

**Partners :**

FCA Sohan Chaturvedi  
FCA Chaturvedi V N  
FCA Noshir B Captain  
FCA Rajiv Chauhan  
ACA Neha Chauhan  
ACA Shristi Chaturvedi  
FCA Prakash Mistry



# **Chaturvedi Sohan & Co.**

## **Chartered Accountants**

FRN - 118424W

### **Independent Auditors Report**

**To The Board of Directors of Kusumgar Limited (formerly known as Kusumgar Private Limited)**

**Report on the Audit of the Special purpose Financial Statements**

### **Opinion**

We have audited the accompanying Special Purpose Financial Statements of **Kusumgar Limited (formerly known as Kusumgar Private Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Financial Statements of the Company for the year ended March 31, 2023 are prepared in all material respects, in accordance with the basis of accounting specified in Note 2 to the special purpose financial statement.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') ("Code of Ethics"), 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.

### **Responsibilities of Management and Those charged with Governance for the Financial Statements**

Management is responsible for the preparation of the Special Purpose Financial Statements in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. This includes design, implementation and maintenance of such internal control relevant to the preparation of the Special Purpose Financial Statements that are free from material misstatements, whether due to fraud or error.

The Financial Statements have been prepared for the purpose of reflecting the transition from previous Indian GAAP to Ind AS as prescribed by Ind AS 101, *First-time Adoption of Indian Accounting Standards*.

In preparing the Special Purpose Financial Statements, the management and those charged with governance are responsible for assessing the Company's ability to continue as a going concern,

disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing our opinion on whether the Company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the Company.
- 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.
- *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, actions taken to eliminate threats or safeguards applied.

For Chaturvedi Sohan & Co.  
Chartered Accountants  
FRN: 118424W



Sohan Chaturvedi  
Partner  
Membership No. 030760  
UDIN: 25030760 BMZWSA 2456



Date: 04 September, 2025  
Place: Mumbai.



# Kusumgar Limited (formerly known as Kusumgar Private Limited)

## Special Purpose Standalone Balance sheet as at 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6	779.68
Right-of-use assets	7(a)	147.42
Capital work in progress	8	1.90
Other Intangible assets	9	4.53
Financial assets		
Investments	10	0.01
Other financial assets	11	18.09
Non current tax assets (net)	12	1.14
Other non current assets	13	52.01
<b>Total non-current assets</b>		<b>1,004.78</b>
<b>Current assets</b>		
Inventories	14	610.27
Financial assets		
Trade receivables	15	589.70
Cash and cash equivalents	16	99.75
Other bank balances	17	10.60
Other financial assets	18	37.86
Other current assets	19	99.91
<b>Total current assets</b>		<b>1,448.08</b>
<b>TOTAL ASSETS</b>		<b>2,452.86</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital	20	19.90
Other equity	21	1,609.18
<b>Total equity</b>		<b>1,629.08</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	22(a)	196.55
Lease liabilities	7(b)	61.47
Deferred tax liabilities (net)	36	17.34
Employee benefit obligations	23	7.00
<b>Total non-current liabilities</b>		<b>282.36</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	22(b)	270.72
Lease liabilities	7(b)	25.22
Trade payables	24	
Total outstanding dues of micro and small enterprises		19.96
Total outstanding dues other than above		154.82
Other financial liabilities	25	25.86
Employee benefit obligations	26	3.71
Other current liabilities	27	41.15
<b>Total current liabilities</b>		<b>541.43</b>
<b>Total liabilities</b>		<b>823.79</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,452.86</b>

The accompanying notes are an integral part of the Special Purpose Standalone Financial Statements.

As per our report of even date  
For Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No: 118424W

  
Sohan Chaturvedi  
Partner

Membership No. 030760

Place: Mumbai

Date: 04 September 2025



For and on behalf of the Board of Directors of  
Kusumgar Limited  
CIN: U65990MH1990PLC056871

  
Siddharth Kusumgar  
Managing Director

DIN: 01676799

Place: Mumbai

Date: 04 September 2025

  
Kinnar Mehta  
Chief Financial Officer

Place: Mumbai

Date: 04 September 2025



  
Ankur Kothari  
Chief Executive Officer &  
Director

DIN: 07694977

Place: Mumbai

Date: 04 September 2025

  
Devanand Mojindra  
Company Secretary  
ACS: 14644

Place: Mumbai

Date: 04 September 2025



# Kusumgar Limited (formerly known as Kusumgar Private Limited)

## Special Purpose Standalone Statement of Profit and Loss for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2023
<b>INCOME</b>		
Revenue from operations	28	3,130.18
Other income	29	21.33
<b>Total income</b>		<b>3,151.51</b>
<b>EXPENSES</b>		
Cost of materials consumed	30	1,672.98
Changes in inventories of finished goods and semi-finished goods	31	(115.64)
Employee benefits expense	32	294.98
Finance costs	33	51.92
Depreciation and amortization expense	34	147.00
Other expenses	35	616.31
<b>Total expenses</b>		<b>2,667.55</b>
<b>Profit before tax</b>		<b>483.96</b>
<b>Income tax expense</b>	36	
Current tax		125.00
Deferred tax		(6.97)
<b>Total income tax expense</b>		<b>118.03</b>
<b>Profit for the year</b>		<b>365.93</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Remeasurement gain of net defined benefit liability		0.02
Income tax effect on above	36	(0.00)
<b>Other comprehensive income for the year, net of tax</b>		<b>0.02</b>
<b>Total comprehensive income for the year</b>		<b>365.95</b>
<b>Earnings per equity share:</b>	37	
- Basic EPS (INR)		3.61
- Diluted EPS (INR)		3.61

The accompanying notes are an integral part of the Special Purpose Standalone Financial Statements.

As per our report of even date  
For Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No: 118424W



Sohan Chaturvedi  
Partner

Membership No. 030760

Place: Mumbai  
Date: 04 September 2025



For and on behalf of the Board of Directors of  
Kusumgar Limited  
CIN: U65990MH1990PLC056871

  
Siddharth Kusumgar  
Managing Director

DIN: 01676799

Place: Mumbai  
Date: 04 September 2025

  
Kinnar Mehta  
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Ankur Kothari  
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Director

DIN: 07694977

Place: Mumbai  
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Devanand Mojidra  
Company Secretary  
ACS: 14644

Place: Mumbai  
Date: 04 September 2025

**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

**Special Purpose Standalone Statement of Statement of Changes in Equity for year ended 31 March 2023**

(All amounts are in INR millions, unless otherwise stated)

**(a) EQUITY SHARE CAPITAL**

Particulars	No. of Shares	Amount
As at 1 April 2022	1,99,000	19.90
Changes in equity share capital	-	-
As at 31 March 2023	1,99,000	19.90

**(b) OTHER EQUITY**

Particulars	Securities premium	General reserve	Retained earnings	Total
Balance as at 1 April 2022	269.39	57.91	915.93	1,243.23
Profit for the year	-	-	365.93	365.93
Other Comprehensive Income for the year (net of tax)	-	-	0.02	0.02
Balance as at 31 March 2023	269.39	57.91	1,281.88	1,609.18

The accompanying notes are an integral part of the Special Purpose Standalone Financial Statements.

As per our report of even date  
For Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No: 118424W

  
Sohan Chaturvedi  
Partner

Membership No. 030760

Place: Mumbai  
Date: 04 September 2025



For and on behalf of the Board of Directors of  
Kusumgar Limited  
CIN: U65990MH1990PLC056871

  
Siddharth Kusumgar  
Managing Director

DIN: 01676799

Place: Mumbai  
Date: 04 September 2025



Kinnar Mehta  
Chief Financial Officer

Place: Mumbai  
Date: 04 September 2025



Ankur Kothari  
Chief Executive Officer  
& Director  
DIN: 07694977

Place: Mumbai  
Date: 04 September 2025



Devanand Mojindra  
Company Secretary  
ACS: 14644

Place: Mumbai  
Date: 04 September 2025

**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

**Special Purpose Standalone Statement of Cash Flow Statement for the year ended 31 March 2023**

(All amounts are in INR millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023
<b>Cash flows from operating activities</b>	
Profit before tax	483.96
Adjustments for:	
Add :	
Depreciation and amortization expenses	147.00
Finance cost	39.96
Unwinding of transaction cost	0.76
Impairment on Investment	0.10
Less :	
Gain on sale of property, plant and equipment	(1.30)
Unwinding of discount on security deposits	(1.28)
Allowance for expected credit loss reversal	(6.78)
Interest income	(1.50)
Unrealized foreign exchange loss	(8.67)
Financial guarantee commission income	(0.75)
Sundry balance written back	(0.63)
<b>Operating Profit before working capital changes</b>	<b>650.87</b>
<b>Changes in operating assets and liabilities</b>	
Adjustments for: Operating Assets	
(Increase) in trade receivables	(78.13)
(Increase) in inventories	(154.83)
(Increase) in loans and other financial assets	(14.34)
Decrease in other assets	103.28
Adjustments for: Operating Liabilities	
(Decrease) in trade payables	(86.15)
(Decrease) in provisions	(3.53)
(Decrease) in other financial liabilities	(26.92)
(Decrease) in other liabilities	(100.75)
<b>Cash generated from operations</b>	<b>289.50</b>
Income tax paid (net)	(124.00)
<b>Net cash flows generated from operating activities (a)</b>	<b>165.50</b>
<b>Cash flows from investing activities</b>	
Payment for capital work in progress, capital advance and creditor for capital	9.78
Payment for purchase of property, plant and equipment	(488.00)
Payment for purchase of other intangible assets	(0.19)
Proceeds from sale/ disposal of property, plant and equipment	305.13
Investment in bank deposits	(4.02)
Interest received	1.62
<b>Net cash flows generated (used in) investing activities (b)</b>	<b>(175.68)</b>
<b>Cash flow from financing activities</b>	
Proceeds from borrowings	105.24
Repayment of borrowings	
Principal paid on lease liabilities	(34.40)
Interest paid on lease liabilities	(8.40)
Interest paid on borrowings	(31.56)
<b>Net cash flows generated from financing activities (c)</b>	<b>30.88</b>
<b>Net increase in cash and cash equivalents (a+b+c)</b>	<b>20.70</b>
Cash and cash equivalents at the beginning of the year	79.05
<b>Cash and cash equivalents at the end of the year (refer note no 16)</b>	<b>99.75</b>





## Kusumgar Limited (formerly known as Kusumgar Private Limited)

### Special Purpose Standalone Statement of Cash Flow Statement for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

Reconciliation of movements in liabilities arising from financing activities:

Particulars	As at 01 April 2022	Cash flows	Non- cash changes	As at 1 April 2023
Non-current borrowings	198.37	(2.58)	0.76	196.55
Current borrowings	162.90	391.90	-	554.80
Total liabilities from financing activities	361.27	389.32	0.76	751.34

The accompanying notes are an integral part of the Special Purpose Standalone Financial Statements.

1. The above Cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard 7 (IND AS 7), "Statement of Cash Flows" notified under section 133 of the Companies Act 2013.

2. Figures in bracket indicate an outflow.

As per our report of even date  
For Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No: 118424W

Sohan Chaturvedi  
Partner

Membership No. 030760

Place: Mumbai  
Date: 04 September 2025



For and on behalf of the Board of Directors of  
Kusumgar Limited  
CIN: U65990MH1990PLC056871

Siddharth Kusumgar  
Managing Director

DIN: 01676799

Place: Mumbai  
Date: 04 September 2025

Kinnar Mehta  
Chief Financial Officer

Place: Mumbai  
Date: 04 September 2025



Ankur Kothari  
Chief Executive Officer &  
Director  
DIN: 07694977

Place: Mumbai  
Date: 04 September 2025

Devanand Mojidra  
Company Secretary  
ACS: 14644

Place: Mumbai  
Date: 04 September 2025

**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**1 Company overview**

Kusumgar Limited (formerly known as Kusumgar Private Limited) ('the Company') is a public company domiciled in India and was incorporated on June 15, 1990 under the provisions of Companies Act, 1956 with its registered and corporate office in Mumbai, Maharashtra.

The Company is engaged in the business of manufacturing, marketing, and supplying a diverse range of technical textile fabrics, offering innovative and high-performance solutions to meet evolving customer requirements.

**2 Basis of Preparation of Financial Statements**

**(a) Statement of Compliance**

The Special Purpose Standalone Financial Statements of the Company comprises the Special Purpose Balance Sheet as at 31 March 2023, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), the Special Purpose Statement of Changes in Equity, the Special Purpose Statement of Cash Flows and Notes forming part of the Special Purpose Standalone Financial Statements for the year ended 31 March 2023, and summary of material accounting policies and explanatory notes (collectively referred as, the 'Special Purpose Standalone Financial Statements') that have been prepared by the management of the Company for the purpose of preparation of the Financial Information to be included in the Draft Red Herring Prospectus (the "DRHP") to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited and Bombay Stock Exchange Limited in connection with the proposed Initial Public Offer of equity shares ("IPO") by the Company.

The Special Purpose Financial Statements have been prepared by the management of the Company to comply with the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations");
- (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note"); and
- (d) Email dated 28 October 2021 from Securities and Exchange Board of India (SEBI) to Association of Investment Bankers of India ("SEBI Communication").

In relation to the proposed IPO, the Company adopted Indian Accounting Standards (Ind AS) for the first time during the year ended 31 March 2024, and consequently considered 1 April 2022 as the transition date to Ind AS. The financial statements for the year ending on 31 March 2024 are the first Ind AS statutory financial statements. Up to and for the financial year ended 31 March 2023 the Company had prepared its general purpose standalone financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Companies (Accounting Standards) Rules, 2021 ("Indian GAAP" or "Previous GAAP"). These Special purpose standalone financial statements as at and for the year ended 31 March 2023 has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), after making suitable adjustments to the accounting heads from their Indian GAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions available as per Ind AS 101) consistent with that used at the date of transition to Ind AS (1 April 2022) and as per the presentation, accounting policies and grouping/classifications including revised Schedule III disclosures followed as at and for the year ended 31 March 2025 pursuant to SEBI communication.

These Special Purpose Standalone Financial Statements have been prepared solely for the purpose of preparation of Financial Information for inclusion in DRHP in relation to proposed IPO. Hence these Special Purpose Standalone Financial Statements are not suitable for any other purpose other than for the purpose of preparation of Financial Information.

These Special Purpose Standalone Financial Statements of the Company as at and for the year ended 31 March 2023 were authorized for use by the Company's Board of Directors on 04 September 2025.

**(b) Basis of measurement**

The Special purpose Standalone Financial Statements have been prepared on accrual basis and under historical cost convention, except for the following:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Employees defined benefit obligation and leave encashment are recognised as per actuarial valuation.

**Classification into current and non-current:**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of business and the time between the acquisition of assets for processing and their realisation in Cash or cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**(c) Use of estimates, judgements and assumptions**

The preparation of Special purpose Standalone Financial Statements requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. (Refer Note 4 for details).

**(d) Presentation currency and rounding off**

The Special purpose Standalone Financial Statements are presented in Indian Rupee (INR), which is also the functional currency of the Company, in denomination of millions with rounding off to two decimals as permitted by Schedule III to the Act except where otherwise indicated. Amounts shown as "0" are non-zero figures rounded off to the nearest INR million

**(e) Going Concern**

The Special purpose Standalone Financial Statements are prepared on a going concern basis as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

**3 Material accounting policies**

A summary of the material accounting policies applied in the preparation of the Financial Statements are as given below. These accounting policies have been applied consistently to all periods presented in the Financial Statements.

**3.01 Property, plant and equipment**

Property, plant and equipment, are stated at historical cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price net of any discounts and rebates, any import duties and other taxes (other than those subsequently recovered from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

The Company identifies and determines cost of each part of an item of property plant and equipment separately if the part has a cost which is significant to the total cost of that item of property plant and equipment and has useful life that is materially different from that of the remaining item.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced (All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred).

Interest cost incurred is capitalized up to the date the asset is ready for its intended use for qualifying assets, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

**Depreciation methods, estimated useful lives**

Depreciation on property, plant and equipment is provided on a pro-rata basis on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, or re-assessed by the Company. The Company has estimated the following as useful life to provide depreciation on its Property, Plant & Equipment.

The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

Name of the asset	Estimated Useful Lives by the management
Buildings	3 to 30 years
Plant & Machinery	7.5 to 15 years
Electrical Installation	10 years
Furniture & Fixtures	10 years
Vehicles	8 to 10 years
Office Equipment	5 years
Computers	3 years

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other income' / 'Other expenses' respectively.

**3.02 Capital work-in-progress**

Cost of assets not ready for intended use, as on the Balance sheet date, is shown as capital work in progress. The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**3.03 Other Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight line basis over their estimated useful lives so as to reflect the pattern in which the assets economic benefits are consumed. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortization of intangible asset is included in Depreciation and amortization expense in Statement of Profit and Loss.

Software is amortized over the management's estimate of its useful life i.e. 6 years.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

**3.04 Investments in subsidiaries**

A subsidiary is an entity that is controlled by another entity. The Company's investments in its subsidiaries are accounted at cost less impairment if any. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

**3.05 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**3.06 Inventories**

Inventories are valued at the lower of cost or net realizable value.

Cost of raw material, stores spares, packing material etc. includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts.

Finished goods and work-in-progress : Cost includes cost of direct material and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost.

Spare parts those does not meet definition of Property, Plant and Equipment are carried as inventory.

Transit stock are valued at cost.

**3.07 Cash and cash equivalents and Cash flow statement**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand, fixed deposits having a original maturity of less than 3 months which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby net profits before tax are adjusted for the effects of the transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

**3.08 Foreign Currency Transactions**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated thereafter.



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**3.09 Provisions and contingent liabilities**

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed, where an inflow of economic benefits is probable.

**3.10 Fair value measurement**

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**3.11 Financial instruments**

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

**(a) Financial assets**

**(i) Initial recognition and measurement**

At initial recognition, financial asset is measured at its fair value plus the transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset measured not at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price

**(ii) Subsequent measurement**

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

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

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains / losses.

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

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

In case of equity instruments classified as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.





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**(iii) Impairment of financial assets**

In accordance with Ind AS 109 "Financial Instruments", the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

**Trade receivables:**

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables resulting from transactions within the scope of Ind AS 115 "Revenue from Contracts with Customers". The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

**Other financial assets:**

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

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

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

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the Statement of Profit and Loss. For financial assets measured at amortised cost, ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when

- a) the rights to receive cash flows from the financial asset is transferred or expired
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the received cash flows in full without material delay to one or more recipients.

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

Where the financial asset is neither transferred, nor the entity retains substantially all risks and rewards of ownership of the financial asset, then in that case financial asset is derecognized only if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

**(b) Financial liabilities and equity instruments**

**Classification as debt or equity**

An instrument issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

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

**Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

**(ii) Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.





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**Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for such contracts is generally a bank.

Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income/other expense.

Assets or liabilities in this category are presented as financial assets or financial liabilities.

**Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

The entity's long-term borrowings are all at a variable interest rate; therefore, the unamortised transaction costs incurred on these borrowings are amortized on a straight-line basis instead of using the effective interest rate (EIR) method."

**Financial liabilities at amortised cost**

All the financial liabilities of the Company are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**(iii) Derecognition**

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

**(c) Offsetting financial instruments**

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

**3.12 Corporate Guarantee**

Corporate guarantees given are treated as deferred income and amortized over the term of the guarantee on a systematic basis. The amortization is recognized in the profit and loss statement under "Other Income," reflecting the usage pattern of the guarantee.

**3.13 Leases**

**As a lessee:**

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(a) The contract involves the use of an identified asset -this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(b) The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and

(c) The Company has the right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- The Company has the right to operate the asset; or
- The Company designed the asset in a way that predetermines how and for what purposes it will be used

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.



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

The Company has elected to not recognize leases with a lease term of 12 months or less or of low value in the balance sheet, and lease costs for those short-term leases or low-value leases are recognized on a straight-line basis over the lease term in the Statement of Profit and Loss. The Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component.

**3.14 Employee Benefits**

**(i) Defined benefit plans**

**Gratuity:** The Company's gratuity benefit scheme is a defined benefit plan. Company's net obligation in respect of a defined benefit plan is calculated by estimating amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Present value of obligation under such benefit plan is determined based on actuarial valuation using projected unit credit method which recognizes each period of service that give rise to additional units of employee benefit entitlement and measures each unit separately to build up final obligation. Obligation is measured at present values of estimated future cash flows. The discounted rates used for determining present value are based on market yields on Government Securities as at the balance sheet date.

Defined benefit costs are categorised as follows:

i. The current service cost of the defined benefit plans, recognised in the Statement of Profit and Loss in employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognised immediately in the Statement of Profit and Loss when they occur.

ii. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Statement of Profit and Loss.

iii. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

**(ii) Defined contribution plans**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. The company provides benefits such as provident fund to its employees which is treated as defined contribution plan.

**(iii) Short-term employee benefit obligations**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

**(iv) Compensated absences:**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date using the Projected Unit Credit Method

**Presentation and disclosure:**

For the purpose of presentation of defined benefit plans and compensated absences, the allocation between the current and non-current provisions has been made as determined by an actuary.

**3.15 Revenue Recognition**

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. It is measured at transaction price (net of variable consideration) allocated to that performance obligation. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**(i) Sale of Products**

Revenue from sale of products is recognised when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the goods are shipped to the customer or on delivery to the customer, as may be specified in the contract.

**(ii) Rendering of Services:**

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligations for the services rendered.





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**(iii) Other Operating revenue**

**Government Grants and subsidies:**

**Recognition and Measurement:**

The Company recognises grant as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to them and the grant will be received in accordance with Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance.

Revenue from export incentives, including those arising under the Remission of Duties and Taxes on Exported Products (RoDTEP), Merchandise Exports from India Scheme (MEIS), and Duty Drawback Scheme, is recognised on an accrual basis, post-export, at the rates at which the entitlements accrue.

**Presentation:**

Income from the above grants and subsidies are presented under Revenue from Operations - "Other Operating Income".

**3.16 Other income**

**Interest income**

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head "other income" in the Statement of profit and loss.

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of profit and loss.

**3.17 Taxes**

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

**(i) Current income tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company intends to settle the asset and liability on a net basis.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences, being differences between the carrying amount of assets and liabilities and corresponding tax bases used in the computation of taxable profit. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**3.18 Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**3.19 Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker (CODM) to make decisions for which discrete financial information is available. The Company is engaged in selling of goods. The CODM identified entire business as a single reportable segment, hence segment reporting is not applicable.

**3.20 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.





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**4 Material accounting judgments, estimates and assumptions**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

**4.01 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(a) Useful lives of property, plant and equipment and intangible assets**

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortization expense in future periods.

**(b) Actuarial Valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account discount rate, salary growth rate, expected rate of return, mortality and attrition rate. Information about such valuation is provided in notes to the financial statements.

**(c) Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

**(d) Contingencies**

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against company as it is not possible to predict the outcome of pending matters with accuracy.

**(e) Provisions**

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Company is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

**(f) Income taxes**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

**(g) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**(h) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions

**(i) Provision for expected credit losses of trade receivables and contract assets**

The Company uses a provision matrix to calculate expected credit loss (ECL) for trade receivables and contract assets.

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated. The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The Company's historical credit loss experience may also not be representative of customer's actual default in the future.

**5 Recent pronouncements**

The Ministry of Corporate Affairs vide notification dated 9 September 2024 and 28 September 2024 notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 and Companies (Indian Accounting Standards) Third Amendment Rules, 2024, respectively, which amended/ notified certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1 April 2024:

• Insurance contracts - Ind AS 117; and

• Lease Liability in Sale and Leaseback - Amendments to Ind AS 116

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



6 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Building	Leasehold Improvements	Electrical Installation	Plant & Machinery*	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Gross carrying amount (Deemed cost)										
Balance as at 01 April 2022	6.00	60.28	44.35	9.45	553.13	8.10	5.84	9.62	2.49	699.26
Additions	31.08	0.76	2.22	0.38	332.48	1.87	4.73	113.62	0.88	488.02
Disposals	-	-	-	-	246.91	-	-	76.85	-	323.76
Balance as at 31 March 2023	37.08	61.04	46.57	9.83	638.70	9.97	10.57	46.39	3.37	863.52
Accumulated depreciation										
Balance as at 01 April 2022	-	-	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	3.58	9.11	1.77	77.95	1.64	2.78	5.62	1.33	103.78
Disposals	-	-	-	-	19.93	-	-	-	-	19.93
Balance as at 31 March 2023	-	3.58	9.11	1.77	58.02	1.64	2.78	5.60	1.33	83.84
Net carrying amount as at 31 March 2023	37.08	57.46	37.46	8.06	580.68	8.33	7.79	40.80	2.04	779.68

\*During the year Company has capitalised borrowings cost of INR 1.33 millions

Note - For details of property, plant and equipment given as security to lenders refer note 22

Deemed Cost -

The Company has availed the deemed cost exemption as per IND AS 101 in relation to property, plant and equipment as on the date of transition i.e. 01 April 2022 and hence the Net carrying amount (as per IGAAP) has been considered as the gross carrying amount (as per Ind AS) on that date i.e. 01 April 2022. Refer note below for the gross carrying amount and the accumulated depreciation on 01 April 2022 under the Previous GAAP and deemed cost -

Particulars	Freehold Land	Building	Leasehold Improvements	Electrical Installation	Plant & Machinery*	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Gross carrying amount as at 01 April 2022	6.00	100.71	85.32	35.90	1,004.27	23.49	17.08	33.72	10.10	1,316.59
Accumulated depreciation as at 01 April 2022	-	40.43	40.97	26.45	451.14	15.39	11.24	24.10	7.61	617.33
Deemed cost as at 01 April 2022	6.00	60.28	44.35	9.45	553.13	8.10	5.84	9.62	2.49	699.26





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

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(All amounts are in INR millions, unless otherwise stated)

**7 LEASES**

**Company as a lessee**

The Company has entered into various agreements to take premises on rent for official purposes. The agreements are subject to termination, renewal and escalation clauses for lease rentals.

The weighted average incremental borrowing rate applied to lease liabilities is 8.65%

Information about leases for which the Company is a lessee is presented below:

**(a) Right-of-use asset**

Particulars	Leasehold Land and Building	Plant & Equipment	Total
Gross carrying amount (deemed cost)			
Balance as at 01 April 2022	174.87	12.51	187.38
Additions	0.80	-	0.80
Balance as at 31 March 2023	175.67	12.51	188.18
Accumulated depreciation			
Balance as at 01 April 2022	-	-	-
Depreciation for the year	37.98	2.78	40.76
Balance as at 31 March 2023	37.98	2.78	40.76
Net carrying amount as at 31 March 2023	137.69	9.73	147.42

**(b) Lease liabilities**

Particulars	As at 31 March 2023
Balance at the beginning of the year	120.30
Add: Additions during the year	0.79
Add: Interest on lease liabilities	8.40
Less: Lease payments	(42.80)
Balance at the end of the year	86.69
Current portion of lease liabilities	25.22
Non-current portion of lease liabilities	61.47

Maturity analysis of lease liabilities is disclosed in (Refer Note 46)

**(c) Amounts recognised in the statement of profit and loss**

The statement of profit or loss shows the following amounts relating to leases:

Particulars	Refer note	For the year ended 31 March 2023
Depreciation charge of right-of-use assets	34	40.75
Interest expense (included in finance costs)	33	8.40
Expense relating to short-term leases (included in rent expenses under other expenses)	35	2.72

**(d) Amounts recognised in the cash flow statement**

The cash flow statement shows the following amounts relating to leases:

Particulars	For the year ended 31 March 2023
Principal payment of lease liabilities	34.40
Interest payment on lease liabilities	8.40



8 CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March 2023
Opening balance	10.05
Add: Addition during the year	1.90
Less: Capitalisation during the year	10.05
Closing balance	1.90

(a) Ageing of capital work-in-progress

As at 31 March 2023	Amounts in capital work-in-progress for				
Particulars	Less than one year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Projects in progress	1.90	-	-	-	1.90
(ii) Projects temporarily suspended	-	-	-	-	-
Total	1.90	-	-	-	1.90

(b) There are no projects where completion is overdue or costs have exceeded the original plan or where activity has been suspended.

9 OTHER INTANGIBLE ASSETS

Particulars	Computer Software	Total
Gross carrying amount (Deemed cost)		
Balance as at 01 April 2022	6.81	6.81
Additions	0.19	0.19
Disposals	-	-
Balance as at 31 March 2023	7.00	7.00
Accumulated amortization		
Balance as at 01 April 2022	-	-
Amortization charge during the year	2.47	2.47
Disposals	-	-
Balance as at 31 March 2023	2.47	2.47
Net carrying amount as at 31 March 2023	4.53	4.53

Deemed Cost -

The Company has availed the deemed cost exemption as per IND AS 101 in relation to Intangible assets as on the date of transition i.e. 01 April 2022 and hence the Net carrying amount (as per IGAAP) has been considered as the gross carrying amount (as per Ind AS) on that date i.e. 01 April 2022. Refer note below for the gross carrying amount and the accumulated amortization as on 01 April 2022 under the Previous GAAP and deemed cost-

Particulars	Computer Software	Total
Gross carrying amount as at 01 April 2022	18.41	18.41
Accumulated amortization as at 01 April 2022	11.60	11.60
Deemed cost as at 1 April 2022	6.81	6.81





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10 INVESTMENTS (NON CURRENT)

Particulars	As at 31 March 2023
<u>Investment in equity instruments</u>	
Investment in subsidiary company at cost (unquoted)	
1000 equity shares of Pertex Innovations Private Limited (Face Value Rs. 100)	0.10
Less : Provision for impairment (refer note no 35)	(0.10)
	-
<u>Investment in other entities at FVTOCI (unquoted)</u>	
1000 equity shares of Saraswat Co-operative Bank [Face Value INR 10, each fully paid]	0.01
100 equity shares of SVC Bank [Face Value INR 25, each fully paid]*	-
	0.01
<b>Total</b>	<b>0.01</b>
Aggregate amount of unquoted investments	0.11
Aggregate amount of impairment in value of investments	(0.10)
*Amounts shown as "0" are non-zero figures rounded off to the nearest INR million	

11 OTHER FINANCIAL ASSETS (NON CURRENT)

Particulars	As at 31 March 2023
Security deposits (Refer Note 41)	18.09
<b>Total</b>	<b>18.09</b>

12 NON CURRENT TAX ASSETS (NET)

Particulars	As at 31 March 2023
Income tax asset (net)	1.14
<b>Total</b>	<b>1.14</b>

13 OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2023
Advance paid to creditors-Capital	49.11
<b>Total</b>	<b>52.01</b>

14 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

Particulars	As at 31 March 2023
Raw Material	166.68
Semi Finished Fabric	180.70
Finished Fabric	236.58
Stores & Spares	26.30
<b>Total</b>	<b>610.27</b>

Notes:

- (a) Provision for inventory write-down of INR 27.21 million was recognised in the Statement of Profit and Loss.  
(b) For details of Inventories given as security to lenders Refer Note 22

15 TRADE RECEIVABLES

Particulars	As at 31 March 2023
<u>Unsecured</u>	
Considered good (Refer Note 41)	606.21
Less- Allowance for expected credit loss (Refer Note 35)	(16.51)
<b>Total</b>	<b>589.70</b>

Note - For details of Trade Receivables given as security to lenders Refer Note 22



Kusumgar Limited (formerly known as Kusumgar Private Limited)  
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(All amounts are in INR millions, unless otherwise stated)

As at 31 March 2023		Current					
Particulars	Unbilled	Not Due	Outstanding for following periods from due date of Receipts				
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
Undisputed trade receivables							
- considered good	-	-	526.20	74.32	4.25	1.44	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Subtotal	-	-	526.20	74.32	4.25	1.44	-
Less: Allowance for expected credit loss							(16.51)
Total							589.70

16 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2023
Balances with banks*	
In current accounts	98.83
Cash on hand	0.92
Total	99.75

17 OTHER BANK BALANCES

Particulars	As at 31 March 2023
Bank deposits having original maturity of more than 3 months but less than 12 months	
Fixed deposit	0.42
Against bank guarantees	7.67
Against letter of credit	2.51
Total	10.60

18 OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at 31 March 2023
Security deposit (Refer Note 41)	38.08
Interest accrued (Refer Note 41)	0.58
Other receivables (Refer Note 41)	
Total	37.86

19 OTHER CURRENT ASSETS

Particulars	As at 31 March 2023
Balance with statutory & government authorities	71.00
Advance paid to creditors	20.04
Prepaid expenses	6.48
Loan to employees	2.39
Total	99.91





Kusumgar Limited (formerly known as Kusumgar Private Limited)

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

20 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2023
<u>Authorized share capital</u>	
3,00,000 Equity Shares of INR 100 each	30.00
	30.00
<u>Issued, subscribed and paid up</u>	
1,99,000 Equity Shares of INR 100 each fully paid up	19.90
Total	19.90

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

Particulars	As at 31 March 2023	
	Number of shares	Amount
Outstanding at the beginning of the year	1,99,000	19.90
Add: Issued during the year	-	-
Outstanding at the end of the year	1,99,000	19.90

(b) Rights, preferences and restrictions attached:

- 1) The Company has only one class of Equity Shares having a par value of INR 100 per share. Each holder of Equity Shares is entitled to one vote per share.
- 2) They are also entitled to dividend if proposed by the Board of Directors and approved by the shareholders in the ensuing Annual General Meeting except in case of interim dividend.
- 3) In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their share holding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of shareholder	As at 31 March 2023	
	No. of shares	% holding
Siddharth Y Kusumgar	1,28,813	64.73%
Sapna S Kusumgar	61,567	30.94%

(d) Details of Equity shares held by Promoters at the end of the year

Promoter name	As at 31 March 2023		
	No. of shares	% holding	% change during the year
Siddharth Y Kusumgar	1,28,813	64.73%	-0.02%
Sapna S Kusumgar	61,567	30.94%	0.00%
Siddharth Y Kusumgar HUF	8,500	4.27%	0.00%
Yogesh K Kusumgar	100	0.05%	0.00%

(e) The members in its Ordinary General meeting passed a resolution held on 01 October 2024 approving the sub-division of each equity share of face value of INR 100 each fully paid up into face value of INR 1 each fully paid up.

Also, the members in its Ordinary General meeting dated 29 January 2025 have approved increase in the authorised share capital from INR 30 million divided into 30 million equity shares of INR 1 each (post split of shares) to INR 240 million divided into 240 million equity shares of INR 1 each.

Further, the Board of Directors have also passed a resolution on 29 January 2025 and approved the issue of bonus equity shares in its meeting which was further approved by shareholder in the meeting held on 20 February 2025 in the ratio of 3 equity shares of INR 1 each for every 1 equity share of INR 1 each by capitalization of such sum standing to the credit of free reserves of the Company.

Further, the Board of Directors have also passed a resolution on 17 March 2025 and approved the issue of bonus equity shares in its meeting which was further approved by shareholder in the meeting held on 25 March 2025 in the ratio of 11 equity shares of INR 1 each for every 40 equity share of INR 1 each by capitalization of such sum standing to the credit of free reserves of the Company.

(f) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.



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(All amounts are in INR millions, unless otherwise stated)

21 OTHER EQUITY

Particulars	As at 31 March 2023
Securities premium	269.39
General reserve	57.91
Retained earnings	1,281.88
<b>Total</b>	<b>1,609.18</b>

(a) Securities premium

Particulars	As at 31 March 2023
Opening balance	269.39
Add : Securities premium credited on share issue	-
<b>Closing balance</b>	<b>269.39</b>

(b) General reserve

Particulars	As at 31 March 2023
Opening balance	57.91
Add: General reserve credited during the year	-
<b>Closing balance</b>	<b>57.91</b>

(c) Retained Earnings

Particulars	As at 31 March 2023
Opening balance	915.93
Add: Profit for the year	365.93
Add/ (Less) - Remeasurement gain/ (loss) of net defined benefit plan	0.02
<b>Closing balance</b>	<b>1,281.88</b>

Nature and purpose of reserves

(a) Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

(b) Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013 including for dividends and bonus issue.

(c) Retained earnings are the profits that the Company has earned/incurred till date, less any transfers to general reserve, bonus share issue, dividends or other distributions paid to shareholders.

22 BORROWINGS

(a) Non-current borrowings

Particulars	As at 31 March 2023
<b>Secured</b>	
(i) Term loan (from Bank) (refer note (1) below)	250.47
Less: Current maturities of long term debt	(70.23)
	180.24
(ii) Vehicle Loan (refer note (2) below)	28.29
Less: Current maturities of long term debt	(11.98)
	16.31
<b>Total</b>	<b>196.55</b>

(b) Current borrowings

Particulars	As at 31 March 2023
<b>Secured</b>	
Working capital demand loan from a bank (refer note (3) below)	5.00
Packing credit foreign currency loans (PCFC)	176.77
Buyers credit	
Cash credit	4.49
Current maturities of long-term borrowings(Term Loan - including bank interest payable)	72.47
Current maturities of long-term borrowings(Vehicle Loan)	11.98
<b>Total</b>	<b>270.72</b>

Refer Note 46





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

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(All amounts are in INR millions, unless otherwise stated)

**Note 1- Term loans**

a. The Group has availed a term loan from HDFC Bank Limited amounting to INR 215 million which was sanctioned in two parts INR 180 million on 06 March 2020 and INR 35 million on 03 December 2021, secured by a hypothecation charge on Plant and Machinery acquired from the loan proceeds, immovable properties located at Plot Nos. 10 and 11, Kosamba, and personal guarantees provided by the Mr.Yogesh Kusumgar (Director) and Mr. Siddharth Kusumgar (Managing Director).

b. The Group has also obtained an additional term loan from HDFC Bank Limited amounting to INR 450 million on 20 June 2022, secured by a hypothecation charge on Plant and Machinery purchased out of the term loan proceeds, immovable properties located at Plot Nos. 1271 and 1273, Tadkeshwar, and personal guarantees of the Mr. Yogesh Kusumgar (Director) and Mr. Siddharth Kusumgar (Managing Director).

c. One of the aforementioned term loans, amounting to INR 450 million are under a repayment moratorium period of one year from the date of disbursement of each loan. However, the Company was required to service the interest on the outstanding loan amounts during the applicable moratorium period.

**Term loans repayment schedule**

Sr. No.	Bank name	Rate of Interest (%)	Instalment period	Outstanding as at 31 March 2023
1	HDFC Bank Ltd	8.34 to 8.73	29 June 2020 to 05 May 2027	28.23
2	HDFC Bank Ltd	8.34 to 8.73	18 June 2020 to 13 Sep 2025	131
3	HDFC Bank Ltd	8.34 to 8.73	31 Dec 2021 to 31 Dec 2026	15
4	HDFC Bank Ltd	8.34 to 8.73	31 March 2022 to 31 March 2028	25.89
5	HDFC Bank Ltd	8.60	28 Jan 2025 to 28 Jan 2031	50.35
<b>Total</b>				<b>250.47</b>

(There is no default in terms of repayment of Principle and Interest)

**Note 2- Vehicle loans****Vehicle loans repayment schedule**

Sr. No.	Bank name	Rate of Interest (%)	Maturity period	Outstanding as at 31 March 2023
1	Daimler Financial Services India Private Limited	6.7 to 7.90	04-May-27	5.56
2	HDFC Bank Ltd	6.7 to 7.90	05-Nov-27	6.24
3	HDFC Bank Ltd	6.7 to 7.90	04-May-27	14.16
4	HDFC Bank Ltd	8.60	05-Nov-27	2.33
<b>Total</b>				<b>28.29</b>

**Note 3 - Working capital demand loan**

Working Capital Loan which ranges from 8.34% to 9.25% from Banks are secured by hypothecation charge on the stock of Raw Materials, Finished and Semi Finished Goods and Book Debts arising out of Business transactions.

**23 EMPLOYEE BENEFIT OBLIGATIONS (NON CURRENT)**

Particulars	As at 31 March 2023
Leave encashment payable (Refer Note 40)	7.00
<b>Total</b>	<b>7.00</b>

**24 TRADE PAYABLES**

Particulars	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises (Refer Note 46)	19.96
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note 46)	154.82
Total outstanding dues to related parties (Refer Note 41 & 46)	
<b>Total</b>	<b>174.78</b>



**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

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(All amounts are in INR millions, unless otherwise stated)

Amount due to micro and small enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to micro and small enterprises is as below:

Particulars	As at 31 March 2023
(i) The amounts remaining unpaid to micro and small suppliers as at the end of the year:	
- Principal	19.96
- Interest	-
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-
(iii) The amount of payments made to micro and small suppliers beyond the appointed day during each accounting year.	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.	-

**Trade Payables ageing schedule**

As at 31 March 2023	Current					
Particulars	Unbilled Dues	Payables Not Due	Outstanding for following periods from due date of Payment			
			Less than 1 year	1-2 years	2-3 years	More than 3 years
Undisputed trade payables						
- MSME	-	17.80	1.92	0.23	0.00	0.01
- Others	-	69.22	82.75	0.98	1.01	0.86
Disputed trade payables						
- MSME	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>87.01</b>	<b>84.68</b>	<b>1.21</b>	<b>1.01</b>	<b>0.87</b>

**25 OTHER FINANCIAL LIABILITIES (CURRENT)**

Particulars	As at 31 March 2023
Sundry creditors for capital goods	6.39
Employee dues payable	13.76
Expenses payables	4.73
Scrap deposit	0.35
<b>Total</b>	<b>25.86</b>

**26 EMPLOYEE BENEFIT OBLIGATIONS (CURRENT)**

Particulars	As at 31 March 2023
Gratuity (Refer Note 40)	2.45
Leave encashment payable (Refer Note 40)	1.26
<b>Total</b>	<b>3.71</b>

**27 OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2023
Advance from customers	29.18
Liability towards corporate social responsibility (Refer Note 47)	3.48
Statutory dues	8.49
<b>Total</b>	<b>41.15</b>





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

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(All amounts are in INR millions, unless otherwise stated)

**28 REVENUE FROM OPERATIONS**

Particulars	For the year ended 31 March 2023
Revenue from contract with customer	
Sale of products	
Manufactured goods	3,036.17
Sale of services	33.81
	<b>3,069.98</b>
Other Operating Income	
Government grants	-
Duty drawback	16.63
RODTEP income	24.05
Sale of scrap	16.85
	<b>60.20</b>
<b>Total</b>	<b>3,130.18</b>

**29 OTHER INCOME**

Particulars	For the year ended 31 March 2023
Foreign exchange gain	8.67
Interest income on	
Fixed deposit	1.20
Unwinding of discount on security deposits	1.28
Other interest income	0.30
Financial guarantee commission income	0.75
Profit on sale of assets	1.30
Sundry balance written back	0.63
Miscellaneous income	0.42
<b>Total</b>	<b>21.33</b>

**30 COST OF MATERIALS CONSUMED**

Particulars	For the year ended 31 March 2023
Opening Stock	136.38
Add: Purchases	1,703.28
Less: Closing stock	(166.68)
<b>Total</b>	<b>1,672.98</b>

**31 CHANGES IN INVENTORIES OF FINISHED GOODS AND SEMI-FINISHED GOODS**

Particulars	For the year ended 31 March 2023
Inventories at the end of the year:	
Finished stock	236.58
Semi finished stock	180.70
	<b>417.29</b>
Inventories at the beginning of the year:	
Finished stock	192.83
Semi finished stock	108.82
	<b>301.65</b>
<b>Net (increase)</b>	<b>(115.64)</b>

**32 EMPLOYEE BENEFITS EXPENSE**

Particulars	For the year ended 31 March 2023
Salaries and wages	262.22
Staff welfare expenses	17.62
Contribution to provident and other funds (Refer Note 40)	11.17
Gratuity expenses (Refer Note 40)	3.97
<b>Total</b>	<b>294.98</b>



**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**33 FINANCE COSTS**

Particulars	For the year ended 31 March 2023
Interest expense on	
Borrowings	31.56
Lease liabilities	8.40
Financial guarantee liability	0.13
Bank and Other finance charges	9.10
<b>Total</b>	<b>51.92</b>

**34 DEPRECIATION AND AMORTIZATION EXPENSE**

Particulars	For the year ended 31 March 2023
Depreciation of property, plant and equipment (Refer Note 6)	103.78
Depreciation of right to use assets (Refer Note 7)	40.75
Amortization of intangible assets (Refer Note 9)	2.47
<b>Total</b>	<b>147.00</b>

**35 OTHER EXPENSES**

Particulars	For the year ended 31 March 2023
Power and fuel	176.01
Job work and labour charges (Refer Note 41)	130.26
Consumption of stores	66.66
Travelling and conveyance	45.37
Freight and forwarding charges	35.00
Professional and legal fees	34.06
Effluent treatment charges	36.85
Advertisement and marketing	18.08
Repairs & maintenance on	
Plant and machinery	10.60
Building	1.98
Others	5.29
Rates and taxes	9.02
Corporate social responsibility expenses (Refer Note 47)	4.10
Insurance charges	2.75
Rent expenses (Refer Note 7(c) & 41)	2.72
Brokerage and commission*	0.85
Payment to auditors (Refer Note 35.1)	0.50
Donation	0.04
Miscellaneous and Admin expenses	29.33
<b>Total</b>	<b>616.31</b>

\*The Company has applied the practical expedient under Ind AS 115 and recognised brokerage and commission costs incurred to obtain contracts as an expense, given that the expected amortisation period is one year or less.

**35.1 DETAILS OF PAYMENT TO AUDITORS (EXCLUSIVE OF GOODS AND SERVICE TAX)**

Particulars	For the year ended 31 March 2023
As auditor:	
To statutory auditors:	
-For Audit	
-For Others	0.50
<b>Total</b>	<b>0.50</b>





Kusumgar Limited (formerly known as Kusumgar Private Limited)

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(All amounts are in INR millions, unless otherwise stated)

36 TAX EXPENSE

(a) Income tax expense:

Particulars	For the year ended 31 March 2023
Current tax	125.00
Deferred tax	(6.97)
Income tax expense reported in the statement of profit or loss	118.03

(b) Income tax expense charged to Other Comprehensive income (OCI)

Particulars	For the year ended 31 March 2023
Items that will not be reclassified to profit or loss	
Remeasurement of net defined benefit liability	(0.00)
Income tax charged to OCI	(0.00)

(c) Reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

Particulars	For the year ended 31 March 2023
Profit before tax	483.96
Enacted income tax rate applicable to the Company	25.17%
Current tax expenses on profit before tax at the enacted income tax rate	121.80
Effect of non deductible expense	6.64
(Excess)/Short tax provision for earlier years	(2.22)
Others	(1.22)
Income tax expense	118.03

The Company has opted for new tax rate under section 115BAA of Income Tax Act, 1961 from the FY 2021-22. Hence, the enacted tax rate for current and deferred tax for current year is 25.168% (22% + surcharge + cess).

(d) Deferred tax balances:

Particulars	As at 31 March 2023
<b>Deferred tax assets</b>	
Fair valuation of security deposit	0.95
Provision for credit allowances on trade receivables	4.16
Lease liabilities	21.82
Corporate Guarantee	0.16
Provision for employee benefits	2.07
	29.15
<b>Deferred tax liability</b>	
Property, plant and equipment	24.04
Right-of-use assets	22.00
Transaction cost impact on term loan	0.45
	46.49
Deferred tax liability [net]	17.34

Movement in deferred tax assets and deferred tax liabilities from 01 April 2022 to 31 March 2023:

Particulars	As at 01 April 2022	Recognised in profit or loss	Recognised in OCI	As at 31 March 2023
Property, plant and equipment	24.19	(0.15)	-	24.04
Right-of-use assets	32.06	(10.06)	-	22.00
Fair valuation of security deposit	(1.27)	0.32	-	(0.95)
Provision for credit allowances on trade receivables	(5.86)	1.70	-	(4.16)
Lease liabilities	(30.28)	8.46	-	(21.82)
Transaction cost impact on term loan	0.78	(0.33)	-	0.45
Corporate Guarantee	(0.31)	0.16	-	(0.16)
Provision for employee benefits	(2.30)	0.23	0.01	(2.07)
Revaluation impact on Land	7.31	(7.31)	-	-
Deferred tax liability [net]	24.31	(6.97)	0.01	17.34



**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**37 EARNINGS PER SHARE (EPS)**

Particulars	For the year ended 31 March 2023
Profit attributable to ordinary equity holders	365.93
Weighted average number of equity shares outstanding for calculation of Basic EPS (Nos.) in millions	101.49
Basic earnings per share (INR)*	3.61
Profit attributable to ordinary equity holders	365.93
Weighted average number of equity shares outstanding for calculation of Basic EPS (Nos.) in millions	101.49
Total of Weighted average number of shares outstanding for calculation of Diluted EPS (Nos.) in millions	101.49
Diluted earnings per share (INR)*	3.61

\* In line with requirements of Ind AS 33, the basic and diluted earnings per share for the current period presented have been calculated after considering the bonus & split issue (Refer note 20(e)).

**38 CONTINGENT LIABILITIES**

Particulars	As at 31 March 2023
Letter of credit	18.17
Corporate guarantee given to related party	75.00

**39 CAPITAL COMMITMENT**

Particulars	As at 31 March 2023
Plant & Machinery	642.88
Total	642.88

**40 EMPLOYEE BENEFITS**

**(a) Defined contribution plans**

The Company makes contributions, determined as a specified percentage of employees salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no further obligations towards specified contributions. The contributions are charged to the statement of profit and loss as and when they accrue.

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2023
Employers' Contribution to Provident Fund	10.11
Employers' Contribution to Superannuation Fund and New Pension Scheme	1.01
Total	11.12

**(b) Compensated absences**

The company has a policy on compensated absences and expected cost of compensated absences (PL) is determined by actuarial valuation performed by an external actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Below are the actuarial assumptions used -

Principal assumptions used for the purpose of leave encashment

Particulars	For the year ended 31 March 2023
Mortality	Indian Assured Lives Mortality (2012-14) Ult.
Discount Rate	7.19%
Salary increase rate	7.00%
Employee turnover rate	6.00%
Retirement age	60 Years

The provision for compensated absences is as below:

Particulars	For the year ended 31 March 2023
Non-current	7.00
Current	1.26





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(All amounts are in INR millions, unless otherwise stated)

**(c) Defined benefit plans**

**Gratuity:**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity and currently the company has funded gratuity plan. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Liabilities with regard to these defined benefit plans are determined by actuarial valuation, performed by an external actuary, at each Balance Sheet date using the projected unit credit method.

The Company has invested in a plan assets scheme managed by the Life Insurance Corporation of India (LIC), in accordance with the applicable provisions of Indian law.

**i) Amount recognised in balance sheet**

Particulars	As at 31 March 2023
Present value of obligation at the end of the year	21.85
Fair Value of plan assets at the end of the year	19.39
Net liability recognized in Balance Sheet	(2.45)
Current liability	2.45
Non-current liability	-
Total	2.45

**ii) Changes in the present value of benefit obligation**

Particulars	As at 31 March 2023
Present value of obligation at the beginning of the year	17.93
Included in profit or loss	-
Interest cost	1.21
Current service cost	3.68
Past service cost	-
	4.89
Included in OCI	
Actuarial (gain)/ loss - Financial Assumptions	0.08
Actuarial (gain)/ loss - Experience	(0.12)
	(0.03)
Other	
Benefit Paid	(0.93)
Benefit paid from plan assets	-
Present value of obligation at the end of the year	21.85

**iii) Changes in the fair value of plan assets**

Particulars	As at 31 March 2023
Fair value of plan assets as at the beginning of the year	13.11
Included in profit or loss	-
Interest income on plan assets	0.92
	0.92
Included in OCI	
Return on plan assets greater / (lesser) than discount rate	(0.02)
	(0.02)
Other	
Employer contributions	6.32
Benefits paid	(0.93)
Fair value of plan assets as at the end of the year	19.39

**iv) Reconciliation of balance sheet amount**

Particulars	As at 31 March 2023
Opening net liability	4.82
Expense recognised in profit and loss	3.97
Expense/(income) recognised in other comprehensive income	(0.02)
Employers contribution	(6.32)
Benefits paid by the company	-
Liability at the end of year	2.45



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Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

v) Expense recognized in the statement of profit and loss

Particulars	For the year ended 31 March 2023
Current service cost	3.68
Net Interest cost	0.29
<b>Total expenses recognized in the statement of profit and loss</b>	<b>3.97</b>

vi) Expense recognized in other comprehensive income

Particulars	For the year ended 31 March 2023
Actuarial (gains)/ losses arising from:	
- Experience	(0.12)
- Financial Assumptions	0.08
Return on plan assets excluding interest income	0.02
<b>Net actuarial (gains) / losses recognised in OCI</b>	<b>(0.02)</b>

vii) Principal assumptions used for the purpose of the actuarial valuation

Particulars	For the year ended 31 March 2023
Mortality Rate	Indian Assured Lives Mortality (2012-14) Table
Discount Rate	7.19%
Salary increase rate	3.00%
Withdrawal rate	6.00%
Average attained age	32.94
Retirement age	60.00

viii) Sensitivity analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	For the year ended 31 March 2023
Change in Discount rate	
Delta effect + 1%	20.28
Delta effect - 1%	23.65
Change in rate of salary increase	
Delta effect + 1%	23.54
Delta effect - 1%	20.35

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.

ix) Maturity profile of benefit payments

Year	As at 31 March 2023
Year 1	2.69
Year 2	1.76
Year 3	1.69
Year 4	2.41
Year 5	2.13
Year 6 and above	8.83

The weighted average duration of defined benefit obligation is 9.20 years.





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x) Gratuity is a defined benefit plan and entity is exposed to the following risks:

(i) Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

(a) Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result in obligation at a rate that is higher than expected.

(b) Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

(c) Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

(ii) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.



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Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**41 RELATED PARTY DISCLOSURES**

The Company routinely enters into transactions with its related parties in the ordinary course of business. All such transactions are conducted at arm's length under normal terms of business.

**(a) Names of related parties and description of relationship as identified by the Company:**

Name of company	Relationship
Engineered Coated Fabric Private Limited Kusumgar Middle East FZ LLC	Subsidiary

Name of company	Relationship
Specialty Fabrics Private Limited Concord Weaving & Preparatory Private Limited Kusumgar Technomic Fabrics Private Limited V B Kusumgar & Co Private Limited 4S Holdings Shubita Fabrics LLP Kusumgar Holdings LLP Paraborne Systems LLP Toray Kusumgar Advanced Textile Private Limited Pertex Solution LLP	Enterprises over which Key Managerial Personnel have significant influence

Key Managerial Personnel (KMP)/ others	Relationship
Yogesh Kusumgar (Director) (Until 04 March 2025)	Key Managerial Personnel
Siddharth Kusumgar (Managing Director)	Key Managerial Personnel
Kiran Shah (Director) (Until 04 March 2025)	Key Managerial Personnel
Ankur Kothari (Chief Executive Officer & Director)	Key Managerial Personnel
Sapna Kusumgar (Managing Director)	Key Managerial Personnel
Naresh Patel (Chief Financial Officer) (Until 09 December 2024)	Key Managerial Personnel
Kinnar Mehta (Chief Financial Officer) (From 01 January 2025)	Key Managerial Personnel
Devanand Mojidra (Company Secretary) (From 22 February 2025)	Key Managerial Personnel
Deepti Gupta (Independent Director) (From 17 March 2025)	Key Managerial Personnel
Kaushal Jaysingh Sampat (Independent Director) (From 17 March 2025)	Key Managerial Personnel
Amita Soni	Relatives of Key Managerial Personnel
Babita Kusumgar	Relatives of Key Managerial Personnel
Sushmi Doshi	Relatives of Key Managerial Personnel

Transactions with Key Managerial Personnel	For the year ended 31 March 2023
Short-term employee benefits*	45.86
Share-Based Payments	3.60
Others	5.40
<b>Total</b>	<b>54.86</b>

\* Does not include post-employment benefits and other long-term benefits based on actuarial valuation as these are done for the Company as a whole.





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023  
(All amounts are in INR millions, unless otherwise stated)

**(d) Transactions with related party during the year are as follows:**

Sr no	Transactions with related parties	For the year ended 31 March 2023
1	<b>Job Work-Sales</b> Specialty Fabrics Private Limited	4.25
2	<b>Job Work-Expenses</b> Engineered Coated Fabric Private Limited	44.45
3	<b>Chemical &amp; Packing Material Sale</b> Engineered Coated Fabric Private Limited	87.18
4	<b>Fabric Sales</b> Engineered Coated Fabric Private Limited Paraborne Systems LLP	784.68 6.56
5	<b>Fabric Purchase</b> Engineered Coated Fabric Private Limited	174.87
6	<b>Chemical Purchase</b> Engineered Coated Fabric Private Limited	0.04
7	<b>Rent Paid</b> 4S Holdings Amita Soni Babita Kusumgar Sushmi Doshi	8.78 1.35 1.35 1.35
8	<b>Interest Received</b> Paraborne Systems LLP	0.44

**(e)**

Sr no	Balances outstanding with related parties	As at 31 March 2023
1	<b>Deposit given</b> 4S Holdings <b>Total</b>	 23.50 23.50
2	<b>Other Receivable</b> Specialty Fabrics Private Limited Engineered Coated Fabric Private Limited <b>Total</b>	 1.11 214.13 215.25
3	<b>Other Payable</b> Engineered Coated Fabric Private Limited Paraborne Systems LLP <b>Total</b>	 6.38 0.04 6.42

**Terms and Conditions of Transaction with Related Parties:**

The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest-free and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties.

The Company has availed the following term loans from HDFC Bank Ltd., which are secured by way of hypothecation of plant and machinery acquired out of the respective loan proceeds. These loans are further secured by personal guarantees provided by the Mr. Yogesh Kusumgar(Director) and Mr. Siddharth Kusumgar (Managing Director):

- (a) Term loan secured by hypothecation of plant and machinery located at Plot Nos. 10 and 11, Kosamba.
- (b) Term loan secured by hypothecation of plant and machinery located at Plot Nos. 1271 and 1273, Tadkeshwar.
- (c) Term loan secured by hypothecation of plant and machinery located at Fairdeal Textile Park, Composite Unit 2, Block No. 692/A, Surat and industrial property located at Vasundhara Canning Compound, near Pardi railway station, Killa Pardi, District Valsad 396125, Gujrat and Plot No. 1274, Village Tadkeshwar, opp General Polytex Co. Pvt Ltd, Teh Mandvi, District - Surat-394170.

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates



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(All amounts are in INR millions, unless otherwise stated)

42 REVENUE AS PER IND AS 115

(a) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Particulars	For the year ended 31 March 2023			Total
	Revenue From Fabrics & solutions	Revenue from ancillary products & others	Revenue from Service	
Revenue from operation				
Revenue from operation				
Sale of products				
Manufactured goods	2,917.71	118.46	-	3,036.17
Sale of services	-	-	33.81	33.81
Gross revenue from contracts with customers	2,917.71	118.46	33.81	3,069.98
Less: Consideration payable to customers	-	-	-	-
Net revenue from contracts with customers	2,917.71	118.46	33.81	3,069.98
Geographical markets				
Within India	1,819.88	89.42	14.42	1,923.72
Outside India	1,097.84	29.04	19.39	1,146.27
Net revenue from contracts with customers	2,917.71	118.46	33.81	3,069.98
Timing of revenue recognition				
Goods or services transferred at a point in time	2,917.71	118.46	-	3,036.17
Goods or Services transferred over a period of time	-	-	33.81	33.81
Net revenue from contracts with customers	2,917.71	118.46	33.81	3,069.98

(b) Performance Obligation

Sale of Products:

The performance obligation in case of sale of product are satisfied at a point in time i.e., when the goods are shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of Services:

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligations for the services rendered.

(c) Contract Balances

The following table provides information about receivables, unbilled revenue and deferred revenue from contracts with customers:

Particulars	As at 31 March 2023
Trade receivables	589.70
Unbilled revenue-Contract assets	-
Deferred revenue-Contract liability	29.18

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

Set out below is the amount of revenue recognised from:

Particulars	As at 31 March 2023
Contract liabilities	
Opening balance	11.40
Addition during the year	29.18
Revenue recognised during the year	(11.40)
Closing balance	29.18



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Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

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43 SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating Segments, the Company's business activities, as reviewed by the management, fall within a single operating segment, namely manufacturing of technical textiles fabrics. Consequently, no additional segmental disclosures are required in these financial statements beyond those already provided.

(a) Break up of revenue based on geographical segment

Particulars	As at 31 March 2023
In India:	
India	1,923.72
Outside India:	1,923.72
USA	520.45
Germany	129.14
South Africa	142.54
Others	354.13
	1,146.26
Total	4,993.70

(b) The carrying amount of non current operating assets by location of assets

Particulars	As at 31 March 2023
Within India	986.68
Outside India	-
Total	986.68

(c) None of the customers individually contribute more than 10% of the total revenue of the Company during the year.





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Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

44 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Classification of financial assets and financial liabilities

The following table shows the carrying amounts of financial Assets and financial Liabilities which are classified as below -

Particulars	Amortised Cost	FVTOCI	FVTPL	Total
<b>As at 31 March 2023</b>				
<b>Financial Assets</b>				
<b>Current</b>				
Trade receivables	589.70	-	-	589.70
Cash and cash equivalents	99.75	-	-	99.75
Other bank balances	10.60	-	-	10.60
Other financial assets	37.86	-	-	37.86
	<b>737.91</b>	<b>-</b>	<b>-</b>	<b>737.91</b>
<b>Non-current</b>				
Investment	-	0.01	-	0.01
Other financial assets	18.09	-	-	18.09
	<b>18.09</b>	<b>0.01</b>	<b>-</b>	<b>18.10</b>
<b>Financial Liabilities</b>				
<b>Current</b>				
Borrowings	270.72	-	-	270.72
Lease liability	25.22	-	-	25.22
Trade payables	174.78	-	-	174.78
Other financial liabilities	25.86	-	-	25.86
	<b>496.57</b>	<b>-</b>	<b>-</b>	<b>496.57</b>
<b>Non-current</b>				
Borrowings	196.55	-	-	196.55
Lease liability	61.47	-	-	61.47
	<b>258.02</b>	<b>-</b>	<b>-</b>	<b>258.02</b>

(b) Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of Financial Assets and Liabilities measured at amortized cost:

The fair value of trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), borrowings (current), trade payables and other financial liabilities (current) are approximate to the carrying amounts because of the short-term nature of these financial instruments.



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(All amounts are in INR millions, unless otherwise stated)

**45 CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium, all other equity reserves attributable to the shareholders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans including interest accrued, and by reducing cash and cash equivalents, bank balances other than cash and cash equivalents.

Particulars	As at 31 March 2023
Net Debt	467.26
Less: Cash and cash equivalents	(99.75)
Less: Bank balances other than cash and cash equivalents	(10.60)
Net adjusted debt (A)	356.91
Equity	1,629.08
Total equity (B)	1,629.08
Total debt and equity (C) = (A)+(B)	1,985.99
Gearing ratio (A) / (C)	0.18

**46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the managing board. These risks are categorised into market risk, credit risk and liquidity risk.

**(a) Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument.

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments. Financial instruments affected by market risk include borrowings and derivative financial instruments. The Company exposed to below two market risks-

**i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on variable borrowings, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Effect on profit before tax
	1% increase/ 1% decrease
	As at 31 March 2023
Borrowings (Impact on profit and loss)	(3.16)/3.16



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Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

**ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's trade receivable and trade payable.

The foreign currency trade receivables/trade payables balances (unhedged) are as follows:

Particulars	Amount in foreign currency (in millions)
	As at 31 March 2023
Trade receivables	
USD	27.32
EURO	1.42
CHF	-
JPY	34.35
Trade payables	
USD	3.66
EURO	0.14

Particulars	Equivalent amount in INR (In millions)
	As at 31 March 2023
Receivables	
USD	2,246.49
EURO	126.87
CHF	-
JPY	19.24
Payables	
USD	300.87
EURO	12.24

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, 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 as at balance sheet date:

Particulars	Financial Impact (+/-)
	31 March 2023
USD (+/- 10% movement)	194.56
EURO (+/- 10% movement)	11.46
CHF (+/- 10% movement)	0.20
JPY (+/- 10% movement)	

**(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's trade receivables, loans, security deposits, bank balances and other financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The gross carrying amounts of following financial assets represent the maximum credit risk exposure:

Particulars	As at 31 March 2023
Trade receivables	589.70
Cash and cash equivalents	99.75
Other bank balances	10.60
Investments	0.01
Other financial assets	55.95
<b>Total</b>	<b>756.01</b>





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023

(All amounts are in INR millions, unless otherwise stated)

Balances with banks and fixed deposits are considered to have negligible risk or nil risk, as they are maintained with high rated banks / financial institutions as approved by the Board of directors.

**Investments**

The Company limits its exposure to credit risk by generally investing with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties.

The Company is exposed to credit risk on its loan receivables and other financial assets. However, there is no material concentration of credit risk, as exposures are well diversified and no single counterparty presents a significant risk.

The Company applies the Ind AS 109 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to measure the ECLs of trade receivables. The provision matrix is initially based on the Company's historical observed default rates. Based on evaluation carried out and to the best estimate of management, historical loss sufficiently covers expected loss as well as future contingencies, hence no adjustment for forward looking factors is carried.

**Reconciliation of loss allowance for trade receivables**

Particulars	As at 31 March 2023
Opening provision	23.29
Addition	-
Reversal	(6.78)
Closing provision	16.51

**Other financial assets: (except fixed deposit with bank and interest accrued)**

Based on the assessment carried out by the Company, credit risk on certain aged security deposits has increased significantly and these balances are considered credit-impaired.

**Reconciliation of loss allowance for security deposits**

Particulars	As at 31 March 2023
Opening provision	0.80
Addition	-
Reversal	-
Amounts written off	-
Closing provision	0.80

Note-Credit risk for security deposit other than above and other receivables has not increased significantly.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

The table below summarizes the undiscounted maturity profile of the Company's financial liabilities on an undiscounted basis:

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
As at 31 March 2023				
Borrowings	290.84	1,983.16	-	2,274.00
Lease liabilities	316.78	706.05	-	1,022.83
Trade payables	171.69	3.09	-	174.78
Other financial liabilities	25.86	-	-	25.86
<b>Total</b>	<b>607.61</b>	<b>2,689.21</b>	<b>-</b>	<b>3,296.83</b>
As at 01 April 2022				
Borrowings	183.83	2,009.04	-	2,192.87
Lease liabilities	424.94	1,017.51	-	1,442.45
Trade payables	2,584.91	24.40	-	2,609.31
Other financial liabilities	33.58	0.63	-	34.21
<b>Total</b>	<b>3,227.25</b>	<b>3,051.58</b>	<b>-</b>	<b>6,278.83</b>



**Kusumgar Limited (formerly known as Kusumgar Private Limited)****Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023***(All amounts are in INR millions, unless otherwise stated)***47 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENSES:**

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities contribution towards contribution towards educational, for the mentally retarded children.

The details of funds primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013 are as follows:

Particulars	For the year ended 31 March 2023
Amount required to be spent by the company during the year.	4.10
Amount of expenditure incurred	4.15
Shortfall at the end of the year (including previous year shortfall)	3.49
Reason for above shortfall*	Pertains to ongoing projects
Nature of CSR activities	Contribution towards educational, health & medical etc.
Details of related party transactions, e.g., contribution to a trust-controlled NA by the company in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures	-
Where a provision is made with respect to a liability incurred by entering in-to contractual obligation, the movements in the provision during the year	-

\*The unspent amount transferred to unspent CSR account within 30 days from the end of the financial year, in accordance with the Companies Act, 2013 read with the CSR Amendment Rules.

**48 ADDITIONAL REGULATORY INFORMATION:****(i) Title deeds of Immovable Properties not held in name of the Company**

The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

**(ii) Fair valuation of investment property**

The Company does not have any investment property.

**(iii) Revaluation of property, plant and equipment (including right-of-use assets) and intangible assets**

The Company has not revalued its property, plant and equipment or intangible assets or both during the current year.

**(iv) Details of benami property held**

The Company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any benami property.

**(v) Wilful Defaulter**

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

**(vi) Relationship with struck off companies**

The Company does not have any transactions or balance outstanding with companies struck off under section 248 of the Companies Act, 2013.

**(vii) Registration of charges or satisfaction with Registrar of Companies (ROC)**

There are no charges or satisfaction there which are yet to be registered with the Registrar of Companies beyond the statutory period.





**Kusumgar Limited (formerly known as Kusumgar Private Limited)**

**Notes forming part of the Special Purpose Standalone financial statements for the year ended 31 March 2023**

(All amounts are in INR millions, unless otherwise stated)

**(viii) Compliance with number of layers of companies**

The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.

**(ix) Compliance with approved Scheme(s) of Arrangements**

The Company has not entered into any scheme of arrangement which has an accounting impact on current year.

**(x) Utilisation of Borrowed funds and share premium:**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**(xi) Undisclosed income**

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

**(xii) Utilisation of Borrowings availed from banks and financial institutions**

The borrowings obtained by the Company from banks and financial institutions have been applied for the purposes for which such loans were taken.

**(xiii) Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in crypto currency or virtual currency during the current year.

49 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. Certain sections of the code came into effect on May 03, 2023. However, the final rules/interpretation have not yet been issued. The Company will complete their evaluation once the subject rules are notified and will give appropriate impact in the financial statements in the period in which, the Code becomes effective.

50 The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act 1961 as introduced by the Taxation Laws (amendment) Ordinance, 2019. Accordingly, the Company has recognised the tax provision and measured the deferred tax assets / liabilities at the basic tax rate of 22% plus applicable surcharge and cess.

51 Figures have been regrouped/ reclassified to confirm presentation as per Ind AS and as required by schedule III of the Act.

As per our report of even date  
For Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No: 118424W



Sohan Chaturvedi  
Partner  
Membership No. 030760

Place: Mumbai  
Date: 04 September 2025



For and on behalf of the Board of Directors  
Kusumgar Limited  
CIN: U65990MH1990PLC056871



Siddharth Kusumgar  
Managing Director  
DIN: 01676799

Place: Mumbai  
Date: 04 September 2025



Kinnar Mehta  
Chief Financial Officer

Place: Mumbai  
Date: 04 September 2025





Ankur Kothari  
Chief Executive Officer & Director  
DIN: 07694977

Place: Mumbai  
Date: 04 September 2025



Devanand Mojindra  
Company Secretary  
ACS: 14644

Place: Mumbai  
Date: 04 September 2025