kumar - Managing director	-	0.21
Remuneration to K.R.Avinash - General Manager (Finance)	0.02	-
Total	0.46	0.36

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.

29 Lease arrangements - Operating lease

The Company has entered in to cancellable operating lease with an option to renew in respect of certain godowns, offices and residential premises. The expenditure incurred thereon amounting to Rs 1.02 Lakh - (Previous year Rs..0.90 Lakh/-) has been charged to the Statement of Profit and Loss.

Particulars	As at 31 March 2021	As at 31 March 2020
Lease payments for the year	1.02	-
Minimum lease payments	-	-
Not later than one year	1.35	1.02
Later than one year but not later than five years	-	-
Later than five years	-	-

30 Contractual liabilities

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

31 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.

32 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.

33 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 toto and not as segments and hence Segment reporting is not applicable.

34 Amounts in the financial statements are rounded off to the nearest Crores and have been re-grouped whenever necessary.**35** Based on observations of C &AG during supplementary audit,
(i) The Financial Statements of the Company were revised resulting in decrease in profit by Rs. 1.51 crore from Rs. 115.46 crore reported in the pre-revised accounts;
(ii) The Financial Statements of 2019-20 were also restated retrospectively in line with Ind AS 8, resulting in increase in profit by Rs. 11.80 crore from Rs. 97.86 crore.
Further, as C &AG had pointed out absence of details for Rs. 208 crore shown under Other Current Liabilities and Rs. 112 crore shown under Loans & Advances, a suo motu inter-branch reconciliation was done by the Company on account of which Rs. 151.46 crore pertaining to 2019-20 and Rs. 112.34 crore pertaining to 2020-21 have been reduced from the Balance Sheet.



LIST OF SHARE HOLDERS AS ON 28.01.2022

Sl. No	Name of Members	No.of Shares held
1	His Excellency the Governor Government of Karnataka Vidhana Soudha, Bengaluru 560001.	3,18,215
2	Mahesh B Shirur, IFS Managing Director, Karnataka Soaps and Detergents Limited P.B. No. 5531, Poona Highway, Bangalore 560055.	1
3	Siddiq Pasha Joint Secretary to Government Commerce & Industries Department, (Services & Co-ordination) Vikasa Soudha, Bangalore 560001.	1
4	Sri. B. Venkatesh Murthy, Deputy Secretary to Government (Textiles), Commerce & Industries Department, Government of Karnataka, Vikasa Soudha, Bangalore.	1
5	Smt. R Manjula, Under Secretary to Government, (C&C) C& I Department, Government of Karnataka, Vikasa Soudha, Bangalore.	1
6	Smt. K Uma, Deputy Secretary to Government, (Services-2), Finance Department, Government of Karnataka, Vidhana Soudha, Bangalore.	1
7	Smt. Vanitha, Under Secretary to Government, (Exp-1 & B&R) I/C, Government of Karnataka, Vidhana Soudha, Bangalore.	1
	Total	3,18,221

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