## INDEPENDENT AUDITOR'S REPORT

**To the Members of**
**KAPILS SALON INDIA PRIVATE LIMITED**

### Opinion

We have audited the accompanying financial statements of **Kapils Salon India Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss and Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of Significant Accounting Policies and Other explanatory information (herein referred to as " financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2023, and its profit (financial performance) and its cash flows for the year ended on that date.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

### Other Information

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

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

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the 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 Standards on Auditing ('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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 management.

S & CO MUMBAI CHARTERED ACCOUNTANTS

- 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.

Materiality is the magnitude of the misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative materiality factors in planning the scope of our audit work and in evaluating the results of our work and to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. Further to our comments in the Annexure mentioned in paragraph 1 above, as required by Section 143 (3) of the Act, we report that;

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

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(d) With the exception of Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) Keeping in view the fact that the turnover of the Company for the latest audited annual financial statements was less than Rs. 50.00 Crores and the aggregate of secured and unsecured borrowing of the Company from banks, FIs and bodies corporate at any point of time during the year being less than Rs.25.00 Crores, the applicability of reporting on the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls is not applicable to the Company;

(g) With respect to the matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company have a pending litigations which would impact its financial position. Outstanding from Club Salon (Borivali) of Rs. 33,46,376/- Plus interest at the rate of 12%. The balance are subject to cross confirmation by both the parties.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a. As per the information and explanations given to us by the management, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. As per the information and explanations given to us by the management, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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c. On the basis of above representations, nothing has come to our notice that has caused us to believe that the above representations contained any material misstatement.

v. The Company has not declared or paid any dividend during the year;

**For S N & Co**
**Chartered Accountants**
**Firm Reg No.: 128887W**

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

**CA Niki Shah**
**Partner**
**M.No.: 123409**

**UDIN No.: 23123409BGVMNL5113**
**Place : Mumbai**
**Date : 4th September 2023**

**Annexure – A to the Auditor's Report**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Kapils Salon India Private Limited** on the financial statements for the year ended March 31, 2023]

1. **Property, Plant & Equipment (Fixed Assets)**

(a) In our opinion and based on the information and explanations provided to us during the course of our audit, the Company is maintaining proper records showing full particulars including quantitative details and situation of its Property, Plant & Equipment. There were no intangible assets with the Company as at the close of the year;

(b) The Company has a regular program of physical verification of its Property, Plant & Equipment which is, in our opinion, reasonable, having regard to the size of the Company and the nature of its assets;

(c) As per the information and explanations given to us by the Company, there we no immovable properties with the Company and hence, title deeds of immovable properties are not applicable to the Company.

(d) As per the information and explanations given, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year and hence provisions of Clause 3(i)(d) of the Order are not applicable to the Company;

(e) As per the information and explanations given, the Company does not hold any benami property and no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made there under.

2. **Inventory**

(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure of such verification is appropriate. Based on the information and explanations given to us in this regard that upon such verification, there were no discrepancies of 10% or more in the aggregate value for each class of Inventory.

(b) The Company has not been sanctioned any working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets.

3. **Loans/Guarantees/Investments in / Provision of Security to certain parties**

Based on the books of account of the Company and as per the information and explanations given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, LLPs or any other parties. Hence, Clauses no.3(iii)(a) to (f) of the Order are not applicable to the Company during the year under review

4. **Loans to Directors and Investments, etc. under Sections 185 and 186 of the Act:**

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by the Company within the purview of Section 186 of the Act.

**5. Acceptance of Deposits**

According to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.

**6. Maintenance of Cost Records**

The Central Government of India has not specified the maintenance of cost records under Section 148(1) of the Act, for any products of the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company during the year under review.

**7. Undisputed & Disputed Statutory Dues**

(a) Based on our verification of the books of account of the Company and on the information and explanations given to us, during the year, the Company is generally regular in depositing undisputed statutory dues involving Income Tax, Goods and Services Tax, Provident Fund and ESIC to the extent applicable, with the appropriate authorities and no dues in respect of the same were lying in arrears for a period exceeding six months as at the Balance Sheet date. Considering the present operations of the Company, statutes in respect of Sales Tax, Excise Duty, Customs Duty or Cess were not applicable to the Company during the year.

(b) According to the information and explanations given us and as per the records verified by us, the Company does not have disputed statutory liability during the year under review in respect of Goods & Services Tax (GST), Income tax and other Statutory dues which have not been deposited with the appropriate authorities, in view of dispute

**8. Transactions of Undisclosed Income under the Income Tax Act:**

According to the information and explanations given to us and as per the records examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 as Income during the year.

**9. Loans and Borrowings:**

In respect of the borrowings comprising of Term Loans and working capital facilities availed by the Company from Banks, the Company has serviced the said loans and facilities satisfactorily during the year and there were no delays / defaults in the same on the part of the Company. The Company has not taken any loans from financial institutions or from the government. The Company has not issued any debentures during the year. Also, the Company does not have a subsidiary/associate/Joint venture during the year and accordingly Clauses (3)(ix)(e) and (f) are not applicable to the Company.

**10. Initial / Further public offer and Preferential / Private placement of Shares or Debentures:**

a. In our opinion and according to the information and explanations given to us and to the best of our knowledge and belief, the Company does not raise money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting on clause 3(x)(b) of the Order is not applicable.

**11. Fraud by or on the Company**

a. Based on examination of the books and records of the Company and according to the information and explanations given to us and considering the principles of materiality outlined in the Standards on Auditing, no fraud by or on the Company by its officers or employees has been noticed or reported during the year.

b. According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c. According to the information and explanations given to us, the Company is not required to adopt a whistle blower policy. Accordingly, clause 3(xi)(c) of the Order is not applicable.

**12. Nidhi Company**

The Company is not a Nidhi company during the year under review and hence the provisions of clause 3(xii) of the Order are not applicable.

**13. Related Party Transactions**

As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

**14. Internal Audit**

As per the information and explanations given during the course of our verification, in our opinion, the requirement of Internal Audit is not applicable to the Company. Accordingly, clause 3(xiv)(a) & (b) of the Order is not applicable.

**15. Non cash Transaction with Directors, etc**

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable to the Company.

**16. Registration under Section 45-IA of the RBI Act,1934**

a. As per the information and explanations provided to us and based on the overall operations of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

b. As per the information and explanations provided to us and based on the overall operations of the Company, the Company has not conducted any NBFC activity during the year and hence it is not

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required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

d. The Company does not have any Core Investment Company (CIC) within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Hence clause (xvi)(d) of the Order is not applicable to the Company during the year under review.

**17. Cash Losses**

The Company has not incurred any cash losses during the current year and/or during the immediately preceding financial year.

**18. Resignation of Statutory Auditors**

There has been no resignation of the Statutory Auditors of the Company during the year.
Accordingly, Clause 3(xviii)of the Order is not applicable.

**19. Financial Ratios and Material Uncertainty to meet Liabilities by the Company:**

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and the Management's plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of the Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto to the date of the Audit Report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

**20. Corporate Social Responsibility under Section 135 of the Act:**

According to the information and explanations given to us, the provisions Section 135 of the Act in respect of Corporate Social Responsibility are not applicable to the Company. Accordingly, reporting under clause 3(xx)(a) & (b) of the Order is not applicable for the year.

**For S N & Co**
**Chartered Accountants**
**Firm Reg No.: 128887W**

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

**CA Niki Shah**
**Partner**
**M.No.: 123409**
**UDIN No.: 23123409BGVMNL5113**
**Place : Mumbai**
**Date : 4th September 2023**

**KAPILS SALON INDIA PVT. LTD.**
(U74990MH2010PTC203148)
**BALANCE SHEET AS AT MARCH 31, 2023**

| | Particulars | Note | March 31, 2023 (In. Rs) | March 31, 2022 (In. Rs) |
|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | |
| 1 | **SHAREHOLDERS` FUND** | | | |
| | - Share Capital | 3.1 | 5,00,000 | 5,00,000 |
| | - Reserves and Surplus | 3.2 | 5,78,90,461 | 5,25,24,906 |
| | - Money received against Share Warrants | | | |
| | Sub-Total - (A) | | 5,83,90,461 | 5,30,24,906 |
| 2 | **SHARE APPLICATION MONEY PENDING ALLOTMENT** | | - | - |
| | Sub-Total - (B) | | - | - |
| 3 | **NON-CURRENT LIABILITIES** | | | |
| | - Long-term Borrowings | 3.3 | 85,33,928 | 1,01,06,630 |
| | - Deferred Tax Liabilities (net) | 3.4 | | |
| | - Other Long-Term Liabilities | 3.5 | | |
| | - Long-term Provisions | | - | - |
| | Sub-Total - (C) | | 85,33,928 | 1,01,06,630 |
| 4 | **CURRENT LIABILITIES** | | | |
| | - Short-term Borrowings | 3.6 | 1,59,07,498 | 1,57,37,486 |
| | - Trade Payables | | | |
| | - Outstanding Dues of Micro, Small and Medium Enterprises | 3.7 | 2,58,791 | 5,71,897 |
| | - Outstanding Dues other than Micro, Small and Medium Enterprises | 3.7 | 2,69,24,636 | 2,65,28,879 |
| | - Other Current Liabilities | 3.8 | 16,44,714 | 34,62,476 |
| | - Short-term Provisions | 3.9 | 54,81,142 | 43,30,539 |
| | Sub-Total - (D) | | 5,02,16,781 | 5,06,31,277 |
| | **TOTAL** ( A+B+C+D ) | | **11,71,41,170** | **11,37,62,810** |
| II. | **ASSETS** | | | |
| 5 | **NON-CURRENT ASSETS** | | | |
| | - Property, Plant & Equipment | | | |
| | - Tangible Assets | 3.10 | 3,47,97,417 | 3,55,96,363 |
| | - Intangible Assets | | - | - |
| | - Capital work-in -progress | | - | - |
| | - Non-current investments | 3.11 | 1,03,20,804 | 1,11,71,127 |
| | - Long-term Loans and Assets | 3.12 | 1,86,50,100 | 1,59,36,934 |
| | - Other Non-current Assets | 3.13 | 40,00,000 | - |
| | - Deferred Tax Asset (net) | 3.14 | 9,91,205 | 7,95,869 |
| | Sub-Total - (E) | | 6,87,59,527 | 6,35,00,292 |
| 6 | **CURRENT ASSETS** | | | |
| | - Inventories | 3.15 | 1,09,59,406 | 1,06,25,233 |
| | - Trade Receivables | 3.16 | 1,86,80,692 | 2,14,98,809 |
| | - Cash and Cash Equivalent | 3.17 | 1,33,30,608 | 1,73,75,009 |
| | - Short- term Loans and Advances | 3.18 | - | - |
| | - Other Current Assets | 3.19 | 54,10,937 | 7,63,466 |
| | Sub-Total - (F) | | 4,83,81,643 | 5,02,62,518 |
| | **TOTAL** ( E+F ) | | **11,71,41,170** | **11,37,62,810** |
| Note | **Note 1 to 5.11 from an integral part of accounts** | | | |

As per our attached report of even date

For S N & Co
*Chartered Accountants*
Firm Regn No. 128887W

CA Niki Shah
Partner
Membership No. 123409
Place : Mumbai
Date : 4th Septmeber 2023
UDIN No. - 23123409BGVMNL5113

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

**For and on behalf of Board of Directors**
For KAPILS SALON INDIA PVT. LTD.
FOR KAPILS SALON INDIA PRIVATE LIMITED

**Kapils Sharma**
**(Director)**
**Din: 02976761**

**Heena Sharma**
**(Director)**
**Din: 02976645**
DIRECTOR

**KAPILS SALON INDIA PVT. LTD.**
(U74990MH2010PTC203148)
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

| Particulars | Note | For the year ended March 31, 2023 (In. Rs) | For the year ended March 31, 2022 (In. Rs) |
|---|---|---|---|
| (i) Revenue form Operations: | 4.1 | 28,85,67,848 | 27,99,79,975 |
| (ii) Other Income | 4.2 | 35,85,855 | 83,163 |
| **Total Revenue (i+ii)** | | 29,21,53,703 | 28,00,63,138 |
| **Expenses** | | | |
| - Cost of Material Consumed | 4.3 | 3,95,02,267 | 2,30,60,825 |
| - Purchase of Stock-in-Trade | 4.4 | 12,31,39,592 | 15,83,99,135 |
| - Changes in Inventories of Finished Goods | 4.5 | 3,92,845 | 58,62,151 |
| - Employee Benefit Expenses | 4.6 | 6,01,45,929 | 4,06,04,157 |
| - Finance Cost | 4.7 | 31,57,932 | 23,88,866 |
| - Depreciation and amortisation expense | 3.10 | 56,22,535 | 58,86,756 |
| - Other Expenses | 4.8 | 5,18,30,713 | 3,80,04,085 |
| **Total Expenses** | | 28,37,91,813 | 27,42,05,975 |
| **Profit Before Exceptional And Extraordinary Items And Tax** | | **83,61,890** | **58,57,163** |
| **Extraordinary items** | | | |
| Priorperiod Expenses | | 4,94,459 | |
| **Profit Before Tax** | | **78,67,431** | **58,57,163** |
| **- Tax Expense** | | | |
| Tax expenses for current year | | 26,97,212 | 17,40,659 |
| Tax expenses for previous year (Excess) / Short | | - | - |
| Deferred Tax Liability/( Assets) | | (1,95,336) | (2,57,886) |
| **Total Tax** | | 25,01,876 | 14,82,773 |
| Profit and Loss from Continuing operations ** | | 53,65,555 | 43,74,390 |
| Profit and Loss from Discontinuing operations ** | | - | - |
| Tax expense on Discontinuing operations ** | | - | - |
| Profit from Discontinuing Operations (after tax) | | - | - |
| **Profit for the period** | | 53,65,555 | 43,74,390 |
| **Equity Share of par value Rs. 10 each** | | | |
| Basis | | 107.31 | 87.49 |
| Diluted | | 107.31 | 87.49 |
| **Note 1 to 5.11 from an integral part of accounts** | | | |

As per our Report of Even Date

For S N & Co
*Chartered Accountants*
Firm Regn No. 128887W

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

CA Niki Shah
Partner
Membership No. 123409
Place : Mumbai
Date : 4th Septmeber 2023
UDIN No. - 23123409BGVMNL5113

**For and on behalf of Board of Directors**
For **KAPILS SALON INDIA PVT. LTD.**

Kapils Sharma
(Director)
Din: 02976761

Heena Sharma
(Director)
Din: 02976645

**KAPILS SALON INDIA PVT. LTD**
(U74990MH2010PTC203148)
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022**

| Particulars | 2022-2023 | | 2021-2022 | |
|---|---|---|---|---|
| **(A) CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net Profit After Tax | | **53,65,555** | | **43,74,390** |
| *Adjustments For:* | | | | |
| Depreciation | 56,22,535 | | 58,86,756 | |
| Interest Received | (17,669) | | (3,840) | |
| Preliminary Exp W/off | | | - | |
| Provision for Tax | 26,97,212 | | 17,40,659 | |
| Deferred Tax Liability | (1,95,336) | | (2,57,886) | |
| Profit on sale of asset | | | - | |
| Interest Paid | 31,57,932 | | 23,88,866 | |
| | | 1,12,64,674 | | 97,54,555 |
| **Operating Profit Before Working Capital Changes** | | **1,66,30,229** | | **1,41,28,945** |
| ***Adjustment For:*** | | | | |
| Trade,Other Receivables & Other Current Assets. | (18,29,354) | | 1,75,72,118 | |
| Inventories | (3,34,173) | | 1,27,48,197 | |
| Trade Payables, Provisions & Other Current Liabilities. | (5,84,508) | | (58,48,490) | |
| | | (27,48,035) | | 2,44,71,825 |
| Less: Provision Income Tax | | (26,97,212) | | (17,40,659) |
| **Net Cash From Operating Activities (A)** | | **1,11,84,982** | | **3,68,60,111** |
| **(B) CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed Assets | (48,23,589) | | (64,97,677) | |
| Loans Given Recived Back | (27,13,166) | | (17,26,584) | |
| Capital Work in Progress | | | | |
| Investments Others | 8,50,322 | | (1,11,71,127) | |
| Investment in Fixed Deposits | (40,00,000) | | - | |
| Sale of Fixed Asset | | | - | |
| Interest Received | 17,668 | | 3,840 | |
| **Net Cash From Investing Activities (B)** | | **(1,06,68,764)** | | **(1,93,91,548)** |
| **(C) CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Increase in Share Capital | | | | |
| Short term Borrowings | 1,70,012 | | 12,00,669 | |
| Long term Borrowing | (15,72,702) | | (29,75,039) | |
| Interest Paid | (31,57,932) | | (23,88,866) | |
| **Net Cash from Financing Activities (C)** | | **(45,60,622)** | | **(41,63,236)** |
| **Net Cash Inflow/(Outflow)** | | **(40,44,401)** | | **1,33,05,327** |
| Opening Balance of Cash & Cash Equivalents | | **1,73,75,009** | | **40,69,681** |
| Closing Balance of Cash & Cash Equivalents | | **1,33,30,608** | | **1,73,75,009** |

As per our attached report of even date

For S N & Co
*Chartered Accountants*
Firm Regn No. 128887W

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

CA Niki Shah
Partner
Membership No. 123409
Place : Mumbai
Date : 4th Septmeber 2023
UDIN No. - 23123409BGVMNL5113

FOR KAPILS SALON INDIA PRIVATE LIMITED
**For and on behalf of Board of Directors**
For **KAPILS SALON INDIA PVT. LTD.**

DIRECTOR

| | |
|---|---|
| **Kapils Sharma** | **Heena Sharma** |
| **(Director)** | **(Director)** |
| **Din: 02976761** | **Din: 02976645** |

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2023

Note No. 3.1 :- SHARE CAPITAL

(In. Rs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorised Capital :** | | |
| 50,000 (PY:50,000) Equity Shares of Rs.10/- each | 5,00,000 | 5,00,000 |
| | **5,00,000** | **5,00,000** |
| **Issued, Subcribed and Fully Paid up :** | | |
| **EQUITY SHARE CAPITAL** | | |
| 50,000 (PY:50,000) Equity Shares of Rs.10/- each fully paid up | 5,00,000 | 5,00,000 |
| | **5,00,000** | **5,00,000** |

a. Details of Shareholding as at March 31, 2023

i. Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

| Number of Shares Promoters | No of shares held | % of holding |
|---|---|---|
| Mr. Kapil Ramawtar Sharma | 45,500 | 91.00% |
| Ms. Heena Mohanbhai Patel | 4,500 | 9.00% |
| | **50,000** | **100.00%** |

b. Reconciliation of the number of Equity Shares outstandir

| Particulars | 31-Mar-2023<br>Number of Shares | 31-Mar-2022<br>Number of Shares |
|---|---|---|
| Number of Shares at the beginning of the year | 50,000 | 50,000 |
| Add: Shares issued | - | - |
| Less: Shares Forfeited | - | - |
| Number of Shares at the end of the year | 50,000 | 50,000 |

c. Promoters shareholding

Equity Shares held by Promoters as at the end of the Current year, Previous year and Percentage of Change

| Promoter Name | No. of Shares | Current Year | Previous Year | % of total shares** | % Change during the year*** |
|---|---|---|---|---|---|
| Mr. Kapil Ramawtar Sharma | 45500 | 45500 | 45500 | 91.00% | 0.00% |
| Ms. Heena Mohanbhai Patel | 4500 | 4500 | 4500 | 9.000% | 0.00% |
| **Total** | **50000** | **50000** | **50000** | **100.00%** | **0.000%** |

Note No. 3.2 - RESERVES AND SURPLUS

(In. Rs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Surplus** | | |
| Statement of Profit & Loss | | |
| Opening Balance | 5,25,24,906 | 4,81,50,516 |
| (+) Transfer from Annexed Profit & Loss statement | 53,65,555 | 43,74,390 |
| Deduction for Fixed assets | - | |
| Profit Available for Appropration | 5,78,90,461 | 5,25,24,906 |
| Surplus Carried to Balance Sheet | 5,78,90,461 | 5,25,24,906 |

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

Note No. 3.3 - LONG - TERM BORROWINGS

(In. Rs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **I. Secured Borrowings:** | | |
| a. Term Loan | | |
| - from banks | | |
| - from others | - | - |
| **Total Secured Long Term Borrowings - (I)** | - | - |
| **II. Unsecured Borrowings** | | |
| **a. Term Loan** | | |
| - from banks (MSME Loan) | 11,42,061 | 20,56,417 |
| - from banks (Other than MSME Loan) | 73,91,867 | 80,50,213 |
| b. Others | | |
| **Total Unsecured Long Term Borrowings - (II)** | 85,33,928 | 1,01,06,630 |
| | | |
| **III. Total Long Term Borrowings ( I + II )** | 85,33,928 | 1,01,06,630 |

Note No. 3.6 - SHORT - TERM BORROWINGS

(In. Rs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **I. Secured Borrowings:** | | |
| a. Current maturities of long-term borrowings | | |
| - Vehicle Loan | - | 57,282 |
| b. Bank Overdraft Facility | 34,64,287 | 80,63,057 |
| **Total Secured Short Term Borrowings - (I)** | 34,64,287 | 81,20,339 |
| **II. Unsecured Borrowings** | | |
| a. Current maturities of long-term borrowings | | |
| - Term Loan | 6,06,632 | 6,23,150 |
| - MSME Loan | 9,14,356 | 10,95,398 |
| b. Loan repayable on Demand. | | |
| - From Banks | | |
| c. Loan from Directors (Interest Free) | 1,09,22,222 | 58,98,599 |
| **Total Unsecured Short Term Borrowings - (II)** | 1,24,43,210 | 76,17,147 |
| | | |
| **III. Total Short Term Borrowings ( I + II )** | 1,59,07,498 | 1,57,37,486 |
| | | |

Note No. 3.7 - TRADE PAYABLES

(In. Rs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Trade Payables** | | |
| (i) Total outstanding dues of Micro Enterprises and Small Enterprises | 2,58,791 | 5,71,897 |
| (ii) Total outstanding dues of Creditors other than Micro Enterprises | 2,69,24,636 | 2,65,28,879 |
| Total | 2,71,83,427 | 2,71,00,776 |

Trade Payables ageing schedule: As at 31st March,2023 (Amount in ₹)

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | 1,80,260 | | | | 1,80,260 |
| (ii) Others | (1,40,72,001) | 29,45,109 | 3,87,42,395 | | 2,76,15,502 |
| (iii) Disputed dues- MSME | - | - | (6,12,336) | - | (6,12,336) |
| (iv) Disputed dues - Others | - | - | - | - | - |

Trade Payables ageing schedule: As at 31st March,2022 (Amount in ₹)

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | 4,11,689 | 2,93,932 | | | 7,05,622 |
| (ii) Others | 1,76,53,518 | 95,21,777 | - | | 2,71,75,295 |
| (iii) Disputed dues- MSME | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - |

S.N. & Co. MUMBAI CHARTERED ACCOUNTANTS

**Note No. 3.8 - OTHER CURRENT LIABILITIES**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Current maturities of Long Term Debt (Secured)** | | |
| Other Liabilities | - | |
| Outstanding Salaries | | |
| Statutory Dues Payable | | |
| - TDS Payable | 14,20,244 | 11,46,557 |
| - Goods & Services Tax | - | 21,23,772 |
| - Profession Tax | 2,22,279 | 1,89,579 |
| - TCS on sales | 2,191 | 2,568 |
| Total | 16,44,714 | 34,62,476 |

**Note No. 3.9 - SHORT TERM PROVISIONS**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provisions for | | |
| - Audit Fees | 6,65,000 | 3,15,000 |
| - Electricity Expenses | 1,14,317 | 1,14,317 |
| - ESIC | 48,985 | 58,304 |
| - Provident Fund | 1,38,706 | 1,24,629 |
| - Telephone Expense | 5,117 | 5,117 |
| - Outstanding Salaries | 45,01,653 | 37,04,808 |
| - Others | 7,364 | 8,364 |
| Total | 54,81,142 | 43,30,539 |

**Note No. 3.11 - NON-CURRENT INVESTMENTS**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a. **Non Trade, Long Term (At cost)** | | |
| Capital Balance with Kapils Hair and Beauty solution LLP in a limited libility Partnership firm (towards Capital contribution) | 1,03,20,804 | 1,11,71,127 |
| Total | 1,03,20,804 | 1,11,71,127 |

**Note No. 3.12 - LONG TERM LOANS AND ADVANCES**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| I. **Secured, Considered good** | | |
| II. **(Unsecured, Considered good unless otherwise stated)** | | |
| a. Capital Advances | | |
| b. Security Deposits | | |
| Deposits with Government authorities | | |
| Deposits with Lessors | 1,48,28,186 | 1,34,77,690 |
| c. Other Advances Recoverables -Staff Loans | 38,21,914 | 24,59,244 |
| III. **Dobutful** | | |
| **Total Long Term Loans and Advances** | 1,86,50,100 | 1,59,36,934 |

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

Note No. 3.13 - OTHER NON-CURRENT ASSETS

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a. **Others** | | |
| Fixed Deposit with Banks (Maturity more then 12 months) | 40,00,000 | - |
| Total | 40,00,000 | - |

Note No. 3.14 - DEFERRED TAX ASSET (NET)

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred Tax Asset** | | |
| Opening Balance | 7,95,869 | 5,37,983 |
| Provided during the year - Timing differences due to Depreciation | 1,95,336 | 2,57,886 |
| Expenditure / Provisions allowable on payment basis - 43B Items | - | - |
| Expenditure allowable u/s. 35D | - | - |
| **Closing Balance** | 9,91,205 | 7,95,869 |

Note No. 3.15 - INVENTORIES

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a. Raw Materials | - | - |
| b. Work in Progress | - | - |
| c. Finished Goods | 73,82,400 | 66,55,383 |
| d. Stock In Trade | 35,77,005 | 39,69,850 |
| e. Stores and Spares | - | - |
| **Total Inventories** | 1,09,59,406 | 1,06,25,233 |

Note No. 3.16 - TRADE RECEIVABLES

*(In. Rs)*

| Particulars | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| I **Secured, Considered good** | | | |
| II. **(Unsecured, Considered good, Unless otherwise stated)** | | | |
| a. Outstanding for a period exceeding six months from they are due for payment | | | |
| - Considered Good | | 1,70,89,318 | 1,62,24,009 |
| - Considered Doubtful of Recovery | 5,82,889 | | |
| Less: Provision for Doubtful Debt | 5,82,889 | - | |
| b. Others | | 15,91,374 | 52,74,800 |
| Total | | 1,86,80,692 | 2,14,98,809 |

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

Trade Receivables ageing schedule as at 31st March,2023 (Amount in ₹)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables -considere | 59,19,684 | 2,82,355 | 8,04,571 | - | 1,16,74,078 | 1,86,80,688 |
| (i) Undisputed Trade receivables -considered doubtful | | | | | | - |
| (iii) Disputed trade receivables considered good | | | | | | - |
| (iv) Disputed trade receivables considered doubtful | | 5,82,889 | | | | **5,82,889** |

***Management is in the process of recovering the outstanding of more than 3 years.*

Trade Receivables ageing schedule as at 31st March,2022 (Amount in ₹)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables -considere | 7,19,425 | 21,60,682 | 1,96,65,950 | - | - | 2,25,46,057 |
| (i) Undisputed Trade receivables -considered doubtful | | | | | | - |
| (iii) Disputed trade receivables considered good | | | | | | - |
| (iv) Disputed trade receivables considered doubtful | | - | | | | - |

**Note No. 3.14- CASH AND CASH EQUIVALENTS**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| - Balance with Banks in current account | 1,27,15,821 | 1,69,18,894 |
| - Cash on hand | 6,14,788 | 4,56,115 |
| **Total Cash and Bank Balances** | 1,33,30,608 | 1,73,75,009 |

**Note No. 3.18- SHORT TERM LOANS AND ADVANCES**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a. **Secured, Considered good** | | |
| b. **Unsecured, Considered good** | | |
| - Prepaid Expenses | | |
| - Others | | |
| c. **Security Deposits** | | |
| - Unsecured, Considered good | | |
| c. **Doubtful** | | |
| Total | - | - |

**Note No. 3.19 - OTHER CURRENT ASSETS**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Accrued Interest on Fixed Deposit | 11,041 | - |
| Advance Income Tax & Tax Dedcuted at Source (net of Provision for Tax) | 8,93,831 | 7,63,466 |
| Income Tax Refund Receivable | 35,57,190 | |
| Goods & Services Tax Excess Payment Recoverable | 9,48,875 | |
| Total | 54,10,937 | 7,63,466 |

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2023

**Note No. 3.10 - Property, Plant & Equipments**

(In. Rs)

| Particulars | | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening as at April 1, 2022 | Addition for the year | Disposals/Other Adjustments | Closing as at March 31, 2023 | Up to April 1, 2022 | Provided for the Year | Adjustments | Up to March 31, 2023 | Closing as at March 31, 2023 | Closing as at March 31, 2022 |
| **I. Tangible Assets** | | | | | | | | | | | |
| a. | Furniture & Fixtures | 4,79,56,064 | 33,14,137 | - | 5,12,70,201 | 2,00,11,181 | 37,93,962 | | 2,38,05,143 | 2,74,65,057 | 2,79,44,883 |
| b. | Computer | 29,49,391 | 91,581 | - | 30,40,972 | 24,63,053 | 1,38,349 | | 26,01,402 | 4,39,570 | 4,86,338 |
| c. | Electrical Equipment | 1,21,24,907 | 13,61,311 | - | 1,34,86,218 | 80,73,737 | 11,29,175 | | 92,02,911 | 42,83,307 | 40,51,170 |
| d. | Motor Vehicles | 56,69,448 | 56,560 | - | 57,26,008 | 25,55,476 | 5,61,049 | | 31,16,525 | 26,09,483 | 31,13,972 |
| | **Sub Total - ( I )** | 6,86,99,810 | 48,23,589 | - | 7,35,23,399 | 3,31,03,447 | 56,22,535 | - | 3,87,25,982 | 3,47,97,417 | 3,55,96,363 |
| **II. Intangibles Assets** | | - | - | - | - | - | - | - | - | - | - |
| **III. Capital Work in Progress** | | - | - | - | - | - | - | - | - | - | - |
| **IV. Intangible assets under Development** | | - | - | - | - | - | - | - | - | - | - |
| | **Sub Total - ( II )** | - | - | - | - | - | - | - | - | - | - |
| **V. Grand Total - ( I + II )** | | 6,86,99,810 | 48,23,589 | - | 7,35,23,399 | 3,31,03,447 | 56,22,535 | - | 3,87,25,982 | 3,47,97,417 | 3,55,96,363 |
| **Previous Year** | | 6,22,02,133 | 64,97,677 | - | 6,86,99,810 | 2,72,16,691 | 58,86,756 | - | 3,31,03,447 | 3,55,96,363 | - |

S N & CO. * MUMBAI * CHARTERED ACCOUNTANTS

**Note No. 4.1 - REVENUE FROM OPERATIONS IN RESPECT OF NON FINANCE COMPANY**

*(In. Rs)*

| Particulars | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Revenue from Provision of Services | | | |
| - Beauty Parlour services | | 15,50,42,239 | 13,64,73,548 |
| - Royalty | | 30,92,026 | 31,25,157 |
| - License Fees Income | | 35,57,794 | |
| | (A) | 16,16,92,059 | 13,95,98,704 |
| Revenue from Sale of Products | | | |
| - Beauty Products | (B) | 12,68,75,789 | 14,03,81,271 |
| **Total Income from Operations** | (A+B) | **28,85,67,848** | **27,99,79,975** |

**Note No. 4.2 - OTHER INCOME**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Income | | |
| - From Bank Deposits | 11,041 | 3,840 |
| - From Others | 6,628 | - |
| Other Non-operating Income | | |
| - Other Miscellaneous Income | 27,35,715 | 79,323 |
| - Rental Income From Sub-letting | 8,32,471 | |
| Total | **35,85,855** | **83,163** |

**Note No. 4.3 - COST OF MATERIALS CONSUMED**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Materials consumption for Beauty services** | | |
| Opening Stock | 66,55,383 | 1,35,41,429 |
| Add : Purchase of Beauty products | 4,02,29,285 | 1,61,74,779 |
| | 4,68,84,668 | 2,97,16,208 |
| Less Closing Stock | 73,82,400 | 66,55,383 |
| | **3,95,02,267** | **2,30,60,825** |
| **Total** | **3,95,02,267** | **2,30,60,825** |

**Note No. 4.4 - PURCHASE OF STOCK-IN-TRADE**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| - Beauty Products for Trading | 12,31,39,592 | 15,83,99,135 |
| **Total** | 12,31,39,592 | **15,83,99,135** |

**Note No 4.5 CHANGES IN INVENTORIES OF TRADED GOODS**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Closing Stocks: | | |
| - Beauty Products for Services & Trading | 35,77,005 | 39,69,850 |
| Total (A) | 35,77,005 | 39,69,850 |
| Less: Opening Stocks: | | |
| - Beauty Products for Services & Trading | 39,69,850 | 98,32,001 |
| Total (B) | 39,69,850 | 98,32,001 |
| Total (A-B) | (3,92,845) | (58,62,151) |
| (Increase)/Decrease in Excise Duty on Stocks | | |
| **Total** | **3,92,845** | **58,62,151** |

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

**Note No. 4.6 - EMPLOYEE BENEFIT EXPENSES**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Director Remuneration | 45,60,000 | 42,00,000 |
| Salaries, Wages, Allowances | 5,41,89,569 | 3,51,67,434 |
| E.S.I.C | 4,83,303 | 4,13,765 |
| Provident Fund Contribution | 6,99,140 | 6,59,438 |
| Staff Welfare Expenses | 1,12,978 | 1,63,520 |
| Others | 1,00,940 | - |
| **Total** | **6,01,45,929** | **4,06,04,157** |

**Note No. 4.7 - FINANCE COST**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest Expenses | | |
| - Borrowings From Banks | 10,69,849 | 11,80,978 |
| - Others | | |
| Other Finance Charges | 20,88,083 | 12,07,888 |
| **Total** | **31,57,932** | **23,88,866** |

**Note No. 4.8 - OTHER EXPENSES**

*(In. Rs)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Advertisement Expenses | 40,18,040 | 38,12,121 |
| Electricity Charges | 25,49,743 | 22,00,677 |
| Communication Expenses | 5,89,046 | 7,43,595 |
| Travelling and Conveyance Expenses | 3,76,496 | 8,28,278 |
| Housekeeping & Laundary Charges | 3,01,978 | 6,08,867 |
| Printing & Stationery | 9,78,823 | 1,84,734 |
| Software Charges | 10,95,928 | 11,32,844 |
| Legal & Professional Charges | 63,55,282 | 29,62,836 |
| Rent , Rates & Taxes | 2,94,25,085 | 1,74,23,071 |
| Office Expenses | 27,72,451 | 28,03,611 |
| Repairs & Maintainence | 9,35,019 | 12,07,938 |
| Commision & Brokerage | 3,16,994 | 12,155 |
| Share of Loss in LLP | 8,50,322 | 2,25,025 |
| Other Expense | 9,15,506 | 35,08,334 |
| Payment to Auditors | | |
| Statutory Audit Fees | 3,00,000 | 3,00,000 |
| Tax Audit Fees | 50,000 | 50,000 |
| **Total** | **5,18,30,713** | **3,80,04,085** |

S N & CO. MUMBAI CHARTERED ACCOUNTANTS

**KAPILS SALON INDIA PVT. LTD.**
**CIN- (U74990MH2010PTC203148)**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023**

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1) **CORPORATE INFORMATION:**
Kapils Salon India Private Limited is a Private Company domiciled in India and incorporated on 13 May 2010 under the provisions of the Companies Act, 1956. The Company is engaged into Hair Care & Beauty Parlour Services and sale of skin care and beauty products.

2) **SIGNIFICANT ACCOUNTING POLICIES:**
The financial statements have been prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards and the relevant provisions of the Companies Act, 2013. The significant accounting policies are as follows:

3) a) **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**
These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied.

b) **USE OF ESTIMATES :**
The preparation of financial statements is in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which such revisions are made.

c) **PROPERTY, PLANT & EQUIPMENT (FIXED ASSETS) :**
Property, Plant & Equipment (Fixed Assets) are stated at their original cost including incidental expenses related to its acquisation and installation less accumulated depreciation, amortization and impairment loss, if anyTangible assets are stated at cost of acquisition excluding taxes, less accumulated depreciation and impairment loss if any. Cost of acquisition includes all expenses incurred to bring the assets to their present location and working conditions up to the date the assets are put to use
Intangible Assets are stated at cost of acquisition excluding taxes, less amortization and impairment losses, if any. An asset recognized when it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured.

d) **DEPRECIATION:**
Depreciation is provided on Stright Line Method basis, as per prescribed rates as per Schedule II of Companies Act, 2013. Further depreciation is recognized on a pro-rata basis on assets purchased / sold during the year.

e) **IMPAIRMENT OF ASSETS:**
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

f) **INVENTORIES:**
i) Retail products & Consumables used for customer services are valued at Cost / Net Realizable Value whichever is lower. Cost of inventories comprises all costs of purchase, duties and taxes (net of GST), and other costs incurred in bringing the inventories to their present location & working condition.
ii) Scrap is valued at net realizable value

g) **REVENUE RECOGNITION:**
i) The Salon activity of Hair & Beauty Services and allied services, relating to such activities is recognized upon rendering of the services net of Taxes and discounts given to the customers
ii) Royalty is recognized on accrual basis. Sales of goods is recognized on dispatch to customer and is net of returns, Taxes and discounts.
iii) Income and Expenditure are accounted on an accrual basis

h) **EMPLOYEE BENEFITS :**
i) **GRATUITY**
Gratuity expenses are accounted for on payment basis.

ii) **LEAVE ENCASHMENT**
Leave Encashment expenses are accounted for on payment basis.

i) **PROVIDENT FUND & FAMILY PENSION**
Contribution to Provident Fund & Family Pension Fund are provided for & payments in respect thereof are made to the relevant authorities on actual basis.

j) **PROVISION FOR CURRENT & DEFFERED TAX:**
Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.
Deffered Tax resulting from "Timing Difference" between Book and Taxable Profit is accounted as per AS22 for using the tax rates & laws that have been enacted or substantively enacted on the Balance Sheet date.The Deffered Tax Asset is recognised and carried forward only to the extent that there is a virtual certainity supported by convincing evidence that the asset will be realised in future.
Net outstanding balance in Deffered Tax account is recognised as Deffered Tax Laibility/Asset The Deffered Tax account is used soley for reversing timing difference as and when crystalized.

k) **PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :**
Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

l) **PRIOR PERIOD ITEMS :**
All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Items A/c"

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m) **EARNING PER SHARE :**
The Company reports basic and diluted earnings per share (EPS) in accordance with the Accounting Standard 20. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year The Diluted EPS has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

n) **DOUBTFUL DEBTS/ADVANCES / DEPOSITS/ INVESTMENT :**
Provision is made in the accounts for Debts / Advances / Deposits / Investment which in the opinion of the management are considered doubtful of recovery.

o) **CASH FLOW STATEMENT:**
Cash flow is reported using indirect method, whereby profit / (loss) before exceptional and extraordinary items and tax is adjusted for the effects of the transactions of non-cash nature, any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company is segregated based on the available information with the company.

p) **OPERATING CYCLE:**
Assets and liabilities pertaining to supply of materials and services rendered are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

q) **BORROWING COSTS:**
Borrwing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its Intended use. All other borrowing cost are charged off to the statement of Profit & Loss.

r) **OTHER ACCOUNTING POLICIES:**
Other Accounting Policies are consistent with the Generally Accepted Accounting Principles (GAAP) followed by company

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT & FOR THE YEAR ENDED 31ST MARCH, 2023(Cont.)**

5.1) a) Contingent Liabilities - Nil (Previous Year Nil).
b) Liability arising out of delayed/non compliance of certain fiscal statutes - Amount Unascertainable (Previous year - Amount Unascertainable).

5.2) Earning Per Share

| Sr. No. | | Particulars | 31st March, 2023 (Amount in ₹) | 31st March, 2022 (Amount in ₹) |
|---|---|---|---|---|
| 1 | | Net profit after tax | 53,65,555 | 43,74,390 |
| 2 | | Weighted average number of equity shares | 50,000 | 50,000 |
| | | Face Value per share is Rs.10/- each fully paid-up | | |
| | | **Earning per share - Basic & Diluted** | **107.31** | **87.49** |

5.3) In the opinion of the management, Current Assets, Loans and Advances have a value at least equal to the amount at which they are stated in the financial statement, if realized in ordinary course of business and adequate provisions have been made for all known liabilities.

5.4) Certain balances under the heads long term borrowings Trade Payables, Trade Receivables and Deposits are subject to confirmation and any consequential effect of the same shall be given in books upon receipt of said confirmation.

5.5) Secured & Unsecured Loans

a) Secured and Unsecured Loans from Banks

i) Term Loan
The Term loan is partly secured by way of equitable mortgage of Residential flat belonging to the directors situated off. Shantilal Modi Road, Kandivali West, Mumbai. The said loans carried an interest @ 7.55% p.a and were serviced satifactorily during the year with no dues of delay or default. As per the terms, the scheduled last instalment's due date of the said Loan is 1st April 2032.

ii) Overdraft Facility From Two Banks & MSME Loan From Bank
Overdraft facility is secured by way of equitable mortgage of Residential flat belonging to the directors situated Opposite Chinkara Canteen, Banipark, Jaipur and personally guaranteed by two Directors. The said loans carried an interest of 1 year RBLR (6.85%) +1.25% i.e. @8.10% p.a (approx.) during the year. The same are semi-permanent in nature and were serviced satisfactorily throughout the year.The same are represented under Short term borrowings.

Unsecured Loans from Kotak bank carry an interest of 7.5% p.a and are repayable after 21 months or for additional term as extended upon mutual understanding, and hence are classified as short Term borrowings.The said loans were serviced satifactorily during the year under review.

Unsecured Overdraft facility from Kotak bank carry an interest of 8.75% p.a and are repayable after 5 years or for additional term as extended upon mutual understanding, and hence are classified as Short Term borrowings, since the same is a facility.The said loans were serviced satifactorily during the year under review. The said loans are subject to formal documentation as at the balance sheet date.

iii) Vehicle Loan
The Car loan is secured pari-passu by way of equitable mortgage of Honda BR-V Car. The said loan carried an interest @ 9% p.a and was serviced satifactorily during the year with no delay or default. The said loan was repaid in full during the year, with the closing balance of Nil.

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b) Unsecured Loans from Directors & Group Concerns

Unsecured Loans from Directors & Group Concerns and are repayable on demand, and hence are classified as Short Term borrowings. The same are interest free in nature. No demand for repayment has been made during year and hence there is no delay/default in servicing the said loans.

5.6) The Company is partner in a limited liability partnership firm, following are the details:

Name of LLP: Kapils Hair and Beauty solution LLP

| Partners Name | Current Year | | Previous Year | |
|---|---|---|---|---|
| | Profit Sharing Ratio | Share of profit/(Loss) for the period credited to Profit & Loss Statement | Profit Sharing Ratio | Share of profit/(Loss) for the period credited to Profit & Loss Statement |
| Kapils Salon India Pvt. Ltd.(the Company) | 90.00% | -8,50,332.49 | 90.00% | -2,25,024.00 |
| Mr.Kapil Sharma | 5.00% | -47,240.69 | 5.00% | -9,747.00 |
| Ms.Heena Sharma | 5.00% | -47,240.69 | 5.00% | -9,747.00 |

The Company's closing balance in above LLP has been shown under Other Non current Investment.

5.7) Details of amounts due to Micro, Small and Medium Enterprises under the head Current Liabilities as required under the Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company and relied upon by the Auditors - Rs. 2,58,791 (Previous Year- 5,71,891). Interest Payable on overdue balance NIL (Previous Year- NIL).

5.8) Directors remuneration paid/provided for during year

| Description | 31st March, 2023 (Amount in ₹) | 31st March, 2023 (Amount in ₹) |
|---|---|---|
| Remuneration to Directors | 45,60,000 | 42,00,000 |

Note: (a) Details of the Directors are given in Related party disclosure. Please refer note no.13 below.

Note: (b) Remuneration paid to Directors is subject to shareholders approval in the ensuing general meeting of the Company.

5.9) Related Party Disclosures

**Names of related parties and description of relationship :**

| Sr. No. | | Name | Relation |
|---|---|---|---|
| | | **Key Managerial Personnel (KMP)** | |
| 1 | | Mr. Kapil Sharma | Director |
| 2 | | Mrs. Heena Sharma | Director |
| | | | |
| 1 | | M/s. Enthral (Registered Firm) | Enterprises where key management personnel exercise significant influence |
| 2 | | M/s. Exhilarate(Registered Firm) | |
| 3 | | M/s. Rashmi Salon(Registered Firm) | |
| 4 | | M/s. Shree Hare Krishna Enterprises (Registered Fi | |
| 5 | | Khushi The New Look Salon(Registered Firm) | |
| 6 | | Khushi The New Look Salon (Registered Firm) | |
| 7 | | Kapils Hair & Beauty Salon LLP | |
| | | | Note: Related Parties have been identified by the Management |

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**Transactions with related parties during the Financial Year 2022-23** **(Amount in ₹)**

**Details of Related Party Transactions are as follows:**

| Sr. No. | Nature of transaction | Key Management Personnel | Relatives of Key Management Personnel & other related Parties | Enterprises over which Key Managerial Personnel are able to exercise significant influence | Maximum Balances |
|---|---|---|---|---|---|
| | **Transactions during the year:** | | | | |
| 1 | **Remuneration** | | | | |
| | a. Heena Sharma | 21,60,000 | - | - | 77,93,687 |
| | b. Kapil Sharma | 24,00,000 | - | - | 51,16,992 |
| 2 | **Purchases** | | | | |
| | a. Enthral | - | - | - | |
| | b. Exhilarate | - | - | - | |
| | c. Rashmi Salon | - | - | - | |
| | d. Shree Hare Krishna Enterprises | - | - | 4,49,288 | |
| | e. Khushi The New Look Salon (Mulund) | | | - | |
| | f. Khushi The New Look Salon (Dombivali) | | | 91,678 | |
| | g. Kapils Hair & Beauty Salon LLP | | | - | |
| | h. Khushi The New Look Salon (Bhayander) | | | 2,22,743 | |
| | i. KD Wellness services LLP | | | 2,87,442 | |
| 3 | **Sales** | | | | |
| | a. Enthral | - | - | 78,627 | 4,27,023 |
| | b. Exhilarate | - | - | 20,958 | 4,01,087 |
| | c. Rashmi Salon | - | - | 3,864 | 1,52,919 |
| | d. Shree Hare Krishna Enterprises | - | - | 1,99,638 | 2,09,326 |
| | e. Khushi The New Look Salon (Mulund) | | | - | 1,87,558 |
| | f. Khushi The New Look Salon (Dombivali) | | | 12,59,248 | 1,13,198 |
| | g. Khushi The New Look Salon (Bhayander) | | | 18,99,114 | 2,33,056 |
| | h. Kapils Hair & Beauty Salon LLP | | | 1,67,051 | 46,93,053 |
| | i. KD Wellness services LLP | | | 8,61,146 | 2,30,158 |
| 4 | **Royalty Income** | | | | |
| | a. Enthral | - | - | 6,14,650 | 4,27,023 |
| | b. Exhilarate | - | - | 2,89,734 | 4,01,087 |
| | c. Rashmi Salon | - | - | 4,46,089 | 1,52,919 |
| | d. Shree Hare Krishna Enterprises | - | - | 8,69,496 | 2,09,326 |
| | e. Khushi The New Look Salon (Mulund) | | | - | 1,87,558 |
| | f. Khushi The New Look Salon (Dombivali) | | | 3,91,720 | 1,13,198 |
| | g. Khushi The New Look Salon (Bhayander) | | | 2,42,745 | 2,33,056 |
| | h. Kapils Hair & Beauty Salon LLP | | | - | 46,93,053 |
| | i. KD Wellness Services LLP | | | 1,60,281 | 2,30,158 |
| | j. Skylark | | | 1,65,000 | 95,728 |
| 5 | **Loan Taken** | | | | |
| | a. Heena Sharma | 27,97,481 | | | 75,19,687 |
| | b. Kapil Sharma | 54,65,593 | | | 49,06,992 |
| 6 | **Professional Fees Expenses** | | | | |
| | a. Shree Hare Krishna Enterprises | | | 4,57,400 | 2,09,326 |
| | | | | - | |
| 7 | **Professional Fees Income** | | | | |
| | a. Shree Hare Krishna Enterprises | | | 5,00,000 | 2,09,326 |
| | b. Kapils Hair & Beauty Salon LLP | | | 11,38,500 | 46,93,053 |
| 8 | **Loan Repaid** | | | | |
| | a. Heena Sharma | 15,95,323 | | | 75,19,687 |
| | b. Kapil Sharma | 21,30,420 | | | 49,06,992 |

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**Balances at the year end:**

| Sr. No | | Nature of transaction | Key Management Personnel | Relatives of Key Management Personnel & other related Parties | Enterprises over which Key Managerial Personnel are able to exercise |
|---|---|---|---|---|---|
| | | a. Heena Sharma | 72,11,709 | - | - |
| | | b. Kapil Sharma | 37,65,205 | - | - |
| | | a. Enthral | - | - | 4,74,010 |
| | | b. Exhilarate | - | - | 21,82,721 |
| | | c. Rashmi Salon | - | - | 1,32,697 |
| | | d. Shree Hare Krishna Enterprises | - | - | 1,63,215 |
| | | e. Khushi The New Look Salon (Mulund) | | | 28,79,395 |
| | | f. Khushi The New Look Salon (Dombivali) | | | 1,92,703 |
| | | g. Khushi The New Look Salon (Bhayander) | | | 6,18,237 |
| | | h. Kapils Hair & Beauty Salon LLP | | | 56,41,553 |
| | | i. KD Wellness Services LLP | | | 4,24,113 |
| | | j. Skylark | | | 4,19,403 |

5.10) a) Provision towards current tax has been made as per the law stated under Income Tax Act, 1961 is Rs. 26,97,212 (Previous Year Rs. 17,40,659)

b) Deffered Tax is summarised as under - **(Amount in ₹)**

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Opening balance in Deffer Tax (Liability)/Asset (A) | 7,95,739 | 5,37,983 |
| Written down value as per Companies Act | 3,47,97,417 | 3,55,96,363 |
| Written down value as per Income Act | 3,87,35,258 | 3,87,58,073 |
| Timing Difference due to depreciation | 39,37,840 | 31,61,710 |
| Tax @ 25.168% | 9,91,076 | 7,95,739 |
| **Deferred Tax Asset Balance Closing (B)** | **9,91,076** | **7,95,739** |

5.11) Based on an assessment carried out by the Company in accordance with the Accounting Standard-28, there is no indication that the carrying amount of any asset exceeds or is less than its recoverable amount and hence there is no material impairment in the Company's Property, Plant & Equipment as at the Balance Sheet date. The Auditors have relied on the same.

5.12) The Company has not traded in crypto currency or virtual currency during the year.

5.13) The Company is not required to spend any amount in terms of provisions of Section 135 of the Act on Corporate Social Responsibility.

5.14) The Company is not declared a wilful defaulter by any bank or financial institution or other lenders or by the government.

5.15) No loans or advances in the nature of loans were granted by the Company to its promoters, directors or key managerial personnel during the year.

5.16) There was no Capital Work-in-progress of tangible or intangible nature with the Company as at the Balance Sheet date.

5.17) No loans on the security of current assets has been availed by the Company during the year.

5.18) The Company has no transactions with the struck off Companies under Section 248 or 560 of the Act.

5.19) No proceedings were initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988.

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5.20) There are no ultimate beneficiaries to whom the Company has lent/invested nor received any fund during the year within the meaning of Foreign Exchange Management Act 1999 and Prevention of Money Laundering Act 2002.

5.21) Compliance related to number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company, keeping in view the fact that the Company has no subsidiaries.

5.22) Significant Financial ratios - Please refer next page.

5.23) Disclosure on transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961, is not applicable to the Company, since no such event occurred during the year.

5.24) Being a private entity, the Company does not have any un-utilised amounts in respect of any issue of securities. Long-term borrowings from banks have been utilised for the specific purpose for which they were raised.

5.25) The Company has no charge for satisfaction, which is yet to be registered with the Registrar of Companies beyond the statutory period.

5.26) The Company has re-grouped, reclassified and/or re-arranged the previous year's figures, whenever necessary, to conform to the current year's classification.

| | |
|---|---|
| As per our report of even date<br>For S N & Co<br>Chartered Accountants<br>Firm Regn No. 128887W | For Kapil's Salon India Pvt. Ltd.<br>FOR AND ON BEHALF OF BOARD OF DIRECTORS<br>For KAPILS SALON INDIA PVT. LTD. |
| S N & CO. MUMBAI CHARTERED ACCOUNTANTS | Director |
| CA Niki Shah<br>Partner<br>Membership No. 123409<br>Place : Mumbai<br>Date : 4th september 2023<br>UDIN : 23123409BGVMNL5113 | Kapils Sharma (Director) Din: 02976761<br>Heena Sharma (Director) Din: 02976645 |