

Kurl-on[®]
India's Largest Selling Mattress

Since 1962



Annual Report | **2018-19**



OUR FOUNDER



Late T. Ramesh U. Pai

(October 22, 1924 - January 26, 2005)

KURLON ENTERPRISE LIMITED

BOARD OF DIRECTORS

Mr. T. Sudhakar Pai	: Managing Director
Mrs. Jaya S. Pai	: Director
Dr. Nitin G. Khot	: Independent Director
Mr. S. Ananthanarayanan	: Independent Director
Mr. Vishal Murarilal Tulsyan	: Nominee Director (w.e.f. 10.08.2018)
Mr. Amit Choudhary	: Nominee Director (upto 10.08.2018)

REGISTERED AND CORPORATE OFFICE

#1002/1006, The Avenue, N-301, III Floor, North Block,
International Airport Road, Front Wing, Manipal Centre,
Opp. Hotel Leela, Andheri 47, Dickenson Road,
(East), Mumbai-400059 Bangalore-560042

BANKERS & FINANCIAL INSTITUTION:

IDBI Bank Limited
Axis Bank Limited

STATUTORY AUDITORS:

Deloitte Haskins & Sells
Prestige trade tower, level 19,
46, Palace Road, High Grounds
Bangalore-560001.

REGISTRAR & SHARE TRANSFER AGENT:

Purva Sharegistry (India) Private Limited
9, Shiv Shakti Ind. Estt., J.R. Boricha Marg
Lower Parel (E), Mumbai - 400011
Tel: +91 (022) 2301-6761/2518
E-mail: support@purvashare.com
Contact person: Mr. Rajesh Shah/Mrs. Purva Shah
SEBI Registration Number: INR000001112

FACTORIES:

1. Jalahalli Camp Road, Yeshwanthpur, Bangalore – 560022
2. Plot No. 49, III Phase Peenya Industrial Estate, Chokkasandra Hobli, Bangalore – 560022
3. Plot No. 22 & 23, KIADB Industrial Area, Dabaspeth, Bangalore – 562211
4. Plot No. 7, KIADB Industrial Area, Dabaspeth, Bangalore – 562211
5. Plot No. 118 Budhihal Industrial Estate, Nelmangala, Bangalore Rural, Bangalore – 562123
6. Plot No. 88, Chandaka, B – Sector, Industrial Estate, Bhubaneswar – 751031
7. Plot No. 54-57, Shiv Ganga Industrial Estate, Village – Lakeshwari, P.O. Bhagwanpur, Dist. Haridwar, Roorkee – 247667
8. Plot No. 902/4, GIDC, Jhagadia Industrial Estate, Taluka – Jhagadia, Dist. – Bharuch, Gujrat – 393110

AREA SALES OFFICES (ASO):

AGRA	DEHRADUN	JHAGADIA	PUNE
AHMEDABAD	DELHI	JAMSHEDPUR	RAIPUR
ANANTHAPUR	DHANBAD	JODHPUR	RAJKOT
AURANGABAD	FRIDABAD	KANPUR	RAJAHMUNDRY
BANGALORE	GHAZIABAD	KARIMNAGAR	RANCHI
BARODA	GOA	KOLHAPUR	SAMBALPUR
BERHAMPUR	GORAKHPUR	LUCKNOW	SILIGURI
BHIWANDI	GULBARGA	LUDHIANA	SURAT
BHOPAL	GURGAON	MADURAI	TARATALA
BHUVANESHWAR	GUWAHATI	MALDA	THRISSUR
BOWENPALLY	GWALIOR	MANGALORE	TIRUPATHI
BURDWAN	HOSUR	MYSORE	TRICHY
CALCUTTA	HUBLI	MUMBAI	VARNASI
CALICUT	HYDERABAD	MUZAFFARPUR	VIJAYAWADA
CHENNAI	INDORE	NAGPUR	VIZAG
COCHIN	JABALPUR	NASHIK	WARANGAL
COIMBATORE	JAIPUR	PATNA	ZIRAKPUR
DAVANAGERE	JAMMU	PARWANOO-HP	

Kurlon Mattress Express

Agartala, Agra, Ahmedabad, Asansol, Aurangabad, Bandra, Bangalore, Barbanki, Bareilly, Baroda, Bellary, Bhavnagar, Bhayandar, Bhilai, Bhubaneswar, Bhuj, Burdwan, Calicut, Chandigarh, Chennai, Chittorgarh, Cochin, Coimbatore, Cuttack, Dadar, Dehradun, Delhi, Dhanbad, Dimapur, Dombivali, Durgapur, Ernakulam, Ghaziabad, Goa, Gurgaon, Guwahati, Haldwani, Himmatnagar, Howrah, Hubli, Hyderabad, Indore, Jaipur, Jalandhar, Jammu, Jamnagar, Jamshedpur, Jodhpur, Jorhat, Junagadh, Kashipur, Kharghar, Kolhapur, Kolkata, Kottayam, Kumbakanam, Kutch, Lucknow, Ludhiana, Malad, Mangalore, Mehsana, Miraroad, Morbi, Mulund, Mumbai, Mysore, Nadiad, Nagpur, Nanded, Nashik, Navi Mumbai, New delhi, Panipat, Patiala, Patna, Puducherry, Pune, Ranchi, Saharanpur, Shillong, Shivmogga, Siliguri, Silvassa, Sonpath, Surat, Thane, Thrissur, Tirupati, Udaipur, Udupi, Ulhasnagar, Vapi, Vasai, Vellore and Warangal

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Event of 8th Annual General Meeting

Day	Friday
Date	27.09.2019
Time	3:00 P.M.
Venue	"GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian Oil Nagar, on Link Road, Andheri (West), Mumbai- 400 053.

Corporate Snapshot

Kurl-on® Ltd., founded by Late T Ramesh Pai, was incorporated under the name of Karnataka Coir Products Ltd more than half a century back in October, 1962. The name of the company was changed to Karnataka Consumer Products Ltd. with effect from October, 1980. It was in December, 1995 the name was changed to KURL-ON LTD. to fully reflect all its business activities in diverse areas such as Rubberized Coir, Latex Foam and Polyurethane Foam. Besides mattress KL manufactures and markets an entire range of home comfort solutions and wide range of high-end soft furnishings such as Pillows, cushions, bed linen, to ergonomically designed Furniture, Furnishing, etc. Kurl-on has become synonymous with mattress industry in India and being the pioneer has become a household name across the length and breadth of India.

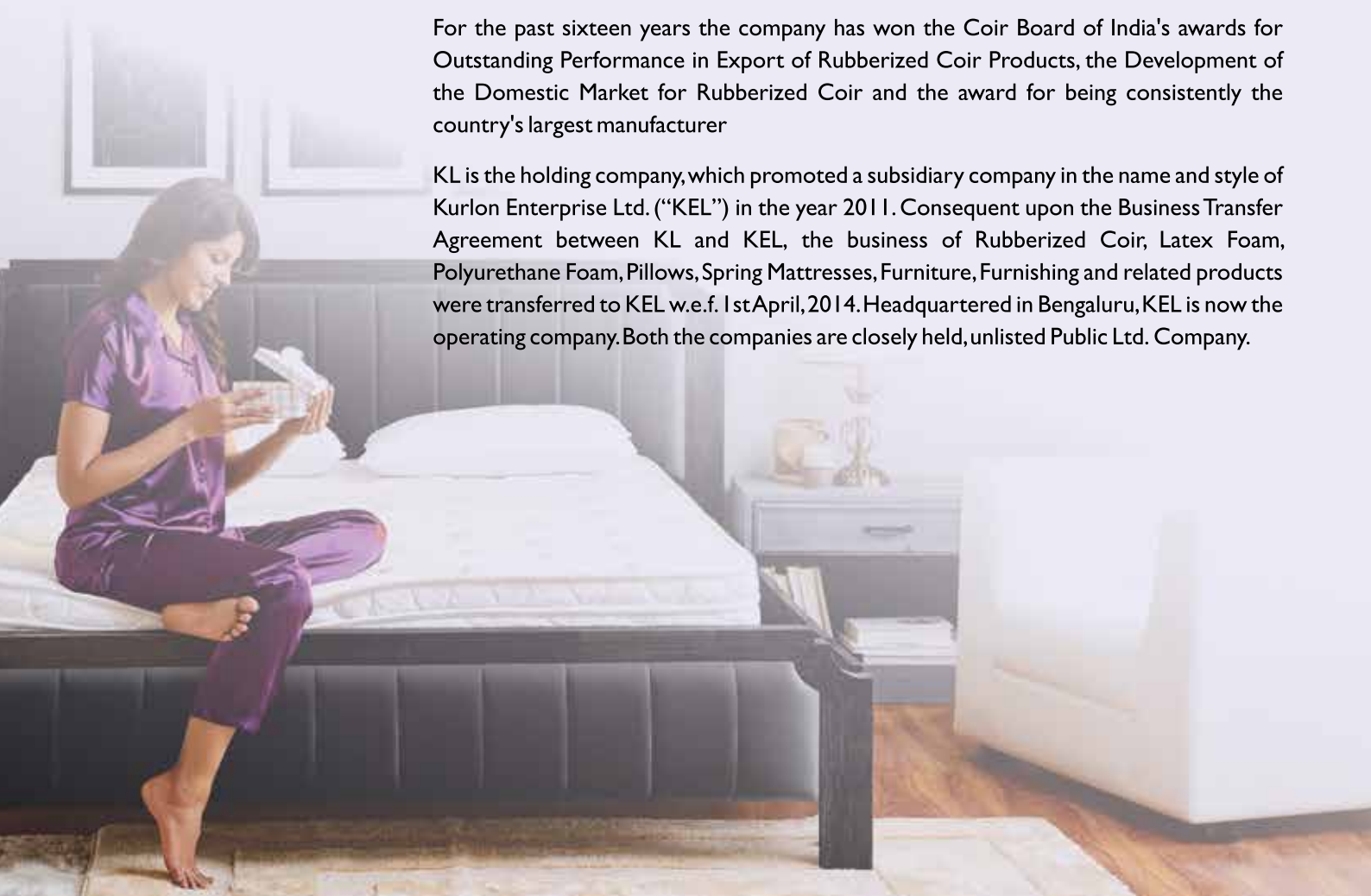
During 1965, KL introduced, for the first time in the country, the concept of rubberized coir mattress under its renowned brand name “Kurl-On” using the know-how from Austria

KL is the innovator of coir mattresses in India and offers a wide range of comfort solutions for retail consumers and a wide range of institutional clients such as Hotels, Hospitals and Hostels who prefer high performance, high quality branded mattresses with flame retardant, anti-bacterial fabrics.

Currently the company exports its products to various Asian countries.

For the past sixteen years the company has won the Coir Board of India's awards for Outstanding Performance in Export of Rubberized Coir Products, the Development of the Domestic Market for Rubberized Coir and the award for being consistently the country's largest manufacturer

KL is the holding company, which promoted a subsidiary company in the name and style of Kurlon Enterprise Ltd. (“KEL”) in the year 2011. Consequent upon the Business Transfer Agreement between KL and KEL, the business of Rubberized Coir, Latex Foam, Polyurethane Foam, Pillows, Spring Mattresses, Furniture, Furnishing and related products were transferred to KEL w.e.f. 1st April, 2014. Headquartered in Bengaluru, KEL is now the operating company. Both the companies are closely held, unlisted Public Ltd. Company.



BRAND PORTFOLIO

KEL markets its products under the flagship brand “Kurl-On” with Bounty, Kurlon Bond, Dream Sleep, Magnum, Grandeur, Mermaid, Ortho, Angelica BoxTop, Luxurino, Relish, SpineKare, etc. as sub brands in mattress line.



SUB BRAND	FEATURES
BOUNTY	It is a light weight and durable high resilient PU Foam with double sided quilting.
KURLON BOND	This is a Rubberized Coir Mattress with top foam quilt. A layer of Bonded Foam is there between 2 layers of Rubberized Coir.
DREAM SLEEP	This is a Bonnel Spring having both side quilting. Moreover, it's having additional side wall which prevents bulging out of Spring
MAGNUM	This is Rubberized coir mattress having additional layer of Bonded Foam & HR Foam. Both side PU Foam quilting.
GRANDEUR	It is a double layered Luxurious Memory Foam which promises durability like no other.
MERMAID	This is a breathable Bonded foam mattress with layer of Memory foam & both side quilting. Memory foam quilt on top relieves pain by adjusting to one's body weight & easing pressure point.
ORTHO	It is a high density rubberized coir and Bonded Foam, wrapped in 100% cotton tapestry. Especially crafted for Orthopedic relief.
ANGELICA BOXTOP	This is a Pocket Spring mattress with MSI Technology. This is a Box Top Mattress having side wall and comes both side quilting.
LUXURINO	This is Pocket Spring Mattress with MSI Technology. This is a Pillow Top mattress having side wall & comes with both side quilting with Memory Foam forming Top quilt.
RELISH*	It is a pocket spring mattress that comes equipped with MSI Technology.
SPINEKARE RC	This is a High Density Rubberized Coir for Support with a top layer of Memory Foam. Especially designed for Therapeutic purpose which eases pressure point with unique pressure point Technology.



PRODUCTS PORTFOLIO

RANGE OF MATTRESSES



RUBBERIZED COIR MATTRESS

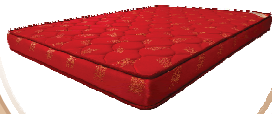
SPRING MATTRESS

KURLO BOND

NEW KLASSIC

ANGELICA
BOX TOP

LUXURINO



MERMAID

BOUNTY

NEW ORTHO

NEW
SPINEKARE



FOAM MATTRESS

THERAPEUTIC MATTRESS

RANGE OF PILLOWS



GRAZEL CLASSIC



GLACIES GEL



SOUND SLEEP MUSIC



NEBULA



SLEEPZZ



SNOW



MIST



CHIMERA



RANGE OF SOFAS



JULIET



BOUNCE PLUS



MERLIN



MAGNET



PALETTE



SAUVE



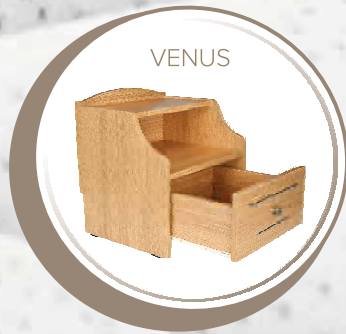
MONTANA



REMO



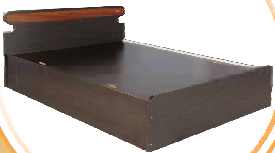
RANGE OF FURNITURE



RANGE OF COT



CURVY



REGAL



BERLIN



LINER



VENUS



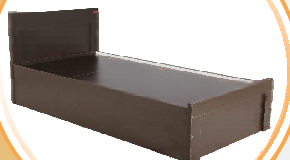
SASSY



WOODZ



STRUDY



Kurl-on®

Makan  *Ghar*
ban jaye



▶ Sustaining Brand leadership with highest Consumer delight

▶ World class Manufacturing Process

▶ Innovation and healthy workplace practices

▶ Growth & Wealth to stake holders

▶ Building on customer satisfaction and trust

Key Differentiators



- ▶ Strong Brand Value
- ▶ World Class Manufacturing Facilities Across
- ▶ Largest Production Capacity
- ▶ Widest Sales And Distribution Network
- ▶ Diversified Product Range Excellent
- ▶ Wide Geographical Presence



Kurl-on[®]
India's Largest Selling Mattress

Since 1962

We made a baby
— mattress! —



Presenting the all-new range of Baby Beds from Kurl-on. Made with Kurlopedic Technology, it is soft, has skin-friendly fabric, is lightweight and fits easily in the cot. The perfect design to give your baby a good night's sleep.



Premium Fabric Used



Soft & Comfortable



Lightweight



Perfect for Crib / Cot



Available in Grey / Pink

MATTRESS-IN-A-BOX

Imagine being able to carry your mattress home, all by yourself - without breaking a sweat. The pioneers of sleeping solutions, Kurl-on, have now come up with one-of-a-kind mattress-in-a-box, that's easy to lift, easy to transport, and equally easy to use.



STR8 WITHOUT THE WEIGHT



India's only GreenGuard certified mattress.

Sag-proof mattress

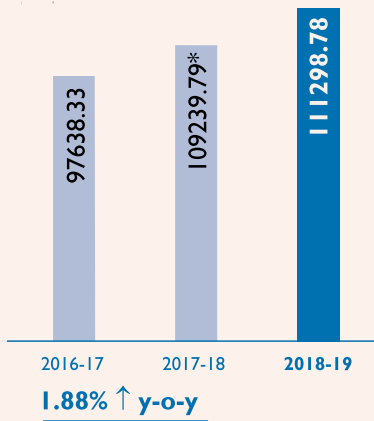


STR8 SERIES:

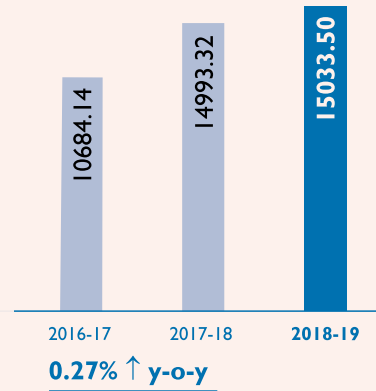
- ☑ FIRM
- ☑ COMFORTABLE
- ☑ DOES NOT BEND
- ☑ DURABLE
- ☑ STAYS IN SHAPE
- ☑ EASY TO MOVE
- ☑ MAINTAINS POSTURE
- ☑ EASY DAY-TO-DAY HANDLING
- ☑ PERFECT FOR STORAGE BEDS
- ☑ UPTO 40% LIGHTER

PERFORMANCE HIGHLIGHTS-KURLON ENTERPRISE LIMITED (STANDALONE)

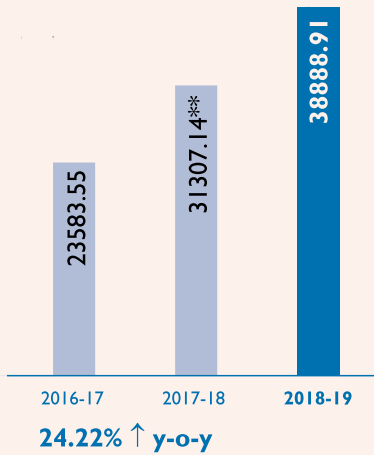
REVENUE (₹ in Lakhs)



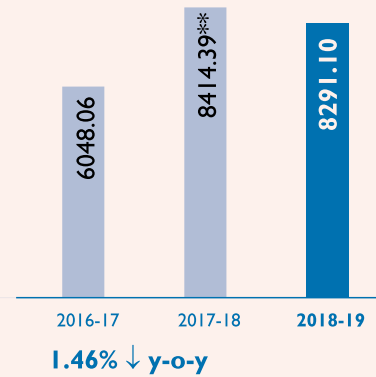
EBIDTA (₹ in Lakhs)**



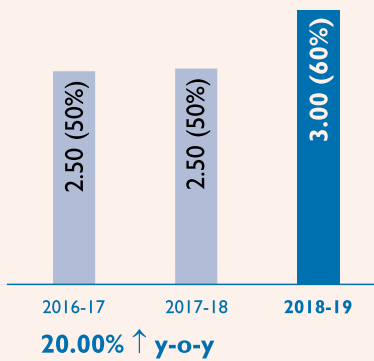
Networth (₹ in Lakhs)



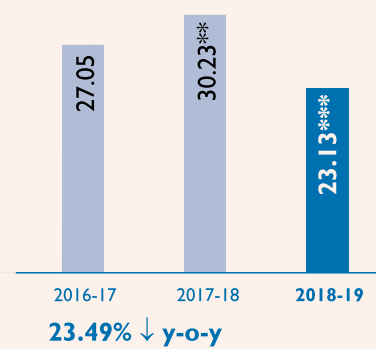
Profit after Tax (₹ in Lakhs)**



Dividend per Share (₹)



Earning per Share (₹)***



Note:

* net of excise duty.

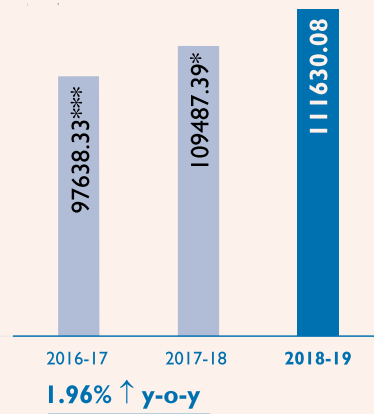
** figures of the previous year have been regrouped with the figures of current year.

*** Figures of 2017-18 includes one time income of ₹778.24 Lakhs received in the form of insurance claims against the fire at Uttaranchal Plant of KEL.

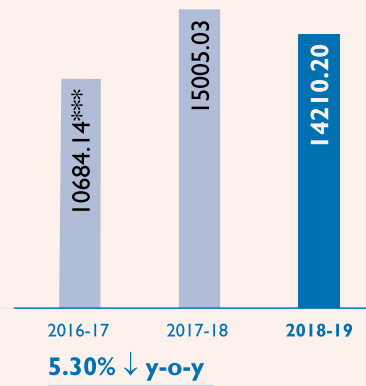
**** The paid up Equity Share Capital of the Company increased from ₹1389.37 in FY 2017-18 to ₹1819.12 in FY 2018-19 on the accounts of bonus shares allotment.

PERFORMANCE HIGHLIGHTS-KURLON ENTERPRISE LIMITED (CONSOLIDATED)

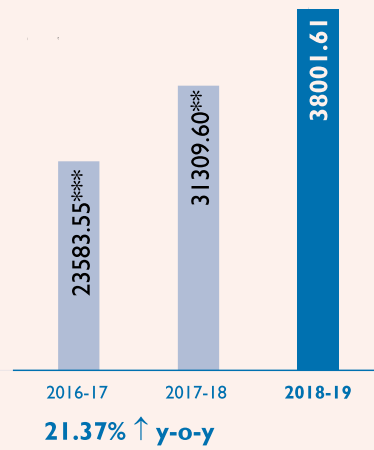
REVENUE (₹ in Lakhs)



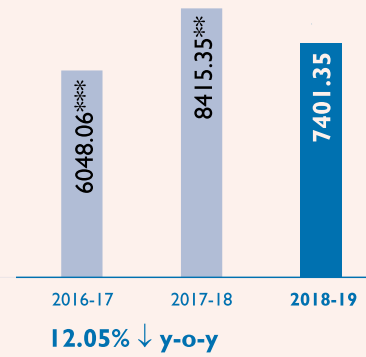
EBIDTA (₹ in Lakhs)****



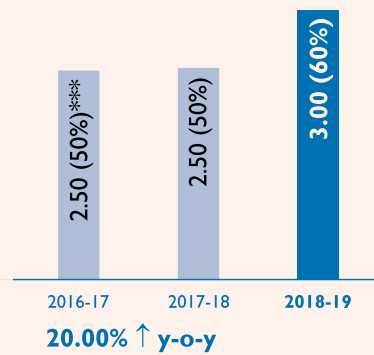
Networth (₹ in Lakhs)



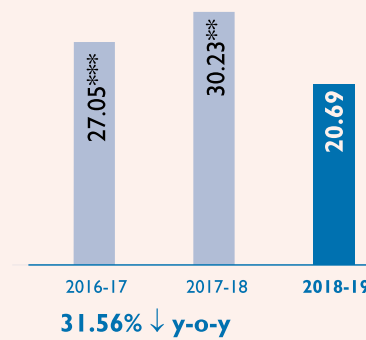
Profit after Tax (₹ in Lakhs)****



Dividend per Share (₹)



Earning per Share (₹)*****



Note:

* Net of excise duty.

** Figures of the previous year have been regrouped with the figures of current year.

*** KRL became subsidiary of KEL during FY 2017-18, hence figures of 2016-17 are standalone.

**** Figures of 2017-18 includes one time income of ₹778.24 Lakhs received in the form of insurance claims against the fire at Uttaranchal Plant of KEL.

***** The paid up Equity Share Capital of KEL increased from ₹1389.37 in FY 2017-18 to ₹1819.12 in FY 2018-19 on the accounts of bonus shares allotment.



LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me great pleasure to update you on the performance of your Company for the financial year 2018-19.

Our consumers surpassed over 1.3 million per annum and are growing by the day. Supply Chain & Logistics comprises of 12 Manufacturing Units, 4 Regional Hubs/Warehouses and 70 Branch Offices. Our products are accessible by consumers through all major channels i.e., exclusive outlets, multi-brand outlets, modern trade outlets & e-tail. Our constant efforts in product development, sales, marketing and innovation, differentiates us from the competition.

As you may be aware, the year gone by witnessed a tumultuous economic fluctuation. While on one hand, our business on consolidated basis grew by 1.72%, EBITDA & PAT fell by 1.27% & 3.06% respectively. Total comprehensive income for the year was down by 1.65% and stood at ₹8,430.46 Lakhs.



The highlight of FY 2018-19 was the successful launch of the “STR8 Mattress Series”. The STR8 Mattress is a light weight, comfortable, easy to handle, virtually sag free &

affordable mattress. The idea for this ground breaking product was a direct result of efforts from our cross functional New Product Development team, responding to a direct market demand that proved to be a runaway success.

Taking into consideration the rapid changes sweeping across the retail sector, new avenues for product viewability and accessibility coupled with a myriad of payment options, we have taken a systematic and planned approach. Our capacity expansion and introduction of IT based solutions will meet these consumer demands.

We are in the process of acquiring the Indian license of US Based Mattress Company “Spring Air”. This move gives us access to the premium segment which would enable our march towards the Rs.2000 Cr revenue mark over the next 2 years.

Overall, it was a year of positive performance with considerable achievements across our business. None of this would have been possible without the dedication and determination of our people. Our employee engagement scores continue to be at a record high.

I have the good fortune and privilege to serve this great Company as a Chairperson to the Board. I would like to thank each and every employee and our partners across the value chain for their commitment and service to the Company. I would also like to thank the Board of Directors for their unflinching support. Most importantly, I would like to thank you, our valued shareholders, for your overwhelming trust and confidence in us.

Sd/-
T. Sudhakar Pai
Managing Director
00043298

NOTICE OF THE 8TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 8th Annual General Meeting of the Members of M/s. Kurlon Enterprise Limited will be held on Friday the 27th day of September, 2019, at 3:00 P.M. at “GMS Banquet Hall” Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian Oil Nagar, on Link Road, Andheri (West), Mumbai-400053, to transact following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt (a) the Standalone Financial Statements of the Company for the year ended 31st March 2019 including audited Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon (b) the audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 and the report of Auditors thereon and in this regard, pass the following resolutions as an **Ordinary Resolutions**;
 - (a) **“RESOLVED THAT** the audited Standalone Financial Statements of the Company for the year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
 - (b) **“RESOLVED THAT** the audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted;
2. To declare final dividend on equity shares for the year ended March 31, 2019 and in this regard, pass the following resolution as an **Ordinary Resolution**;

“RESOLVED THAT a dividend at the rate of ₹ 3.0/- (Three Rupees only) per equity share of ₹5/- (Five rupees) each, fully paid-up of the Company be and is hereby declared for the year ended March 31, 2019 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the year ended March 31, 2019.”
3. To appoint Mrs. Jaya S Pai (DIN 00030515) who retires by rotation and being eligible offers herself for re-appointment as a director and in this regard, pass the following resolution as an **Ordinary Resolution**;

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Jaya S Pai (DIN 00030515), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as Non-Executive Director of the Company, liable to retire by rotation.”
4. To reappoint Auditors and fix their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution**;

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), M/s. Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S), be and is hereby reappointed as Statutory Auditor of the Company for a second consecutive term of 5 (five) years from the conclusion of this Annual General Meeting till the conclusion of 13th Annual General Meeting, at such remuneration as may be mutually agreed to between the Board of Directors of the Company and M/s. Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S) plus applicable GST and out of pocket expenses connects with work of audit to be carried out by them.”

SPECIAL BUSINESS

5. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2020 and in this regard, pass the following resolution as an **Ordinary Resolution**;

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus out of pocket expenses and applicable taxes, payable to M/s. GNV & Associates, Cost Accountants (Firm Registration No.: 000150), for the audit of the cost record of

the products manufactured by the Company for the year ending 31st March, 2020 as approved by the Board of Directors, be and is hereby ratified.

RESOLVED FURTHER THAT Mr.T Sudhakar Pai, Managing Director of the Company, be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

6. To re-appoint Sri Ananthanarayanan Subramanian (DIN: 00025505) as an Independent Director and in this regard, pass the following resolution as **Special Resolution**;

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sri Ananthanarayanan Subramanian (DIN: 00025505), Independent Non-Executive Director of the Company, in respect of whom the Company has received a notice in writing pursuant to section 160 of the Companies Act, 2013 from a member signifying his intent to propose him as a candidate for the office of a director and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years from the expiry of his present term of office i.e., w.e.f. 22/08/2020 not liable to be retire by rotation, notwithstanding his having attained 84 years of age.”

7. To re-appoint Dr. Nitin Gajananrao Khot (DIN: 00030613) as an Independent Director and in this regard, pass the following resolution as a **Special Resolution**;

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Nitin Gajananrao Khot (DIN: 00030613), Independent Non-Executive Director of the Company in respect of whom the Company has received a notice in writing pursuant to section 160 of the Companies Act, 2013 from a member signifying his intent to propose him as a candidate for the office of a director and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years from the expiry of his present term of office i.e., w.e.f. 22/08/2020 not liable to be retire by rotation, notwithstanding his having attained 71 years of age.”

8. To appoint Mrs. Jyothi Ashish Pradhan to hold office / place of profit in the Company and in this regard, pass the following resolution as an **Ordinary Resolution**;

“**RESOLVED THAT** pursuant to the provisions of Section 188 (1) (f) read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and other applicable provisions if any, of the Companies Act, 2013, consent of the members be and is hereby accorded to Mrs. Jyothi Ashish Pradhan, Daughter of Sri T Sudhakar Pai, Managing Director and Mrs. Jaya S Pai, Director of the Company, to hold an office or place of profit as “Head-Corporate Strategy” of the Company with effect from 15.07.2019 on such terms and conditions as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT any Director of the Company be and is hereby severally authorized to file necessary e-Forms, if any, with Registrar of Companies, Mumbai and to do all such acts, deeds and things as may be necessary to give effect to the above resolution.”

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AND IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE MEETING.

IN TERMS OF RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and form part of this notice.
3. In terms of Section 152 of the Act, Mrs. Jaya S Pai (DIN 00030515), Director, retires by rotation at the Meeting and being eligible, offer herself for reappointment. The Nomination and Remuneration Committee of the Board of Directors of the Company recommends her re-appointment.
4. Sri.T Sudhakar Pai being related to Mrs. Jaya S Pai and Mrs. Jyothi Ashish Pradhan are interested in the Ordinary Resolutions set out at Item No. 3 and 8 of the Notice with regard to their re-appointment and appointment in the Company.
5. Keeping in view the requirements as set out in the Act, the Audit Committee and Board of Directors of the Company had recommended reappointment of M/s. Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S) as the Statutory Auditor of the Company for an another term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 13th Annual General Meeting of the Company at such remuneration as may be mutually agreed to between the Board of Directors of the Company and M/s. Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S) plus applicable GST and out of pocket expenses connects with work of audit to be carried out by them.

M/s. Delloitte Haskins & Sells, Chartered Accountant have consented to and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have confirmed that they are not disqualified to be re-appointed as the Statutory Auditor of the Company in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for your approval.

6. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their client ID/Folio No.
7. In case of joint holder attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
8. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's registered office on all working days of the Company, during business hours up to the date of the meeting.
9. The Company has fixed October 4, 2019 as the "Record Date" for determining entitlement of members to dividend for the financial year ended March 31, 2019.

The dividend on equity shares, if declared at the Meeting as recommended by the Board of Directors, will be credited / dispatched within the limit as prescribed in the Companies Act, 2013 read with rules frame thereunder to those members whose names appear on the Company's Register of Members on the Record Date; in respect of the shares held in dematerialized mode, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

10. The Company's Registrars & Transfer Agents for its share registry (both, physical as well as electronic) is Purva Sharegistry (India) Private Limited ("RTA") having its office at Unit no. 9 Shiv Shakti Ind. Estt. J .R. Boricha marg, Lower Parel (E) Mumbai 400 011 (Unit: Kurlon Enterprise Limited).
11. Members holding shares in electronic mode may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend.
12. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / RTA.
13. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company on the website of the Company and the same can be accessed through the link: <http://www.kurlon.com/Investor/> List of unpaid and unclaimed dividend.

Attention of the members is drawn to the provisions of Section 124(6) of the Act which require a Company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more. In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended. Members are advised to visit the web-link: <http://www.kurlon.com/Investor/> List of unpaid and unclaimed dividend to ascertain details and claim of unpaid and unclaimed dividend lying with the Company.

14. Pursuant to good Corporate Governance practices followed by the Company and as per SS-2, the particulars of Director seeking appointment / reappointment at the meeting are annexed hereto.
15. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
16. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2019 to 27th September, 2019 (both days inclusive).
17. Corporate Members desirous of seeking any information/clarification or explanation with regard to the Accounts or any items of the notice at the 8th Annual General Meeting are requested to write to the Company at secretary@kurlon.org at least 10 days prior to the AGM date, so that the required information can be made available at the Meeting.
18. In line with measures of Green Initiative taken by the Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively) and Companies Act, 2013 Company also provides for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode are requested to register their e-mail ID's with Company by sending their request at secretary@kurlon.org if not done.

19. Voting through electronic means

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide to its members a facility to exercise their right to vote on resolutions proposed to be passed at the Meeting by electronic means ("e-voting"). The members may cast their vote(s) using an electronic

voting system from a place other than the venue of the Meeting ('remote e-voting'). Instructions for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- i. Open email and open PDF file viz; "Kurlon remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting.
- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder – Login
- iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- v. Password change menu appears Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials. Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
- vii. Select "EVEN" of Kurlon Enterprise Limited. Now you are ready for remote e-voting as Cast Vote page opens.
- viii. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted. Upon confirmation, the message "Vote cast successfully" will be displayed.
- ix. You can similarly vote in respect of all other resolutions forming part of the Notice of the AGM. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
- x. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xi. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to deepak@deepaksadhu.com or secretary@kurlon.org with a copy marked to evoting@nsdl.co.in.

General instructions/ information for Members for voting on the Resolutions;

- B. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 20th September, 2019. Members holding shares in either physical or dematerialized form as on the Cut-Off Date may cast their votes electronically. The e-voting period for the Members who hold shares as on the cut-off date, commences on 23.09.2019 (10.00 am) and ends on 26.09.2019(5:00 P.M.). The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled by RTA upon expiry of the aforesaid period.
- C. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 20th September, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or secretary@kurlon.org or support@purvashare.com.
- D. The facility for voting through Poll papers will be made available at the Meeting and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Poll papers.

- E. the members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again.
- F. A member can opt for only single mode of voting, i.e., either through remote e-voting or voting at the Meeting. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID"
- G. The Company has engaged the services of NSDL as the Agency to provide e-voting facility.
- H. The Board of Directors of the Company has appointed Mr. Deepak Sadhu, a Practicing Company Secretary, Bangalore as Scrutinizer to scrutinize the remote e-voting and Poll papers process in a fair and transparent manner.
- I. A person, whose name is recorded in the register of members or in the register of beneficial owners if any, maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting. A person, who is not a member as on the cut-off date, should treat this Notice for information purpose only.
- J. The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting through Poll Papers and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson of the meeting.
- K. The members are requested to note the following contact details for addressing e-voting grievances:

Mr. Purva Shah

Purva Sharegistry (India) Private Limited

Unit no. 9 Shiv Shakti Ind. Estt. J .R. Boricha marg, Lower Parel (E) Mumbai 400 011 (Unit: Kurlon Enterprise Limited).

Tel No.: 022-23012518/2517/6761 E-mail: support@purvashare.com

**STATEMENT PURSUANT TO SECTION 102 (I) OF THE COMPANIES ACT, 2013
("THE ACT")**

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

ITEM NO. 5

Pursuant to Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014 ('the Rules'), as amended from time to time, the Company is required to have the audit of its cost records conducted by a Cost Accountant in Practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. GNV & Associates, Cost Accountants. (Firm Registration No. 000150) as the Cost Auditors of the Company to conduct Cost Audits of the cost records of the Company for the financial year 2019-2020, at a remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus out of pocket expenses and applicable taxes on actual basis.

M/s. GNV & Associates, Cost Accountants have the necessary experience in the field of cost audit, and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company. In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the Cost Auditors needs to be ratified by the Shareholders of the Company.

The Board recommends the remuneration of ₹ 2,50,000/- plus applicable taxes and out-of-pocket expenses payable to M/s. GNV & Associates, Cost Accountants as the Cost Auditors and the approval of the Shareholders is being sought for the same by an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the said Resolution.

ITEM NO. 6 & 7

Sri. Ananathanarayanan Subramanian (holding DIN: 000025505) and Dr. Nitin Gajananrao Khot (DIN: 00030613) were appointed as Independent Directors of the Company in the financial year 2015-16 for a consecutive period of 5 years starting from August 22, 2015. As per the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director can be reappointed for a second term of maximum 5 (five) years by obtaining approval of the shareholders by a way of special resolution and on disclosure of such reappointment in the Board's Report. Schedule IV of the Companies Act, 2013 provides for performance evaluation by the Board before extending the term of Independent Director. Sri Subramanian Ananathanarayanan and Dr. Nitin Gajananrao Khot have given declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Director) Rules 2014, to the effect that they are not disqualified under Sub-section(2) of Section 164 of the Companies Act 2013.

In the opinion of the Board, Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot fulfill the conditions provided in the Act and the Rules made thereunder for reappointment as Independent Director and is independent of the management. The Board of Directors and Nomination & Remuneration Committee are of the opinion that considering the vast experience, knowledge and the possession of relevant expertise by Sri Subramanian Ananathanarayanan and Dr. Nitin Gajananrao Khot, their continued association would be of immense benefit to the Board and recommend the Resolution as set out at Item No 6 & 7 of the Notice for your approval.

Details of Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot are provided in the "Annexure" to the Notice pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. Copy of draft letters of appointment of Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot are interested in the resolutions as set out respectively at Item No. 6 and 7 of the Notice with regard to their respective re-appointments.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board recommends the Special Resolutions set out at Item No. 6 and 7 of the Notice for approval by the members.

ITEM NO. 8

The members are apprised that the Board of Directors of the Company at their duly convened meeting held on July 10, 2019 has decided to appoint Mrs. Jyothi Ashish Pradhan daughter of Sri T Sudhakar Pai Managing Director and Mr. Jaya S Pai, Director of the Company as Head-Corporate Strategy of the Company on the following terms and conditions;

1. Salary: 50,00,000/- p.a inclusive of allowances
2. She will also receive following benefits as per policy/rules of the Company or as approved by the board from time to time:
 - a. Car facility with driver and petrol
 - b. Fully furnished Accommodation upto 4BHK
 - c. Infrastructure facility at residence such as telephone, fax, Laptops, internet, Mobile phone(s) and broadband etc.
 - d. Company's contribution to Provident fund
 - e. Payment of Gratuity and other related retrial benefit
 - f. Encashment of leave, mediclaim and
 - g. Car maintenance

The following disclosure(s) to hold office/place of profit in the Company by related party is made in accordance with the provisions of Section 188 of the Companies Act, 2013 and Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014:

a)	Nature of the related party	Mrs. Jyothi Ashish Pradhan
b)	Nature of relationship	Daughter of Sri T Sudhakar Pai and Mrs. Jaya S Pai
c)	Nature, Duration of the Contract and Particulars of The Contract or Arrangement	Appointment as Head-Corporate Strategy on full time basis (Grade: KL-27)
d)	Material terms, monetary value and particulars of the contract or arrangement;	As per terms and conditions set out in resolution herein below
e)	Any advance paid or received for the Contract or arrangement, if any	Nil
f)	The Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	NA
g)	whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;	NA

h)	Any other information relevant or important for the members to take a decision on the proposed resolution	The terms of appointment are commensurate with the Rules/Policy of the Company and are advantageous for the Company considering the experience Mr. Jyothi Ashish Pradhan and shall be in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.
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Mrs. Jyothi Ashish Pradhan is BE in Engineering and Communication from Manipal Institute of Technology and MS in Engineering Management from University of Southern California.

From 2008 to 2016, Mrs. Jyothi joined Extron Electronics, a leader in the professional Audio Video technology, where she joined as a Process Engineer. During this period, she worked on special projects focused on innovative solutions to cut costs and improve efficiency in manufacturing, process improvement and material management. Her strength in being able to optimize operations from new product introduction, prototyping, and production.

From 2007 to 2008, She worked at Celestica, a Canadian multinational electronics manufacturing services (EMS) company headquartered in Toronto, Ontario with revenues exceeding \$6 billion. At Celestica, she started as a manufacturing engineer and progressed to become a Program Manager. In her role as Program Manager, she was instrumental in helping draw closure on outstanding Accounts Receivable of \$1.2 Million. She standardized processes for various monthly and quarterly activities by documenting the procedure, identifying stakeholders and establishing deadlines for completion. She was also responsible for re-branding all corporate documents for the business unit. Post Masters, in 2005, Jyothi co-founded e-Medicords, a transcription company. She worked in sales, marketing and operations until 2007. She has overall 15 years of vast experience in industry.

None of the Directors and Key Managerial Personal is related to her except Mrs. Jaya S Pai, Director and Sri T Sudhakar Pai, Managing Director of the Company.

Pursuant to Section 188(1)(f) read with rules 15 of the Companies (Meeting of Board and its Power) Rules, 2014, The Board recommends passing of the proposed Ordinary Resolutions as set out at Item No. 8 of the notice for your approval.

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

ANNEXURE-“A”
Details of the Director by rotation / seeking appointment / re-appointment at the ensuing Annual General Meeting

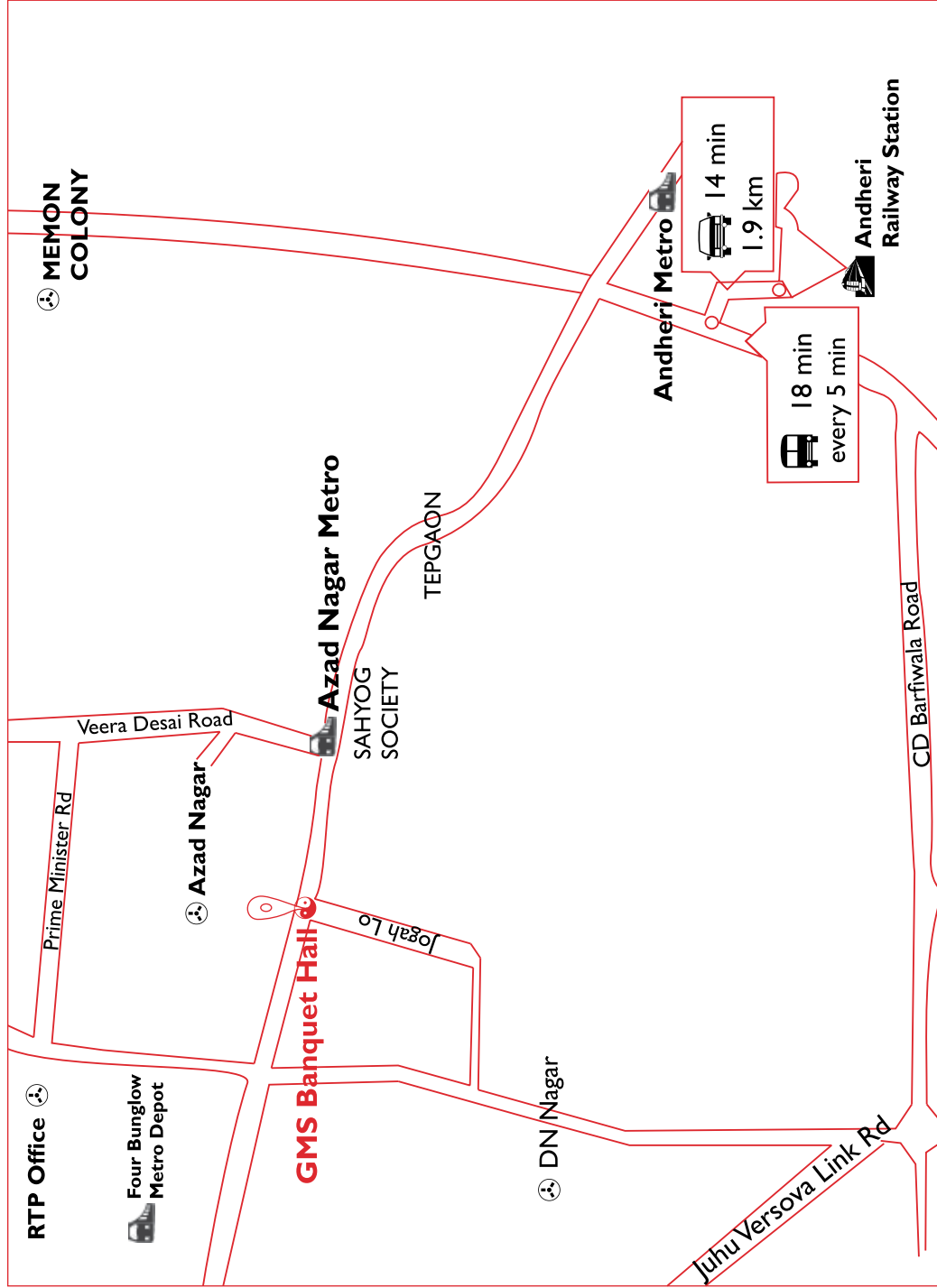
Particulars	Mrs. Jaya S Pai	Sri. Ananthanarayanan Subramanian	Dr. Nitin Gajananrao Khot
DIN	00030515	00025505	00030613
Father's/Spouse Name	Mr. T. Sudhakar Pai	Late Subramanian	Sri. Gajanan Wamanrao Khot
Date of Birth & Age	24.09.1958, 61 years	22.06.1935, 84 years	10.09.1948, 71 years
Address	# 5, Chitrakala, Ananthanagar, Manipal, Udipi-576119	B1, Casa Lavelle 5 12/8, Lavelle Road Bangalore 560001	B C 27 Fort Belgaum 590016
Designation	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Experience	30 years	48 years	45 years
Qualification	Graduate	BE, ACMA, FIIE	Ph.D. in Economics
Terms and Conditions of Appointment / Reappointment	appointed as a Non-Executive Director, liable to be retire by rotation	As per the resolution at item no. 6 of the Notice convening Annual General Meeting on 27, September, 2019 read with explanatory statement thereto Sri Ananthanarayanan Subramanian is proposed to be reappointed as an Independent Director for a further period of 5 years not liable to be retire by rotation	As per the resolution at item no. 7 of the Notice convening Annual General Meeting on 27, September, 2019 read with explanatory statement thereto Dr. Nitin Gajananrao Khot is proposed to be reappointed as an Independent Director, for a further period of 5 years, not liable to be retire by rotation
Directorships of other Boards as on March 31, 2019	Metropolis Builders Pvt. Ltd. Manipal Holdings Pvt. Ltd. Kurlon Limited Manipal Ecommerce Limited Deepa Jyothi Trading & Services Pvt. Ltd.	Kurlon Limited	Kurlon Limited
Membership / Chairmanship of Committees of other Boards as on March 31, 2019	Kurlon Limited CSR Committee-Chairman NRC Committee-Member SRC Committee-Member Audit Committee-Member (w.e.f. 16/03/2019)	Kurlon Limited CSR Committee-Member NRC Committee-Chairman SRC Committee-Chairman Audit Committee-Chairman	Kurlon Limited CSR Committee-Member NRC Committee-Member SRC Committee-Member Audit Committee-Member
Remuneration last drawn (FY 2018-19)	No remuneration except sitting fees paid during 18-19	No remuneration except sitting fees paid during 18-19	No remuneration except sitting fees paid during 18-19

Remuneration sought to be paid	No remuneration except sitting fees	No remuneration except sitting fees	No remuneration except sitting fees
Relationship with other Directors / Key Managerial Personnel	related to Sri T Sudhakar Pai Managing Director of the Company	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
Number of meetings of the Board attended during the year	4	4	4
Date of first appointment on the Board	03/10/2011	03/10/2011	03/10/2011
Shareholding in the Company as on March 31, 2019	347 Equity shares (0.00%)*	2174 Equity shares (0.00%)	192896 (0.53%)**

* holds on behalf of Kurlon Limited as nominee.

**inclusive of 347 holding on behalf of Kurlon Limited as nominee.

ROUTE MAP TO THE VENUE OF 8TH ANNUAL GENERAL MEETING



VENUE ADDRESS:

GMS Banquet Hall, Sitladevi Building,
1st Floor, D.N. Nagar, Opp. Indian Oil Nagar,
on Link Road, Andheri (West), Mumbai - 400 053

DIRECTOR'S REPORT

Dear Members,

The Board of Directors are pleased to present the Company's 8th Annual Report and the Company's audited Financial Statements (Standalone and Consolidated) for the year ended March 31, 2019.

1. Financial summary or highlights/Performance of the Company

Financial results of the Company for the year under review along with previous year's figures are given hereunder;
(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from operations	111,298.78	110,570.37	111,630.02	110817.97
Profit Before Financial charges, tax and Depreciation	15,033.50	14993.32	14,210.20	15005.03
Less: Finance Charges	479.55	404.63	497.30	409.56
Gross Profit	14,553.95	14588.69	13,712.90	14595.47
Less: Depreciation	1,822.61	1434.88	1,863.44	1438.96
Profit Before Tax	12,731.34	13,153.81	11,849.46	13156.51
Add/Less: Income Tax/Earlier year's tax	4310.74	4260.97	4310.74	4260.68
Add/Less: Deferred tax	129.50	478.45	137.37	480.48
Profit after tax	8291.10	8414.39	7401.35	8415.35
Other comprehensive income	124.82	(14.44)	124.82	(14.44)
Total comprehensive income for the year	8415.92	8,399.95	7,526.17	8400.91
Transfer to General reserve	-	840.18	-	840.18
Proposed Dividend on Equity Shares	1091.47	694.68	1091.47	694.68
Tax on proposed Dividend	224.41	141.42	224.41	141.42
Surplus in statement of P & L carried to Balance Sheet	23,728.52	16,146.75	22,841.22	16149.21
Earnings per share (EPS).	23.13	30.23	20.69	30.23

During the year 2017-2018 Excise duty till 30th June 2017 is included in Revenue. Further after implementation of GST the Revenue excludes GST. For proper Comparison of Growth & Profitability Ratios, the comparable Revenue figures are given hereunder:-

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from operations	111,298.78	110,570.37	111,630.02	110817.97
Less: Excise duty	-	1330.58	-	1,330.58
Net Revenue from operations	111,298.78	109239.79	111,630.02	109487.39

2. Year in retrospect

During the Current year, Net revenue from operations of the Company, on standalone basis, increased from ₹ **109239.79 Lakhs** to ₹ **111,298.78 Lakhs** registering a growth of 1.88% over the last year.

The Profit after tax for the current year decreased by **1.46%** to ₹**8291.10 Lakhs** as against the profit after tax of ₹**8414.39 Lakhs** of last year. During the previous year 2017-18, your Company had one time income in the form of insurance claim received against the fire in its Uttaranchal Plant few years back amounting to ₹**778.24**

Lakhs excluding this one-time income, the profit after tax would be ₹8291.10 Lakhs for the current year and ₹7824.64 Lakhs for last year, a growth of 5.96%.

On consolidated basis, the group has achieved revenue of ₹111630.08 Lakhs which is 1.96% higher than previous year and profit after tax ₹ 7401.35 Lakhs.

We have applied to NCLT for merger of Spring Air Bedding Company (India) Ltd with Kurlon Enterprise Limited. The Effective date of merger is 01.04.2018. However as the NCLT order is not pronounced as on date, therefore accounts Viz. Profit and Loss account of the Company does not includes the combined/consolidated financials especially the income tax set off available to the Company for the current year. Once Hon'ble NCLT approves the Merger, the Company would have to reinstate its Profit and Loss Account and Balance sheet for the year ended March 31, 2019 for the purpose of filing Income Tax. In such case the turnover of the Company would be ₹113731.83 Lakhs, PBT ₹12248.13 Lakhs and PAT ₹ 9473.46 Lakhs for the FY 18-19.

3. Dividend

The Directors are pleased to recommend a final dividend of ₹3.00 (i.e. 60%) per equity share on the equity shares of the Company for the financial year 2018-19. The dividend payout is subject to the approval of shareholders at the ensuing Annual General meeting of the Company and will be paid to those shareholders whose name appear on the register of members of the Company on October 4, 2019. If the dividend as recommended above, is declared by the members at the Annual General Meeting, the total outflow towards dividend on equity shares for the year would be ₹ 1315.88 Lakhs (including dividend tax ₹ 224.41 Lakhs) (Previous year ₹ 836.10 Lakhs inclusive of Dividend Tax of ₹ 141.42 Lakhs)

4. Transfer to Reserves;

During the year under review, the Company has not transferred any amount to its general reserve.

5. Consolidated Financial Statement;

In accordance with the provisions of the Companies Act, 2013 ("the Act") and INDAS 110-Consolidated Financial Statements, the audited Consolidated Financial Statements is provided elsewhere in this Annual report.

6. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

7. Material changes and Commitments effecting the financial position of the Company.

Subsequent to the FY 2018-19, on May 4, 2019, certain property, plant, equipments and inventory were destroyed due to cyclone in the Bhubaneswar factory aggregating to ₹334.55 Lakhs (being the book value). The Company has sufficient insurance coverage to cover this loss. However, the Company is yet to lodge the claims with the insurer. Considering that this being a non adjusting event as per Ind AS 10, the Company has not carried out any adjustments in the financial statements for the year ended March 31, 2019.

The Board of Directors of the Company at its meeting held on May 17, 2019 has approved a Scheme of Amalgamation amongst Kurlon Enterprise Limited and Spring Air Bedding Company (India) Limited in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The meetings of shareholders and creditors is yet to be held pending directions from National Company Law Tribunal. The parties have applied for the necessary approvals on June 11, 2019 and are awaiting for necessary approvals from various concerned authorities to give effect to the amalgamation

The Company has acquired control of Spring Air Bedding Company (India) Ltd. ("Spring Air") by virtue of management agreement dated 28.03.2019 entered into by the Company with Spring Air w.e.f April 1, 2019.

8. Indian Accounting Standards

Financial Statements of the Company have been prepared in accordance with Indian Accounting Standard ("IndAS")

9. Share capital

The Authorized Share Capital of the Company as on date of Balance Sheet is ₹ 19,00,00,000/- (Rupees Nineteen Crores Only) divided into 3,80,00,000 (Three Crores Eighty Lakhs Only) equity shares of ₹5/- (Rupees Five Only) each and The paid up share capital of the company as on date of balance sheet is ₹ 18,19,11,965/- (Rupees Eighteen Crores Nineteen Lakhs Eleven Thousand Nine Hundred Sixty Five Only) divided into 3,63,82,393 (Three Crores Sixty Three Lakhs Eighty Two Thousand Three Hundred Ninety Three Only) equity shares of ₹ 5/- each.

Buy-back of Securities

The Company has not bought back any of its securities during the year under review.

Issue of sweat equity shares;

During the year the Company has not issued any sweat equity shares.

Sub-division of equity shares

No subdivision took place during the year under review.

Bonus Shares

The Company had issued and allotted 8595013 (Eighty Five Lakhs Ninety Five Thousand Thirteen Lakhs only) fully paid up Bonus Equity shares to the existing shareholders of the Company on October 8, 2018, to the exclusion of Investors of the Company, who had waived their entitlement pursuant to their letter no. RT/SSO/MMR Dated August 8, 2018 in the proportion of 713 equity share for every 2000 existing equity share held by them during the year under review.

Employee stock option scheme

Your Company has launched Employee Stock Option Schemes (ESOS) w.e.f. 22.08.2015 in accordance with the Provision of Companies Act, 2013 read with relevant rules made thereon. The Schemes provide to reward the Employees for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain talent in the organization.

This scheme is being implemented, administered and monitored through Trust route. Applicable disclosure with regard to ESOS Scheme 2015 is provided in **Annexure "A"** to this report.

10. Directors and Key Managerial Personnel

In accordance with the provisions of the Act, Mrs. Jaya S Pai, Director of the Company, retires by rotation at the ensuing Annual General Meeting. The Board of Directors on the recommendation of Nomination and Remuneration Committee ("NRC") recommended her re-appointment.

Mr. Amit Choudhary ceased to be a Nominee Director of the Company w.e.f. August 10, 2018. The Board places on record its appreciation towards valuable contribution made by Mr. Amit Choudhary during his tenure as a Nominee Director of the Company.

The Board of Directors on recommendation of NRC appointed Mr. Vishal Murarilal Tulsyan (DIN: 00139754) as Nominee Director of the Company w.e.f. August 10, 2018 in place of Mr. Amit Choudhary.

Mr. Jamsheed M Panday who was appointed as an Alternate Director to Mrs. Jaya S Pai on 21.02.2018 ceased to be an Alternate Director w.e.f. 15.05.2018 after return of Mrs. Jaya S Pai to India.

The term of office of Sri Ananthanarayanan Subramanian (DIN: 00025505) and Sri Nitin Gajananrao Khot (00030613) as an Independent Directors, will expire at the ensuing Annual General meeting of the Company, the Board of Directors on the recommendation of NRC, has recommended re-appointment of Sri Ananthanarayanan

Subramanian and Dr. Nitin Gajananrao Khot, who has attained the age of 84 and 71 years respectively, as an Independent Directors of the Company for a second term of 5 (five) consecutive years on the expiry of their current term of office.

11. Declaration of independence from the Independent Director u/s 149(6)

The Board has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under subsection (6) of Section 149 of the Act, and in the opinion of the Board they fulfill the conditions specified in the Act and the Rules made thereunder and are Independent to the management.

12. Board Meetings;

4 (Four) Meetings of the Board of Directors were held during the year on 15.05.2018, 10.08.2018, 06.12.2018 and 16.03.2019 respectively. The particular of meetings held and attended by each director including committee meetings are detailed in the Corporate Governance report, attached as **Annexure “B”** which forms part of this report.

13. Disclosure about receipt of commission or remuneration by Managing Director

In terms of the provisions of Section 197(14) of the Act, Mr.T Sudhakar Pai receives remuneration and commission in its holding Company Viz. Kurlon Limited.

14. Annual evaluation of Board and its Committees

The Nomination and Remuneration Committee (“NRC”) has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each Director (including Executive, Non-Executive and Independent Directors), of the Board as a whole and its Committee. The criteria include different aspects covered under Administrative, Strategic, Operational and Compliance headings.

As per laid down procedure, the Independent Directors would held a separate meeting whenever necessary, to review the performance of the Chairman of the Company after taking into account the views of Executive and Non-Executive Director. The substantial, and continuing, contribution of the Chairman in the growth of the Company has been highly commended. The Independent Directors also reviewed performance of every Executive and Non-Executive Director of the Board. The performance evaluation of each Independent Director was done by the entire Board (except the Independent Directors being evaluated).

The performance of each committee has been evaluated by its members and found to be satisfactory.

On the basis of this exercise, the NRC and the Board, after recognizing the important contribution being made by each Independent Directors have decided that all Independent Directors should continue to be on the Board.

15. Remuneration Policy

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board. More details on the same are given in the Corporate Governance Report.

16. Details of Subsidiary/Joint Ventures/Associate Companies

As at March 31 2019 your Company has One (1) wholly owned subsidiary Company (“WOS”) namely Kurlon Retail Limited (“KRL”). Pursuant to Section 129(3) of the Companies Act 2013 read with Rule 5 of Companies (Accounts) Rules 2014 a statement containing salient features of Financial Statements of Kurlon Retail Limited is provided as **Annexure “C”** in form AOC-I and therefore not repeated to avoid duplication.

Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its WOS.

17. Directors' Responsibility Statement

Your Directors make the following statement in terms of Section 134(3)(c) & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- a. That in the preparation of the annual accounts for the Financial Year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2019 and of the Profit of your Company for the Financial Year ended March 31, 2019;
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. That the annual accounts for the year ended March 31, 2019 have been prepared on a going concern basis;
- e. They have laid down internal Financial Controls, which are adequate and are operating effectively.
- f. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

18. Management Discussion and Analysis report;

Management's Discussion and Analysis report for the year under review are attached as **Annexure "D"** forming part of this report.

19. Report on Corporate Governance;

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance practice as set out in the Act. The Company believes that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximizes 'Your' long-term value.

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. It has put in place an effective Corporate Governance System in the Company not for the good secretarial practice but to ensure that the businesses of the Company are being conducted in transparent manner. A Report on Corporate Governance is disclosed as **Annexure "B"** forming part of this Report.

20. Auditors and Auditors' report

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No. 008072S), Bangalore, Statutory Auditors were appointed for 5 (five) years in the 3rd Annual General Meeting of the Company to held office up to the conclusion of 8th Annual General Meeting of the Company subject to ratification of their appointment by members at every Annual General Meeting of the Company if so required under the Act. The requirement to place the matter relating to appointment of the statutory auditor for ratification by the members at every Annual General Meeting has been done away by the Companies (Amendment) Act, 2017 w.e.f 07/05/2018. The Board of Directors of the Company on the recommendation of Audit Committee has recommended for re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No. 015125N) as the statutory auditor of the Company for another consecutive terms of 5(five) year. They have confirmed that they are not disqualified from continuing as auditors of the Company for another term of five years.

The notes on Financial Statements referred to in the auditors' report are self-explanatory and do not call for any further comments. The auditors' report does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed Mr. Parameshwar G. Bhat, Practising Company Secretary, to conduct the Secretarial Audit of the Company for the FY 2018-19. The Secretarial Audit Report for the FY 2018-19 is annexed herewith marked as **Annexure E** to this report. The Secretarial Audit Report contains the following observations.

1. FCGPR is not filed with RBI pursuant to issue of Bonus Shares.
2. Some of the Provisions of Secretarial Standards on Board and General Meeting i.e., SS-1 & SS-2 need to be taken care by the company.

Management's reply:

1. Due to non-availability of certified true copy of form FCTRS along with acknowledgement thereof from the respective shareholders, we could not proceed with filing of form FCGPR. The Company had requested from the respective shareholders to furnish said documents which is pending from their end. The Company undertake to file form FCGPR for bonus issue promptly after receipt of aforesaid documents from the respective shareholders.
2. The Company has already complied with provisions of Secretarial Standards as applicable to the Company. However, few minor provisions as observed during audit will be complied with forthwith.

Cost Auditor:

As per the Cost Audit Orders, Cost Audit is applicable to the Company's manufacture of PU Foam and foam products/business of the Company for the FY 2018-19.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. GNV & Associates, Cost Accountants have been appointed as Cost Auditors to conduct the audit of Cost Records of your Company for the financial year 2019-20. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your approval for ratification of payment payable to Cost Auditors is being sought at the ensuing Annual General Meeting. The Company has received consent from M/s. GNV & Associates, Cost Accountants, to act as the Cost Auditor for conducting Audit of cost records for the FY 2019-20 along with a certificate confirming their independence and arm's length relationship

Your Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

21. Transfer to Investor Education and Protection Fund (IEPF)

Provisions with respect to transfer of unpaid/unclaimed dividend is not applicable to the Company as there is no unpaid/unclaimed dividend lying to the Company's unpaid dividend account for more than 7 years.

22. Loans, Guarantees and Investments

The particulars of Loans given, investments made, guarantees given and securities provided in accordance with the provisions of Section 186 of the Companies Act, 2013 are furnished in the notes to the Standalone Financial Statements for the year ended 31st March, 2019 (please refer to Note No. 36 to the Standalone Financial Statement) pursuant to section 186(4) of the Act;

23. Particulars of contracts or arrangements with related parties

All related party transactions pursuant to Section 188(1) of the Act that were entered into during the Financial Year were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by your Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which might have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is also obtained from the Audit Committee for the related party transaction which are of repetitive nature.

The information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given elsewhere in this report and the same forms part of this report.

24. Risk management system

The Company has laid down a well defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the Company.

25. Vigil Mechanism/ Whistle Blower Policy

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail the mechanism. In exceptional cases, Directors and employees have direct access to the Chairperson of the Audit Committee. The Vigil Mechanism (Whistle Blower policy) is available on the Company's website i.e., www.kurlon.com.

26. Corporate Social Responsibility (CSR)

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which works under the direct supervision of Mrs. Jaya S Pai, Director, who also acts as the Chairperson of the Committee. Dr. Nitin G Khot, Sri. S Ananthnarayanan, Non-Executive, Independent Directors & Mr. Vishal Tulsyan (w.e.f. 10.08.2018) Nominee Director of the Company, are members of the Committee. The Committee manages and overviews the CSR projects of your Company. The CSR activities are based on the CSR policy approved by the Board which is available at the website of your Company at: www.kurlon.com

A brief outline of your Company's CSR policy is appended as **Annexure "F"** an integral part of this report.

27. Audit Committee

The Board has constituted an Audit Committee with Dr. Nitin G Khot as Chairperson, Sri. S Ananthnarayanan, Sri. T Sudhakar Pai and Mr. Vishal Tulsyan (w.e.f. 10.08.2018) as Members. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report.

28. Nomination and Remuneration Committee ("NRC")

Details of NRC are provided in Corporate Governance Report as annexed to this report.

29. Internal Audit and Control

Your Company has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

An extensive program of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The Internal Control System has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

Your Company has in place adequate Internal Financial Controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Currently the Internal Control System is being supervised by Mr. Subramanya Karanth, Internal Auditor of the Company.

30. Extract of Annual Return:

The details forming part of the extract of the Annual Return pursuant to Sections 92(2) and 134(3)(a) of the Act and rules made thereof in form MGT 9 is annexed herewith and marked as **Annexure "G"** forming part of this report.

31. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

32. Statutory Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Deposit from the public falling within the ambit of Section 73 of the Act and rules made thereof.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Neither the Managing Director(s) nor the Whole-time Director(s) of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. No fraud has been reported by the Auditors to the Audit Committee or Board.

33. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA);

The Company has constituted Internal Complaint Committee under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and complied with the provisions of the same.

The Company is committed to provide a safe and conducive work environment to its employees. During the year 2018-19 there were no complaints. Your company regularly conducts awareness programmes across its units in this regard.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are provided in **Annexure "H"** forming part of this report.

35. Human Resources

During the year the Company had cordial relations with workers, staff and officers. The Company has taken initiative for safety of employees and implemented regular safety audit, imparted machine safety training, wearing protective equipment's etc.

The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility. On the job training as well as classroom training by way of seminars, conventions, functional and managerial programs for capability development and building technical expertise were attended by respective functions such as Sales & Marketing, Finance & Accounts, procurement, supply chain, Human resources, NPD, Manufacturing and Retail etc.

36. Acknowledgements

Your Directors acknowledge the dedicated service of the employees of the Company during the year. They would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from Bankers, Financial Institutions, P/E Investors, Business Partners, Customers, Dealers and other stakeholders.

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

Form No.AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2019 are as follows;

Name of related party	Nature of relationship	Nature of transactions	Duration of contract	Salient terms	Date of Board approval	₹ in Lakhs
Kurlon Limited	Holding Company	Sale and purchase of goods	ongoing	As per MOU	15.05.2018	16271.43
Kurlon Retail Limited	Wholly Owned Subsidiary Company	Sale of goods	ongoing	As per MOU	15.05.2018	1679.33
Manipal Advertising Services (P) Ltd.	Entity significantly influenced by Director of the Company	Advertisement expenses	ongoing	As per PO	15.05.2018	1577.57

ANNEXURE-“A”
(Disclosure with regard to ESOS Scheme 2015)

Sl. No.	Employee stock option Scheme-2015	Details
1.	Number of stock options	Not Exceeding 8,00,000 equity shares.
2.	Vesting period	Not earlier than 1 years and not more than 4 years from the date of grant of option to eligible employees
3.	Exercise period	Within 6 years from the date of vesting
4.	Exercise pricing formula	Since the company is unlisted hence exercise price will be equal to FMV as calculated by independent valuer.
5.	Total number of option outstanding	443954
6.	Number of options exercised during the year	437863
7.	Total No. of share arising out of exercise of options	437863
8.	Number of options lapsed/forfeited during the year	-
9.	Variation in terms of options	None
10.	Money realized by exercise of options	12,95,40,380/-
11.	Total No. of Options in force	6091
12.	Option granted to Key Managerial personal during FY 2018-19;	None
13.	Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	None
14.	Any other employees who receive a grant in any one year of option amounting to 5% or more of options granted during the year.	None

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“C”

FORM AOC-I

STATEMENT CONTAINING SILENT FEATURES OF THE FINANCIAL STATEMENT OF WHOLLY OWNED SUBSIDIARY COMPANY

[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014]

In accordance with the General Circular No:2/2011 dated 8 February, 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit and Loss and other documents of the subsidiary are being attached with the Annual Accounts of the Company. This Annual Report also contains Consolidated Financial Statement of the Company and its subsidiary in accordance with the relevant Accounting Standards and the same has been duly audited by the Statutory Auditors, The annual Accounts of the Subsidiary Company and related information will be made available to the shareholders of the Company and its Subsidiary Company on request and will also be kept open for inspection by the shareholders at the Registered Office of the Company and the subsidiary.

(₹ in Lakhs)

Name of Wholly owned Subsidiary Company	Kurlon Retail Limited
Issued & Subscribed Capital	760.00
Reporting period	31.03.2019
Share capital	760.00
Reserves & Surplus	(756.78)
Total Assets	2563.06
Total Liabilities (Excluding Share capital & Reserve & Surplus)	2559.84
Investments	-
Turnover/Income from operations	2010.64
Profit/(Loss) before Tax	(751.37)
Provision for Tax-deferred tax	7.87
Profit/(Loss) After Tax	(759.24)
Proposed Dividend	-
% of shareholding	100%

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“B”**REPORT ON CORPORATE GOVERNANCE****I. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is essentially a system by which Companies are governed and controlled by the management under the direction and supervision of the Board in the best interest of all stakeholders. It is not merely compliance of laws, rules and regulations, but also the application of best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility. Above all, it is a way of life, rather than merely a legal compulsion.

Your Company’s philosophy on the Code of Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. Good Corporate Governance is indispensable to resilient and vibrant stakeholders value and is, therefore, an important instrument of investor protection as well. Your Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. To maintain reliability and transparency of management, by implementing fair and efficient corporate practice that reflects the true spirit of the organization’s philosophy.

However your Company is not a listed company hence it is not bound to comply with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’). The Company recognizes that good Corporate Governance is a Continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. BOARD OF DIRECTORS**I. Composition & Category of Directors;**

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. Your Company has an engaged and well informed Board with qualifications and experience in diverse areas. The Board composition is in conformity with the Companies Act, 2013 (‘the Act’).

The Board of Directors, as on 31st March, 2019, comprised 5 Directors, of which 2 are Non-Executive Independent Directors, one Executive Director, one Non-Executive Director and one Non-Executive Nominee Director. All Directors possess relevant qualifications and experience in general corporate management, finance, and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

II. Attendance at the Board meeting, last Annual General meeting and number of other Directorships and chairmanships/ memberships of Committees of each Director in various Companies.

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the year ended 31st March, 2019 are as follows:-

Name of Director	Category	Attendance at the Board Meeting during the F.Y. 2018-2019	Attendance at the Last AGM	As on 31-03-2019		
				No. of Directorship in other Co.	Committee membership in other Companies	Chairman in Committees in which they are members
Mr.T Sudhakar Pai Managing Director DIN: 00043298	Executive, Promoter	4	Yes	9	-	-
Mrs. Jaya S Pai Director DIN: 00030515	Non-Executive, Promoter	4	No	5	1	1
Dr. Nitin G Khot Independent Director DIN: 00030613	Non-Executive, Independent	4	No	1	1	-
Sri. S Ananthnarayanan Independent Director DIN: 00025505	Non-Executive, Independent	4	No	1	1	3
Mr.Vishal Tulsyan Nominee Director* DIN: 00139754	Non-executive, Nominee	3	No	7	-	-

*w.e.f. 10.08.2018

III. Meetings

During the financial year under review the Board of Directors of your Company met 4(Four) times as at 15.05.2018, 10.08.2018, 06.12.2018 & 16.03.2019 respectively and the gap between two meetings did not exceed 120 days.

IV. Disclosure Regarding Appointment & Re-appointment of Directors in the ensuing AGM

Details of directors seeking appointment/reappointment at the ensuing Annual General Meeting are provided in Annexure "A" annexed to the notice of AGM.

3. AUDIT COMMITTEE

a. Terms of Reference

The Audit Committee functions according to its Charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

- o Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- o Discuss and review with the management the Annual Financial Statements and the Auditor's report thereon, before submission to the Board for approval.
- o Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.

- o Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- o Hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- o Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditor.
- o Review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- o Review with the management, performance of the statutory and internal auditor.
- o Review the adequacy of the internal audit function and the adequacy and efficacy of the Internal Control Systems, including the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.
- o Evaluate Internal Financial Controls and Risk Management Systems.
- o Scrutinize inter-corporate loans and investments.
- o Discuss any significant findings with internal auditors and follow-up thereon.
- o Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- o Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- o Approve transactions, including any subsequent modifications, of the Company with related parties.
- o Valuation of undertakings or assets of the Company, wherever it is necessary.
- o Review and monitor the statement of use and application of funds raised through public offers and related matters.
- o Review the functioning of the Whistle Blower/Vigil mechanism.
- o Review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- o Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

The Audit Committee of the Company have been constituted in accordance with the provisions of Section 177 of the Act. All members of the Committee including its chairperson are financially literate, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Dr. Nitin G Khot	Independent, Non-Executive	4	4
Sri. S Ananthnarayanan	Independent, Non-Executive	4	4
Mr. T. Sudhakar Pai	Executive, Non-Independent	4	4
Mr. Amit Choudhary (upto 10.08.2018)	Non-Executive Nominee	4	1
Mr. Vishal Tulsyan (w.e.f. 10.08.2018)	Non-Executive Nominee	3	3

The Committee met 4 (four) times during the Financial Year 2018-2019 as at 15.05.2018, 10.08.2018, 06.12.2018 and 16.03.2019 respectively. The necessary quorum was present at the above meetings.

The Chairperson of the Audit Committee, Dr. Nitin G Khot could not present at the Annual General Meeting of the Company held on 20th September, 2018. The Company Secretary acts as secretary to the meeting.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

The terms of reference of the NR Committee inter-alia includes the following:

- o To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- o To formulate criteria for evaluation of Independent Directors on the Board.
- o To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and other Senior Management.
- o To carry out evaluation of every Director's performance;
- o To devise policy on Board diversity;
- o To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

In terms of the provisions of Section 178 of the Act, your Company has duly constituted a Nomination and Remuneration Committee ("NRC") with a view to review and recommend the payment of remuneration, commission and finalizes service agreements and other employment conditions of Executive Directors & Key managerial personnel. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

The composition of the NRC and the details of Meetings attended by the Directors during the year are given below:

Name	Category	No. of meetings	
		Held during the Year	Attended
Dr. Nitin G Khot	Independent, Non-Executive	2	2
Sri. S Ananthnarayanan	Independent, Non-Executive	2	2
Mrs. Jaya S Pai	Non Independent, Non-Executive	2	2
Mr. Amit Choudhary (upto 10.08.2018)	Non-Executive Nominee	2	-
Mr. Vishal Tulsyan (w.e.f. 10.08.2018)	Non-Executive Nominee	2	2

The Committee met twice during the FY 2018-2019 as at 10.08.2018 & 16.03.2019 respectively. The necessary quorum was present at all meetings. The Chairperson of the NRC, Dr. Nitin G Khot could not attend the Annual General Meeting of the Company held on 20th September, 2018. The Company Secretary acts as secretary to the meeting.

c. Remuneration policy:

In view of the requirement of the provision of section 178 of Companies Act, 2013, the NRC has suitably framed and implemented remuneration policy of the Company to keep pace with the business environment and market linked positioning. The NRC takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors.

Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees are designed based on the following set of principles:

- Aligning Key Executive and Board remuneration with the longer term interests of the Company and its shareholders;
- Minimize complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the Company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

Remuneration paid to Executive Directors & KMP(s)

As per the remuneration policy the remuneration paid to Executive Directors is recommended by the NRC and approved by the Board in the Board Meeting, subject to the subsequent approval by the shareholders at the General Meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the provisions of Sections 198 and 197 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites and Allowances, Contribution to Provident Fund and other funds. The term of appointment of Executive Directors is 5 (five) years.

5. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

a. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee (SRC) are as follows;

1. To approve request for transfer and transmission of shares of the Company;
2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. To approve the dematerialization of shares and dematerialization of shares;
7. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters;
8. Reference to statutory and regulatory authorities regarding investor grievances; and
9. Otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

b. Composition and Attendance during the year;

The SRC met 2 (Two) times during the year as at 10.08.2018 and 16.03.2019 respectively.

The composition of the SRC and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Sri. S Ananthnarayanan	Independent, Non-Executive	2	2
Dr. Nitin G Khot	Independent, Non-Executive	2	2
Mr. T Sudhakar Pai	Non Independent, Executive	2	2

Sri. S Ananthnarayanan being an Independent Director acts as chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

c. Details of investor complaints received, redressed and pending during the financial year ended 31st March, 2019

Pending at the beginning of the year	Received during the year	Redressed/replied during the year	Pending at the end of year
Nil	Nil	Nil	Nil

6. COMPENSATION COMMITTEE

a. Term of reference

The terms of reference of the Compensation Committee inter-alia includes the following:

- o To administer and superintend the ESOP including but not limited to the formulation of detailed terms and conditions of the ESOS such as:
 - The quantum of option to be granted under an ESOS per employee and in aggregate;
 - The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
 - The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- o To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year;

The Compensation Committee of the Board has been constituted pursuant to terms of Investor Agreement executed by and between Company & its Investors. This Committee is formed in order to administrate, monitor and superintend the Company's ESOS Scheme 2015 in an effective manner.

The Compensation Committee met twice during the year, on 10.08.2018 and 16.03.2019 respectively. The necessary quorum was present at all meetings.

The composition of the Compensation Committee and the details of the Meetings attended by the Directors during the year are given below:

Name	Category	No. of meetings	
		Held during the Year	Attended
Sri. S Ananthnarayanan	Independent, Non-Executive	2	2
Dr. Nitin G. Khot	Independent, Non-Executive	2	2
Mrs. Jaya S Pai	Non Independent, Non-Executive	2	1
Mr. Amit Choudhary (upto 10.08.2018)	Independent, Non-Executive Nominee	2	1
Mr. Vishal Tulsyan (w.e.f 10.08.2018)	Non-Executive Nominee	2	2

Sri.S.Ananthnarayanan, Independent Director acts as chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR” COMMITTEE)

a. Term of reference

The terms of reference of the Corporate Social Responsibility (CSR) Committee are as follows:

- o Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act.
- o Recommend the amount to be spent on the CSR activities.
- o Monitor the Company’s CSR Policy periodically.
- o Oversee the Company’s conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen.
- o Attend to such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2018-19 is annexed herewith and marked as **Annexure “F”** which forms a part of the Board’s Report.

b. Composition and Attendance during the year;

The Corporate Social Responsibility Committee of the Board (“CSR Committee”) has been constituted pursuant to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014.

The composition of the CSR Committee and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mrs. Jaya S Pai	Non Independent, Non-executive	4	4
Dr. Nitin G Khot	Independent, Non-Executive	4	4
Sri. S. Ananthanarayanan	Independent, Non-Executive	4	4
Mr. Amit Choudhary (upto 10.08.2018)	Independent, Non-Executive Nominee	4	1
Mr. Vishal Tulsyan (w.e.f 10.08.2018)	Independent, Non-Executive Nominee	4	3

The CSR Committee met 4(Four) times during the FY 2018-19 as at 15.05.2018, 10.08.2018, 06.12.2018 and 16.03.2019 respectively. Mrs. Jaya S Pai acts as the chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

8. BANKING COMMITTEE

Banking Committee has been constituted by the Board of Directors of the Company on 5th November, 2015, in order to rationalize the bulk banks related transaction such as opening and closing of numerous bank accounts.

a. Terms of Reference

The terms of reference of the Banking Committee inter-alia includes the following:

- I. To open and close bank(s) account whenever necessary and to authorize any employee(s) of the Company to operate such accounts including but not limited to avail online facilities, changing authorized signatory and other bank related matte`

b. Composition and Attendance during the year;

The composition of the Banking Committee and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mr.T Sudhakar Pai	Non Independent, Executive	4	4
Dr. Nitin G. Khot	Independent, Non-Executive	4	4
Sri. S.Ananthanarayanai	Independent, Non-Executive	4	4

The Banking Committee met Four times during the year as at 15.05.2018, 10.08.2018, 06.12.2018 & 16.03.2019 respectively. Necessary Quorum was present throughout the meetings and Mr.T Sudhakar Pai acts as the chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

9. RISK MANAGEMENT COMMITTEE (“RMC”)

The Company has constituted a Risk Management Committee on November 5, 2015 for effective risk assessment and minimization procedures which are reviewed by the members periodically. The procedures comprise of an in-house exercise on Risk Management carried out periodically by the Company; including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time. The structure also comprises of risk identification and assessment by the concerned departments, identification of controls / mitigation process in place, updating of Risk registers by various departments, if required. The RMC deliberates extensively on the structure and identifies risks to ensure timely actions.

a. Term of reference;

The terms of reference of the RMC inter-alia includes the following:

1. Managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
2. Setting up internal processes and systems to control the implementation of action plans;
3. Regularly monitoring and evaluating the performance of management managing risk;
4. Providing management and employees with the necessary tools and resources to identify and manage risks;
5. Regularly reviewing and updating the current list of material business risks; and
6. Regularly reporting to the Board on the status of material business risks.

b. Composition and Attendance during the year;

The composition of the RMC and the details of the Meetings attended by the Directors during the year are given below:

Name	Category/ Designation	No. of meetings	
		Held during the Year	Attended
Mr.T Sudhakar Pai	Non Independent, Executive	2	2
Sri. S.Ananthanarayanan	Independent, Non- Executive	2	2
Mr.Shambhu Kumar Bhotika	Chief Financial officer ("CFO")	2	2

The RMC Committee met twice during the year, on 10.08.2018 & 16.03.2019 respectively. Necessary Quorum was present throughout the meetings and Mr.T Sudhakar Pai acts as the chairperson to the meeting and Company Secretary acts as secretary to the meeting.

10. GENERAL BODY MEETINGS

A. Particulars of past three Annual General Meetings of the Company:

Year	Date	Venue	Summary of special resolution(s) passed if any,	Time
2018	20.09.2018	"GMS Banquet Hall" Sitladevi Building, 1 st Floor, D.N. Nagar, Opp. Indian oil Nagar on link road, Andheri (West) Mumbai-400053	To issue of Bonus shares	4.00 P.M.
2017	27.09.2017	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri (East), Mumbai-400059	Alteration in the Memorandum of Association ("MOA") Adoption of New set of MOA Re-appointment of Mr.T Sudhakar Pai as Managing Director	11.00 A.M.
2016	27.09.2016	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri (East), Mumbai-400059	There was no special resolution passed in this meeting	11.00 A.M.

All resolutions moved at the last Annual General Meeting held on 20.09.2018 were passed by the requisite majority of shareholders except as above which was approved through Special resolution.

B. Extra ordinary General Meeting

There was No EoGM held during the year.

C. Postal Ballot

No resolution was put to vote through postal ballot during the financial year 2018-2019. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

II. DISCLOSURES

A. Related Party Transactions

All the transactions entered into with Related Parties as per the Companies Act, 2013 during the Financial Year 2018-19 were in ordinary course of business and on an arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. Further, there was no material related party transaction which required shareholder's approval. The required statements / disclosures with respect to the related party transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the Accounting Standard-18 have been made in notes to the Financial Statements. Further, the Company has not entered into any transaction of material nature with Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interest of the Company.

B. Disclosure of accounting treatment in preparation of Financial Statements

The Company has followed the Guidelines of Accounting Standards notified under the Act and laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

C. Management Discussion and Analysis Report.

The management discussion and analysis report is provided as annexure to the Directors Report.

D. Details of non-compliance with regard to capital market.

Your Company is not listed hence it is not required to give any disclosure under this heading.

E. Whistle-Blower Policy/Vigil Mechanism

The Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

F. Risk management Framework.

The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews through Risk Management Committee to ensure that critical risks are controlled by the management. The details of the Risk Management Committee are provided elsewhere in this Report and details of Risk Management Framework are provided in Director's Report.

12. GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

Day & Date	Time	Venue
Friday, the 27 th day of September, 2019	3.00 P.M.	"GMS Banquet Hall" Sitladevi Building, 1 st Floor, D.N. Nagar, Opp. Indian oil Nagar on link road, Andheri (West) Mumbai-400053

B. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 20th September, 2019 to 27th September, 2019 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

D. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on 19th day of July, 2019 has recommended final dividend of ₹ 3.0 (i.e., 60%) per equity share of ₹ 5 each. The total outflow towards dividend on equity shares for the year would be ₹ 1315.88 Lakhs (including dividend tax ₹ 224.41 Lakhs) (Previous year ₹ 836.10 Lakhs inclusive of Dividend Tax of ₹ 141.42 Lakhs). The dividend payout is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company and will be paid to those shareholders whose name appear on the register of members of the Company on October 4, 2019 within the time frame as prescribed under Companies Act, 2013.

E. Listing on Stock Exchanges:

Shares of the Company are not listed on any stock exchange.

Payment of Depository Fees

Annual Custody/Issuer fee for the year 2018-19 has been paid by the Company to CDSL & NSDL.

F. Registrar and Share Transfer Agent & Share Transfer System:

M/s. Purva Sharegistry (India) Private Limited is the Registrar and Share Transfer Agent for the shares of the Company in both physical as well as electronic modes. The Company has authorized the Registrar and Transfer Agent to approve and execute transfer and transmission of shares. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Registrar and Share Transfer Agent at the address given below:

Particulars	Purva Sharegistry (India) Private Limited
Contact Person	Ms. Purva Shah
Address	9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai-400011
Phone Nos.	+91-022-2301-6761/2518
Email ID	support@purvashare.com

G. Distribution of Shareholding as on 31st March 2019:

Slab of Shareholding (₹)	No. of Shareholders	% of total	Nominal Value (in ₹)	% of Shareholding
0-5000	891	79.77	1171820	0.64
5001-10000	99	8.86	691635	0.68
10001-20000	53	4.74	728515	0.40
20001-30000	22	1.97	537110	0.30
30001-40000	14	1.25	480570	0.26
40001-50000	6	0.54	276180	0.15
50001-100000	17	1.52	1172015	0.64
100001 and above	15	1.34	176854120	97.22
Total	1117	100.00	181911965	100.00

H. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Promoters	2	0.00	694
Corporate Promoter	1	85.06%	30946755
N.R.I	27	0.36	132594
Bodies Corporate	25	0.22	78706
Clearing Members	1	0.01	2821
LLP	5	0.07	26228
Individuals	1008	4.10	1488818
Foreign Corporate Bodies	1	6.47	2354086
Trust	2	3.64	1324457
Hindu Undivided Family	45	0.07	27234
Total	1117	100.00	36382393

J. Dematerialization of shares and liquidity:

Percentage of shares held in physical and dematerialized form as on 31st March, 2019:

Physical form : 0.00%
 Electronic form with NSDL & CDSL : 100.00%

K. Factories Locations

All factories location is mentioned on the first page of this Annual report.

L. Address for Correspondence:

The shareholders may send their grievances/ queries to the Registrar and Share Transfer Agent at their Address mentioned elsewhere in this report or to the Company at:

- I. Secretarial Department
 Kurlon Enterprise Limited,
 N-301, 3rd Floor, Front Wing, North Block,
 Manipal Centre, 47, Dickenson Road,
 Bangalore-560042.
 e-mail: secretary@kurlon.org

M. Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund

Company is regular in depositing the declared dividend to shareholders account.

For and on Behalf of the Board
 For **Kurlon Enterprise Limited**

Date: 19.07.2019
 Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“D”

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Every minutes about 5 homes in India buy Kurlon Mattress and we aim to make more and more people have a good night's sleep on Kurlon and have happy and healthy life.

Kurlon with humble beginning in 1962, today is spread across over 150 cities and is possibly only Company reaching consumers directly through its Exclusive dealers, retailers to over 1.3 million consumer every year and the numbers are growing. We have logistics network of 12 factories, 4 Regional distribution centers, and over 70 area branch/regional office, which are manned by team over 2000 trained professionals.

Kurlon.com is operational and we expect to reach e-commerce savvy consumers directly without competing with our existing business, focusing on digital marketing to grow E-Com channel.

Kurlon Exclusive stores over 1500 in numbers, are being judiciously spread under various formats so as to give enhanced mattress and “beyond shopping” experience to consumers.

Vision & Mission:

Kurl-on sustain Brand leadership with highest Consumer delight through our World class Manufacturing Process , Innovation and healthy workplace practices. With these values, we believe in delivering **Growth & Wealth** to stake holders and ultimate satisfaction to our consumers.

We are known for :-

- * Our Brand – Kurlon
- * Entrepreneurial Drive
- * Lean & Simple
- * Consumer Focus.

India Economic Growth

With GST fully in the place, Stable government , Digitisation drive, economy will support major industries sector to grow.

India's economy is projected to grow at 7.1 per cent in fiscal year 2020 on the back of strong domestic consumption and investment but the GDP growth is a downward revision from the 7.4 per cent estimated in January this year, according to a report by the United Nations.

The World Economic Situation and Prospects (WESP) 2019 Mid-year Update, released here Tuesday, said that the Indian economy, which generates two-thirds of the regional output in South Asia, expanded by 7.2 per cent..

I. Industry Overview:

The mattress industry is expected to be around ₹ 90-100 bn, more than 65 % industry is un-organized .While there is strong movement towards organized markets, government initiative such as GST & Stable government would drive this acceleration further.

The sector is growing at the rate of 7-8% ,We are also witnessing some shift towards low end mattresses driving volumes as millions of Indians cross the poverty line every year and upgrade their lifestyle with high inspirational of brand, comfort and health.While we wish to take the low end opportunity, we are careful in ensuring that the our margins are not affected due to cannibalization. Small housing , Rapid Urbanization , Housing growth , Increase in disposable income ,Travel & Hospitality sector growth are some of the growth drivers contributing to the sustained growth of Industry

Performance: - During the FY 2018-19, the Company achieved revenue from its operations of ₹111,298.78 Lakhs. Growth is Primary driven by both, Metro Cities and urban areas. Our Growth trend is in sync with the general growth trends of India. We have also registered healthy growth across Modern Trade, Ecommerce.

Retail stores count of the Company moved to over 1300 stores including 90 Company owned and Company Operated stores (“COCO”) and we are learning consumer response which would help to perfect our strategy in coming days.

Foam market which is expected to be around 55-65 bn. reduction in the raw material price has resulted into reduced selling price. However, our contribution is positive.

Your Company’s distribution network and brand name is well suited for marketing its product. Mattress requires high consultative selling; the dealer has a very high influence on converting the customer to our brand by reaching out to such dealers, training them on the features of each of the mattress and ensuring high quality of reiteration to the customer & achievement of higher bill size per customer. People are becoming more health conscious and aspiring luxury lifestyle; there is an evident rise in the awareness of the relation between good sleep and a good quality mattress especially among the youth.

2. Outlook on opportunities, threats, risks and concerns:

In general, any slowdown in overall market scenario increase in the price of raw material, Housing Sector growth, Hospitality segment, natural calamities especially during the high season times may have impact on the performance of the company.

We are in the process of acquisition Indian License of US Based bedding products manufacturer “Spring Air”. The proposed acquisition covers Spring Air’s operations across India, Bangladesh, Nepal and Pakistan. The acquisition is expected to strengthen Kurlon’s Presence in the premium-to- Luxury bedding segment enabling the Company to tap the fast growing demand from 5 star hotels to retail consumers. The Spring Air and Englander brand of mattresses will be sold separately as an international brand. With proposed acquisition Kurlon is looking at 2000 Crs revenue mark in coming 2 years.

Risk Mitigation

Direct Retail Opportunities: - Company has done significant process in expanding direct retail network of COCO stores, in such a way that it would help to gain more market share without affecting the performance of the company existing business. We are monitoring the performance of the stores to ensure that there is no loss @ Group level out of direct retail operations.

Impact of GST:- We feel GST would positively impact the organized players from cost point of view enabling movement of Consumer from un-branding to branded market segment.

Launch of new Products:- Kurl-on plan to launch new products both across low and high end category in order to gain more market share and the throughput for the company.

Long term opportunity:- Over 75 % of the country’s Population do not sleep on organized mattress, we feel this itself is an opportunity over long term.

Health Awareness:- Company strives to help driving growth further.

Top Sleep:- Launch of “Top Sleep” to ensure that unorganized segment is countered with a product price for the super low end “aspirational” customers.

3. Internal Control System & Adequacy:

The Company has an adequate system of internal controls commensurate with the size and nature of business of the company designed to provide reasonable assurance that assets are safeguarded; transactions are executed in accordance with the management's authorization and properly recorded. Accounting records are adequate for preparation of Financial Statements and other financial information. Internal audit is conducted on a continuous basis to ascertain the adequacy and effectiveness of internal control systems. Their observations are reviewed by the Senior Management and the Audit Committee.

4. Financial Performance:

During the Current year, Net revenue from operations of the Company, on standalone basis, increased from ₹ 109239.79 Lakhs to ₹ 111,298.78 Lakhs registering a growth of 1.88% over the last year. The Profit after tax for the current year decreased by 1.46% to ₹8291.10 Lakhs as against the profit after tax of ₹8414.39 Lakhs of last year. During the previous year 2017-18, your Company had one time income in the form of insurance claim received against the fire in its Uttaranchal Plant few years back amounting to ₹778.24 Lakhs excluding this one-time income, the profit after tax would be ₹8291.10 Lakhs for the current year and ₹7824.64 Lakhs for last year, a growth of 5.96%. On consolidated basis, the group has achieved revenue of ₹111,630.08 Lakhs which is 1.96% higher than previous years and profit after tax ₹ 7401.35 Lakhs.

5. Material Development in Human resources:

Human capital being the most crucial asset of the Company, the Company has to continue to invest in the development of its employees, which is very important for ensuring sustained high performance. The Company is in the process of strengthening and introducing a system that would enable employees to track their own progress as well as bring up issues that concerns them and the company for better performance. The industrial relation continued to remain cordial throughout the year.

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“E”**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31.03.2019****[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,

The Members,

KURLON ENTERPRISE LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KURLON ENTERPRISE LIMITED (CIN: U36101MH2011PLC222657) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED for the financial year ended on 31.03.2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The Industry specific laws applicable to the Company are as follows:
 - Legal Metrology Act, 2009,
 - The Legal Metrology(Packaged Commodities) Rule 2011
 - Consumer Protection Act, 1986

(I) Employer/Employee Related laws & Rules:

- i. The Factories Act, 1948
- ii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iii. The Apprentices Act, 1961
- iv. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- v. The Employees State Insurance Act, 1948

- vi. The Workmen's Compensation Act, 1923
- vii. The Maternity Benefits Act, 1961
- viii. The Payment of Gratuity Act, 1972
- ix. The Payment of Bonus Act, 1965
- x. The Industrial Disputes Act, 1947
- xi. The Trade Unions Act, 1926
- xii. The Payment of Wages Act, 1936
- xiii. The Minimum Wages Act, 1948
- xiv. The Child Labour (Regulation & Abolition) Act, 1970
- xv. The Contract Labour (Regulation & Abolition) Act, 1970
- xvi. The Industrial Employment (Standing Orders) Act, 1946
- xvii. Equal Remuneration Act, 1976
- xxiii. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xix. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xx. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxi. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxii. Dangerous Machines (Regulation) Act, 1983
- xxiii. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxiv. The Labour Welfare Fund Act, 1965
- xxv. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxvi. For majority of Central Labour Laws the respective States have introduced Rules [names of each of the Rules is not included here]

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Air (Prevention & Control of Pollution) Act, 1981
- iv. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

(3) Economic/Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930

- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above as may be applicable during the year under review. Certain non-material findings made during the course of the audit relating to the provisions of Companies Act, Secretarial Standards, Labour Laws were addressed suitably by the Management.

Following observations were made during the audit:

- *FCGPR is not filed with RBI pursuant to issue of Bonus shares.*
- *Some of the Provisions of Secretarial Standards on Board and General Meeting i.e., SS-1 and SS-2 need to be taken care by the Company..*

Further I report that with regard to financial and taxation matters, I have relied on the Audit Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such instance.

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

Date: 11.07.2019

Place: Bangalore

(Parameshwar G. Bhat)
FCS No.: 8860
C P No.: 11004

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

Annexure

My report of even date is to be read along with this letter:

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act and GST Act.
4. Wherever required, the Company has represented about the compliances of laws, rules and regulations and happenings of events etc as applicable from time to time.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bangalore

Date: 11.07.2019

(Parameshwar G. Bhat)

FCS No.: 8860

C P No.: 11004

Corporate

Social

CSR ACTIVITY



Kohima Orphanage, Kohima

ANNUAL REPORT ON CSR ACTIVITIES

I. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors (the 'Board') of "Kurlon" has adopted a CSR policy, which includes.

- To direct Kurlon's CSR Programs, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.
- To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development.
- To engage in affirmative action / interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society.

- To pursue CSR Programs primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact.
- To carry out CSR Programs in relevant local areas to fulfill commitments arising from requests by government / regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates.
- To carry out activities at the time of natural calamity or engage in Disaster Management system.
- To contribute to the Prime Minister' National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women.
- To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government.

Sunbird Hostel, Ijeirong





Khomunnom Village, Manipur

CSR ACTIVITY



Mercy Home, Churachandpur

3. Average Net Profit of the Company for last three Financial Years.

2015-2016	: 6957.04
2016-2017	: 9144.79
2017-2018	: 13153.81

Average for the last three financial years: 9751.88 Lakhs

4. Prescribed CSR Expenditure (Two percent of the amounts in item 3 above)

2% of Average	: 195.04 Lakhs
---------------	----------------

- i. To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognized as CSR activity.
- j. To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

2. The Composition of the CSR Committee.

Mrs. Jaya S. Pai	: Chairman
Dr. Nitin G. Khot	: Member
Sri. S. Ananthanarayanan	: Member
Mr. Amit Choudhary (upto 10-08-2018)	: Member
Mr. Vishal Tulsyan (w.e.f. 10-08-2018)	: Member



Amang Family



Happiness Home, Churachandpur

5. Details of CSR Spent during the Financial Year.

- a. Total amount spent for the financial year 2018-19: Rs. 195.11 Lakhs (inclusive unspent amount of Rs. 0.07 Lacs of previous year)
- b. Amount unspent, if any: 0.12 Lakhs
- c. Manner in which the amount spent during the financial year is detailed below.



John Grandmother

Sr. No.	CSR Project or Activity	Sector in which Project is Covered	Areas Where Project Was Implemented	Amount Outlay (Budget)	Amount Spent on the Projects or Programs	Cumulative Expenditure up to the Reporting Period	Amount Spent Direct or through Implementing Agency
1	Donation	Donation to the Corpus of Trust / Society / Section 8 Companies	New Delhi & Mumbai	195.04 Lakhs	12.00	194.99 Lakhs	Direct
2	Providing Health Care & Education support to villages.	Promotion of Education and providing aids to underprivileged children.	Bangalore and Nagaland		148.53		Direct
3	Contribution to Kerala Flood Victims	Rehabilitation	Bangalore		28.67		Through Implementing Agency
4	Up-gradation and renovation of "Primary Health Care" Center	Promotion of Health Care	Bangalore and Guwahati		5.79		Direct



Parijat Academy, Guwahati



Happiness Home, Churachandpur

6. Reason / Justification for not spending Prescribed CSR expenditure if any:

The Company is endeavoured to ensure full utilization of the allocated CSR budget. However, There is a minor shortfall of 12,000/- (Rupees Twelve Thousand Only) budget verses actual spending due to rounding off which is neither willful nor intentional, during the period under review. This Amount of the shortfall will be spent by the Company in next financial year along with the CSR budget for the Financial Year 2019-20.

7. Responsibility Statement.

The responsibility statement of the Corporate Social Responsibility (CSR) committee of the Board of Directors of the company is reproduced below.

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the company.

Sd/-
(T. Sudhakar Pai)
Managing Director

Sd/-
(Jaya S. Pai)
Chairman of CSR Committee

ANNEXURE-“G”

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

CIN	U36101MH2011PLC222657
Registration Date	03.10.2011
Name of the Company	Kurlon Enterprise Limited
Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
Address of the Registered office & contact details	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri (East), Mumbai-400059
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Purva Sharegistry (India) Private Limited Ms. Purva Shah 9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai-400011 +91-022-2301-6761/2518 support@purvashare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mattresses/Pillows/Foam/Sofa & Furniture	31005	99.04%

III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of shares held	Applicable section
1	Kurlon Limited	U17214KA1962PLC001443	Holding Company	85.06	2(46)
2.	Kurlon Retail Limited	U36104KA2012PLC065664	Wholly Owned Subsidiary	100.00	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As at 31-March-2018]				No. of Shares held at the end of the year [As at 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	141946	768	142714	0.51	694	0	694	0.00	-0.51
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	23323357	0	23323357	83.94	30946755	0	30946755	85.06	+1.12
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	23465303	768	23466071	84.45	30947449	0	30947449	85.06	+0.61
(2) Foreign									
a) NRI/Foreign individual	0	0	0	0.00	0	0	0	0.00	0.00
b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d) QII	0	0	0	0.00	0	0	0	0.00	0.00
e) any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of promoters and promoters group (A)=(A)(1)+(A)(2)	23465303	768	23466071	84.45	30947449	0	30947449	85.06	+0.61
B. Public Shareholding									
I. Institutions									
a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(I):-	0	0	0	0.00	0	0	0	0.00	0.00

2. Non-Institutions									
a) Bodies Corp.	71055	0	71055	0.26	78706	0	78706	0.22	-0.04
b) Individuals									
i) Individual shareholders holding nominal share capital up to ` 1 lakh	295684	768	296452	1.07	665548	0	665548	1.83	+0.76
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	224195	0	224195	0.81	461908	0	461908	1.27	+0.46
c). Qualified foreign investor	0	0	0	0.00	0	0	0	0.00	0.00
d) Others:									
i. N.R.I. (Repat & Non-Repat.)	40282	0	40282	0.14	132594	0	132594	0.36	+0.22
ii. Foreign Corporate Bodies	2354086	0	2354086	8.47	2354086	0	2354086	6.47	-2.00
iii. Trust	1324174	0	1324174	4.77	1324457	0	1324457	3.64	-1.13
iv. LLP	0	0	0	0.00	26228	0	26228	0.07	+0.07
v. IEPF	0	0	0	0	0	0	0	0	0
iv. Hindu Undivided Family	9715	0	9715	0.03	27234	0	27234	0.07	+0.04
v. Employee	0	0	0	0.00	361362	0	361362	0.99	+0.99
vi. Clearing Members	1350	0	1350	0.00	2821	0	2821	0.00	0.00
Sub-total (B)(2):-	4320541	768	4321309	15.55	5434944	0	5434944	14.94	-0.61
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4320541	768	4321309	15.56	5434944	0	5434944	14.94	-0.61
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	27785844	1536	27787380	100.01	36382393	0	36382393	100.00	0.00

B. Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mrs Jaya S Pai	256	0.00	0.00	347	0.00	0.00	0.00
2.	Mr.T Sudhakar Pai	256	0.00	0.00	347	0.00	0.00	0.00
3.	Kurlon Limited	23323357	83.94	0.00	30946755	85.06	0.00	+1.12

C. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mrs. JAYA S PAI				
	At the beginning of the year	256	0.00%	256	0.00%
	Add: Bonus allotment			+91	0.00%
	At the end of the year			347	0.00%
2.	Mr. T SUDHAKAR PAI				
	At the beginning of the year	256	0.00%	256	0.00%
	Add: Bonus Allotment			+91	0.00%
	At the end of the year			347	0.00%
3.	KURLON LIMITED				
	At the beginning of the year	23323357	64.11%	23323357	64.11%
	Less: Sold during the year			(611698)	-1.68%
	Add: Bonus Allotment			8099446	22.26%
	Add: shares returned during the year			135650	0.37%
	At the end of the year			30946755	85.06%

C. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	INDIA BUSINESS EXCELLENCE FUND IIA				
	At the beginning of the year	2354086	6.47%	2354086	6.47%
	Note: Shareholding of the IBEF-II has been diluted to the extent of 2% due to bonus allotment from 8.47% to 6.47%				
	At the end of the year			2354086	6.47%
2.	IL AND FS TRUST COMPANY LTD (TRUSTEE OF BUSINESS EXCELLENCE TRUST II - INDIA BUSINESS EXCELLENCE FUND II)				
	At the beginning of the year	1324174	3.64%	1324174	3.64%
	Note: Shareholding of the IL and FS Trust Company Ltd (Trustee) has been diluted to the extent of 1.13% due to bonus allotment from 4.77% to 3.64%				
	At the end of the year			1324174	3.64%

3.	Mr. NARENDRA KUDVA				
	At the beginning of the year	22988	0.06%	22988	0.06%
	Add: Bonus Allotment			97499	0.27%
				42953	0.22%
	At the end of the year			163440	0.45%
4.	Mr. M DINESH KUDVA				
	At the beginning of the year	100111	0.28%	100111	0.28%
	Less: Sold during the year			(5000)	-0.02%
	Add: Bonus Allotment			33907	0.09%
	At the end of the year			129018	0.35%
5.	Mr. VIRAF F CHINOY				
	At the beginning of the year	0	0.00%	0	0.00%
	Add: Purchased during the year			37000	0.10%
	Add: Bonus Allotment			13190	0.04%
	At the end of the year			50190	0.14%
6.	Mr. ARJUN KUDVA				
	At the beginning of the year	24152	0.07%	24152	0.07%
	Add: Bonus Allotment			8610	0.02%
	At the end of the year			32762	0.09%
7.	Mrs. VINUJA KUDVA				
	At the beginning of the year	51296	0.14%	51296	0.14%
	Less: Sold during the year			(30000)	-0.08%
	Add: Bonus Allotment			7592	0.02%
	At the end of the year			28888	0.08%
8.	Ms. VEDA KUDVA				
	At the beginning of the year	25648	0.07%	25648	0.07%
	Less: Sold during the year			(5000)	-0.01%
	Add: Bonus Allotment			7361	0.02%
	At the end of the year			28009	0.08%
9.	Mr. CHIRAG HEMANTKUMAR PATEL				
	At the beginning of the year	0	0.00%	0	0.00%
	Add: Purchased During the Year			20000	0.05%
	Add: Bonus Allotment			7130	0.02%
	At the end of the year			27130	0.07%
10.	Mr. MANGALORE SUBRAYA KAMATH				
	At the beginning of the year	1068	0.00%	1068	0.00%
	Add: Purchased During the Year			17092	0.05%
	Add: Bonus Allotment			6474	0.02%
	At the end of the year			24634	0.07%

D. Shareholding of Directors and Key Managerial Personnel;

SI No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mrs. JAYA S PAI*				
	At the beginning of the year	256	0.00%	256	0.00%
	Add: Bonus allotment			91	0.00%
	At the end of the year			347	0.00%
2.	Dr. NITIN G KHOT**				
	At the beginning of the year	142202	0.39%	142202	0.39%
	Add: Bonus Allotment			50694	0.14%
	At the end of the year			192896	0.53%
3.	Mr.T SUDHAKAR PAI*				
	At the beginning of the year	256	0.00%	256	0.00%
	Add: Bonus Allotment			91	0.00%
	At the end of the year			347	0.00%
4.	Sri. SANANTHANARAYANAN				
	At the beginning of the year	1603	0.00%	1603	0.00%
	Add: Bonus Allotment			571	0.00%
	At the end of the year			2174	0.00%
4.	Mr. MONU KUMAR				
	At the beginning of the year	0	0.00%	0	0.00%
	Add: Purchased during the year			100	0.00%
	Add: Bonus Allotment			35	0.00%
	At the end of the year			135	0.00%

*Holding on behalf of Kurlon Limited as nominee.

**Inclusive of 347 shares holding on behalf of Kurlon Limited as nominee.

V. INDEBTEDNESS;

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	377.75	1,124.88	-	1502.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	377.75	1,124.88	-	1502.63
Change in Indebtedness during the financial year				
* Addition	672.21	-	-	672.21
* Reduction	(377.75)	(428.88)	-	(806.63)
Net Change	294.46	(428.88)	-	(134.42)
Indebtedness at the end of the financial year				
i) Principal Amount	672.21	696.00	-	1,368.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	672.21	696.00	-	1,368.21

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No..	Particulars of Remuneration	Mr.T Sudhakar Pai Managing Director
1	Gross salary(in lakhs)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	70.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.62
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission/incentive - as % of profit - others, specify...	411.37
5	Others, please specify	
	Total (A)	485.99
	Ceiling as per the Act	685.61

b. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (in ₹)
1	Independent Directors	Sri. S. Ananthnarayanan	Dr. Nitin G Khot	
	Fee for attending board & committee meetings (inclusive of service tax and other allowances)	64200	87280	151480
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	64200	87280	151480
2	Other Non-Executive Directors		Mrs. Jaya S Pai	
	Fee for attending board committee meetings (inclusive of service tax and other allowances)		82680	82680
	Commission		-	-
	Others, please specify		-	-
Total (2)		82680	82680	
	Total (B)=(1+2)		-	234160
	Total Managerial Remuneration (in Lakhs)		-	488.33
	Overall Ceiling as per the Act			685.61

c. Remuneration to key managerial personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Monu Kumar (Company Secretary)	Mr. Shambhu Kumar Bhotika (CFO)	Total
1	Gross salary(in lakh)			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.89	26.19	32.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify Being consultancy fees paid	-	-	-
	Total	5.89	26.19	32.08

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“H”

In formation as per clause (m) of subsection 134 of the companies act, 2013 read with rule 8 of the Companies (Accounts) rules, 2014 and forming part of the Director’s report for the year ended March 31, 2019.

A. Conservation of Energy

The Company accords great importance to conservation of energy. The Company is committed to optimizing use of energy in operations and also brings about continuous improvements in the efficiency of processes and products through use of energy efficient and renewable energy technology.

(i)	The steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. In place of Furnace oil, Piped Natural gas (Gail gas) connected Boiler for steam generation. The steam to fuel ratio has increased to 40% and the steam cost per kg has dropped by 15% 2. Installed the MFM (Schneider make) to each feeders of 630KVA substation to monitor the individual feeder power consumption on daily basis, which help us in energy conservation 3. Electrical energy audit was conducted on 08.06.2018 by M/S Transcal and details study is made on the power quality and harmonics, based on the report, Passive filters is installed in series with capacitor bank at 630KVA substation in order to reduce the total current harmonics (TCH) and total voltage harmonics (TVH) within the permissible limit prescribed by IEE(15% TCH & 5% TVH). 4. Installed 500 KW of Solar power in all the plants put together reducing the electricity load by 40%. 5. Replaced the 40KVA DG by 40KVA UPS for foam production unit and avoided totally running of DG. Cost saving around 4lakh/year. 6. Proposed the 20KW refrigeration unit (Make: Blustar, application: cold room, 80000 btu/hr) instead of 45kw of existing Duct ac for chemical tank room which consumes only 50% of the power consumption. 7. 300 nos of 36W florescent tube lights are replaced by 20W LED tube lights. 8. 120KVA ups unit (Make: UBM auto power pvt ltd) received for Laader berg production machine to avoid the 320KVA DG running while foam production. It helps us to decrease the diesel consumption in plant to the tune of approx. ₹ 10 lacs per annum. 9. Training the employees on energy conservation measures, environmental issues 10. Planted more than 1500 trees during the year as a part of green initiatives.
(ii)	The steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> 1. Changed over from furnace oil to piped natural gas. 2. Proposal is being considered for 1 MW Solar power Plant at our BBSR, Analpatna plant.
(iii)	The capital investment on energy conservation equipment’s	<ol style="list-style-type: none"> 1. ₹ 13 lakhs invested on LT panel at 630KVA substation. 2. ₹ 4.5 Lakhs investment made on the 40KVA UPS at foam unit.

B. Technology absorption

(i)	The efforts made towards technology absorption	<ol style="list-style-type: none"> Semi -Automatic color machine installed for PU paste and polyol mixing. Replaced the Analog control of tunnel drier blower fan drive by digital control. Double Duty-6 Pump is installed near tunnel drier for the easy removal of condensation from the process and to avoid back pressure. There by the effective heating of fleece is achieved.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> Foam yield has increased from 78.5% to 80.3% The Incorporation of Solar is giving a benefit of 30 lakhs per annum
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Imported STR8 technology machine for BBSR plant.
	(a) the details of technology imported	Material developed is an alternate technology to make a mattress
	(b) the year of import;	2019
	(c) whether the technology been fully absorbed	Yes
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
(iv)	The expenditure incurred on Research and Development	Approx ₹10 lakhs on the online Spring pad fabrication.

C. Foreign Exchange Earnings and Outgo

	(₹ in Lakhs)	
	2018-2019	2017-2018
Total foreign exchange inflow	102.84	129.41
Total foreign exchange outflow	6996.51	8663.37

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF KURLON ENTERPRISE LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

1.0 Opinion

We have audited the accompanying standalone financial statements of **KURLON ENTERPRISE LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

2.0 Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Standalone 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) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

3.0 Information Other than the Financial Statements and Auditor’s Report Thereon

- The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Director’s Report including Annexure to the Director’s Report, but does not include the consolidated financial statements, standalone financial statements and our auditor’s report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

4.0 Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company

in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

5.0 Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 financial 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

6.0 Report on Other Legal and Regulatory Requirements

6.1 As required by Section 143(3) of the Act, based on our audit we report hat:

- 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other 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 explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

6.2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No. 008072S

Place : Bangalore
Date : 19.07.2019
UDIN#: I9204108AAAACO6878

S. Ganesh
Partner
Membership No. 204108

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 6.1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **KURLON ENTERPRISE LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells

Chartered Accountants

Firm's Registration No. 008072S

Place : Bangalore

Date : 19.07.2019

UDIN#: I9204108AAAACO6878

S. Ganesh

Partner

Membership No. 204108

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 6.2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with the programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

In respect of the building constructed on the leased land, the lease agreement is in the name of the Company where the Company is the lessee in the agreement.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations
- (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Excise Duty, Value Added Tax and Sales Tax and which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount* involved (₹ In lakhs)
Central Excise Act, 1944	Excise duty	Central Excise & Service Tax Appellate Tribunal	2011-14	2212.12
Value Added Tax, Sales Tax and Entry Tax - Various states	Value Added Tax, Sales Tax and Entry Tax - Various states	Appellate Tribunal	2014-15	14.62
			2015-16	1.44
		The Joint Commissioner - Commercial Taxes	2014-15	149.45
			2015-16	3.72
			2016-17	1.95

*₹ 816.09 lakhs has been paid as advance against the demands/appeals.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company does not have any borrowings from the government and has not issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of the Holding Company, subsidiary or associated company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No. 008072S

Place : Bangalore
Date : 19.07.2019
UDIN#: 19204108AAAACO6878

S. Ganesh
Partner
Membership No. 204108

STANDALONE BALANCE SHEET AS AT MARCH 31, 2019
₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3a	17,230.86	17,910.73
(b) Capital work-in-progress	4	2,276.05	587.43
(c) Other Intangible assets	3b	627.19	554.20
(d) Financial Assets			
(i) Investments	5	760.00	1.00
(ii) Loans	7	868.46	753.88
(e) Other Non-Current Assets	8	2,800.82	1,422.26
Total Non - Current Assets		24,563.38	21,229.50
Current assets			
(a) Inventories	9	10,602.80	9,678.72
(b) Financial Assets			
(i) Investments	5	3,726.71	1,889.53
(ii) Trade Receivables	6	11,180.83	11,985.27
(iii) Cash and Cash equivalents	10	2,869.26	4,109.32
(iv) Other bank balances	10	132.65	210.29
(c) Other Current Assets	8	9,350.44	6,145.29
Total Current Assets		37,862.69	34,018.42
Total Assets		62,426.07	55,247.93
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	1,819.12	1,389.37
(b) Other Equity	12	37,069.79	29,917.77
Total equity		38,888.91	31,307.14
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Other Financial Liabilities	15	6,054.90	5,638.35
(b) Provisions	14	409.42	409.42
(c) Deferred tax liabilities (Net)	18.a	2,077.58	1,948.08
Total Non - Current Liabilities		8,541.90	7,995.85
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,368.21	1,502.64
(ii) Trade payables	13		
(A) Total outstanding dues of micro enterprises and small enterprises		100.65	160.78
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		10,988.19	11,717.46
(iii) Other financial Liabilities	15	49.45	53.82
(b) Other Current Liabilities	17	949.27	441.88
(c) Provisions	14	409.42	409.42
(d) Current Tax Liabilities (Net)	18b	1,130.07	1,658.95
Total Current Liabilities		14,995.26	15,944.94
Total Equity and Liabilities		62,426.07	55,247.93

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For and on behalf of the Board of Directors
For Deloitte Haskins & Sells
 Chartered Accountants
 (Firm's Registration No. 008072S)

T. Sudhakar Pai
 Managing Director
 DIN-00043298

Dr. Nitin G Khot
 Director
 DIN-00030613

S. Ganesh
 Partner
 Membership No. 204108

Shambhu Kumar Bhotika
 Chief Financial Officer

Monu Kumar
 Company Secretary

 Place : Bangalore
 Date: July 19, 2019

 Place : Bangalore
 Date: July 19, 2019

STATEMENT OF STANDALONE PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from Operations	19	111,298.78	1,10,570.37
Other Income	20	1,068.99	1,243.76
Total Revenue		112,367.77	1,11,814.13
EXPENSES			
Cost of Materials Consumed	21.a	43,322.45	45,990.94
Purchases of stock in trade	21.b	15,561.08	13,788.90
Changes in inventories of finished goods, stock in trade and work-in-progress	21.c	(1,001.50)	(961.46)
Excise duty on Sale of goods	22	-	1,330.58
Employee Benefit Expense	23	6,453.73	6,137.39
Finance Costs	24	479.55	404.63
Depreciation and amortisation expense	25	1,822.61	1,434.88
Other expenses	26	32,998.51	30,534.46
Total Expenses		99,636.43	98,660.32
Profit before tax		12,731.34	13,153.81
Tax Expense			
Current Tax	27	4,333.93	4,260.97
Tax credit of earlier years		(23.19)	-
Deferred tax	27	129.50	478.45
		4,440.24	4,739.42
Profit for the year		8,291.10	8,414.39
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Re-measurements of the defined benefit plans (gain / (loss))		190.89	(22.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(66.07)	7.65
Total Other Comprehensive Income		124.82	(14.44)
Total comprehensive income for the year		8,415.92	8,399.95
Earnings per equity share			
(1) Basic	28	23.13	30.23
(2) Diluted	28	23.13	29.83

See accompanying notes forming part of the standalone financial statements
In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

T. Sudhakar Pai
Managing Director
DIN-00043298

Dr. Nitin G Khot
Director
DIN-00030613

S. Ganesh
Partner
Membership No. 204108

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
A. Cash Flows from Operating Activities		
Profit for the year	8,291.10	8,414.39
Adjustments for		
Income tax expense recognised in profit or loss	4,440.24	4,739.42
(Gain)/ Loss on disposal of Property, Plant and Equipment	(1.19)	3.23
Insurance claim received on Property, Plant and Equipment	(42.60)	(612.62)
Advance written back	(95.58)	-
Liability written back	(84.68)	-
Bad debts written off	7.94	-
Interest on mutual fund	(280.41)	-
Depreciation and Amortisation	1,822.61	1,434.91
Interest Income from Deposit	(149.27)	(55.17)
Dividend Income	(31.72)	(6.94)
Net (gain)/loss recorded in Profit or Loss on financial liabilities designated as at fair value through profit or loss	-	(8.41)
Interest expenses	479.55	404.63
Provision for doubtful Trade Receivables and Advances	145.23	55.32
Net foreign exchange (gain)/loss	1.29	12.68
	14,502.51	14,381.44
Movements in working capital:		
(Increase)/Decrease in Loans	(114.59)	(335.37)
(Increase)/Decrease in Trade Receivables	651.27	(3,892.29)
(Increase)/Decrease in Inventories	(924.08)	(1,056.64)
(Increase)/Decrease in Other Current Assets	(2,918.68)	(2,111.41)
(Increase)/Decrease in Other Non Current Assets	(1,378.55)	830.80
Decrease in Trade Payables	(790.70)	2,431.67
Increase/(Decrease) in Non Current Provisions	-	(107.22)
Increase/(Decrease) in Other Non Current financial Liabilities	416.55	583.17
Increase/(Decrease) in Other Current Liabilities	592.07	(1,146.53)
Increase/(Decrease) in Current Provisions	-	107.21
	(4,466.71)	(4,696.61)
Cash flows generated from operating activities	10,035.80	9,684.83
Income taxes paid	(4,905.69)	(3,467.94)
Net cash flow from operating activities (A)	5,130.11	6,216.89
B. Cash flows from investing activities		
Proceeds on sale of Property, Plant and Equipment	12.37	17.19
Insurance claim received	42.60	612.62
Interest received	429.68	55.17
Other Dividends Received	31.72	6.94
(Purchase)/Sale of Investments	(2,596.18)	(1,573.68)
Placed in Bank Deposits not considered as Cash and Cash Equivalents	77.64	3.49
Capital expenditure on Property, plant & Equipment including capital advance	(2,915.49)	(4,329.12)
Net cash flow from / (used in) Investing Activities (B)	(4917.66)	(5,207.39)
C. Cash flows from financing activities		
Proceeds/ (Repayment) of Short term borrowings	(134.43)	1,120.39
Tax on Distributed Profits	(141.42)	(114.40)
Dividends paid to owners of the Company	(692.73)	(561.96)
Interest paid	(483.92)	(279.68)
Net cash flow from / (used in) financing activities (C)	(1,452.50)	164.35
Net increase / decrease in cash and cash equivalents (A+B+C)	(1,240.05)	1,173.86
Cash and cash equivalents at the beginning of the year	4,109.32	2,935.46
Cash and cash equivalents at the end of the year	2,869.26	4,109.32
Reconciliation of Cash & cash equivalents with the Balance Sheet		
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)	132.65	210.29
Cash and cash equivalents as per the Balance Sheet (Refer note 10)	3,001.91	4,319.61

Notes: (*) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the standalone financial statements
In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
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Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

STATEMENT OF STANDALONE CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
a. Equity Share Capital
₹ in Lakhs

Particulars	Amount
Balance as at April 1, 2017	1,123.91
Changes in equity share capital during the year	-
Issue of Bonus Equity Shares	265.46
Balance as at March 31, 2018	1,389.37
Changes in equity share capital during the year	-
Issue of Bonus Equity Shares	429.75
Balance as at March 31, 2019	1,819.12

b. Other Equity
₹ in Lakhs

Particulars	Reserves and Surplus				Total
	Securities premium	Share option outstanding account	General reserve	Retained earnings	
Balance as at April 1, 2017	11,619.58	435.58	1,141.14	9,263.34	22,459.64
Transferred to general reserve	-	-	840.18	(840.18)	-
Profit for the year	-	-	-	8,414.39	8,414.39
Remeasurement of Defined Benefits Plan	-	-	-	(14.44)	(14.44)
Dividends	-	-	-	(561.96)	(561.96)
Tax on dividends	-	-	-	(114.40)	(114.40)
Utilized during the year for issue of bonus share	-	-	(265.46)	-	(265.46)
Balance as at March 31, 2018	11,619.58	435.58	1,715.86	16,146.75	29,917.77
Profit for the year	-	-	-	8,291.10	8,291.10
Remeasurement of Defined Benefits Plan (net of Tax)	-	-	-	124.82	124.82
Dividends	-	-	-	(692.73)	(692.73)
Tax on dividends	-	-	-	(141.42)	(141.42)
Utilized during the year for issue of bonus share	-	-	(429.75)	-	(429.75)
Balance as at March 31, 2019	11,619.58	435.58	1,286.11	23,728.52	37,069.79

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
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NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note	Particulars
1.	<p>Corporate information</p> <p>Kurlon Enterprise Limited was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/ trading in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Bonded Foam, Pillows, Spring Mattresses, Furniture, Furnishings, Sofas etc.</p>
2.	<p>Significant accounting policies</p>
2.1	<p>Statement of compliance</p> <p>These financial statements have been prepared in accordance with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India.</p> <p>Except for the changes below, the Company has consistently applied accounting policies to all periods: The Company has adopted Ind AS 115 ‘Revenue from Contracts with Customers’ with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 ‘Revenue’ and Ind AS 11 ‘Construction Contracts’. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.</p> <p>Appendix B to Ind AS 21 ‘The Effects of Changes in Foreign Exchange Rates’: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.</p>
2.2	<p>Basis of preparation and presentation</p> <p>The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values. Further Defined Benefit Plans and Plan Assets are measured at fair value at the end of each reporting period, as explained in the accounting policies below:-</p> <p>Historical cost is generally based on the fair value of the consideration given in exchange for goods.</p> <p>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, regardless of whether that price is directly observable or estimated using another valuation technique. 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. The principal or the most advantageous market must be accessible by the Company. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability and the assumptions the market participants would consider when pricing the asset or liability at the measurement date, assuming that market participants act in their best economic interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data</p>

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.</p> <p>In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:</p> <p>Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;</p> <p>Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p>Level 3 Inputs are unobservable for the asset or liability.</p>

2.3 Use of estimates and judgement

In preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS, management of the Company has made estimates, judgements and assumptions that affect the application of Accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures relating to contingent liabilities as at the date of the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis

Key source of estimation uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets/liabilities, provision for warranty and other provisions and contingent liabilities.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense prospectively.

Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation arising out of past events and it is probable that an outflow of economic resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimates required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements but are disclosed appropriately. A contingent asset is neither recognized nor disclosed in the financial statements.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.4	<p>Revenue recognition</p> <p>Effective 01 April 2018, the Company adopted IND AS 115, 'Revenue from Contracts with Customers' using the modified retrospective method. In accordance with this, the comparatives have not been retrospectively adjusted and no material impact was recognised.</p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p>Sale of goods</p> <p>Revenue from the sale of goods is recognised when (i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items.</p> <p>Other income</p> <p>Interest income- Interest Income is recognised and accounted on the basis of the effective Interest rate method.</p> <p>Dividend Income- Dividend income is accounted for when the right to receive is established.</p>
2.5	<p>Foreign currencies</p> <p>The functional currency of the Company is Indian Rupees.</p> <p>Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognised in the Statement of Profit and Loss. Non-monetary items of the Company are carried at historical cost.</p>
2.6	<p>Leases</p> <p>Assets leased by the Company in its capacity as a lessee, wherein, substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a corresponding liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.</p>

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term</p> <p>Assets taken on finance lease are capitalized, while lease charges on assets taken on operating lease are expensed.</p>
2.7	<p>Employee benefits</p> <p>Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.</p> <p>Retirement benefit cost and termination benefits</p> <p>Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p>Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:</p> <ul style="list-style-type: none"> - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); - net interest expense or income; and - Remeasurement <p>The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.</p> <p>The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p> <p>A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.</p> <p>Defined contribution plan</p> <p>Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.</p>

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Compensated absences</p> <p>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 recognized at an actuarially determined liability at the present value of the defined benefit obligation as at the balance sheet date.</p>
2.8	<p>Taxation</p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p>Current tax</p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years (Temporary Differences) and items that are never taxable or deductible (Permanent Differences). The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.</p> <p>Deferred tax</p> <p>Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p> <p>Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.</p>

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.9	<p>Property, plant and equipment</p> <p>Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Lease rentals and premium for lease hold are amortized over the primary lease period.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.</p> <p>Capital work in progress</p> <p>Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.</p> <p>The capital work- in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
2.10	<p>Intangible assets</p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p> <p>Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.</p> <p>The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.</p> <p>An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from Derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised/disposed.</p>

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.11	<p>Impairment</p> <p>Financial assets (other than at Fair Value)</p> <p>The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p>Non-financial assets</p> <p>“Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.”</p>
2.12	<p>Inventory</p> <p>Items of inventory are valued at lower of cost and net realizable value. Cost of raw materials, stores and spares, packing material and traded goods is determined on weighted average basis. In case of work-in-process and finished goods, cost includes an appropriate proportion of cost of conversion to bring the goods to its present condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.</p>
2.13	<p>Provisions</p> <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p> <p>Provision for warranty is estimated on the basis of past technical experience.</p>

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.14	<p>Investment in Subsidiaries</p> <p>Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment. Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.</p>
2.15	<p>Financial Instruments</p> <p>Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p>(A) Financial assets</p> <p>Cash and cash equivalents</p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value</p> <p>Financial assets at amortized cost</p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through other comprehensive income (FVTOCI)</p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p>

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Financial assets at fair value through profit and loss (FVTPL)</p> <p>Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.</p> <p>Foreign exchange gains and losses</p> <p>The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and loss.</p> <p>B) Financial liabilities and Equity</p> <p>Financial liabilities at amortized cost</p> <p>Financial liabilities are measured at amortized cost using effective interest method.</p> <p>Equity instruments</p> <p>An equity instrument is contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue costs.</p> <p>Foreign exchange gains and losses</p> <p>For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in "Other income"</p> <p>The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the profit and loss.</p>
2.16	<p>Earnings per share (EPS)</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.</p> <p>Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p>

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p>
2.17	<p>Segment reporting</p> <p>The chief operating decision maker (CODM) identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.</p>
2.18	<p>Research and development</p> <p>All revenue expenditure related to research and development are charged to the respective heads on the Statement of Profit and Loss. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company</p>
2.19	<p>Insurance Claims</p> <p>Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.</p>
2.20	<p>New standards and interpretations not yet adopted</p> <p>i) Ind AS 116 'Leases': On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.</p>

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.</p> <p>iii) Amendment to Ind AS 19 ‘Employee Benefits’: On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019.</p> <p>iv) Amendment to Ind AS 12 ‘Income Taxes’: On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 ‘Income Taxes’. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.</p> <p>The Company is evaluating the effect of the above pronouncements on its financial statements.</p>

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Note No. 3 - Property, Plant and Equipments

(a) Tangible Assets	Particulars	Land Freehold	Land leasehold*	Buildings	Plant & Machinery	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Vehicles Financed	Computer Owned	Total	b) Intangible assets		
												Computer software	Total	
	Gross carrying value													
	As at March 31, 2017	958.55	842.50	3,132.96	14,649.67	1,537.78	376.25	263.52	24.52	315.75	22,101.50	722.73	722.73	
	Additions	15.63	-	424.95	2,525.71	929.43	56.06	7.26	-	98.44	4,057.48	105.77	105.77	
	Disposals	-	-	-	-	-	-	27.79	-	0.68	28.47	-	-	
	As at March 31, 2018	974.18	842.50	3,557.91	17,175.38	2,467.21	432.31	242.99	24.52	413.51	26,130.51	828.50	828.50	
	Additions	-	-	146.34	571.89	151.38	58.58	50.62	-	55.86	1,034.67	192.24	192.24	
	Disposals	-	-	-	-	6.70	0.89	6.75	-	-	14.34	-	-	
	As at March 31, 2019	974.18	842.50	3,704.25	17,747.27	2,611.89	490.00	286.86	24.52	469.37	27,150.84	1,020.74	1,020.74	
	Accumulated Depreciation													
	As at March 31, 2017	-	-	379.47	5,409.08	708.33	161.60	39.63	6.19	205.43	6,909.73	157.51	157.51	
	Additions	-	-	100.64	875.28	179.40	62.36	30.00	2.91	67.50	1,318.09	116.79	116.79	
	Disposals	-	-	-	-	-	-	7.54	-	0.50	8.04	-	-	
	As at March 31, 2018	-	-	480.11	6,284.36	887.73	223.96	62.09	9.10	272.43	8,219.78	274.30	274.30	
	Additions	-	-	115.87	1,175.88	228.62	73.11	31.71	2.91	75.26	1,703.36	119.25	119.25	
	Disposals	-	-	-	-	0.58	0.71	1.87	-	-	3.16	-	-	
	As at March 31, 2019	-	-	595.98	7,460.24	1,115.77	296.36	91.93	12.01	347.69	9,919.98	393.55	393.55	
	Net carrying amount													
	Balance as at March 31, 2019	974.18	842.50	3,108.27	10,287.03	1,496.12	193.64	194.93	12.51	121.68	17,230.86	627.19	627.19	
	Balance as at March 31, 2018	974.18	842.50	3,077.80	10,891.02	1,579.48	208.35	180.90	15.42	141.08	17,910.73	554.20	554.20	

Note: * Lease hold land acquired for a period of 99 years from Gujarat Industrial Area Development Board Refer Note - 16 for information on property, plant and equipment pledged as security by the Company.

Note No. 4 - Capital Work in Progress

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Land	-	0.86
Building	1,367.63	474.15
Plant & Machinery	707.59	88.64
Others	200.83	23.78
	2,276.05	587.43

Note No. 5 - Investment

Particulars	As at March 31, 2019		As at March 31, 2018		
	Nos.	Amounts ₹ in Lakhs	Nos.	Amounts ₹ in Lakhs	Amounts ₹ in Lakhs
		Current		Non Current	Current
A. Cost					
I. Unquoted Investments (all fully paid) (carried at cost)					
Investments in Equity Instruments of subsidiary					
Kurlon Retail Limited (Formerly Kurlon Retail Private Limited) (shares of ₹ 5/- each (As at March 31, 2018 - ₹ 10/- each) fully paid up)	1,51,98,800	-	10,000	-	1.00
III. Investment in Commercial Papers (at amortised cost)					
Cox and Kings Limited	500	2,500.00	-	-	-
Total Unquoted Investments	1,51,99,300	2,500.00	10,000	-	1.00
B. Fair Value Through Profit and Loss					
I. Quoted Investments					
Investments in Mutual funds					
SBI Savings fund - Direct Plan-Growth	-	-	2,72,037	75.61	-
IDBI liquid fund- Direct Plan-Growth	-	-	19,022	353.90	-
Franklin India Low Duration Fund Direct Monthly Dividend Plan	-	-	2,94,671	31.71	-
Franklin India Low Duration Fund - Direct Growth	-	-	70,36,927	1,428.31	-
Franklin India Short Term Income Plan - Retail Plan - Direct - GROWTH	29,238	1,226.71	-	-	-
Total Aggregate Quoted Investments	29,238	1,226.71	76,22,657	1,889.53	-
TOTAL INVESTMENTS CARRYING VALUE (A)	1,52,28,538	3,726.71	76,32,657	1,889.53	1.00
Other Disclosures					
Aggregate amount of Quoted Investments and market value thereof	-	1,226.71	-	1,889.53	-
Aggregate amount of Unquoted Investments	-	2,500.00	-	-	1.00

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 6 - Trade Receivables
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables outstanding for a period of more than 6 months		
(a) Considered Good - unsecured	1,031.27	414.90
(b) which have significant increase in Credit Risk	688.89	543.67
	1,720.16	958.57
Less: Allowance for bad and doubtful trade receivables	688.89	543.67
	1,031.27	414.90
Other Trade Receivables		
(a) Considered Good - unsecured	10,149.56	11,570.37
Total	11,180.83	11,985.27

Note No. 6a - Movement in the Allowance for Doubtful trade receivables
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at beginning of the year	543.67	489.85
Impairment losses recognised in the year based on 12 Month Expected Credit Loss		
On Receivables Originated in the year	314.90	230.40
Amounts written off during the year as uncollectible	-	(55.47)
Amounts Recovered During the year	(169.68)	(121.11)
Balance at End of the year	688.89	543.67

Note No. 7 - Loans
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(Carried at amortised cost)		
a) Security Deposits- Secured, considered good	868.46	747.85
b) Other Loans - unsecured, considered good Loans to Employees	-	6.03
Total	868.46	753.88

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 8 - Other Non-Current and Current Assets
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
(a) Capital advances		
(i) For Land	2,278.44	1,397.46
(i) For Building	303.00	22.33
(ii) For Plant & Machinery	217.91	-
(b) Balances with government authorities	1.47	1.47
(c) Prepaid expenses	-	1.00
Total	2,800.82	1,422.26
Current		
(a) Advances to suppliers	855.90	411.11
(b) Advances to Related Parties		
Kurlon limited	4,694.49	3,559.68
Kurlon Retail Limited	1,951.29	572.68
Metropolis Builders Limited	30.00	27.95
General Investment & Commercial Corporation Ltd	650.82	-
Manipal Advertising Services Private Limited	427.82	-
(c) Advances to employees	66.86	124.78
(d) Balances with government authorities	-	949.92
(e) Others		
Prepaid expenses	267.31	269.44
Prepaid rent	83.53	110.15
Gratuity fund (Refer note 38)	19.05	53.52
Leave Encashment Fund (Refer note 38)	303.37	66.06
Total	9,350.44	6,145.29

Note No. 9 - Inventories
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Raw materials	3,630.32	3,784.61
(b) Work-in-progress	1,315.96	1,347.40
(c) Finished goods (net of provision)*	4,170.62	3,094.49
- Goods in transit	40.12	-
(d) Stock-in-trade	937.46	1,020.78
(e) Stores and spares	508.32	431.44
Total Inventories at lower of cost and Net Realisable Value (NRV)	10,602.80	9,678.72

*Values by which inventories have been written down to NRV amounted to ₹476.50 Lakhs

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 10 - Cash and Bank Balances
₹ in Lakhs

Particulars	As at March 31, 2019	As at April 1, 2018
Cash and Cash Equivalents		
(a) Balances with banks	353.73	2,133.90
(b) Cheques, drafts on hand	1,506.77	1,951.21
(c) Cash on hand	19.85	13.84
(d) Others In deposit Accounts	988.91	10.37
Total Cash and cash equivalent	2,869.26	4,109.32
Other Bank Balance		
(a) Earmarked balances with banks (refer note below)	131.85	210.13
(b) Unpaid dividend	0.80	0.16
Total	132.65	210.29

Note: Deposits receipts pledged with banks for obtaining Letter of Credit & Bank guarantee facilities.

Note No. 11 - Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Authorised:				
Equity shares of ₹5/- each with voting rights	3,80,00,000	1,900.00	3,80,00,000	1,900.00
Issued, Subscribed and fully Paid:				
Equity shares of ₹5/- each with voting rights	3,63,82,393	1,819.12	2,77,87,380	1,389.37

(i) **Reconciliation of the number of shares outstanding at the beginning and at the end of the period.**

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Equity Shares				
At the beginning of the year	2,77,87,380	1,389.37	2,24,78,260	1,123.91
Fully paid shares allotted during the year				
Bonus issue (refer note : v)	85,95,013	429.75	53,09,120	265.46
Outstanding at the end of the period	3,63,82,393	1,819.12	2,77,87,380	1,389.37

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 11 - Equity Share Capital (Contd.)
(ii) Terms/Rights attached to Equity Shares

- a) The company has only one class of equity shares having a par value of ₹ 5/- each (March 31, 2018- ₹ 5/- each) per share. Each holder of equity shares is entitled to one vote per share.
- b) In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- c) The dividend for the year ended March 31, 2019 declared by the Board of Directors is ₹ 3/- per equity share and is subject to the approval of the shareholders in the ensuing Annual General Meeting. This would result in a Cash Outflow of ₹ 1315.88 lakhs including Dividend Distribution Tax during the Financial Year ended 2019-20.

(iii) Details of Shares held by the Holding Company, the Ultimate Holding Company, Subsidiaries and Associates

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Limited				
Equity shares of ₹ 5/- each with voting rights	3,09,46,755	85.06	2,33,23,357	83.94

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of ₹ 5/- each with voting rights				
Kurlon Limited	3,09,46,755	85.06	2,33,23,357	83.94
Indian Business Excellence Fund II A	23,54,086	6.47	23,54,086	8.47

(v) Details of Shares Issued for consideration other than cash during the preceding three years

Particulars	As at March 31, 2019	As at March 31, 2018
Equity Shares with Voting rights		
Fully paid up Bonus Shares (Nos)	85,95,013	53,09,120

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No.12 - Other equity

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium Amounts received (on issue of shares) in except of the par value has been classified as securities premium.	11,619.58	11,619.58
Shares option outstanding Account (Refer note 33) Any profit or loss arising on difference between fair value and exercise price on Employee Stock options is transferred to Share option outstanding account.	435.58	435.58
General Reserve		
Balance at the beginning of the year	1,715.86	1,141.14
Add: Transfer from the Statement of Profit & Loss	-	840.18
Less : Utilised during the year for issuing bonus shares	429.75	265.46
Closing balance	1,286.11	1,715.86
This represents appropriation of profit by the Company.		
Retained Earnings		
Balance at the beginning of the year	16,146.75	9,263.34
Add: Transfer from the Statement of Profit & Loss	8,291.10	8,414.39
Add: Transfer from Other Comprehensive Income (OCI)	124.82	(14.44)
Less: Transfer to general reserve	-	840.18
Less: Dividend Paid	692.73	561.96
Less: Tax on dividend	141.42	114.40
Closing balance	23,728.52	16,146.75
Total	37,069.79	29,917.77

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (refer note no 34)	100.65	160.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,988.19	11,717.46
Total	11,088.84	11,878.24

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 14 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Current	Non- Current	Current	Non- Current
Provisions for Warranty (refer note (i) below)	409.42	409.42	409.42	409.42
Total	409.42	409.42	409.42	409.42

(i) Movement in Provisions for warranty

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as at Beginning of the year	818.84	818.84
Additional provisions recognised	172.69	-
Amounts utilised during the period	172.69	-
Balance as at end of the year	818.84	818.84

Note No.15 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	5,859.63	5,518.68
Deposits received from C & F Agent	59.00	64.00
Payables for capital supplies/services	136.27	55.67
Total	6,054.90	5,638.35
Current		
Interest accrued on micro enterprises and small enterprises (Refer note 34)	0.99	0.53
Unpaid dividend account	0.80	0.16
Others	47.66	53.13
Total	49.45	53.82

Note No.16 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
A. Secured Borrowings		
(a) Loans repayable on demand		
From Banks	672.21	-
From other Party - Buyers credit	-	377.75
B. Unsecured Borrowings		
(a) Loans from related parties	696.00	1,124.89
Total Current Borrowings	1,368.21	1,502.64

Note: Loans repayable on demand are secured by Pari passu first charge on current assets and movable assets of the Company.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Reconciliation of liabilities arising from financing activities

₹ in Lakhs

Particulars	As at 1 April, 2018	Financing Cash Flow	Non-cash changes	
			Foreign exchange movement	As at 31 March, 2019
Borrowings from bank	-	672.21	-	672.21
Borrowings from other financial institution	377.75	(377.75)	-	-
Loans from related parties	1,124.89	(428.89)	-	696.00
Total Borrowings	1,502.64	(134.43)	-	1,368.21

Note No. 17 - Other Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a. Advances received from customers	392.03	141.98
b. Statutory dues	557.24	299.90
- Employee Recoveries and Employer Contributions		
- taxes payable (other than income taxes)		
Total Other Liabilities	949.27	441.88

Note No. 18.a - Deferred Tax liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	524.96	471.54
Deferred tax liabilities	(2,602.54)	(2,419.62)
Deferred tax liabilities (net)	(2,077.58)	(1,948.08)

Deferred tax liabilities (net)	As at March 31, 2019	As at March 31, 2018
Deferred tax liability		
Depreciation and amortisation	(2,602.54)	(2,419.62)
Gross deferred tax liability	(2,602.54)	(2,419.62)
Deferred tax asset		
a) Employee benefits	(112.66)	-
b) Provision for doubtful debts	240.73	188.15
c) Provision for Warranty	286.14	283.39
d) 43B Disallowance	110.75	-
Gross deferred tax asset	524.96	471.54
Net deferred tax liability	(2,077.58)	(1,948.08)

18.b Current Tax Liabilities (net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Taxation	11,708.00	10,216.95
Less: Advance tax	10,577.93	8,558.00
	1,130.07	1,658.95

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 19 - Revenue from Operations
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty) (refer note (i) & (iii))	110,552.25	109,684.11
Other operating revenue (refer note (ii) & (iii))	746.53	886.26
Total Revenue from Operations	111,298.78	110,570.37

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Sale of Products		
<u>Manufactured goods</u>		
Rubberized Coir Mattresses, Cushions	26,067.64	31,225.05
Foam and Foam Products	28,499.95	30,306.65
Sofa	1,989.58	1,567.79
Polyfibre Goods	3,391.69	2,618.06
Furniture	652.57	422.37
Foam Mattresses	20,811.51	16,112.18
Spring Mattresses	12,430.78	11,621.87
Total - Sale of manufactured goods	93,843.72	93,873.97
<u>Traded goods</u>		
Polyfibre Goods	456.69	704.27
Mattresses & Cushions	11,546.00	11,748.86
EPE Sheet & Foam, others	383.90	739.92
Soft Furnishing	1,185.78	1,559.10
Others (includes solar parts)	3,136.16	1,057.99
Total - Sale of traded goods	16,708.53	15,810.14
Total - Sale of products	110,552.25	109,684.11

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(ii) Other operating revenues:		
Sale of scrap	234.15	224.79
Others - Raw Materials	512.38	661.47
Total - Other operating revenues	746.53	886.26

(iii) Post implementation of Goods & Service Tax (GST) with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for the period April 1, 2017 to June 30, 2017 include excise duty which is now subsumed in the GST. Accordingly, revenue from operations for the current year and the previous year are not comparable.

(iv) **Disaggregate revenue information** : The Company disaggregated the revenue based on geographical locations and it is disclosed under note 32 "Segment Reporting". Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

(v) **Trade receivables and Contract Balances** : The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note no. 20 - Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest Income, On Financial Assets at Amortised Cost		
Interest from banks on deposits	58.79	55.17
Interest on loans and advances to employees	41.71	1.63
Interest on mutual funds	280.41	-
Interest Others	48.78	145.06
(b) Dividend Income	31.72	6.94
(c) Other non operating income		
Forex gain	-	211.70
Profit on sale of assets	1.19	-
Rental income	287.67	-
Miscellaneous Income	95.86	45.02
Advances no longer repayable written back	95.58	-
Liabilities no longer required, written back	84.68	-
Insurance claims	42.60	778.24
Total Other Income	1,068.99	1,243.76

Note no. 21 a - Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	3,784.61	2,937.64
Add: Purchases	43,168.16	46,837.91
	46,952.77	49,775.55
Less: Closing stock	3,630.32	3,784.61
Cost of Materials Consumed	43,322.45	45,990.94
Material consumed comprises:		
Latex	4,022.45	4,229.20
Coir	1,880.99	1,437.01
Upholstery	5,443.58	4,996.50
Chemical & Clay	954.31	844.72
Foam Chemicals	23,050.44	27,911.68
Springs and Related Products	2,694.79	1,805.03
Furniture & Sofa	1,904.30	1,588.80
Packing Materials	3,044.18	2,898.53
Others	327.42	279.47
	43,322.45	45,990.94

Note no. 21b - Purchase of stock-in-trade

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Poly Fibre Goods	532.60	754.23
Traded Mattresses	12,866.24	11,748.86
Furnishing Textiles & others	1,916.46	1,285.81
Furniture	245.78	-
	15,561.08	13,788.90

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
21.c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade ₹ in Lakhs

Particulars	For the year ended 31 March, 2019	For the year ended March 31, 2018
Inventories at the beginning of the year:		
Finished goods	3094.49	2954.91
Work-in-progress	1347.40	1079.74
Stock-in-trade	1020.78	466.56
	5,462.67	4,501.21
Inventories at the end of the year:		
Finished goods	4210.75	3094.49
Work-in-progress	1315.96	1347.40
Stock-in-trade	937.46	1020.78
	6,464.17	5,462.67
Net (increase) / decrease	(1,001.50)	(961.46)

Note No. 22 - Excise Duty

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Excise duty on sale of goods (Refer note 19(iii))	-	1,330.58
Total Excise Duty	-	1,330.58

Note No. 23 - Employee Benefits Expense

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries and wages	5,754.34	5,510.85
(b) Contribution to provident and other funds (Refer note 38 (b))	285.74	182.13
(c) Staff welfare expenses	413.65	444.41
Total	6,453.73	6,137.39

Note No. 24 - Finance Cost

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest expense	279.71	113.04
(b) Interest on delay payment of tax	129.00	223.09
(c) Other borrowing cost	70.84	68.50
Total	479.55	404.63

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 25. Depreciation and Amortisation Expense
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation for the year on Property, Plant and Equipment	1,703.36	1,318.09
Amortization for the year on intangible assets	119.25	116.79
Total	1,822.61	1,434.88

Note No. 26 - Other Expenses
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores and spares consumed	506.73	533.62
Power & Fuel oil consumed	1,211.54	1,096.81
Freight and handling charges	7,002.87	5,925.61
Rent including lease rentals	1,676.41	1,264.71
Repairs and maintenance - Buildings	75.05	59.43
Repairs and maintenance - Machinery	156.00	163.06
Repairs and maintenance - Others	173.89	217.66
Water charges	21.93	20.26
Tailoring & Fabrication	3,527.24	2,716.42
Rates and taxes	94.61	353.55
Expenditure on corporate social responsibility (CSR) (refer note 35)	194.99	122.37
Insurance charges	250.51	283.74
Forex loss (net)	34.14	-
Watch and ward Charges	542.71	536.40
Donation Expenses	5.37	0.25
Postage & Telephone	148.23	183.37
Payment to Auditor (Refer note below)	56.34	35.00
Advertisement, Promotion & Selling Expenses	14,026.54	13,120.50
Travelling Expenses	978.45	1,054.88
Printing and stationery	84.06	68.33
Legal and professional	1,619.91	1,323.81
Director Sitting Fees	1.17	1.29
Loss on Fixed Assets Sold	-	3.23
Purchase of solar parts	-	1,057.99
Bad debts written off	7.94	1.65
Provision for doubtful trade receivables (net)	145.23	53.81
Provision for Warranty	172.69	-
Miscellaneous Expenses	283.96	336.70
Total Other Expenses	32,998.51	30,534.46

Note

Payment to Auditor	For the year ended March 31, 2019	For the year ended March 31, 2018
As Auditor:		
-For Statutory audit *	52.00	32.00
-For Tax audit	3.00	3.00
-For Reimbursement of expenses	1.34	-
	56.34	35.00

* Includes fees of ₹10.00 Lakhs relating to earlier year

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 27 - Tax Expense
₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Current income tax In respect of current year	4,333.93	4,260.97
(b) Deferred tax In respect of current year	129.50	478.45
Total	4,463.43	4,739.42

(c) Tax reconciliation

Reconciliation of statutory rate of tax and effective rate of tax

₹ in Lakhs

Payment to Auditor	2018-19	2017-18
Profit before Tax (a)	12,731.34	13,153.81
Tax Expense (b)	4,463.43	4,739.42
Tax rate as a % of PBT (b)/(a)	35.06%	36.03%

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax as per statement of profit and loss	12,731.34	13,153.81
Income Tax calculated @ 34.944% (PY - 34.61%)	4,448.84	4,551.88
Disallowance u/s 37(1) for interest on delayed payment of taxes	45.08	77.20
Amount of interest inadmissible under section 23 (MSME)	0.18	0.18
Disallowance of donation	1.00	0.09
Disallowance of CSR expenses	66.04	35.63
Effect of 80IC claim	(151.90)	(101.70)
Tax Exempt income - dividend	-	(2.40)
Changes in recognised deductible temporary differences	54.19	178.54
Income Tax recognised in Statement of Profit and Loss	4,463.43	4,739.42

 (d) Significant components of net deferred tax assets and liabilities as at March 31, 2019 are as follows **₹ in Lakhs**

Deferred tax liabilities (net)	As on April 1, 2018	Current year (Charge)/Credit	As on March 31, 2019
Deferred tax liability			
a) Difference between book balance and tax balances of property, plant and equipment	(2,419.62)	(182.92)	(2,602.54)
Gross deferred tax liability	(2,419.62)	(182.92)	(2,602.54)
Deferred tax asset			
a) Other timing differences	283.39	0.84	284.23
b) Provision for doubtful debts	188.15	52.58	240.73
Gross deferred tax asset	471.54	53.42	524.96
Net deferred tax liability	(1,948.08)	(129.50)	(2,077.58)

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note No. 28 - Deferred Tax Balances (Contd.)

₹ in Lakhs

(e) Significant components of net deferred tax assets and liabilities as at March 31, 2018 are as follows

Deferred tax liabilities (net)	As at April 1, 2017	Current year (Charge)/ Credit	As at March 31, 2018
Deferred tax liability			
a) Difference between book balance and tax balances of property, plant and equipment	(1,922.55)	(497.07)	(2,419.62)
Gross deferred tax liability	(1,922.55)	(497.07)	(2,419.62)
Deferred tax asset			
a) Other timing differences	283.39	-	283.39
b) Provision for doubtful debts	169.53	18.62	188.15
Gross deferred tax asset	452.92	18.62	471.54
Net deferred tax liability	(1,469.63)	(478.45)	(1,948.08)

(f) The Company has 'specified domestic transactions with associated enterprises' which are subject to Transfer Pricing regulations. These regulations, inter alia, require maintenance of prescribed documents and information for the basis of establishing arm's length price including furnishing a report from an Accountant within the due date of filing of return of income.

The Company has undertaken necessary steps to comply with the Transfer Pricing regulations and the prescribed certificate from the Accountant will be obtained for the year ended March 31, 2019. The Management is of the opinion that the specified domestic transactions are at arm's length, and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note No. 28 - Earnings per share has been computed as under:

Earnings per share

Particulars	As at March 31, 2019	As at March 31, 2018
Profit after Tax (₹ in Lakhs)	8,415.92	8,399.95
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer note below)	363.82	277.87
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer note below)	363.82	281.59
Earnings per share – Basic (₹)	23.13	30.23
Earnings per share – Diluted (₹)	23.13	29.83
Face Value of Equity Shares (₹)	5/-	5/-

Note:

Particulars	As at 31 March 2019	As at 31 March 2018
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	363.82	277.87
Add: Effect of ESOPs which are dilutive (Nos. in Lakhs)	-	3.72
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	363.82	281.59

* Number of equity shares outstanding increased for the year ended 31 March, 2019 and 31 March, 2018 as a result of bonus issue of equity shares during the respective years. Accordingly the calculation of basic and diluted earnings per share has been computed for the current year and the previous year.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note No. 29 - Leases

As a lessee:

The company has entered into operating lease arrangement for factory buildings. The lease arrangements are cancellable in nature and are further renewable at the option of the company against increased rent and premature termination of agreement. The total lease payments in respect of such leases recognized in the statement of profit and loss for the year is ₹1,676.41 lakhs. (Previous Year ₹ 1264.71 Lakhs).

The company does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

As a lessor:

The company has sublet certain office premises on a cancellable basis which are further renewable at the option of the Company. The total lease income in respect of such leases recognized in the statement of profit and loss for the year is ₹ 287.67 lakhs. (Previous Year ₹ Nil). The company does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

Note No. 30 - Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Claims against the Company not acknowledged as debt		
i. Disputed demands under appeal not provided - Sales Tax matter*	171.18	127.03
Total	171.18	127.03

* These cases are pending at various forums in the respective departments. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authorities and the Company's right for the future appeals before the judiciary. No reimbursements are expected.

- ii. The Company has received a demand on 09 December 2014 for ₹ 2212.12 lakhs, against which (P Y ₹ 771.94 Lakhs) has been paid under protest, and Personal Penalty of ₹ 200.00 lakhs on Mr. T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014, towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. The Company has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow in this regard.
- iii. The company is evaluating and assessing the impact on recent decision of the Honourable Supreme Court of India regarding Provident Fund. Subsequently, review petitions have been filed regarding this matter in the Honourable Supreme Court. Since the matter is pending before Honourable Supreme Court, the management is of the view that no provision is presently required. Accordingly, no provision has been considered in the financial statements for the year end March 31, 2019.

Note No. 31 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Capital commitments (net of Advances)	23.93	19.12
Total	23.93	19.12

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 32. Segment Reporting
Operating Segment:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. Information reported to the chief operating decision maker (CODM) for the assessment of segment performance focuses on the types of products and services delivered or provided. The Company's CODM is the Board of the Company.

The Company is predominantly engaged in the business of manufacture, purchase and sale of coir, foam and related products, which has been identified in accordance with the process followed by the CODM and the manner of review of performance by the management due to similar nature of products, production process and distribution process, has been considered as a single reportable segment and accordingly no separate segment information is disclosed.

Entity wide disclosures

- (a) The revenue from major products and services of the Company are as in Note 19(i) to the financial statements
 (b) Geographical revenue is allocated based on the location of the customers. Information regarding geographical revenue is as follows:

₹ in Lakhs

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Sale of products		
India	109,910.00	108,834.94
Outside India		
- Nepal & Bhutan	435.92	330.52
- Switzerland	113.93	459.58
- Maldives	92.40	59.07
Total	110,552.25	109,684.11

Geographical total assets are allocated based on the location of the assets. Information regarding geographical assets is as follows:

₹ in Lakhs

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Total Assets		
India	62,402.45	55,234.98
Outside India	23.61	12.95
Total	62,426.07	55,247.93

- (c) Revenue from none of the customer group exceeds 10% of total revenue arising from sale of products and services.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 33 Kurlon Enterprise Limited - Employee Stock Option Scheme 2015 *

During the year ended March 31, 2016, the Company introduced the 'Kurlon Enterprise Limited - Employees Option Scheme 2015' ('the Option Scheme 2015') for the benefit of the employees, as approved by the Board of Directors in its meeting held on July 14, 2015 and the shareholders meeting held on August 22, 2015. The Option Scheme 2015 provides for the creation and issue of 800,000 options that would eventually convert into equity shares of ₹ 5 each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Board of Directors. The options vest annually in a graded manner over a three year period and are exercisable not less than 1 year and a maximum period of 4 years from the date of grant.

During the year ended March 31, 2016, the Company has granted 468,864 options on July 14, 2015 at an exercise price of ₹ 300 per share.

Option activity during the year and weighted average exercise price of stock options under the Option Scheme 2015 is given as below:

Particulars	Year ended 31 March, 2019			Year ended 31 March, 2018		
	Number of options	Weighted average exercise price (₹ In Lakhs)	Value of options as per Black-Scholes Model (₹ In Lakhs)	Number of options	Weighted average exercise price (₹ In Lakhs)	Value of options as per Black-Scholes Model (₹ In Lakhs)
Options outstanding at the beginning of the year	319,481	234	146	276,658	300	146
	118,382	332	80	98,250	426	80
Granted during the year - Bonus shares	-	-	-	78,125	-	-
	-	-	-	27,746	-	-
Exercised during the year on exercise of employee	319,481	234	146	-	-	-
	118,382	332	80	-	-	-
Stock options/ restricted shares	-	-	-	-	-	-
	-	-	-	-	-	-
Forfeited during the year	-	-	-	35,302	234	-
	-	-	-	1,523	332	-
Lapsed during the year	-	-	-	-	-	-
	-	-	-	-	-	-
Options outstanding at the end of the year	-	-	-	-	-	-
	-	-	-	6,091	332	80
Options exercisable at the end of the year	-	-	-	319,481	234	146
	-	-	-	118,382	332	80

The weighted average remaining contractual life of the options outstanding as at March 31, 2019 is 4 years (March 31, 2018 - 5 years).

The Company uses the intrinsic value method to account for the stock compensation cost. The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options has been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 7 years, an expected dividend yield of 0.5 % on the underlying equity shares, volatility in the equity share price of 12 % and a risk free rate of 7%. The Company's calculations are based on a single option valuation approach. The expected volatility has been based on the volatility of listed enterprises in the consumer industry for which share price information was available.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to ₹ 435.58 Lakhs was accounted in the Statement of Profit and Loss of financial year 2015-16 as “Expense on employee stock option (ESOP) scheme” and in the Balance sheet as “Share options outstanding account” under Note 11.

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Net Profit as reported (₹ In Lakhs)	8,415.92	8,399.95
Add : Stock based employee compensation expense (intrinsic value method) (₹ In Lakhs)	435.58	435.58
Less: Stock based employee compensation expense (fair value method) (₹ In Lakhs)	507.01	507.01
Proforma net Profit (₹ In Lakhs)	8,344.49	8,328.52

Basic earnings per share as reported (In ₹)	23.13	30.23
Proforma basic earnings per share (In ₹)	22.94	29.97
Diluted earnings per share as reported (In ₹)	23.13	29.83
Proforma diluted earnings per share (In ₹)	22.94	29.58

*The above disclosure for both the years has been considered after giving the impact of share split during the previous year and bonus issue during the current year.

Note No. 34 - Disclosures required under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	100.65	160.78
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	0.46	0.53
The amount of interest accrued and remaining unpaid at the end of each accounting year	19.18	18.72
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, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

Note No. 35 - Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environments sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the requirement of Companies Act, 2013.

₹ in Lakhs

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Gross amount required to be spent by the Company as per Section 135 of the Act	183.61	122.44
Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	194.99	122.37

Note No. 36 - Related party disclosures

The Company has disclosed Material Related Party transactions and the outstanding balances are predominantly with the Key managerial personnel and directors.

(a) List of Related Parties and Relationships

Relationship	Related Parties
Holding Company	Kurlon Limited
Wholly Owned Subsidiary	Kurlon Retail Limited (Formerly Kurlon Retail Private Limited)
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Ltd (GICC) Manipal Holdings Pvt. Ltd Manipal Home Finance Ltd Jayamahar Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Metropolis Builders Private Limited Manipal Infrastructure Limited Jai Bharat Mills Private Limited
Key Management Personnel and their relatives	Mr. Tonse Sudhakar Pai, Managing Director Ms. Jaya Sudhakar Pai, Director Mr. Monu Kumar, Company Secretary Mr. Shambhu Kumar Bhotika, Chief Financial Officer Mr. Jamsheed M Pandey, Alternate Director Mr. Ananthanarayanan Subramanian, Director Mr. Nitin Gajanan Khot, Director Mr. Vishal Tulsyan, Director

Notes:

- (i) The above information has been determined to the extent such parties have been identified on the basis of information provided by the company, which has been relied upon by the auditors
- (ii) There are no amounts written-off/written back or provided for during the year in respect of debts due from/to related parties.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note No. 36 - Related party disclosures (Contd.)

(b) Related Party transactions

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Wholly owned subsidiary		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:										
Remuneration :										
T. Sudhakar Pai	484.43	486.74	-	-	-	-	-	-	484.43	486.74
Shambhu Kumar Bhotika	25.08	15.37	-	-	-	-	-	-	25.08	15.37
Monu Kumar	5.58	5.00	-	-	-	-	-	-	5.58	5.00
Sitting Fee paid:										
Dr. Nitin G Khot	0.46	-	-	-	-	-	-	-	0.46	-
Mr. S Ananthanarayanan	0.47	-	-	-	-	-	-	-	0.47	-
Mrs. Jaya S Pai	0.45	-	-	-	-	-	-	-	0.45	-
Rent Paid :										
Jayamahar Trade & Investments Pvt. Ltd	-	-	-	-	-	-	18.96	23.42	18.96	23.42
Kurlon Limited	-	-	18.00	19.31	-	-	-	-	18.00	19.31
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	23.85	26.17	23.85	26.17
Jai Bharath Mills Private Limited	-	-	-	-	-	-	6.00	-	6.00	-
Professional and Other Charges:										
Kurlon Retail Limited	-	-	-	-	37.15	-	-	-	37.15	-
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	-	0.17	-	0.17
Jamsheed J Pandey	-	-	-	-	-	-	-	12.87	-	12.87
Rental Income										
Kurlon Retail Limited	-	-	-	-	278.67	-	-	-	278.67	-
Other Income										
Maharashtra Apex Corporation Ltd	-	-	-	-	-	-	29.26	-	29.26	-
Kurlon Retail Limited	-	-	-	-	259.17	-	-	-	259.17	-
Transactions during the year:										
Dividend Paid:										
Kurlon Limited	-	-	567.98	462.54	-	-	-	-	567.98	462.54
Advertisement Expenses										
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	1,577.57	1,810.98	1,577.57	1,810.98

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Note No. 36 - Related party disclosures (Contd.)

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Wholly owned subsidiary		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Interest Paid on Unsecured Loan :										
Jaya S Pai	70.33	12.65	-	-	-	-	-	-	70.33	12.65
Advances Paid :										
Kurlon Retail Limited	-	-	-	-	1.99	716.90	-	-	1.99	716.90
Sales										
Kurlon Limited	-	-	2,919.70	2,800.87	-	-	-	-	2,919.70	2,800.87
Kurlon Retail Limited	-	-	-	-	1,679.33	602.83	-	-	1,679.33	602.83
Purchases										
Kurlon Limited	-	-	13,351.73	11,313.22	-	-	-	-	13,351.73	11,313.22
Loan taken										
Jaya S Pai	-	1,475.00	-	-	-	-	-	-	-	1,475.00
Repayment of Loan										
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	-	501.88	-	501.88
Jaya S Pai	428.88	350.00	-	-	-	-	-	-	428.88	350.00
Investment										
Kurlon Retail Limited	-	-	-	-	759.00	1.00	-	-	759.00	1.00
Outstanding as at Year end										
Amounts recoverable :										
Maharashtra Apex Corporation Ltd	-	-	-	-	-	-	1,222.76	1,222.87	1,222.76	1,222.87
Jayamahal Trade & Investments Pvt Ltd	-	-	-	-	-	-	7.29	-	7.29	-
Kurlon Limited	-	-	4,694.49	3,559.68	-	-	-	-	4,694.49	3,559.68
Kurlon Retail Limited	-	-	-	-	1,913.72	572.68	-	-	1,913.72	572.68
GICC	-	-	-	-	-	-	650.82	-	650.82	-
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	427.82	-	427.82	-
Amounts Payable :										
Jayamahal Trade & Investments Pvt Ltd	-	-	-	-	-	-	-	49.25	-	49.25
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	-	80.23	-	80.23

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note No. 36 - Related party disclosures (Contd.)

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Wholly owned subsidiary		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	2.38	2.05	2.38	2.05
T. Sudhakar Pai	-	501.13	-	-	-	-	-	-	-	501.13
Jamsheed J Pandey	-	-	-	-	-	-	-	0.88	-	0.88
Unsecured Loans payable : Jaya S Pai	696.00	1,124.88	-	-	-	-	-	-	696.00	1,124.88
Interest on unsecured Loans Receivable Metropolis Builders Pvt Ltd	-	-	-	-	-	-	-	0.11	-	0.11
Rent Deposit : Metropolis Builders Pvt Ltd	-	-	-	-	-	-	30.00	30.00	30.00	30.00
Jai Bharath Mills Private Limited	-	-	-	-	-	-	30.00	-	30.00	-

The particulars of Loans given, investments made, guarantees given and securities provided in accordance with the provisions of Section 186 of the Companies Act, 2013 are:

Category	Date of Loan/ investment/ security/ guarantee	Details of loan/ security and guarantee(s)	Name of company in whose such investment, loan and guarantee is made/given	Purpose	Date of Board/ members resolution	Amount ₹ in Lakhs
Loan	10.04.2019	Advance Against working capital requirement	Kurlon Retail Limited	Advance to wholly owned subsidiary ("WOS")	21.02.2018	1,913.72
Loan	09.04.2018	Loan repayable on demand @ rate of interest upto 10% pa	General Investment and Commercial Corporate Ltd	Loan repayable on demand	21.02.2018	650.82
Investment	05.10.2017	Acquisition of shares	Kurlon Mattress Private Limited	Investment in the equity shares of Kurlon Mattress Private Limited	20.07.2017	1.00
Investment	21.04.2018	Acquisition of shares	Kurlon Retail Private Limited (formerly known as Kurlon Mattress Private Limited)	Investment in the equity shares of Kurlon Mattress Private Limited	21.02.2018	4.00
Investment	27.08.2018	Acquisition of shares	Kurlon Retail Limited (formerly known as Kurlon Retail Private Ltd)	Investment in the equity shares of Kurlon Mattress Private Limited	10.08.2018	755.00
Investment	04.04.2018	Investment in mutual fund for short term period	Franklin Templeton India	Investment in mutual fund	21.02.2018	1,226.71
Investment	20.03.2019	Commercial Paperes of Cox and Kings Ltd	Cox and Kings Ltd	Investment in the commercial papers	16.03.2019	2,500.00
Security/ guarantee	-	-	-	-	-	-

Note No. 37 - Financial Instruments
A. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

₹ in Lakhs

Particulars	As at	
	31-Mar-19	31-Mar-18
Total equity attributable to the equity shareholders of the company	38,888.91	31,307.14
As a percentage of total capital	97%	95%
Current borrowings	1,368.21	1,502.64
Non-current borrowings	-	-
Total borrowings	1,368.21	1,502.64
As a percentage of total capital	3%	5%
Total	40,257.12	32,809.78

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances along with investments in liquid securities/liquid mutual funds being in excess of debt.

B. Categories of Financial Instruments

The carrying amounts and fair values of the financial instruments by class are as follows:

₹ in Lakhs

Particulars	Carrying amount		Fair value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets				
a) Measured at fair value through Profit and Loss				
Non-current assets				
- Loans	868.46	753.88	868.46	753.88
Current assets				
- Other Bank Balances	132.65	210.29	132.65	132.65
- Investments	3,726.71	1,889.53	3,726.71	1,889.53
b) Measured at Amortised Cost				
Current assets				
- Trade receivables	11,180.83	11,985.27	11,180.83	11,985.27
- Cash and cash equivalents	2,869.26	4,109.32	2,869.26	4,109.32
Total	18,777.92	18,948.28	18,777.92	18,870.64
Financial Liabilities				
a) Measured at Amortised Cost				
Current liabilities				
- Borrowings	1,368.21	1,502.64	1,368.21	1,502.64
- Trade payables	11,088.84	11,878.24	11,088.84	11,878.24
- Other current financial liabilities	49.45	53.82	49.45	53.82
Total	12,506.49	13,434.69	12,506.49	13,434.69

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as comprise of borrowings, deposits, trade and other payables, investments, loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

C. Financial Risk Management

The Company's principal financial liabilities, comprise of borrowings, deposits, trade and other payables.

The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

i) 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 operating activities (when revenue or expense

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

₹ in Lakhs

Foreign Currency (FC)	Currency Symbol	As at March 31, 2019		As at March 31, 2018	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	471,911.63	339.58	15,14,316.46	995.36
Euro	€	6,136.00	4.15	1,848.00	1.50
Buyer's Credit					
United States Dollar	\$	-	-	574,205.00	363.49
Assets					
Advance to Vendor					
United States Dollar	\$	147,222.61	102.98	6,47,448.76	419.43
Euro	€	51,702.96	41.75	18,339.00	14.71
NOK		-	-		
Net Liability (in INR)			488.46		1,794.49

Sensitivity

₹ in Lakhs

Particulars	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity	Increase / (Decrease) in Equity
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
5% Increase in all the foreign currencies	(9.95)	(46.31)	(6.47)	(30.29)
5% Decrease in all the foreign currencies	9.95	46.31	6.47	30.29

(ii) Interest Rate Risk:

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of loans and advances from related parties and security deposits; however these are not exposed to risk of fluctuation in market interest rates as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Lakhs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Fixed-rate instruments		
<i>Financial assets</i>		
Balance with banks held in deposit account	1,120.77	220.50
Variable-rate instruments		
<i>Financial liabilities</i>		
Borrowings from bank & other parties	672.21	377.75
Borrowings from related parties	696.00	1,124.89

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹0.34 Lakhs (Previous year: ₹0.34 Lakhs) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(ii) Financial instruments and cash & bank deposits:

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current assets		
- Investments	760.00	1.00
- Loans	868.46	753.90
Current assets		
- Investments	3,726.71	1,889.53
- Trade receivables	11,180.83	11,985.27
- Cash and cash equivalents	2,869.26	4,109.32
Total	19,405.27	18,739.02

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Not Due	-	-
Due from 0 to 180 days	10,149.56	11,570.37
Due for more than 180 days	1,720.16	958.57
Less: Loss Allowance	(688.89)	(543.67)
Total	11,180.83	11,985.27

(c) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

₹ in Lakhs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2019			
Borrowings	1,368.21	1,368.21	-
Trade payables	11,088.84	11,088.84	-
Other non-current financial liabilities	6,054.90	-	6,054.90
Other current financial liabilities	49.45	49.45	-
Total	18,561.39	12,506.49	6,054.90
As at March 31, 2018			
Borrowings	1,502.64	1,502.64	-
Trade payables	11,878.24	11,878.24	-
Other non-current financial liabilities	5,638.35	-	5,638.35
Other current financial liabilities	53.82	53.82	-
Total	19,073.04	13,434.69	5,638.35

(d) Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Disclosures of fair value measurement hierarchy for financial instruments are given below:

₹ in Lakhs

Particulars	Carrying amount/Fair value					
	As at March 31, 2019			As at March 31, 2018		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
a) Measured at fair value through Profit and loss						
Non-current assets						
- Investments	-	-	760.00	-	-	1.00
b) Measured at fair value through other comprehensive income						
- Loans	-	-	868.46	-	-	753.90
Current assets						
- Investments	3,726.71	-	-	1,889.53	-	-
- Trade receivables	-	-	11,180.83	-	-	11,985.27
- Cash and cash equivalents	-	-	2,869.26	-	-	4,109.32
Total	3,726.71	-	15,678.56	1,889.53	-	16,849.49

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Disclosures of fair value measurement hierarchy for financial instruments (Continued)

₹ in Lakhs

Financial liabilities						
Carrying amounts/fair value:						
f) Measured at amortised cost						
Non-current liabilities						
- Borrowings	-	-	-	-	-	-
- Other non-current financial liabilities	-	-	6,054.90	-	-	5,638.35
Current liabilities						
- Borrowings	-	-	1,368.21	-	-	1,502.64
- Trade payables	-	-	11,088.84	-	-	11,878.24
- Other current financial liabilities	-	-	49.45	-	-	53.82
Total	-	-	18,561.39	-	-	19,073.04

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature. The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

₹ in Lakhs

Particulars	31-Mar-19		31-Mar-18	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,368.21	1,368.21	1,502.64	1,502.64

Note No. 38 - Employee benefits
(a) Defined Benefit plans:

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

Leave Encashment : Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 180 days which is payable/ encashable as per the policy on their separation.

(b) Defined Contribution plan:

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 237.85 lakhs (Previous Year: ₹ 204.22 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

₹ in Lakhs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Employer's contribution towards Provident Fund (PF)	198.42	151.25
Employer's contribution to Superannuation Fund	39.43	52.97

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(c) Other disclosures of Defined Benefit plans as required under Ind AS-19 are as under

 i. Reconciliation of the opening and closing balances of Defined Benefit Obligation: ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present Value of Defined Benefit Obligation at the beginning of year	363.44	354.32	746.00	610.78
Interest cost	27.26	26.12	54.26	44.56
Current Service Cost	54.07	33.47	86.35	85.39
Past Service Cost	-	0.72	-	-
Benefit Paid	(23.50)	(20.49)	(91.70)	(47.52)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	(2.56)	-	-	-
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(6.56)	(7.16)	(9.07)	14.30
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	68.38	(23.54)	(241.08)	38.49
Present value of the Defined Benefit Obligation at the end of year	480.53	363.44	544.76	746.00

 ii. Net Defined Benefit recognized in the Statement of Profit and Loss. ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Current Service Cost	54.07	33.47	86.35	85.39
Past Service Cost	-	0.72	-	-
Interest cost	27.26	26.12	54.26	44.56
Interest income on plan asset	(33.44)	(29.68)	(61.14)	(57.17)
Net Defined Benefit recognized in Statement of Profit and Loss	47.89	30.63	79.47	72.78

 iii. Net asset / (liability) recognized in the Balance Sheet ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of Defined Benefit obligation at the end of the year	480.53	363.44	544.76	746.00
Fair value of plan assets	499.58	416.96	848.13	812.07
Net Defined Benefit recognized in the Balance Sheet	19.05	53.52	303.37	66.07

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

iv. Recognized in Other Comprehensive Income.

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	(2.56)	-	-	-
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(6.56)	(7.16)	(9.07)	14.30
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	68.38	(23.54)	(241.08)	38.49
Net actuarial Loss	59.26	(30.70)	(250.15)	52.79

v. Sensitivity Analysis*

a) Impact of the change in the discount rate

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	480.53	363.44	544.76	746.00
a) Impact due to increase of 100 basis point	442.35	351.03	698.57	715.56
b) Impact due to decrease of 100 basis point	524.87	376.71	774.08	778.95

b) Impact of the change in the salary increase

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	480.53	363.44	544.76	746.00
a) Impact due to increase of 100 basis point	524.87	376.51	772.18	758.90
b) Impact due to decrease of 100 basis point	441.77	351.12	700.03	733.33

* Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

vi. Maturity Profile

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
0 to 1 year	39.15	34.07	74.44	63.25
1 to 2 Year	27.51	36.43	34.14	61.39
2 to 3 Year	30.93	24.56	29.78	46.6
3 to 4 Year	33.94	27.01	35.13	47.99
4 to 5 Year	37.12	25.36	29.01	39.68
5 to 6 Year	33.91	32.92	31.32	49.63
6 Year onwards	119.8	94.54	280.5	143.37

NOTES FORMING PARTS TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

vi. Expected contribution for the next Annual reporting period

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Service Cost	54.07	33.47	86.35	85.39
Net Interest Cost	(6.18)	(3.55)	(6.88)	(12.61)
Expected Expense for the next annual reporting period	63.03	30.23	12.29	NA

viii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Method used	Projected unit credit method	Projected unit credit method	Projected unit credit method	Projected unit credit method
Discount rate	7.75%	7.59%	7.75%	7.59%
Salary Escalation	6.00%	6.00%	6.00%	6.00%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Withdrawal rate up to 30/44 and above 44 years	5%	5%	5%	5%
Rate of return on plan assets	7.75%	7.59%	7.75%	7.75%

39. Subsequent to year end, on May 4, 2019, certain property, plant and equipment and inventory were destroyed due to cyclone in the Bhubaneswar factory aggregating to ₹334.55 Lakhs (being the book value). The Company has sufficient insurance coverage to cover this loss. However, the Company is yet to lodge the claims with the insurer. Considering that this being a non adjusting event as per Ind AS 10, the Company has not carried out any adjustments in the financial statements for the year ended March 31, 2019.
40. The Company's Board of Directors at its meeting held on May 17, 2019 has approved a Scheme of Amalgamation amongst Kurlon Enterprise Limited and Spring Air (Bedding Company) Limited in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The meetings of shareholders and creditors is yet to be held pending directions from National Company Law Tribunal. The parties have applied for the necessary approvals on June 11, 2019 and are awaiting for necessary approvals from various concerned authorities to give effect to the amalgamation.
41. Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

For and on behalf of the Board of Directors

T. Sudhakar Pai
 Managing Director
 DIN-00043298

Dr. N G Khot
 Director
 DIN-00030613

Shambhu Kumar Bhotika
 Chief Financial Officer

Monu Kumar
 Company Secretary

Place : Bangalore
 Date : July 19, 2019

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF KURLON RETAIL LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **KURLON RETAIL LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with and other accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under Section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("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 paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss including the Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

Our Report expresses an unmodified opinion on the adequacy of operating effectiveness of the Companies intend over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - 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

For MUDDANNA U.
Chartered Accountants

Place: Bangalore
Date: July 19, 2019

MUDDANNA U
Membership Number: 200296

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph I under “Report on other Legal and Regulatory Requirements” of our Report of even date)

In our opinion and according to the information and explanations given to us and on the basis of our verification of the records of the Company, we report that

1. In respect of the Company’s fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, and on the basis of examination of records of the Company, we report that the Company has no immovable properties as at the Balance Sheet date, hence the clause 3(i)(c) is not applicable
2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans secured or unsecured to Companies, Firms, LLPs or Other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. The Company does not have any loans, investments, guarantees, and security which are subject to provisions of Section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of Para 3(iv) of the Companies (Auditors Report), order 2016 are not applicable to the Company.
5. The Company has not accepted deposits from the public during the year; hence the provisions of Section 73 to 76 of the Act and the rules framed there under and directions issued by the Reserve Bank of India are not applicable.
6. Since the Company has not carried out any manufacturing activities during the year, the Para 3(vi) of the Order with regard to maintenance of cost records is not applicable to the Company.
7. In respect of Statutory Dues:
 - (a) The Company has been regular in depositing undisputed statutory dues including Income Tax, Cess, VAT, Service Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities during the year except for certain delays in remitting Value Added Tax and Tax Deduction at source. And there were no undisputed amounts payable in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - (b) There are no dues of Income Tax, VAT, Service Tax, Goods & Service Tax and other applicable statutory dues which have not been deposited with the appropriate authorities on account of any disputes.
8. The Company has not borrowed any amounts from banks, financial institutions or from debenture holders during the year under Audit, and therefore the Para 3(viii) of the Order is not applicable to the Company.
9. The Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans during the year. Hence, the Para 3(ix) of the Order is not applicable to the Company.

10. No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. The Company has not paid/ provided the managerial remuneration during the year. Hence, the Para 3(xi) of the Order is not applicable to the Company.
12. The Company is not a Nidhi Company and therefore the provisions of Para 3(xii) of the Order is not applicable to the Company.
13. The Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore the Para 3(xiv) of the Order is not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him as stipulated under Sec.192 of the Act. Hence, the Para 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For MUDDANNA U.
Chartered Accountants

Place: Bangalore
Date: July 19, 2019

MUDDANNA U
Membership Number: 200296

ANNEXURE “B”

TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KURLON RETAIL LIMITED

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

TO THE MEMBERS OF KURLON RETAIL LIMITED

We have audited the internal financial controls over financial reporting of Kurlon Retail Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

with generally accepted accounting principles, and that receipts and payments of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MUDDANNA U.
Chartered Accountants

Place: Bangalore
Date: July 19, 2019

MUDDANNA U
Membership Number: 200296

STANDALONE BALANCE SHEET AS AT MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2	882.46	154.95
(b) Other Intangible Assets	2	7.05	2.90
(c) Financial Assets			
(i) Trade Receivables	3	1.50	-
(ii) Others Financial Assets	4	283.70	49.60
(d) Non-Current Tax Assets (Net)	5	0.77	0.59
(e) Other Non-Current Tax Assets	6	0.47	0.47
Total Non - Current Assets		1,175.95	208.51
Current assets			
(a) Inventories	7	946.04	370.42
(b) Financial Assets			
(i) Trade Receivables	3	16.63	8.99
(ii) Cash and Cash equivalents	8	55.41	58.94
(c) Other Current Assets	6	369.03	52.95
Total Current Assets		1,387.11	491.30
Total Assets		2,563.06	699.81
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	760.00	1.00
(b) Other Equity	10	(756.78)	2.46
Total equity		3.22	3.46
LIABILITIES			
Non-Current Liabilities			
(a) Deferred tax liabilities (Net)	11	9.90	2.03
(b) Other Financial Liabilities	12	1,242.00	501.91
Total Non - Current Liabilities		1,251.90	503.94
Current Liabilities			
(a) Financial Liabilities			
(i) Trade payables	13	1,226.08	176.67
(b) Provisions	14	-	0.51
(c) Other Current Liabilities	12	81.86	15.23
Total Current Liabilities		1,307.94	192.41
Total Equity and Liabilities		2,563.06	699.81

The accompanying notes are an integral part of these Financial Statements

As per our report of even date

For and on behalf of the Board of Directors
For Muddanna U.
Chartered Accountant

T. Sudhakar Pai
Director
DIN: 00043298

Narendra Kudva
Director
DIN: 07459916

Muddanna U.
M. No : 200296

Jamsheed M Panday
Director
DIN: 00232768

 Place: Bangalore
Date: July 19, 2019

 Place: Bangalore
Date: July 19, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	15	2,010.64	606.09
Other Income	16	0.79	0.93
Total Revenue		2,011.43	607.02
EXPENSES			
Purchases of Traded Goods	17.a	2,132.21	671.67
Changes in Stock of Traded Goods	17.b	(682.62)	(243.89)
Employee Benefit Expense	18	11.63	-
Finance Costs	19	17.75	4.93
Depreciation and Amortisation Expense	2	40.83	4.08
Other Expenses	20	1,243.00	167.53
Total Expenses		2,762.80	604.32
Profit/(Loss) before tax		(751.37)	2.70
Tax Expense			
Current tax		-	0.51
MAT Credit		-	(0.51)
Tax expense relating to prior years (Net)		-	(0.29)
Deferred tax		7.87	2.03
Total Tax Expense		7.87	1.74
Profit/(Loss) for the year		(759.24)	0.96
Total Comprehensive Income for the year		(759.24)	0.96
Earnings per equity share :			
Basic	21	(9.99)	9.60
Diluted	21	(9.99)	9.60

The accompanying notes are an integral part of these Financial Statements

As per our report of even date

For and on behalf of the Board of Directors
For Muddanna U.
Chartered Accountant

T. Sudhakar Pai
Director
DIN: 00043298

Narendra Kudva
Director
DIN: 07459916

Muddanna U.
M. No : 200296

Jamsheed M Panday
Director
DIN: 00232768

 Place: Bangalore
Date: July 19, 2019

 Place: Bangalore
Date: July 19, 2019

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Cash flows from Operating Activities		
Profit before tax for the year	(751.37)	2.70
Adjustments for:		
Depreciation and Amortisation of Non-Current Assets	40.83	4.08
Interest Income from Deposit	(0.01)	(0.84)
Provision for Taxation	-	0.51
Mat Credit	-	(0.51)
	(710.55)	5.94
Movements in working capital:		
(Increase)/decrease in Non-Current Tax Assets	(0.18)	5.04
Increase in Trade Receivables	(9.14)	(6.47)
(Increase)/decrease in Other Non-Current Financial Assets	(234.10)	(49.60)
(Increase)/decrease in Inventories	(575.62)	(360.80)
(Increase)/decrease in Other Current Assets	(316.08)	(49.56)
(Increase)/decrease in Other Non-Current Assets	-	(0.47)
Decrease in Trade Payables	1,049.41	149.07
Increase/(decrease) in Non-Current Liabilities	740.09	501.91
Increase/(decrease) in Other Current Liabilities	66.12	9.08
(Decrease)/increase in Other Liabilities	720.50	198.20
Net cash (used in)/generated by Operating Activities (A)	9.95	204.14
Cash flows from Investing Activities		
Interest Received	0.01	0.84
Purchase of Property, Plant and Equipment	(766.44)	(153.44)
Purchase of Intangible Assets	(6.05)	(3.10)
Net cash (used in)/generated by Investing Activities (B)	(772.48)	(155.70)
Cash flows from Financing Activities		
Proceeds from issue of Equity Instruments of the Company	759.00	-
Proceeds/ (repayment) of Short Term Borrowings	-	(12.26)
Net cash (used in)/generated by Financing Activities (C)	759.00	(12.26)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(3.53)	36.18
Cash and cash equivalents at the beginning of the year	58.94	22.76
Cash and cash equivalents at the end of the year	55.41	58.94

As per our report of even date

For and on behalf of the Board of Directors

For Muddanna U.
Chartered Accountant

T. Sudhakar Pai
Director
DIN: 00043298

Narendra Kudva
Director
DIN: 07459916

Muddanna U.
M. No : 200296

Jamsheed M Panday
Director
DIN: 00232768

 Place: Bangalore
Date: July 19, 2019

 Place: Bangalore
Date: July 19, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Significant accounting policies

Note	Particulars
I	<p>Corporate information</p> <p>Kurlon Retail Limited was incorporated under the name and style of Kurlon Mattress Private Limited on 31.08.2012. The Company commenced its commercial operation during 2012. The name of the Company was changed to Kurlon Retail Pvt Ltd on 01.02.2018 and subsequently to Kurlon Retail Ltd wef 16.05.2018. The main object of the company is to carry on the business of buying, selling, importing, exporting, transporting storing, promoting, marketing supplying, trading and dealing in all type of goods including mattresses, pillow, sofa and furniture on retail as well as whole sell basis in India or elsewhere.</p>
2.1	<p>Basis of preparation and presentation</p> <p>The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values and defined benefit plan - plan assets measured at fair value at the end of each reporting period, as explained in the accounting policies below:-</p> <p>Historical cost is generally based on the fair value of the consideration given in exchange for goods.</p> <p>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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.</p> <p>In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:</p> <p>Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;</p> <p>Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p>Level 3 inputs are unobservable inputs for the asset or liability.</p>
2.2	<p>Use of estimates and judgement</p> <p>The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.</p> <p>Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Id in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note I Significant accounting policies (Contd.)

Note	Particulars
	<p>equipment, provision for income tax and valuation of deferred tax assets, provision for warranty and other provisions and contingent liabilities.</p> <p>Useful lives of property, plant and equipment</p> <p>The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.</p> <p>Provisions and contingent liabilities</p> <p>A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.</p>
2.3	<p>Revenue recognition</p> <p>Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p>Sale of goods</p> <p>Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, and when the amount of revenue can be measured reliably. Amounts disclosed as revenue are net of Sales tax, Goods and Service tax, returns, trade allowances, rebates, and value added items.</p> <p>Other income</p> <p>Interest income is recognized as it accrues in the statement of profit and loss, using effective interest method. Dividend income is accounted for when the right to receive the payment is established. Export benefits are accounted for, in the year of exports, based on eligibility and when there is no uncertainty in receiving the same.</p>
2.4	<p>Leases</p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognized as operating lease. Operating lease payments are recognized on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the statement of profit and loss.</p>
2.5	<p>Taxation</p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p>Current tax</p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from ' Profit before tax ' as reported in the statement of profit and loss because of items of income or expense that are taxable</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note I Significant accounting policies (Contd.)

Note	Particulars
	<p>or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Deffered tax</p> <p>Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p> <p>Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.</p>
2.6	<p>Property, plant and equipment</p> <p>Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use as prescribed in the schedule II of the companies act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note I Significant accounting policies (Contd.)

Note	Particulars
	<p>For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p>
2.7	<p>Intangible assets</p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.</p> <p>The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.</p>
2.8	<p>Impairment</p> <p>Financial assets (other than a fair value) The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p>Non-financial assets</p> <p>Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.</p>
2.9	<p>Inventory</p> <p>Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis.</p> <p>Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.</p>
2.10	<p>Provisions</p> <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note I Significant accounting policies (Contd.)

Note	Particulars
2.11	<p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p> <p>Financial instruments</p> <p>Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p>(A) Financial assets</p> <p>Cash and cash equivalents</p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p>Financial assets at amortized cost</p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through other comprehensive income (FVTOCI)</p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through profit and loss (FVTPL)</p> <p>Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.</p> <p>(B) Financial liabilities and equity²</p> <p>Financial liabilities at amortized cost</p> <p>Financial liabilities are measured at amortized cost using effective interest method.</p> <p>Equity instruments</p> <p>An equity instrument is contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note I Significant accounting policies (Contd.)

Note	Particulars
2.12	<p>Earnings per share (EPS)</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.</p> <p>Diluted earnings per share is computed by dividing the profit / (loss) after tax including the post-tax effect of extraordinary items, if any as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p> <p>Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p>
2.13	<p>New Standards and interpretations and not yet adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:</p> <p>On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.</p> <p>Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity’s contracts with customers.</p> <p>The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 2 - Property, Plant and Equipments
a. TANGIBLE ASSETS

₹ in Lakhs

	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Computer Owned	Total
Gross Carrying Amount					
Balance as at 31st March 2018	146.64	5.63	5.13	1.57	158.97
Additions	727.38	13.97	-	25.09	766.44
Disposals	-	-	-	-	-
Balance as at 31st March 2019	874.02	19.60	5.13	26.66	925.41
Accumulated Depreciation					
Balance as at 31st March 2018	2.98	0.24	0.70	0.10	4.02
Additions	34.02	1.79	0.61	2.51	38.93
Disposals	-	-	-	-	-
Balance as at 31st March 2019	37.00	2.03	1.31	2.61	42.95
Net Carrying Amount					
Balance as at 31st March, 2018	143.66	5.39	4.43	1.47	154.95
Balance as at 31st March, 2019	837.02	17.57	3.82	24.05	882.46

b. INTANGIBLE ASSETS

₹ in Lakhs

Particulars	Computer Software	Total
Gross Carrying Amount		
Balance as at 31st March 2018	3.10	3.10
Additions	6.05	6.05
Disposals	-	-
Balance as at 31st March 2019	9.15	9.15
Accumulated Depreciation		
Balance as at 31st March 2018	0.20	0.20
Additions	1.90	1.90
Disposals	-	-
Balance as at 31st March 2019	2.10	2.10
Net Carrying Amount		
Balance as at 31st March, 2018	2.90	2.90
Balance as at 31st March, 2019	7.05	7.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 3 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018
	Current	Non Current	Current
Trade Receivables outstanding for a period of more than 6 months			
considered good	0.10	1.50	1.50
Other Trade Receivables			
considered good	16.53	-	7.49
	16.53	-	7.49
Total	16.63	1.50	8.99

Note No. 4 - Other Non-Current Financial Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits		
Others	283.70	49.60
Total	283.70	49.60

Note No. 5 - Non-Current Tax Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Tax & TDS	0.26	0.08
Mat Credit Entitlement	0.51	0.51
Total	0.77	0.59

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 6 - Other Non-Current & Current Assets

₹ in Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Current	Non-Current	Total	Current	Non-Current	Total
(a) Capital advances						
(i) For Interior	41.94	-	41.94	52.76	-	52.76
(ii) For Software	15.00	-	15.00	-	-	-
(b) Advances to Others						
(i) Advances to Employees	0.10	-	0.10	-	-	-
(ii) Advances to Others	2.92	-	2.92	-	-	-
(iii) Balances with Government Authorities (other than Income Tax)	308.80	0.47	309.27	-	0.47	0.47
(c) Security Deposits						
(i) Prepaid Expenses	0.27	-	0.27	0.19	-	0.19
TOTAL	369.03	0.47	369.50	52.95	0.47	53.42

Note No. 7 - Inventories

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Traded Goods	936.13	253.51
Goods in Transit	9.91	116.91
Total Inventories at the lower of cost and net realisable value	946.04	370.42

Note No. 8 - Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current Cash and Bank Balances		
Unrestricted Balances with Banks	46.54	55.06
Cash in hand	8.87	3.88
Total Cash and Cash Equivalent	55.41	58.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 9 - Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Authorised:				
Equity shares of Rs.10/- each with voting rights	20,000,000	2,000.00	20,000,000	2,000.00
Issued				
Equity shares of Rs.10/- each with voting rights	7,600,000	760.00	10,000	1.00
Subscribed and Fully Paid:				
Equity shares of Rs.10/- each with voting rights	7,600,000	760.00	10,000	1.00
Total	7,600,000	760.00	10,000	1.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Issues during the year	Closing Balance
(a) Equity Shares with Voting rights			
Year Ended March 31, 2019			
No. of Shares	10,000	7,590,000	7,600,000
Amount	100,000	75,900,000	76,000,000

(ii) Terms/ Rights attached to Equity Shares

- i. The company has only one class of equity shares having a par value of Rs 10/- each per share. Each holder of equity share is entitled to one vote per share.
- ii. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by the Holding Company, the Ultimate Holding Company, their Subsidiaries and Associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	% holding in that class of shares
As at March 31, 2019			
Kurlon Enterprise Limited - Holding Company Equity shares of Rs.10/- each voting rights	7,600,000	-	100%
As at March 31, 2018			
Kurlon Enterprise Limited - Holding Company Equity shares of Rs.10/- each voting rights	10,000	-	100%
	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares of Rs.10/- each with voting rights Kurlon Enterprise Limited	7,600,000	100%	10,000	100%

Note No. 10 - Other Equity

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Retained Earnings		
Opening Balance	2.46	1.50
Add: Comprehensive Income / (Loss) for the year	(759.24)	0.96
Closing Balance	(756.78)	2.46

Note No. 11 - Deffered Tax Liabilities (Net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liabilities		
Depreciation & Amortisation	9.90	2.03

Note No. 12 - Other Non-Current & Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Advances received from Related Parties						
- Kurlon Enterprise Limited	-	1,242.00	1,242.00	-	501.91	501.91
Advances received from Customers for Supplies & Services	34.12	-	34.12	9.32	-	9.32
Statutory dues						
- Statutory Remittance	47.74	-	47.74	5.91	-	5.91
Total Other Liabilities	81.86	1,242.00	1,323.86	15.23	501.91	517.14

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 13 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
	Current	Current
a) Dues to Related Parties		
Kurlon Enterprise Limited	671.72	71.77
Kurlon Limited	56.16	-
Maha Rashtra Apex Corporation Limited	0.91	0.32
b) Trade Payable for Goods & Services	497.29	104.58
Total Trade Payables	1,226.08	176.67

Note No. 14 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Current	Total	Current	Total
Other Provisions				
Taxation	-	-	0.51	0.51
Total Provisions	-	-	0.51	0.51

Note No. 15 - Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Traded Goods	1,853.03	557.79
Other Operating Income	157.61	48.30
Total Revenue from Operations	2,010.64	606.09

Note No. 16 - Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income		
Interest Others	0.01	0.84
Miscellaneous Income	0.78	0.09
Total Other Income	0.79	0.93

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 17
a. Purchase of Traded Goods
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Traded Goods	2,132.21	671.67
Total Purchase	2,132.21	671.67

b. Changes in Inventories of Traded Goods
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year:		
Traded Goods	936.13	253.51
	936.13	253.51
Inventories at the beginning of the year:		
Traded Goods	253.51	9.62
	253.51	9.62
Net (increase) / decrease	(682.62)	(243.89)

Note No. 18 - Employee Benefits Expense
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries including Bonus	7.16	-
(b) Contribution to Provident and Other Funds	0.65	-
(c) Staff Welfare Expenses	3.82	-
Total Employee Benefit Expense	11.63	-

Note No. 19 - Finance Cost
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Bank Charges	17.75	4.93
Total Finance Costs	17.75	4.93

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 20 - Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Electricity & Maintenance Charges	69.89	7.64
Sales Commission & Discount	13.53	23.16
Advertisement Expenses	6.70	0.13
Business Promotion	3.07	2.08
Freight and Forwarding Charges	18.85	6.81
Rent including Lease Rentals	804.06	101.55
Repairs and Maintenance - Buildings	5.48	-
- Machinery	5.21	-
- Others	13.98	2.63
Rates and Taxes	4.57	0.73
Insurance Charges	0.72	1.30
Postage & Telephone	3.52	0.54
Auditors remuneration		
As Auditors	3.00	0.50
Travelling Expenses	4.69	1.19
Printing and Stationery	3.50	-
Legal and Professional	12.90	6.22
Deputation of Staff & Reimbursement of Expenses	260.26	-
Sundry Debtors Written off	0.04	0.72
Miscellaneous Expenses	9.03	12.33
Total Other Expenses	1,243.00	167.53

Note No. 21 - Earnings per share

Particulars	31 March 2019	31 March 2018
Profit after Tax (Rs.in Lakhs)	(759.24)	0.96
Weighted average number of Equity shares outstanding -Basic	7,600,000	10,000
Weighted average number of Equity shares outstanding- Diluted	7,600,000	10,000
Earnings per share – Basic (Rs.)	(9.99)	9.60
Earnings per share – Diluted (Rs.)	(9.99)	9.60
Face Value of Equity Shares (Rs.)	10	10

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note No. 22 - Leases

Operating lease arrangements

The company has certain operating leases for office facilities (Cancellable leases) with lease term 4-5 Years. Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of Rs. 804.06 Lakhs (Previous Year: Rs.101.55 Lakhs) in respect of obligation under operating leases have been recognised in the Statement of Profit and Loss. The company does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

Note No. 23 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Other Commitments		
Commitments for acquisition of Property, Plant & Equipments	54.48	-
Total	54.48	-

Note No. 24 - Disclosure required under Section 22 of MS & ME Development Act, 2006

Based on the information available with the company and the nature of transaction with Micro, Small and Medium Enterprises, there are no dues which are outstanding for more than 45 days as at March 31, 2019 to these enterprises. Further, no interest has been paid or payable during the year under the terms of the MSMED Act 2006.

Note No. 25 - Related Party disclosures

The Company material related party transactions and outstanding balances are with the Key managerial personnel and directors.

A) Retated parties with relationships

Relationship	Related Parties
Holding Company	Kurlon Enterprise Limited from
Ultimate Holding Company	Kurlon Limited
Persons having substantial interest in the Company	Mr. T. Sudhakar Pai, Mrs. Jaya S Pai
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Ltd (GICC) Manipal Holdings Pvt. Ltd Manipal Home Finance Ltd Jayamahar Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Metropolis Builders Private Limited Manipal Stock & Shares Brokers Limited
Key Management Personnel and their relatives	Mr. T. Sudhakar Pai, Mr. Jamsheed M Panday Mr. Narendra Kudva

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
B) Related Party Transactions

₹ in Lakhs

Particulars	Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives/ wholly owned subsidiary		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:				
Rent including Lease Rentals :				
Maharashtra Apex Corporation Ltd	7.80	2.70	7.80	2.70
Maharashtra Apex Corporation Ltd (GST)	1.40	0.49	1.40	0.49
Kurlon Enterprise Limited	278.67	-	278.67	-
Kurlon Enterprise Limited (GST)	50.16	-	50.16	-
Kurlon Limited	52.00	-	52.00	-
Kurlon Limited (GST)	9.36	-	9.36	-
Deputation of Staff & Reimbursement of Expenses :				
Kurlon Enterprise Limited	260.26	-	260.26	-
Kurlon Enterprise Limited (GST)	46.85	-	46.85	-
Repairs & Maintenance - Others :				
Manipal Advertising Services (P)Ltd	6.30	0.15	6.30	0.15
Manipal Advertising Services (P)Ltd (GST)	1.13	-	1.13	-
Advances Received :				
Kurlon Enterprise Limited	1,242.00	501.91	1,242.00	501.91
Security Deposit Paid :				
Maharashtra Apex Corporation Ltd	15.00	0.30	15.00	0.30
Purchase of Traded Goods (Net) :				
Kurlon Enterprise Limited	1,679.33	602.83	1,679.33	602.83
Investment in Share Capital				
Kurlon Enterprise Limited	760.00	1.00	760.00	1.00
Outstanding as at end of the year				
Trade Payable :				
Kurlon Enterprise Limited	671.71	71.77	671.71	71.77
Kurlon Limited	56.16	-	56.16	-
Maharashtra Apex Corporation Limited	0.91	0.32	0.91	0.32
Unsecured Loans Payable :				
Sri.T. Sudhakar Pai	-	1.00	-	1.00
Total	5,139.04	1,182.47	5,139.04	1,182.47

1. Related Party relationships are as identified by the Company on the basis of the information available.
2. No amount is has been written off or written back during the year in respect of debts due from or to related party.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note No. 26 - Financial Risk Management

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

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relate to the position as at 31 March, 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

(i) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of , loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate as these are non interest bearing liabilities and do not change for any market fluctuation.

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial Instruments and Cash & Bank Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 is the carrying amounts which are given below. Trade Receivables and Other Financial Assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

₹ in Lakhs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Non-Current Assets		
- Trade Receivables	1.50	-
- Other Financial Assets	283.70	49.60
Current Assets		
- Trade Receivables	16.63	8.99
- Cash and Cash Equivalents	55.41	58.94

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Not Due	-	-
Due from 0 to 180 days	16.53	7.49
Due from more than 180 days	1.60	1.50
Less: Loss Allowance	-	-
Total	18.13	8.99

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

Maturity Profile of Financial Liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

₹ in Lakhs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2019			
Trade Payables	1,226.08	1,195.52	30.55
Total	1,226.08	1,195.52	30.55

₹ in Lacs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2018			
Trade Payables	176.67	104.90	71.77
Total	176.67	104.90	71.77

Note No. 27 - Fair Value Measurements

The carrying amounts and fair values of the financial instruments by class are as follows:

₹ in Lakhs

Particulars	Carrying amount/Fair value	
	As at 31 March, 2019	As at 31 March, 2018
Financial Assets		
Measured at fair value through Profit and Loss		
Non-Current Assets		
- Trade Receivables	1.50	-
- Other Current Financial Assets	283.70	49.60
Current Assets		
- Trade Receivables	16.63	8.99
- Cash and Cash Equivalents	55.41	58.94
Total	357.24	117.53
Financial Liabilities		
Measured at fair value through profit and loss		
Current Liabilities		
- Trade Payables	1,226.08	176.67
Total	1,226.08	176.67

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments comprise of borrowings, trade and other payables, loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Disclosures of fair value measurement hierarchy for financial instruments are given below:

₹ in Lakhs

Particulars	Carrying amount/Fair value					
	As at 31 March, 2019			As at 31 March, 2018		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial Assets						
Measured at fair value through profit and loss						
Non-Current Assets						
- Other Current Financial Assets	-	-	283.70	-	-	49.60
Current Assets						
- Trade Receivables	-	-	18.13	-	-	8.99
- Cash and Cash Equivalents	-	-	55.41	-	-	58.94
Total	-	-	357.24	-	-	117.53
Financial Liabilities						
Measured at fair value through profit and loss						
Current Liabilities						
- Trade Payables	-	-	1,226.08	-	-	176.67
Total	-	-	1,226.08	-	-	176.67

NOTES TO THE STANDALONE FINANCIAL STATEMENTS**Note No. 28 - Capital Management**

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders.

The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Note No. 29 - Reclassification

The Company's principal financial liabilities, comprise of borrowings, trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade receivables & cash & cash equivalents.

Note No. 30 - Others

The figures of previous year have been suitably regrouped and/or rearranged wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For Muddanna U.
Chartered Accountant

T. Sudhakar Pai
Director
DIN: 00043298

Narendra Kudva
Director
DIN: 07459916

Muddanna U.
M. No : 200296

Jamsheed M Panday
Director
DIN: 00232768

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF KURLON ENTERPRISE LIMITED

Report on the Audit of the Consolidated Ind AS Financial Statements

1.0 Opinion

We have audited the accompanying consolidated Ind AS financial statements of **KURLON ENTERPRISE LIMITED** (hereinafter referred to as “the Parent”) and its subsidiary (the Parent and its subsidiary together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

2.0 Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

3.0 Information Other than the Financial Statements and Auditor’s Report Thereon

- The Parent’s Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Director’s Report including Annexure to the Director’s Report, but does not include the consolidated financial statements, standalone financial statements and our auditor’s report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statement of the subsidiary audited by the other auditors, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditor.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

4.0 Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

5.0 Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 financial 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 Parent 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 the management.
- 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent Company included in the consolidated financial statements of which we are the independent auditors 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.

6.0 Other Matters

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs.2,563.06 Lakhs as at March 31, 2019, total revenues of Rs.2,011.43 Lakhs and net cash inflows/ (outflows) amounting to Rs.(3.53) Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

7.0 Report on Other Legal and Regulatory Requirements

7.1 As required by Section 143(3) of the Act, based on our audit we report and on the consideration of the report of the other auditor on the separate financial statement referred to in the Other Matters section above we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other 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 explanations given to us, the remuneration paid/ provided by the Parent Company to its directors during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
- (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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company and in case of its subsidiary company, incorporated in India, there were no amounts which were required to be transferred to the Investor Education and Protection Fund.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.008072S

Place : Bengaluru
Date : July 19, 2019
UDIN#: 19204108AAAACP9335

S. Ganesh
Partner
Membership No. 204108

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 7(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

1.0 Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Kurlon Enterprise Limited (hereinafter referred to as “Parent”) and its subsidiary company, which are companies incorporated in India, as of that date.

2.0 Management’s Responsibility for Internal Financial Controls

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

3.0 Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which are companies incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

4.0 Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

5.0 Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

6.0 Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

7.0 Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which are companies incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.008072S

Bengaluru,
July 19, 2019
UDIN#:19204108AAAACP9335

S. Ganesh
Partner
Membership No. 204108

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3a	18,113.32	18,065.68
(b) Capital work-in-progress	4	2,276.05	587.43
(c) Other Intangible assets	3b	634.24	557.10
(d) Financial Assets			
(i) Loans	7	1,152.16	803.48
(ii) Trade Receivables	10	1.50	-
(e) Other Non-Current Assets	8	2,801.29	1,422.73
Total Non - Current Assets		24,978.56	21,436.42
Current assets			
(a) Inventories	9	11,418.32	10,049.14
(b) Financial Assets			
(i) Investments	5	3,726.71	1,889.53
(ii) Trade Receivables	6	11,197.46	11,994.26
(iii) Cash and Cash equivalents	10	2,924.67	4,168.26
(iv) Other bank balances	10	132.65	210.29
(c) Other Current Assets	8	7,768.18	5,625.56
Total Current Assets		37,167.99	33,937.04
Total Assets		62,146.55	55,373.46
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	1,819.12	1,389.37
(b) Other Equity	12	36,182.49	29,920.23
Total equity		38,001.61	31,309.60
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Other Financial Liabilities	15	6,054.90	5,638.35
(b) Provisions	14	409.42	409.42
(c) Deferred tax liabilities (Net)	18	2,086.97	1,949.60
Total Non - Current Liabilities		8,551.29	7,997.37
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,368.21	2,004.54
(ii) Trade payables	13		
(A) Total outstanding dues of micro enterprises and small enterprises		100.65	160.78
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		11,504.98	11,321.45
(iii) Other financial Liabilities	15	49.45	53.82
(b) Other Current Liabilities	17	1,031.13	457.12
(c) Provisions	14	409.42	409.42
(d) Current Tax Liabilities (Net)	19	1,129.81	1,659.38
Total Current Liabilities		15,593.65	16,066.50
Total Equity and Liabilities		62,146.55	55,373.46

See accompanying notes forming part of the consolidated financial statements
In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)

T. Sudhakar Pai
Managing Director
DIN-00043298

Dr. Nitin G Khot
Director
DIN-00030613

S. Ganesh
Partner
Membership No. 204108

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
INCOME			
Revenue from operations	20	111,630.08	110,817.97
Other Income	21	791.10	1,244.69
Total Revenue		112,421.18	112,062.66
EXPENSES			
Cost of materials consumed	22.a	43,322.45	45,632.45
Purchases of stock in trade	22.b	16,013.96	14,460.57
Changes in inventories of finished goods, stock in trade and work-in-progress	22.c	(1,553.59)	(1,205.35)
Excise duty on sale of goods	23	-	1,330.58
Employee benefit expense	24	6,465.36	6,137.39
Finance costs	25	497.30	409.56
Depreciation and amortisation expense	26	1,863.45	1,438.96
Other expenses	27	33,962.80	30,701.99
Total Expenses		100,571.72	98,906.15
Profit before tax		11,849.45	13,156.51
Tax Expense			
Current tax	28	4,333.93	4,261.48
MAT Credit			(0.51)
Tax expense relating to prior years (net)		(23.19)	(0.29)
Deferred tax	28	137.37	480.48
		4,448.11	4,741.16
Profit for the year		7,401.34	8,415.35
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Re-measurements of the defined benefit plans [(gain)/ loss]		190.89	(22.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(66.07)	7.65
Total other Comprehensive Income		124.82	(14.44)
Total Comprehensive Income for the year		7,526.16	8,400.91
Earnings per equity share :			
(1) Basic	29	20.69	30.23
(2) Diluted	29	20.69	29.83

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors
For Deloitte Haskins & Sells

 Chartered Accountants
 (Firm's Registration No. 0080725)

T. Sudhakar Pai

 Managing Director
 DIN-00043298

Dr. Nitin G Khot

 Director
 DIN-00030613

S. Ganesh

 Partner
 Membership No. 204108

Shambhu Kumar Bhotika

Chief Financial Officer

Monu Kumar

Company Secretary

 Place : Bangalore
 Date: July 19, 2019

 Place : Bangalore
 Date: July 19, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
A. Cash flows from Operating Activities		
Profit before tax for the year	11,849.45	13,156.51
(Gain)/ Loss on disposal of Property, Plant and Equipment	(1.19)	3.23
Insurance claim received on fixed assets	(42.60)	(612.62)
Advance written back	(95.58)	-
Liability written back	(84.68)	-
Bad debts written off	7.94	-
Interest on Mutual Funds	(280.41)	-
Depreciation and Amortisation	1,863.44	1,439.00
Interest Income from Deposit	(149.28)	(56.01)
Dividend Income	(31.72)	(6.94)
Net (gain)/loss recorded in Profit or Loss on financial liabilities designated as at fair value through profit or loss	-	(8.41)
Interest expenses	479.55	406.63
Provision for doubtful Trade Receivables and Advances	153.17	55.47
Net foreign exchange (gain)/loss	1.29	12.68
	13,669.39	14,387.53
Movements in working capital:		
(Increase)/Decrease in Loans	(19.19)	(330.33)
(Increase)/Decrease in Trade Receivables	634.18	(3,898.76)
(Increase)/Decrease in Inventories	(1,369.18)	(1,417.44)
(Increase)/Decrease in other Current Assets	(3,183.50)	(2,089.32)
(Increase)/decrease in other Non-Current assets	(1,928.72)	731.18
Increase in Trade Payables	258.71	2,580.74
Increase/(Decrease) in Non-Current Provisions	-	(107.22)
Increase/(Decrease) in Non-Current Other Financial Liabilities	1,156.64	1,085.08
Increase/(decrease) in other Current Liabilities	827.42	(1,159.54)
Increase/(Decrease) in Current Provisions	-	107.21
	(3,623.63)	(4,494.40)
Cash Flows generated from Operating Activities	10,045.75	9,889.13
Income tax paid	(4,905.69)	(3,467.94)
Net cash flow from operating activities (A)	5,140.06	6,421.19
B. Cash flows from Investing Activities		
Proceeds on sale of Financial Assets	12.37	629.81
Insurance claim received	42.60	-
Interest received	429.69	56.01
Other Dividends Received	31.72	6.94
(Purchase)/Sale of Investments	(1,837.18)	(1,573.68)
Placed in Bank Deposits not considered as Cash and Cash Equivalents	77.48	3.49
Purchase of Property, Plant & Equipment	(3,687.99)	(4,485.66)
Net cash flow from / (used in) Investing Activities (B)	(4,931.32)	(5,363.09)
C. Cash flows from Financing Activities		
Proceeds/ (Repayment) of Short term borrowings	(134.42)	1,108.13
Tax on Distributed Profits	(141.42)	(114.40)
Dividends paid to owners of the Company	(692.73)	(561.96)
Interest paid	(483.92)	(279.68)
Net cash flow from / (used in) financing activities (C)	(1,452.49)	152.09
Net increase / decrease in cash and cash equivalents (A+B+C)	(1,243.74)	1,210.20
Cash and cash equivalents at the beginning of the year	4,168.42	2,958.22
Cash and cash equivalents at the end of the year	2,924.67	4,168.42
Reconciliation of Cash & cash equivalents with the Balance Sheet		
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)	132.65	210.13
Cash and cash equivalents as per the Balance Sheet (Refer note 10)	3,057.32	4,378.55

Notes: (*) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)

T. Sudhakar Pai
Managing Director
DIN-00043298

Dr. Nitin G Khot
Director
DIN-00030613

S. Ganesh
Partner
Membership No. 204108

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
a. Equity Share Capital

₹ in Lakhs

Particulars	Amount
Balance as at April 1, 2017	1,123.91
Changes in equity share capital during the year	265.46
Issue of Bonus Equity Shares	
Balance as at March 31, 2018	1,389.37
Changes in equity share capital during the year	
Issue of Bonus Equity Shares	429.75
Balance as at March 31, 2019	1,819.12

b. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus				Total
	Securities premium	Share option outstanding account	General reserve	Retained earnings	
Balance as at April 1, 2017	11,619.58	435.58	1,141.14	9,264.84	22,461.14
Transferred to general reserve	-	-	840.18	(840.18)	-
Profit for the year	-	-	-	8,415.35	8,415.35
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	(14.44)	(14.44)
Dividends	-	-	-	(561.96)	(561.96)
Tax on dividends	-	-	-	(114.40)	(114.40)
Utilized during the year for issue of bonus share	-	-	(265.46)	-	(265.46)
Balance as at March 31, 2018	11,619.58	435.58	1,715.86	16,149.21	29,920.23
Profit for the year	-	-	-	7,401.34	7,401.34
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	124.82	124.82
Dividends	-	-	-	(692.73)	(692.73)
Tax on dividends	-	-	-	(141.42)	(141.42)
Utilized during the year for issue of bonus share	-	-	(429.75)	-	(429.75)
Balance as at March 31, 2019	11,619.58	435.58	1,286.11	22,841.22	36,182.49

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)

T. Sudhakar Pai
Managing Director
DIN-00043298

Dr. Nitin G Khot
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Partner
Membership No. 204108

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies

Note	Particulars												
I.	<p>Corporate information</p> <p>Kurlon Enterprise Limited was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company along with Kurlon Retail Limited (“Subsidiary”) provides business activities in diverse area such as Rubberized coir, Latex Foam, Polyurethane foam, spring Mattresses, Furniture, Furnishing etc.</p> <p>The accompanying Consolidated Financial Statements relate to Kurlon Enterprise Limited (“the Holding Company”) and its Subsidiary (together referred as “the Group”)</p>												
2.1	<p>Basis of Consolidation</p> <p>The Consolidated Financial Statements have been prepared on the following basis:-</p> <p>Basis of Accounting:</p> <p>i) The financial statements of the Subsidiary Company are drawn up to the same reporting date as of the Holding Company.</p> <p>i) The consolidated financial statements have been prepared in accordance with Indian Accounting Standard - 110 on “Consolidated Financial Statements”.</p> <p>Principles of Consolidation:</p> <p>i) The financial statements of the Holding Company and its Subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Indian Accounting Standard - 110 on “Consolidated Financial Statements”.</p> <p>ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company’s separate financial statements except as otherwise stated in the Significant Accounting Policies.</p> <p>iii) The difference between the costs of investments in the Subsidiaries over the net assets at the time of acquisition of shares in the Subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.</p> <p>iv) Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.</p> <p>The Consolidated Financial Statements of the Holding Company includes the results of following entities</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Name of Company</th> <th style="text-align: center;">Country of Incorporation</th> <th style="text-align: center;">Proportion (%) of Shareholding as on 31.03.2019</th> <th style="text-align: center;">Proportion (%) of Shareholding as on 31.03.2018</th> </tr> </thead> <tbody> <tr> <td>Subsidiary Company</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Kurlon Retail Limited</td> <td style="text-align: center;">India</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	Name of Company	Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2019	Proportion (%) of Shareholding as on 31.03.2018	Subsidiary Company				Kurlon Retail Limited	India	100%	100%
Name of Company	Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2019	Proportion (%) of Shareholding as on 31.03.2018										
Subsidiary Company													
Kurlon Retail Limited	India	100%	100%										

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.2	<p>Statement of compliance</p> <p>The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India.</p> <p>Except for the changes below, the Group has consistently applied accounting policies to all periods:</p> <p>The Group has adopted Ind AS 115 ‘Revenue from Contracts with Customers’ with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 ‘Revenue’ and Ind AS 11 ‘Construction Contracts’. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.</p> <p>Appendix B to Ind AS 21 ‘The Effects of Changes in Foreign Exchange Rates’: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Group has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.</p>
2.3	<p>Basis of Preparation and presentation</p> <p>The financial statements have been prepared on a historical cost basis, except, certain financial assets and liabilities, measured at fair value.</p> <p>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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:</p> <p>Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;</p> <p>Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p>Level 3 Inputs are unobservable for the asset or liability.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.4	<p>Use of estimates and judgement</p> <p>The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of IndAS requires the management of the Companies in the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.</p> <p>Key source of estimation of uncertainty at the date of the consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Id in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets, provision for warranty and other provisions and contingent liabilities.</p> <p>Useful lives of property, plant and equipment</p> <p>The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.</p> <p>Provisions and contingent liabilities</p> <p>A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the consolidated financial statements. A contingent asset is neither recognized nor disclosed in the consolidated financial statements.</p>
2.5	<p>Revenue recognition</p> <p>Effective 01 April 2018, the Company adopted IND AS 115, 'Revenue from Contracts with Customers' using the modified retrospective method. In accordance with this, the comparatives have not been retrospectively adjusted and no material impact was recognised</p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p>Sale of goods</p> <p>Revenue from the sale of goods is recognised when (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>transaction will flow to the Group; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items.</p> <p>Other income</p> <p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p> <p>Dividend Income- Dividend income is accounted for when the right to receive is established.</p>
2.6	<p>Foreign currencies</p> <p>The functional currency of the Company is Indian Rupees.</p> <p>Transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at rates prevailing at the year-end. The net loss or gain arising out of such restatement is dealt with in the Statement of Profit and Loss.</p> <p>Transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at rates prevailing at the year-end. The net loss or gain arising out of such restatement is dealt with in the Statement of Profit and Loss.</p>
2.7	<p>Leases</p> <p>Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.</p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.</p> <p>Assets taken on finance lease are capitalized, while lease charges on assets taken on operating lease are expensed.</p>
2.8	<p>Employee benefits</p> <p>Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.</p> <p>Retirement benefit cost and termination benefits</p> <p>Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the consolidated statement of profit and loss. Past service cost is recognized in the consolidated statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:</p> <ul style="list-style-type: none"> - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); - net interest expense or income; and - remeasurement <p>The Group presents the first two components of defined benefit costs in the consolidated statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.</p> <p>The retirement benefit obligation in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p> <p>A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.</p> <p>Defined contribution plan</p> <p>Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.</p> <p>Compensated absences</p> <p>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 recognized as an actuarially determined liability at the present value of the defined obligation at the balance sheet date.</p> <p>2.9 Taxation</p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p>Current tax</p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Deferred tax</p> <p>Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p> <p>Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.</p>
<p>2.10</p>	<p>Property, plant and equipment</p> <p>Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Lease rentals and premium for lease hold are amortized over the primary lease period.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use as prescribed in the schedule II of the companies</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p> <p>Capital work in progress</p> <p>Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.</p> <p>The capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
2.11	<p>Intangible assets</p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p> <p>Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.</p> <p>The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.</p>
2.12	<p>Impairment</p> <p>Financial assets (other than a fair value)</p> <p>The Group assesses at each date of balance sheet weather a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p>Non-financial assets</p> <p>Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.</p> <p>If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.13	<p>Inventory</p> <p>Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.</p>
2.14	<p>Provisions</p> <p>Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p>
2.15	<p>Investment in Subsidiaries</p> <p>Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment Depreciation on investment property, is provided on a pro-rate basis on written down value basis, over the useful life of the property estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The property's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.</p>
2.16	<p>Financial instruments</p> <p>Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p>A) Financial assets</p> <p>Cash and cash equivalents</p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p>Financial assets at amortized cost</p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through other comprehensive income (FVTOCI)</p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through profit and loss (FVTPL)</p> <p>Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in consolidated statement of profit and loss.</p> <p>Foreign exchange gains and losses</p> <p>The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in consolidated statement of profit and loss.</p> <p>B) Financial liabilities and equity</p> <p>Financial liabilities at amortized cost</p> <p>Financial liabilities are measured at amortized cost using effective interest method.</p> <p>Borrowings & Security Deposits</p> <p>Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.</p> <p>Equity instruments</p> <p>An equity instrument is contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Foreign exchange gains and losses</p> <p>For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in other income.</p> <p>The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the consolidated profit and loss.</p>
2.17	<p>Earnings per share (EPS)</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to owners of the Group. (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax attributable to owners of the Group including the post-tax effect of extraordinary items, if any as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p> <p>Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p>
2.18	<p>Segment reporting</p> <p>The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The Group has only one reportable business segment, which is manufacturing of mattresses and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.</p>
2.19	<p>New Standards and interpretations and not yet adopted</p> <p>i) Ind AS 116 'Leases': On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.</p> <p>ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.</p> <p>iii) Amendment to Ind AS 19 ‘Employee Benefits’: On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019.</p> <p>iv) Amendment to Ind AS 12 ‘Income Taxes’: On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 ‘Income Taxes’. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.</p> <p>The Group is evaluating the effect of the above pronouncements on its financial statements.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Property, Plant and Equipments

₹ in Lakhs

a) Tangible Assets

Particulars	Land Freehold	Land leasehold*	Buildings	Plant & Machinery	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Vehicles Financed	Computer Owned	Total
Gross carrying value										
As at April 1, 2017	958.55	842.50	3,132.96	14,649.67	1,537.78	376.51	268.65	24.52	315.89	22,107.03
Additions	15.63	-	424.95	2,525.71	1,076.07	61.43	7.26	-	99.87	4,210.92
Disposals	-	-	-	-	-	-	27.79	-	0.68	28.47
As at March 31, 2018	974.18	842.50	3,557.91	17,175.38	2,613.85	437.94	248.12	24.52	415.08	26,289.48
Additions	-	-	146.34	571.89	878.76	72.55	50.62	-	80.95	1,801.11
Disposals	-	-	-	-	6.70	0.89	6.75	-	-	14.34
As at March 31, 2019	974.18	842.50	3,704.25	17,747.27	3,485.91	509.60	291.99	24.52	496.03	28,076.25
Accumulated Depreciation										
As at April 1, 2017	-	-	379.47	5,409.08	708.33	161.64	39.72	6.19	205.44	6,909.87
Additions	-	-	100.64	875.28	182.38	62.56	30.61	2.91	67.59	1,321.97
Disposals	-	-	-	-	-	-	7.54	-	0.50	8.04
As at March 31, 2018	-	-	480.11	6,284.36	890.71	224.20	62.79	9.10	272.53	8,223.80
Additions	-	-	115.87	1,175.88	262.64	74.90	32.32	2.91	77.77	1,742.29
Disposals	-	-	-	-	0.58	0.71	1.87	-	-	3.16
As at March 31, 2019	-	-	595.98	7,460.24	1,152.77	298.39	93.24	12.01	350.30	9,962.93
Net carrying amount										
Balance as at March 31, 2019	974.18	842.50	3,108.27	10,287.03	2,333.14	211.21	198.75	12.51	145.73	18,113.32
Balance as at March 31, 2018	974.18	842.50	3,077.80	10,891.02	1,723.14	213.74	185.33	15.42	142.55	18,065.68

b) Intangible Assets

Particulars	Computer software	Total
As at April 1, 2017	722.73	722.73
Additions	108.87	108.87
Disposals	-	-
As at March 31, 2018	831.60	831.60
Additions	198.29	198.29
Disposals	-	-
As at March 31, 2019	1,029.89	1,029.89

Note: * Lease hold land acquired for a period of 99 years from Gujarat Industrial Area Development Board

Refer Note - 16 for information on property, plant and equipments pledged as security by the Company.

Note 4 - Capital Work in Progress

Particulars	₹ in Lakhs	
	As at March 31, 2019	As at March 31, 2018
Land	-	0.86
Building	1,367.63	474.15
Plant & Machinery	707.59	88.64
Others	200.83	23.78
	2,276.05	587.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 5 - Current Investment

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Amount ₹ in Lakhs	Nos.	Amount ₹ in Lakhs
A. Cost				
I. Investment in Commercial papers (at amortised cost)				
Cox and Kings Limited	500	2,500.00	-	-
Total Unquoted Investments	500	2,500.00	-	-
B. Fair Value Through Profit and Loss				
I. Quoted Investments				
Investments in Mutual funds				
SBI Savings fund - Direct Plan-Growth	-	-	272,037	75.61
IDBI liquid fund- Direct Plan-Growth	-	-	19,022	353.90
Franklin India Low Duration Fund Direct Monthly Dividend Plan	-	-	294,671	31.71
Franklin India Low Duration Fund - Direct Growth	-	-	7,036,927	1,428.31
Franklin India Short Term Income Plan - Retail Plan - Direct - GROWTH	29,238	1,226.71	-	-
Total Aggregate Quoted Investments	29,238	1,226.71	7,622,657	1,889.53
Total Investments Carrying Value (A)	29,738	3,726.71	7,622,657	1,889.53
Other Disclosures				
Aggregate amount of Quoted Investments & market value thereof	-	1,226.71	-	1,889.53
Aggregate amount of Unquoted Investments	-	2,500.00	-	-

Note No. 6 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Trade Receivables outstanding for a period of more than 6 months		
(a) Considered Good - unsecured	1,031.37	416.40
(b) which have significant increase in Credit Risk	688.89	543.67
	1,720.26	960.07
Less: Allowance for bad and doubtful debts	688.89	543.67
	1,031.37	416.40
Other trade receivables		
(a) Considered Good - unsecured	10,166.09	11,577.86
Non-current	11,197.46	11,994.26
Trade Receivables outstanding for a period of more than 12 months		
(a) Considered Good - unsecured	1.50	-
Total	11,198.96	11,994.26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 6a - Movement in the allowance for doubtful debts

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at beginning of the year	543.67	489.85
Impairment losses recognised in the year based on 12 Month Expected Credit Loss		
On Receivables Originated in the year	314.90	230.40
Amounts written off during the year as uncollectible	-	(55.47)
Amounts Recovered During the year	(169.68)	(121.11)
Balance at End of the year	688.89	543.67

Note No. 7 - Loans

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(Carried at amortised cost)		
(a) Security Deposits- Secured, considered good	1,152.16	797.45
(b) Other Loans - unsecured, considered good		
Loans to Employees	-	6.03
TOTAL	1,152.16	803.48

Note No. 8 - Other Non-Current and Current Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
(a) Capital advances		
(i) For Land	2,278.44	1,397.46
(ii) For Building	303.00	22.33
(iii) For Plant & Machinery	217.91	-
(b) Balances with government authorities	1.94	1.94
(c) Others		
Prepaid expenses	-	1.00
	2,801.29	1,422.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 8 - Other Non-Current and Current Assets (Contd.)
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
(a) Capital advances		
(i) For Building	-	52.76
(ii) For Plant & Machinery	15.00	-
(iii) Interior	41.94	-
(b) Advance to suppliers	858.82	411.11
(c) Advance to related parties	-	-
Kurlon Limited	4,694.49	3,559.68
Metropolis Builders Limited	30.00	27.95
General Investment & Commercial Corporation Ltd.	650.82	-
Manipal Advertising Services Private Limited	427.82	-
(d) Advances to employees	66.96	124.78
(e) Balances with government authorities	308.80	949.92
(f) Others		
Prepaid expenses	267.58	269.63
Prepaid rent	83.53	110.15
Gratuity fund	19.05	53.52
Leave Encashment Fund	303.37	66.06
TOTAL	7,768.18	5,625.56

Note No. 9 - Inventories
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Raw materials	3,630.32	3,784.61
(b) Work-in-progress	1,315.96	1,347.40
(c) Finished goods	4,040.10	3,094.49
Goods in transit	40.12	-
(d) Stock in trade	1,873.59	1,391.20
Goods in transit	9.91	-
(e) Stores and spares	508.32	431.44
Total Inventories at the lower of cost and Net Realisable Value	11,418.32	10,049.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 10 - Cash and Bank Balances

₹ in Lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Cash and Cash equivalents		
(a) Balances with banks	400.27	2,188.96
(b) Cheques, drafts on hand	1,506.77	1,951.21
(c) Cash in hand	28.72	17.72
(d) Others		
In deposit Accounts (refer note below)	988.91	10.37
TOTAL	2,924.67	4,168.26
Other Bank Balance		
(a) Earmarked balances with banks	131.85	210.13
(b) Unpaid dividend	0.80	0.16
TOTAL	132.65	210.29

Note - Deposit Receipts pledged with banks for obtaining Letter of Credit & Bank Guarantee Facilities. These deposits have an original maturity of less than six months.

Note No. 11 - Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Authorised:				
Equity shares of Rs.5/- each with voting rights	3,80,00,000	1,900.00	3,80,00,000	1,900.00
Issued, Subscribed and fully Paid:				
Equity shares of Rs.5/- each with voting rights	3,63,82,393	1,819.12	2,77,87,380	1,389.37

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Equity Shares				
At the beginning of the period	2,77,87,380	1,389.37	2,24,78,260	1,123.91
Fully paid shares allotted during the year				
Bonus issue (refer note : v)	85,95,013	429.75	53,09,120	265.46
Outstanding at the end of the period	3,63,82,393	1,819.12	2,77,87,380	1,389.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Terms/ rights attached to equity shares

- i. The company has only one class of equity shares having a par value of Rs. 5/- each (March 31,2018- Rs. 5/- each) per share. Each holder of equity shares is entitled to one vote per share.
- ii. In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- iii. The dividend for the year ended March 31, 2019 declared by the Board of Directors is Rs. 3/- per equity share and is subject to the approval of the shareholders in the ensuing Annual General Meeting. This would result in a Cash Outflow of Rs. 1315.88 lakhs including Dividend Distribution Tax during the Financial Year ended 2019-20.

(iii) Details of Shares held by the Holding Company, the Ultimate Holding Company, Subsidiaries and Associates

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Limited				
Equity shares of Rs.5/- each with voting rights	3,09,46,755	85.06	2,33,23,357	83.94

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of Rs.5/- each with voting rights				
Kurlon Limited	3,09,46,755	85.06	2,33,23,357	83.94
Indian Business Excellence Fund II A	23,54,086	6.47	23,54,086	8.47

(v) Details of shares issued for consideration other than cash during the preceding four years

Particulars	As at March 31, 2019	As at March 31, 2018
Equity Shares with Voting rights		
Fully paid up Bonus Shares (Nos)	85,95,013	53,09,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 12 - Other equity

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium Amounts received (on issue of shares) in excess of the par value has been classified as securities premium.	11,619.58	11,619.58
Shares option outstanding Account Any profit or loss arising on difference between fair value and exercise price on Employee Stock options is transferred to Share option outstanding account.	435.58	435.58
General Reserve		
Balance at the beginning of the year	1,715.86	1,141.14
Add: Transfer from the statement of Profit & Loss	-	840.18
Less : Utilised during the year for issuing bonus shares	429.75	265.46
Closing balance	1,286.11	1,715.86
This represents appropriation of profit by the Company.		
Retained Earnings		
Balance at the beginning of the year	16,149.21	9,264.84
Add: Transfer from the Statement of Profit & Loss	7,401.34	8,415.35
Add/ (Less): Transfer from Other Comprehensive Income (OCI)	124.82	(14.44)
Less: Transfer to general reserve	-	840.18
Less: Dividend Paid	692.73	561.96
Less: Tax on dividend	141.42	114.40
Closing balance	22,841.22	16,149.21
Total	36,182.49	29,920.23

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (refer note no 34)	100.65	160.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,504.98	11,321.45
Total	11,605.63	11,482.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 14 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Current	Non-Current	Current	Non-Current
Provisions for Warranty (refer note (i) below)	409.42	409.42	409.42	409.42
Total Provisions	409.42	409.42	409.42	409.42

(i) Details of movement in other provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as at beginning of the year	818.84	818.84
Additional provisions recognised	172.69	-
Amounts utilised during the period	172.69	-
Balance as at end of the year	818.84	818.84

Note No.15 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	5,859.63	5,518.68
Deposits received from C & F Agent	59.00	64.00
Payables for capital supplies/services	136.27	55.67
Total	6,054.90	5,638.35
Current		
Interest accrued on micro enterprises and small enterprises (Refer note 34)	0.99	0.53
Unpaid dividend account	0.80	0.16
Others	47.66	53.13
Total	49.45	53.82

Note No. 16 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
A. Secured Borrowings		
(a) Loans repayable on demand		
From Banks	672.21	-
From other party - Buyers credit	-	377.75
B. Unsecured Borrowings		
(a) Loans from related parties	696.00	1,124.88
(b) Advances from related parties	-	501.91
Total Current Borrowings	1,368.21	2,004.54

Note : Loans repayable on demand are secured by Pari passu first charge on current assets and movable assets of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No.17 - Other Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a. Advances received from customers	426.15	151.31
b. Statutory dues	604.98	305.81
Total Other Liabilities	1,031.13	457.12

Note No.18 - Deferred Tax liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	524.96	471.54
Deferred tax liabilities	(2,612.44)	(2,421.65)
MAT Credit	0.51	0.51
Deferred tax liabilities (net)	(2,086.97)	(1,949.60)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liability		
Depreciation and amortisation	(2,612.44)	(2,421.65)
Gross deferred tax liability	(2,612.44)	(2,421.65)
Deferred tax asset		
a) Employee benefits	(112.66)	283.39
b) Provision for doubtful debts	240.73	188.15
c) Provision for Warranty	286.14	-
d) 43B Disallowance	110.75	-
Gross deferred tax asset	524.96	471.54
MAT Credit	0.51	0.51
Net deferred tax liability	(2,086.97)	(1,949.60)

Note No. 19 - Current tax liabilities (net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for taxation	11,708.00	10,217.46
Less: Advance tax	10,578.19	8,558.08
Deferred tax liabilities (net)	1,129.81	1,659.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 20 - Revenue from Operations
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty) (refer note (i) & (iii))	110,725.94	109,883.41
Other operating revenue (refer note (ii) & (iii))	904.14	934.56
Total Revenue from Operations	111,630.08	110,817.97

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Sale of Products		
<u>Manufactured goods</u>		
Rubberized Coir Mattresses, Cushions	26,067.64	31,225.05
Foam and Foam Products	28,499.95	30,306.65
Sofa	1,989.58	1,567.79
Polyfibre Goods	3,391.69	2,618.06
Furniture	652.57	422.37
Foam Mattresses	20,811.51	16,112.18
Spring Mattresses	12,430.78	11,621.87
Total - Sale of Manufactured Goods	93,843.72	93,873.97
<u>Traded goods</u>		
Polyfibre Goods	456.69	704.27
Mattresses & Cushions	11,719.70	11,748.86
EPE Sheet & Foam, others	383.90	739.92
Soft Furnishing	1,185.77	1,559.10
Others(includes solar parts)	3,136.16	1,057.99
Total - Sale of Traded Goods	16,882.22	15,810.14
Total - Sale of Products	110,725.94	109,684.11

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(ii) Other operating revenues:		
Sale of scrap	234.15	224.79
Others - Raw Materials	512.38	661.47
Discount received	157.61	48.30
Total - Other Operating Revenues	904.14	934.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Post implementation of Goods & Service Tax (GST) with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for the period April 1, 2017 to June 30, 2017 include excise duty which is now subsumed in the GST. Accordingly, revenue from operations for the current year and the previous year are not comparable.

(iv) Disaggregate revenue information

The Group disaggregates the revenue based on geographical locations and it is disclosed under note 33 “Segment Reporting”. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

(v) Trade receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Group transfers control over the product to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

Note no. 21 - Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest Income, On Financial Assets at Amortised Cost		
Interest from banks on deposits	58.79	55.17
Interest on loans and advances to employees	41.71	1.63
Interest on mutual funds	280.41	-
Interest Others	48.79	145.90
(b) Dividend Income	31.72	6.94
(c) Other non operating income		
Forex gain	-	211.70
Profit on sale of assets	1.19	-
Rental Income	9.00	
Miscellaneous income	96.64	45.11
Advances no longer repayable written back	95.58	-
Liabilities no longer required, written back	84.68	-
Insurance claims	42.60	778.24
Total Other Income	791.10	1,244.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note no. 22
22. a Cost of Materials Consumed
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	3,784.61	2,937.64
Add: Purchases	43,168.16	46,479.42
	46,952.77	49,417.06
Less: Closing stock	3,630.32	3,784.61
Cost of materials consumed	43,322.45	45,632.45
Material consumed comprises:		
Latex	4,022.45	4,229.20
Coir	1,880.99	1,437.01
Upholstery	5,443.58	4,996.50
Chemical & Clay	954.31	844.72
Foam Chemicals	23,050.44	27,553.19
Springs and Related Products	2,694.79	1,805.03
Furniture & Sofa	1,904.30	1,588.80
Packing Materials	3,044.18	2,898.53
Others	327.42	279.47
	43,322.45	45,632.45

22. b Purchase of Stock Trade
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Poly Fibre Goods	532.60	754.23
Traded Mattresses	13,319.12	12,420.53
Furnishing Textiles & others	1,916.46	1,285.81
Furniture	245.78	-
	16,013.96	14,460.57

22. c Changes in inventories of finished Goods, Work-in-Progress and Stock-in-trade
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<u>Inventories at the beginning of the year:</u>		
Finished goods	3,094.49	2,954.91
Work-in-progress	1,347.40	1,079.74
Stock-in-trade	1,274.29	476.18
	5,716.18	4,510.83
<u>Inventories at the end of the year:</u>		
Finished goods	4,080.22	3,094.49
Work-in-progress	1,315.96	1,347.40
Stock-in-trade	1,873.59	1,274.29
	7,269.77	5,716.18
Net (increase) / decrease	(1,553.59)	(1,205.35)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 23 - Excise duty

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Excise duty on sale of goods	-	1,330.58
Total	-	1,330.58

Note No. 24 - Employee Benefits Expense

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries and wages,	5,761.50	5510.85
(b) Contribution to provident and other funds	286.39	182.13
(c) Staff welfare expenses	417.47	444.41
Total Employee Benefit Expense	6,465.36	6,137.39

Note No. 25 - Finance Cost

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest expense	279.71	113.04
(b) Interest on delay payment of tax	129.00	223.09
(c) Other borrowing cost	88.59	73.43
Total Finance Cost	497.30	409.56

Note No. 26 - Depreciation and amortisation expense

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation for the year on property, plant and equipment	1,742.29	1,321.97
Amortization for the year on intangible assets	121.15	116.99
Total Depreciation and Amortization	1,863.45	1,438.96

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 27 - Other Expenses
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores and spares consumed	506.73	533.62
Power & Fuel oil consumed	1,281.43	1,104.45
Freight and handling charges	7,021.72	5,932.42
Rent including lease rentals	2,201.80	1,366.26
Repairs and maintenance - Buildings	80.53	59.43
Repairs and maintenance - Machinery	161.21	163.06
Repairs and maintenance - Others	187.87	220.29
Water charges	21.93	20.26
Tailoring & Fabrication	3,786.41	2,716.42
Deputation of Staff & Reimbursement of Expenses	1.09	-
Rates and taxes	99.18	354.28
Expenditure on corporate social responsibility (CSR) (refer note 35)	194.99	122.37
Insurance charges	251.23	285.04
Forex loss (net)	34.14	-
Watch and ward Charges	542.71	536.40
Donation Expenses	5.37	0.25
Postage & Telephone	151.75	183.91
Payment to Auditor (Refer note below)	56.34	35.50
Advertisement, Promotion & Selling Expenses	14,049.84	13,145.87
Travelling Expenses	983.14	1,056.07
Printing and stationery	87.56	68.33
Legal and professional	1,635.81	1,330.03
Director Sitting Fees	1.17	1.29
Loss on Fixed Assets Sold	-	3.23
Purchase of solar parts	-	1,057.99
Bad debts written off	7.98	-
Provision for doubtful Debts	145.23	56.19
Provision for Warranty	172.69	-
Miscellaneous Expenses	292.95	349.03
Total Other Expenses	33,962.80	30,701.99

Note:
₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2019	For the year ended March 31, 2018
As Auditor:		
-For Statutory audit*	52.00	32.00
-For Tax audit	3.00	3.00
-For reimbursement of expenses	1.34	-
	56.34	35.00

* Includes fees of Rs.10.00 Lakhs relating to earlier year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 28 - Tax Expense

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Current income tax		
In respect of current year	4,333.93	4,261.48
b) Deferred tax		
In respect of current year	137.37	478.45
Total	4,471.30	4,739.93

(c) Tax reconciliation

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax as per statement of profit and loss	11,849.45	13,153.81
Income Tax calculated @ 34.944% (PY - 34.61%)	4,140.67	4,551.88
Disallowance u/s 37(1) for interest on delayed payment of taxes	45.08	77.20
Amount of interest inadmissible under section 23 (MSME)	0.16	0.18
Disallowance of donation	1.88	0.09
Effect of 80IC claim	151.90	35.63
Disallowance of CSR	68.14	(101.70)
Tax Exempt income - Dividend	-	(2.40)
Changes in recognised deductible temporary differences	63.48	178.54
Income Tax recognised in Statement of Profit and Loss	4,471.30	4,739.93

(d) Significant components of net deferred tax assets and liabilities as at March 31, 2019 are as follows ₹ in Lakhs

Deferred tax liabilities (net)	As on April 1, 2018	Current year (Charge)/ Credit	As on March 31, 2019
Deferred tax liability			
a) Difference between book balance and tax balances of property, plant and equipment	(2,421.65)	(190.79)	(2,612.44)
Gross deferred tax liability	(2,421.65)	(190.79)	(2,612.44)
Deferred tax asset			
a) Other timing differences	283.39	0.84	284.23
b) Provision for doubtful debts	188.15	52.58	240.73
Gross deferred tax asset	471.54	53.42	524.96
MAT Credit	(0.51)	-	(0.51)
Net deferred tax liability	(1,949.60)	(137.37)	(2,086.97)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Significant components of net deferred tax assets and liabilities as at March 31, 2018 are as follows ₹ in Lakhs

Deferred tax liabilities (net)	As on April 1, 2017	Current year (Charge)/ Credit	As on March 31, 2018
Deferred tax liability			
a) Difference between book balance and tax balances of property, plant and equipment	(1,922.55)	(499.10)	(2,421.65)
Gross deferred tax liability	(1,922.55)	(499.10)	(2,421.65)
Deferred tax asset			
a) Other timing differences	283.39	-	283.39
b) Provision for doubtful debts	169.53	18.62	188.15
Gross deferred tax asset	452.92	18.62	471.54
MAT Credit	-	(0.51)	(0.51)
Net deferred tax liability	(1,469.63)	(479.97)	(1,949.60)

(e) The Group has 'specified domestic transactions with associated enterprises' which are subject to Transfer Pricing regulations. These regulations, inter alia, require maintenance of prescribed documents and information for the basis of establishing arm's length price including furnishing a report from an Accountant within the due date of filing of return of income.

The Group has undertaken necessary steps to comply with the Transfer Pricing regulations and the prescribed certificate from the Accountant will be obtained for the year ended March 31, 2018. The Management is of the opinion that the specified domestic transactions are at arm's length, and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note No. 29 - Earnings per share has been computed as under:

Particulars	As at March 31, 2019	As at March 31, 2018
Profit after Tax (Rs.in Lakhs)	7,526.16	8,400.91
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer note below)	363.82	277.87
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer note below)	363.82	281.59
Earnings per share – Basic (Rs.)	20.69	30.23
Earnings per share – Diluted (Rs.)	20.69	29.83
Face Value of Equity Shares (Rs.)	5/-	5/-

Note:

Particulars	As at March 31, 2019	As at March 31, 2018
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	363.82	277.87
Add: Effect of ESOPs which are dilutive (Nos. in Lakhs)	-	3.72
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	363.82	281.59

* Number of equity shares outstanding increased for the year ended 31 March, 2019 and 31 March, 2018 as a result of bonus issue of equity shares during the respective years. Accordingly the calculation of basic and diluted earnings per share has been computed for the current year and the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 30 - Leases

As a lessee:

The Group has entered into operating lease arrangement for factory buildings. The lease arrangements are cancellable in nature and are further renewable at the option of the Group against increased rent and premature termination of agreement. The total lease payments in respect of such leases recognized in the statement of profit and loss for the year is Rs.2,401.80 lakhs. (Previous Year Rs. 1366.26 Lakhs).

The Group does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

As a lessor:

Kurlon Enterprise Limited has sublet certain office premises on a cancellable basis which are further renewable at the option of the Kurlon Enterprise Limited. The total lease income in respect of such leases recognized in the statement of profit and loss for the year is ₹9.00 lakhs. (Previous Year ₹Nil).

The Group does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

Note No. 31 - Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Claims against the Company not acknowledged as debt		
i. Disputed demands under appeal not provided*	171.18	127.03
Total	171.18	127.03

* These cases are pending at various forums in the respective departments. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authorities and the Company's right for the future appeals before the judiciary. No reimbursements are expected.

ii. Kurlon Enterprise Limited has received a demand on 09 December 2014 for Rs.2212.12 lakhs, against which Rs.771.94 Lakhs (PY Rs.771.94 Lakhs) has been paid under protest, and Personal Penalty of Rs 200.00 lakhs on Mr. T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014, towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. Kurlon Enterprise Limited has filed an appeal against the demand with Appellate Tribunal Bangalore. Kurlon Enterprise Limited believes that there may not be any probable outflow in this regard.

iii. The Group is evaluating and assessing the impact on recent decision of the Honourable Supreme Court of India regarding Provident Fund. Subsequently, review petitions have been filed regarding this matter in the Honourable Supreme Court. Since the matter is pending before Honourable Supreme Court, the management is of the view that no provision is presently required. Accordingly, no provision has been considered in the financial statements for the year end March 31, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 32 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Capital commitments (net of Advances)	78.41	19.12
Total	78.41	19.12

Note No. 33 - Segment Reporting

Operating Segment:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. Information reported to the chief operating decision maker (CODM) for the assessment of segment performance focuses on the types of products and services delivered or provided. The Group's CODM is the Board.

The Group is predominantly engaged in the business of manufacture, purchase and sale of coir, foam and related products, which has been identified in accordance with the process followed by the CODM and the manner of review of performance by the management due to similar nature of products, production process and distribution process, has been considered as a single reportable segment and accordingly no separate segment information is disclosed.

Entity wide disclosures

- a) The revenue from major products and services of the Group are as in Note 20(i) to the financial statements.
- b) Geographical revenue is allocated based on the location of the customers. Information regarding geographical revenue is as follows:

₹ in Lakhs

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Sale of products		
India	110,083.69	109,034.24
Outside India		
- Nepal & Bhutan	435.92	330.52
- Switzerland	113.93	459.58
- Maldives	92.40	59.07
Total	110,725.94	109,883.41

Geographical total assets are allocated based on the location of the assets. Information regarding geographical assets is as follows:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Total Assets		
India	62,122.94	55,360.51
Outside India	23.61	12.95
Total	62,146.55	55,373.46

- c) Revenue from none of the customer group exceeds 10% of total revenue arising from sale of products and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 34 - Kurlon Enterprise Limited - Employee Stock Option Scheme 2015 *

During the year ended March 31, 2016, Kurlon Enterprise Limited introduced the 'Kurlon Enterprise Limited - Employees Option Scheme 2015' ('the Option Scheme 2015') for the benefit of the employees, as approved by the Board of Directors in its meeting held on July 14, 2015 and the shareholders meeting held on August 22, 2015. The Option Scheme 2015 provides for the creation and issue of 800,000 options that would eventually convert into equity shares of ₹5 each in the hands of the KEL's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Board of Directors. The options vest annually in a graded manner over a three year period and are exercisable not less than 1 year and a maximum period of 4 years from the date of grant.

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	Number of options	Weighted average exercise price (₹ In Lakhs)	Value of options as per Black-Scholes Model (₹ In Lakhs)	Number of options	Weighted average exercise price (₹ In Lakhs)	Value of options as per Black-Scholes Model (₹ In Lakhs)
Options outstanding at the beginning of the year	319,481	234	146	276,658	300	146
	118,382	332	80	98,250	426	80
Granted during the year - Bonus shares	-	-	-	78,125	-	-
	-	-	-	27,746	-	-
Exercised during the year on exercise of employee	319,481	234	146	-	-	-
	118,382	332	80	-	-	-
Stock options/ restricted shares	-	-	-	-	-	-
	-	-	-	-	-	-
Forfeited during the year	-	-	-	35,302	234	-
	-	-	-	1,523	332	-
Lapsed during the year	-	-	-	-	-	-
	-	-	-	-	-	-
Options outstanding at the end of the year	-	-	-	6,091	332	80
	-	-	-	-	-	-
Options exercisable at the end of the year	-	-	-	319,481	234	146
	-	-	-	118,382	332	80

The weighted average remaining contractual life of the options outstanding as at March 31, 2019 is 4 years (March 31, 2018 - 5 years).

The Company uses the intrinsic value method to account for the stock compensation cost. The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options has been calculated using Black- Scholes option pricing model, considering the expected term of the options to be 7 years, an expected dividend yield of 0.5 % on the underlying equity shares, volatility in the equity share price of 12 % and a risk free rate of 7%. The Company's calculations are based on a single option valuation approach. The expected volatility has been based on the volatility of listed enterprises in the consumer industry for which share price information was available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to ₹435.58 Lakhs was accounted in the Statement of Profit and Loss of financial year 2015-16 as "Expense on employee stock option (ESOP) scheme" and in the Balance sheet as "Share options outstanding account" under Note 11.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit as reported (₹ In Lakhs)	7,526.16	8,400.91
Add : Stock based employee compensation expense (intrinsic value method) (₹ In Lakhs)	435.58	435.58
Less: Stock based employee compensation expense (fair value method) (₹ In Lakhs)	507.01	507.01
Proforma net Profit (₹ In Lakhs)	7,454.73	8,329.48
Basic earnings per share as reported (In ₹)	20.69	30.23
Proforma basic earnings per share (In ₹)	20.49	29.98
Diluted earnings per share as reported (In ₹)	20.69	29.83
Proforma diluted earnings per share (In ₹)	20.49	29.58

* The above disclosure for both the years has been considered after giving the impact of share split during the previous year and bonus issue during the current year.

Note No. 35 - Disclosures required under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	100.65	142.06
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	0.46	0.53
The amount of interest accrued and remaining unpaid at the end of each accounting year	19.18	18.72
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, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 36 - Related party disclosures

The Company has disclosed Material Related Party transactions and the outstanding balances are predominantly with the Key managerial personnel and directors.

(a) List of Related Parties and Relationships

Relationship	Related Parties
Holding Company	Kurlon Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Ltd (GICC) Manipal Holdings Pvt. Ltd Manipal Home Finance Ltd Jayamahar Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt. Ltd. Metropolis Builders Private Limited Manipal Infrastructure Limited Jai Bharat Mills Private Limited
Key Management Personnel and their relatives	Mr. Tonse Sudhakar Pai, Managing Director Ms. Jaya Sudhakar Pai, Director Mr. Monu Kumar, Company Secretary Mr. Shambhu Kumar Bhotika, Chief Financial Officer Mr. Jamsheed M Pandey, Alternate Director Mr. Ananthanarayanan Subramanian, Director Mr. Nitin Gajanan Khot, Director Mr. Vishal Tulsyan, Director

(b) Related Party transactions

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:								
Remuneration :								
T. Sudhakar Pai	484.43	486.74	-	-	-	-	484.43	486.74
Shambhu Kumar Bhotika	25.08	15.37	-	-	-	-	25.08	15.37
Monu Kumar	5.58	5.00	-	-	-	-	5.58	5.00
Sitting Fee paid:								
Dr. Nitin G Khot	0.46	-	-	-	-	-	0.46	-
Mr. S Ananthanarayanan	0.47	-	-	-	-	-	0.47	-
Mrs. Jaya S Pai	0.45	-	-	-	-	-	0.45	-
Rent Paid :								
Jayamahar Trade & Investments Pvt. Ltd	-	-	-	-	18.96	23.42	18.96	23.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 36 - Related party disclosures * (Contd.)
₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:								
Kurlon Limited	-	-	79.36	19.31	-	-	79.36	19.31
Metropolis Builders Pvt Ltd	-	-	-	-	23.85	26.17	23.85	26.17
Jai Bharath Mills Private Limited	-	-	-	-	6.00	-	6.00	-
Maharashtra Apex Corporation Ltd	-	-	-	-	9.20	3.19	9.20	3.19
Professional and Other Charges:								
Metropolis Builders Pvt Ltd	-	-	-	-	-	0.17	-	0.17
Jamsheed J Pandey	-	-	-	-	-	12.87	-	12.87
Manipal Advertising Services (P) Ltd	-	-	-	-	7.43	0.15	7.43	0.15
Rental Income								
Other Income								
Maharashtra Apex Corporation Ltd	-	-	-	-	29.26	-	29.26	-
GICC	-	-	-	-	-	-	-	-
Dividend Paid:								
Kurlon Limited	-	-	567.98	462.54	-	-	567.98	462.54
Advertisement Expenses								
Manipal Advertising Services (P) Ltd	-	-	-	-	1,577.57	1,810.98	1,577.57	1,810.98
Interest Paid on Unsecured Loan :								
Jaya S Pai	70.33	12.65	-	-	-	-	70.33	12.65
Sales								
Kurlon Limited	-	-	2,919.70	2,800.87	-	-	2,919.70	2,800.87
Purchases								
Kurlon Limited	-	-	13,351.73	11,313.22	-	-	13,351.73	11,313.22
Loan taken								
Jaya S Pai	-	1,475.00	-	-	-	-	-	1,475.00
Repayment of Loan								
Metropolis Builders Pvt Ltd	-	-	-	-	-	501.88	-	501.88
Jaya S Pai	428.88	350.00	-	-	-	-	428.88	350.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 36 - Related party disclosures * (Contd.)

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:								
Outstanding as at Year end								
Amounts recoverable :								
Maharashtra Apex Corporation Ltd	-	-	-	-	1,222.76	1,222.87	1,222.76	1,222.87
Jayamahal Trade & Investments Pvt Ltd	-	-	-	-	7.29	-	7.29	-
Kurlon Limited	-	-	4,694.49	3,559.68	-	-	4,694.49	3,559.68
GICC	-	-	-	-	650.82	-	650.82	-
Manipal Advertising Services (P) Ltd	-	-	-	-	427.82	-	427.82	-
Amounts Payable :								
Jayamahal Trade & Investments Pvt Ltd	-	-	-	-	-	49.25	-	49.25
Manipal Advertising Services (P) Ltd	-	-	-	-	-	80.23	-	80.23
Metropolis Builders Pvt Ltd	-	-	-	-	2.38	2.05	2.38	2.05
T. Sudhakar Pai	-	502.13	-	-	-	-	-	502.13
Jamsheed J Pandey	-	-	-	-	-	0.88	-	0.88
Kurlon Limited	-	-	-	-	56.16	-	56.16	-
Maharashtra Apex Corporation Limited	-	-	-	-	0.91	0.32	0.91	0.32
Unsecured Loans payable :								
Jaya S Pai	679.02	1,124.88	-	-	-	-	679.02	1,124.88
Interest on unsecured Loans Receivable								
Metropolis Builders Pvt Ltd	-	-	-	-	-	0.11	-	0.11
Security Deposit								
Maharashtra Apex Corporation Ltd	-	-	-	-	15.00	0.30	15.00	0.30
Rent Deposit :								
Metropolis Builders Pvt Ltd	-	-	-	-	30.00	30.00	30.00	30.00
Jai Bharath Mills Private Limited	-	-	-	-	30.00	-	30.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 36 - Related party disclosures * (Contd.)
₹ in Lakhs

The particulars of Loans given, investments made, guarantees given and securities provided in accordance with the provisions of section 186 of the companies Act, 2013 are :

Category	Date of Loan/ investment/ security/ guarantee	Details of loan/ security and guarantee(s)	Name of company in whose such investment, loan and guarantee is made/given	Purpose	Date of Board/ members resolution	Amount
Loan	10.04.2019	Advance Against working capital requirement	Kurlon Retail Limited	Advance to wholly owned subsidiary ("WOS")	21.02.2018	1,913.72
Loan	09.04.2018	Loan repayable on demand @ rate of interest upto 10% pa	General Investment and Commercial Corporate Ltd	Loan repayable on demand	21.02.2018	650.82
Investment	05.10.2017	Acquisition of shares	Kurlon Mattress Private Limited	Investment in the equity shares of Kurlon Mattress Private Limited	20.07.2017	1.00
Investment	21.04.2018	Acquisition of shares	Kurlon Retail Private Limited (formerly known as Kurlon Mattress Private Limited)	Investment in the equity shares of Kurlon Mattress Private Limited	21.02.2018	4.00
Investment	27.08.2018	Acquisition of shares	Kurlon Retail Limited (formerly known as Kurlon Retail Private Ltd)	Investment in the equity shares of Kurlon Mattress Private Limited	10.08.2018	755.00
Investment	04.04.2018	Investment in mutual fund for short term period	Franklin Templeton India	Investment in mutual fund	21.02.2018	1,226.71
Investment	20.03.2019	Commercial Paperes of Cox and Kings Ltd	Cox and Kings Ltd	Investment in the commercial papers	16.03.2019	2,500.00
Security/ guarantee	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 37 - Financial Instruments

A) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Total equity attributable to the equity shareholders of the company	38,001.61	31,309.60
As a percentage of total capital	97%	94%
Current borrowings	1,368.21	2,004.54
Non-current borrowings	-	-
Total borrowings	1,368.21	2,004.54
As a percentage of total capital	3%	6%
Total Capital	39,369.82	33,314.13

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances along with investments in liquid securities/liquid mutual funds being in excess of debt.

B) Categories of financial instruments

The carrying amounts and fair values of the financial instruments by class are as follows:

₹ in Lakhs

Particulars	Gratuity		Fair value	
	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
Financial assets				
a) Measured at fair value through Profit and Loss				
Current assets				
- Investments	3,726.71	1,889.53	3,726.71	1,889.53
b) Measured at Amortised Cost				
Current assets				
- Trade receivables	11,197.46	11,994.26	11,197.46	11,994.26
- Cash and cash equivalents	3,057.32	4,378.55	3,057.32	4,378.55
Total	17,981.49	18,262.34	17,981.49	18,262.34
Financial Liabilities				
a) Measured at Amortised Cost				
Current liabilities				
- Borrowings	1,368.21	2,004.54	1,368.21	2,004.54
- Trade payables	11,605.63	11,482.23	11,605.63	11,482.23
- Other current financial liabilities	49.45	53.82	49.45	53.82
Total	13,023.29	13,540.58	13,023.29	13,540.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as comprise of borrowings, deposits, trade and other payables, investments, loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

C) Financial Risk Management

The Company's principal financial liabilities, comprise of borrowings, deposits, trade and other payables.

The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

i) 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 operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

₹ in Lakhs

Particulars	Currency Symbol	As at 31 March, 2019		As at 31 March, 2018	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	471,911.63	339.58	15,14,316.46	995.36
Euro	€	6,136.00	4.15	1,848.00	1.50
Buyer's Credit					
United States Dollar	\$	-	-	574,205.00	363.49
Assets					
Advance to Vendor					
United States Dollar	\$	147,222.61	102.98	6,47,448.76	419.43
Euro	€	51702.96	41.75	18,339.00	14.71
NOK		-	-		
Net Liability (in INR)			488.46		1,794.49

Sensitivity

₹ in Lakhs

Particulars	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity	Increase / (Decrease) in Equity
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
5% Increase	(9.95)	(46.31)	(6.47)	(30.29)
5% Decrease	9.95	46.31	6.47	30.29

ii) Interest Rate Risk

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of loans and advances from related parties and security deposits; however these are not exposed to risk of fluctuation in market interest rates as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Lakhs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Fixed-rate instruments		
<i>Financial assets</i>		
Balance with banks held in deposit account	1,120.77	220.50
Variable-rate instruments		
<i>Financial liabilities</i>		
Borrowings from bank & other parties	672.21	377.75
Borrowings from related parties	696.00	1,124.89

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹0.34 Lakhs (Previous year: ₹0.34 Lakhs) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash & bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current assets		
- Investments		
- Loans	2,801.29	1,422.73
Current assets		
- Investments	3,726.71	1,889.53
- Trade receivables	11,197.46	11,994.26
- Cash and cash equivalents	3,057.32	4,378.55
Total	20,782.78	19,685.07

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Not Due	-	-
Due from 0 to 180 days	10,166.09	11,577.86
Due for more than 180 days	1,720.26	960.07
Less: Loss Allowance	(688.89)	(543.67)
Total	11,197.46	11,994.26

(c) Liquidity risk:

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

₹ in Lakhs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2019			
Borrowings	1,368.21	1,368.21	-
Trade payables	11,605.63	11,605.63	-
Other non-current financial liabilities	6,054.90	-	6,054.90
Other current financial liabilities	49.45	49.45	-
Total	19,078.19	13,023.29	6,054.90
Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2018			
Borrowings	2,004.54	2,004.54	-
Trade payables	11,482.23	11,482.23	-
Other non-current financial liabilities	5,638.35	-	5,638.35
Other current financial liabilities	53.82	53.82	-
Total	19,178.93	13,540.58	5,638.35

(d) Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Disclosures of fair value measurement hierarchy for financial instruments are given below:

₹ in Lakhs

Particulars	Carrying amount/Fair value					
	As at March 31, 2019			As at March 31, 2018		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
a) Measured at fair value through other comprehensive income						
- Loans	-	-	1,152.16	-	-	803.48
Current assets						
- Investments	3,726.71	-	-	1,889.53	-	-
- Trade receivables	-	-	11,197.46	-	-	11,994.26
- Cash and cash equivalents	-	-	2,924.67	-	-	4,168.26
- Other Bank balance	-	-	132.65	-	-	210.29
Total	3,726.71	-	15,406.94	1,889.53	-	17,176.29
Financial liabilities						
Carrying amounts/fair value:						
a) Measured at amortised cost						
Non-current liabilities						
- Other non-current financial liabilities	-	-	6,054.90	-	-	5,638.35
Current liabilities						
- Borrowings	-	-	1,368.21	-	-	2,004.54
- Trade payables	-	-	11,605.63	-	-	11,482.23
- Other current financial liabilities	-	-	49.45	-	-	53.82
Total	-	-	19,078.19	-	-	19,178.93

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature. The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

₹ in Lakhs

Particulars	31-Mar-19		31-Mar-18	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,368.21	1,368.21	2,004.54	2,004.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 38 - Employee benefits

(a) Defined Benefit plans:

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

Leave Encashment : Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 180 days which is payable/ encashable as per the policy on their separation.

(b) Defined Contribution plan:

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 237.85 lakhs (Previous Year: ₹ 204.22 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

₹ in Lakhs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Employer's contribution towards Provident Fund (PF)	198.42	151.25
Employer's contribution to Superannuation Fund	39.43	52.97

(c) Other disclosures of Defined Benefit plans as required under Ind AS-19 are as under

i) Reconciliation of the opening and closing balances of Defined Benefit Obligation:

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present Value of Defined Benefit Obligation at the beginning of year	363.44	354.32	746.00	610.78
Interest cost	27.26	26.12	54.26	44.56
Current Service Cost	54.07	33.47	86.35	85.39
Past Service Cost	-	0.72	-	-
Benefit Paid	(23.50)	(20.49)	(91.70)	(47.52)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	(2.56)	-	-	-
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(6.56)	(7.16)	(9.07)	14.30
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	68.38	(23.54)	(241.08)	38.49
Present value of the Defined Benefit Obligation at the end of year	480.53	363.44	544.76	746.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ii) Net Defined Benefit recognized in the Statement of Profit and Loss
₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Current Service Cost	54.07	33.47	86.35	85.39
Past Service Cost	-	0.72	-	-
Interest cost	27.26	26.12	54.26	44.56
Interest income on plan asset	(33.44)	(29.68)	(61.14)	(57.17)
Net Defined Benefit recognized in Statement of Profit and Loss	47.89	30.63	79.47	72.78

iii) Net asset / (liability) recognized in the Balance Sheet
₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of Defined Benefit obligation at the end of the year	480.53	363.44	544.76	746.00
Fair value of plan assets	499.58	416.96	848.13	812.07
Net Defined Benefit recognized in the Balance Sheet	19.05	53.52	303.37	66.07

iv) Recognized in Other Comprehensive Income.
₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	(2.56)	-	-	-
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(6.56)	(7.16)	(9.07)	14.30
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	68.38	(23.54)	(241.08)	38.49
Net actuarial Loss	59.26	(30.70)	(250.15)	52.79

v. Sensitivity Analysis
a) Impact of the change in the discount rate
₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	480.53	363.44	544.76	746.00
a) Impact due to increase of 100 basis point	442.35	351.03	698.57	715.56
b) Impact due to decrease of 100 basis point	524.87	376.71	774.08	778.95

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Impact of the change in the salary increase

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	480.53	363.44	544.76	746.00
a) Impact due to increase of 100 basis point	524.87	376.51	772.18	758.90
b) Impact due to decrease of 100 basis point	441.77	351.12	700.03	733.33

* Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

vi) Maturity Profile.

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
0 to 1 year	39.15	34.07	74.44	63.25
1 to 2 Year	27.51	36.43	34.14	61.39
2 to 3 Year	30.93	24.56	29.78	46.60
3 to 4 Year	33.94	27.01	35.13	47.99
4 to 5 Year	37.12	25.36	29.01	39.68
5 to 6 Year	33.91	32.92	31.32	49.63
6 Year onwards	119.86	94.54	280.50	143.37

vii) Expected contribution for the next Annual reporting period

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Service Cost	54.07	33.47	86.35	85.39
Net Interest Cost	(6.18)	(3.55)	(6.88)	(12.61)
Expected Expense for the next annual reporting period	63.03	30.23	12.29	NA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

viii) Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Method used	Projected unit credit method	Projected unit credit method	Projected unit credit method	Projected unit credit method
Discount rate	7.75%	7.59%	7.75%	7.59%
Salary Escalation	6.00%	6.00%	6.00%	6.00%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Withdrawal rate up to 30/44 and above 44 years	5%	5%	5%	5%
Rate of return on plan assets	7.75%	7.59%	7.75%	7.75%

39. Subsequent to year end, on May 4, 2019, certain property, plant and equipment and inventory of Kurlon Enterprise Limited were destroyed due to cyclone in the Bhubaneswar factory aggregating to ₹ 334.55 Lakhs (being the book value). Kurlon Enterprise Limited has sufficient insurance coverage to cover this loss. However, the Kurlon Enterprise Limited is yet to lodge the claims with the insurer. Considering that this being a non adjusting event as per Ind AS 10, no adjustments has been carried out in the financial statements for the year ended March 31, 2019.

40. “The Kurlon Enterprise Limited’s Board of Directors at its meeting held on May 17, 2019 has approved a Scheme of Amalgamation amongst Kurlon Enterprise Limited and Spring Air (Bedding Company) Limited in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The meetings of shareholders and creditors is yet to be held pending directions from National Company Law Tribunal. The parties have applied for the necessary approvals on June 11, 2019 and are awaiting for necessary approvals from various concerned authorities to give effect to the amalgamation.”

41. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to schedule III to the Companies Act, 2013

Name of the entity in the	Net assets		Share in profit or loss		Share in Other Comprehensive Income	
	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Profit or Loss	Amount (Rs. In Lakhs)	As % of Consolidated OCI	Amount (Rs. In Lakhs)
Parent:						
Kurlon Enterprise Ltd.	99.99 (99.99)	38,888.91 (31,307.14)	110.08 (99.99)	8,291.10 (8,414.39)	113.08 1.00	124.82 (14.44)
Subsidiary:						
Kurlon Retail Ltd.	0.04 (0.01)	3.22 (3.46)	86.03 (0.01)	-759.24 (0.96)	- -	- -

Figures of previous year are in brackets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 43 - Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environments sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the requirement of Companies Act, 2013.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Gross amount required to be spent by the Company as per Section 135 of the Act	183.61	122.44
Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	194.99	122.37

44. A Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

T. Sudhakar Pai
Managing Director
DIN-00043298

Dr. N G Khot
Director
DIN-00030613

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date July 19, 2019

KURLON LIMITED

BOARD OF DIRECTORS

Mr. T. Sudhakar Pai	: Managing Director
Mrs. Jaya S. Pai	: Director
Dr. Nitin G. Khot	: Independent Director
Mr. S. Ananthanarayanan	: Independent Director
Mr. Kumble Taranath Bhagath	: Director
Mrs. Jyothi Ashish Pradhan	: Director
Mrs. T. Deepa Pai	: Director
Mr. Narendra Kudva	: Alternate Director
Mr. Jamsheed M. Panday	: Alternate Director (upto 10.07.2019)

REGISTERED AND CORPORATE OFFICE

N-301, III Floor, North Block,
Front Wing, Manipal Centre,
47, Dickenson Road,
Bangalore- 560042

BANKERS & FINANCIAL INSTITUTION:

Development Credit Bank Limited

STATUTORY AUDITORS:

M/s Vasudev Pai & Co
Chartered Accountant
S-401, Manipal centre, Dickenson Road
Bangalore-560 042.

REGISTRAR & SHARE TRANSFER AGENT:

Purva Sharegistry (India) Private Limited
9, Shiv Shakti Ind. Estt., J.R. Boricha Marg
Lower Parel (E), Mumbai - 400011
Tel: +91 (022) 2301-6761/2518
Fax: +91 (022) 2301-2517
E-mail: support@purvashare.com
Contact person: Mrs. Purva Shah / Mr. Rajesh Shah
SEBI Registration Number: INR000001112

FACTORY:

Plot No. 4, Part of GAE - 1, Ghirongi (Malanpur) Industrial
Area, Gohad Tahsil, Bhind Dist., Gwalior-477116.

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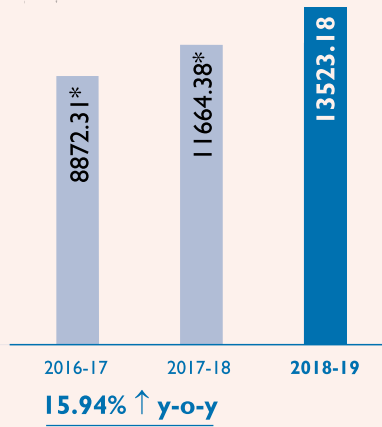
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Event of 57th Annual General Meeting

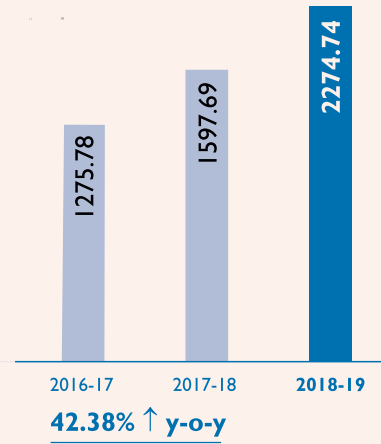
Day	Monday
Date	30.09.2019
Time	11:00 A.M.
Venue	Shri. T. Ramesh U. Pai Memorial Hall at Kurlon Factory, Jalahalli Camp Road, Yeshwanthpur, Bangalore - 560 022

PERFORMANCE HIGHLIGHTS-KURLON LIMITED (STANDALONE)

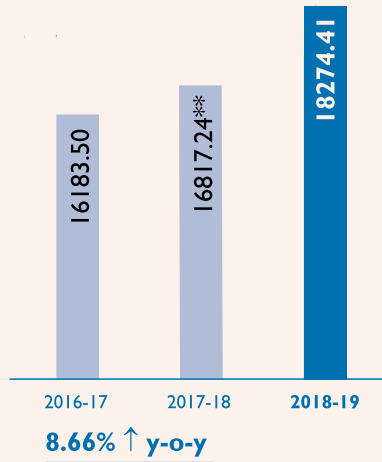
REVENUE (₹ in Lakhs)



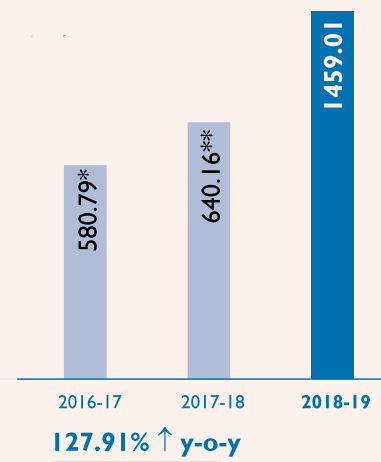
EBIDTA (₹ in Lakhs)



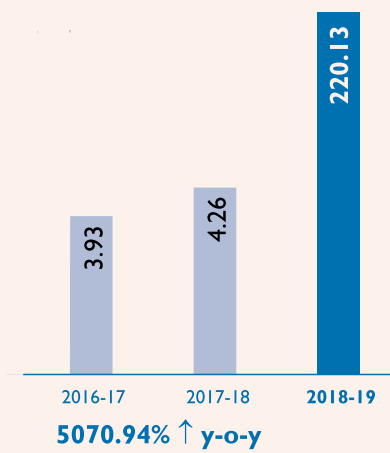
Networth (₹ in Lakhs)



Profit after Tax (₹ in Lakhs)



Earning per Share (₹)



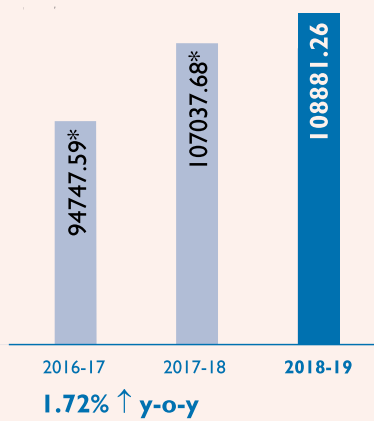
Note:

* net of excise duty.

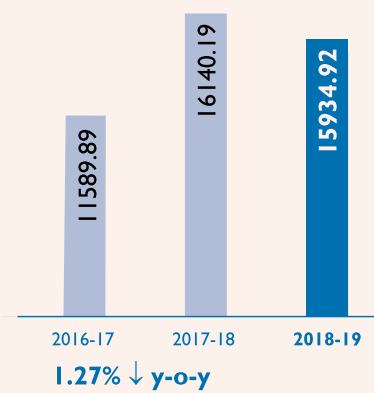
** figures of the previous year have been regrouped with the figures of current year.

PERFORMANCE HIGHLIGHTS-KURLON LIMITED (CONSOLIDATED)

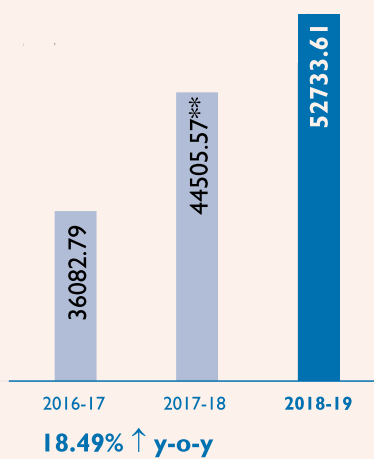
REVENUE (₹ in Lakhs)



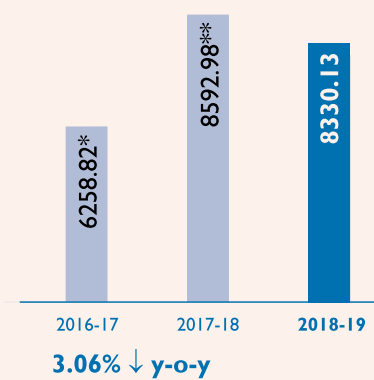
EBIDTA (₹ in Lakhs)**



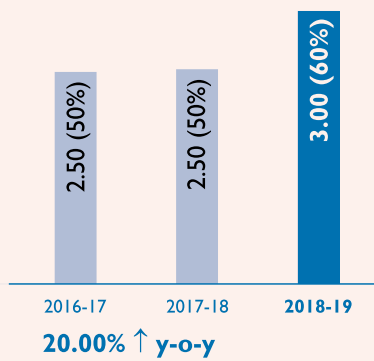
Networth (₹ in Lakhs)



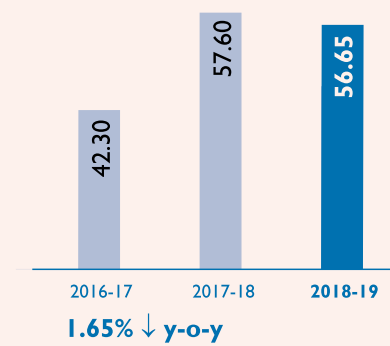
Profit after Tax (₹ in Lakhs)**



Dividend per Share (₹)



Earning per Share (₹)****



Note:

* Net of excise duty.

** Figures of the previous year have been regrouped with the figures of current year.

*** Figures of 2017-18 includes one time income of ₹778.24 Lakhs received in the form of insurance claims against the fire at Uttaranchal Plant of KEL.

**** The paid up Equity Share Capital of KEL increased from ₹1389.37 in FY 2017-18 to ₹1819.12 in FY 2018-19 on the accounts of bonus shares allotment.

NOTICE OF THE 57TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 57th Annual General Meeting of the Members of M/s. Kurlon Limited will be held on Monday the 30th day of September, 2019, at 11:00 A.M. at “Shri T. Ramesh U. Pai Memorial Hall at Kurlon Factory, Jalahalli Camp Road, Yeshwantpur, Bangalore – 560022, to transact following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt (a) the Standalone Financial Statements of the Company for the year ended 31st March 2019 including audited Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon (b) the audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 and the report of Auditors thereon and in this regard, pass the following resolutions as an **Ordinary Resolutions**;

(a) **“RESOLVED THAT** the audited Standalone Financial Statements of the Company for the year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

(b) **“RESOLVED THAT** the audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To appoint Mrs. Jyothi Ashish Pradhan (DIN 06733156) who retires by rotation and being eligible offers herself for re-appointment as a director and in this regard, pass the following resolution as an **Ordinary Resolution**;

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Jyothi Ashish Pradhan (DIN 06733156), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as Non-Executive Director of the Company, liable to retire by rotation.”

3. To appoint Auditors and fix their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S), be and are hereby appointed as the statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants (Registration No. 004560S) at a remuneration as may be mutually agreed to between the Board of Directors of the Company and M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S) plus out of pocket expense connects with work of audit to be carried out by them to hold office as the statutory auditor for a period of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 62nd Annual General Meeting of the Company.

SPECIAL BUSINESS

4. To ratify the remuneration of Cost Auditors for the year ending March 31, 2020 and in this regard, pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), remuneration of ₹ 75,000/- (Rupees Seventy Five Thousand only) plus out of pocket expenses and applicable taxes, payable to M/s. GNV & Associates, Cost Accountants (Firm Registration No.: 000150), for the audit of cost record of the products manufactured by the Company for the year ending 31st March, 2020 as approved by the Board of Directors, be and is hereby ratified.

RESOLVED FURTHER THAT Mr. T Sudhakar Pai, Managing Director of the Company, be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

5. To re-appoint Sri Ananthanarayanan Subramanian (DIN:00025505) as an Independent Director and in this regard, pass the following resolution as **Special Resolution**;

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Sri Ananthanarayanan Subramanian (DIN: 00025505), Independent Non-Executive Director of the Company, in respect of whom the Company has received a notice in writing pursuant to section 160 of the Companies Act, 2013 from a member signifying his intent to propose him as a candidate for the office of a director and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years from the expiry of his present term of office i.e., w.e.f. 14/09/2019 not liable to be retire by rotation, notwithstanding his having attained 84 years of age.”

6. To re-appoint Sri Nitin Gajananrao Khot (DIN: 00030613) as an Independent Director and in this regard, pass the following resolution as **Special Resolution**;

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Nitin Gajananrao Khot (DIN: 00030613), Independent Non-Executive Director of the Company in respect of whom the Company has received a notice in writing pursuant to section 160 of the Companies Act, 2013 from a member signifying his intent to propose him as a candidate for the office of a director and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years from the expiry of his present term of office i.e., w.e.f. 14/09/2019 not liable to be retire by rotation, notwithstanding his having attained 71 years of age.”

7. To re-appoint Sri T Sudhakar Pai as Managing Director and in this regard, pass the following resolution as **Special Resolution**;

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members be and is hereby accorded to re-appoint Sri T Sudhakar Pai (DIN: 00043298) as Managing Director of the Company, for a further period of 5 (five) years from the expiry

of his present term of office, that is, with effect from July 14, 2019 on the terms and conditions as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Date: 19.07.2019

Place: Bangalore

For and on Behalf of the Board
For **Kurlon Limited.**

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AND IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE MEETING.

IN TERMS OF RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and form part of this notice.
3. In terms of Section 152 of the Act, Mrs. Jyothi Ashish Pradhan (DIN 06733156), Director, retires by rotation at the Meeting and being eligible, offer herself for reappointment. The Nomination and Remuneration Committee of the Board of Directors of the Company recommends her re-appointment.
4. Mrs. Jaya S Pai, Mrs. Deepa Pai being related to Mrs. Jyothi Ashish Pradhan and Sri T Sudhakar Pai are interested in the Ordinary Resolution as set out at Item No. 2, & 7 of the Notice with regard to their respective re-appointment in the Company.
5. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their client ID/Folio No.
6. In case of joint holder attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's registered office on all working days of the Company, during business hours up to the date of the meeting.
8. The Company's Registrars and Share Transfer Agents for its share registry (both, physical as well as electronic) is Purva Sharegistry (India) Private Limited ("RTA") having its office at Unit no. 9 Shiv Shakti Ind. Estt. J .R. Boricha marg, Lower Parel (E) Mumbai 400 011 (Unit: Kurlon Limited).
9. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / RTA.
10. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company on the website of its subsidiary Company viz., Kurlon Enterprise Limited for the sake of the convenience of respective shareholders of the Company and the same can be accessed through the link: <http://www.kurlon.com/Investor/List of unpaid and unclaimed dividend>.

Members are hereby informed that as per IEPF Rules, 2016, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. Sections 124 and 125 of the Companies Act, 2013 ('the Act'), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and

Refund) Rules, 2016 ('IEPF Rules'), applicable w.e.f. 7th September, 2016, also make similar provisions for transfer of unclaimed/ unpaid dividend to the Fund.

As per the above provisions, It is to be noted that unclaimed dividend for the financial year 2011-12 declared on 28th September, 2012, can be claimed by the Members by 04.11.2019. Members who have not yet encashed their dividend warrant(s) for the FY 2011-12 are requested to make their claims to the Company without any delay.

Members are also requested to note that, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, the Company is obliged to transfer all shares on which dividend has not been paid or claimed for seven consecutive years or more to an IEPF Demat Account. Accordingly, to comply with the requirements set out in the Rules, individual communication will be sent by the Company at the latest available address of those shareholders whose shares are liable to be transferred to IEPF Suspense Account and who has not claimed their dividend for the FY 2011-12 so far. The Company has also uploaded unclaimed dividend details and details of such shareholders whose shares are due for transfer to IEPF Suspense Account, on the website of its subsidiary Company viz., Kurlon Enterprise Limited for the sake of the convenience of respective shareholders of the Company at www.kurlon.com. You are requested to refer to the 'investors' tab on the Company's website to verify the details of such unclaimed dividend and shares liable to be transferred to IEPF suspense account and claim the respective dividends due to you by making an application immediately to us. In case no communication is received by 04.11.2019 (relating to the unclaimed dividend 2011-12), the Company shall with a view to adhering with the requirement of the Rules, transfer the shares to the IEPF Suspense Account by the due date as per the procedure set out in rules. No claim shall lie against the Company in respect of unclaimed dividend amount and shares transferred to IEPF pursuant to said Rules. However, Members/ claimants whose unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on iepf.gov.in) along with requisite fee as decided by the IEPF Authority from time to time. The Member/ Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

Further, unpaid / unclaimed dividend for the FY 2010-11 along with underlying shares were transferred to IEPF Authority on 12.07.2018 and 21.08.2018 respectively.

11. Pursuant to good Corporate Governance practices followed by the Company and as per SS-2, the particulars of Director seeking appointment / reappointment at the meeting are annexed hereto.
12. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
13. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2019 to 30th September, 2019 (both days inclusive).
14. Corporate Members desirous of seeking any information/clarification or explanation with regard to the Accounts or any items of the notice at the 57th Annual General Meeting are requested to write to the Company at secretary@kurlon.org at least 10 days prior to the AGM date, so that the required information can be made available at the Meeting.
15. In line with measures of Green Initiative taken by the Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively) and Companies Act, 2013 Company also provides for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode are requested to register their e-mail ID's with Company by sending their request at secretary@kurlon.org if not done.
16. **Voting through electronic means:**

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company

is pleased to provide to its members a facility to exercise their right to vote on resolutions proposed to be passed at the Meeting by electronic means (“e-voting”). The members may cast their vote(s) using an electronic voting system from a place other than the venue of the Meeting (‘remote e-voting’). Instructions for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- i. Open email and open PDF file viz; “Kurlon remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder – Login
- iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials. Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
- vii. Select “EVEN” of Kurlon Limited. Now you are ready for remote e-voting as Cast Vote page opens.
- viii. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted. Upon confirmation, the message “Vote cast successfully” will be displayed.
- ix. You can similarly vote in respect of all other resolutions forming part of the Notice of the AGM. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
- x. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xi. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to info@deepaksadhu.com or deepak@deepaksadhu.com with a copy marked to evoting@nsdl.co.in.

General instructions/ information for Members for voting on the Resolutions;

- B. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 23rd September, 2019. Members holding shares in either physical or dematerialized form as on the Cut-Off Date may cast their votes electronically. The e-voting period for the Members who hold shares as on the cut-off date, commences on 26.09.2019 (10.00 am) and ends on 29.09.2019(5:00 P.M.). The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled by RTA upon expiry of the aforesaid period.
- C. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 23rd September, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or secretary@kurlon.org or support@purvashare.com.

- D. The facility for voting through Poll papers will be made available at the Meeting and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Poll papers.
- E. the members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again.
- F. A member can opt for only single mode of voting, i.e., either through remote e-voting or voting at the Meeting. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as “INVALID”
- G. The Company has engaged the services of NSDL as the Agency to provide e-voting facility.
- H. The Board of Directors of the Company has appointed Mr. Deepak Sadhu, a Practicing Company Secretary, Bangalore as Scrutinizer to scrutinize the remote e-voting and Poll papers process in a fair and transparent manner.
- I. A person, whose name is recorded in the register of members or in the register of beneficial owners if any, maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting. A person, who is not a member as on the cut-off date, should treat this Notice for information purpose only.
- J. The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting through Poll Papers and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson of the meeting.
- K. The members are requested to note the following contact details for addressing e-voting grievances:
- Mrs. Purva Shah
Purva Sharegistry (India) Private Limited
Unit no. 9 Shiv Shakti Ind. Estt. J .R. Boricha marg, Lower Parel (E) Mumbai 400 011 (Unit: Kurlon Enterprise Limited).
Tel No.: 022-23012518/2517/6761 E-mail: support@purvashare.com

**STATEMENT PURSUANT TO SECTION 102 (I) OF THE COMPANIES ACT, 2013
("THE ACT")**

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

ITEM NO. 3

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

The Board of Directors, based on the recommendation of the Audit Committee, at its meeting held on 19th July, 2019, appointed M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S) as the Statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s Vasudev Pai & Co. Chartered Accountants, Bangalore (Registration No. 004560S) at a remuneration as may be mutually agreed to between the Board of Directors of the Company and M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S) plus out of pocket expense connects with work of audit to be carried out by them to hold office as the statutory auditor for a period of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 62nd Annual General Meeting of the Company for a consecutive period of 5 years.

As per the provisions of the Companies Act, 2013 read with rules made there under a casual vacancy caused due to resignation of the statutory auditor needs to be approved by the members within 3 months. Accordingly, the Board of Directors of the company recommends the appointment of M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S) to the members of the Company for their approval at ensuing Annual General Meeting by way of Ordinary Resolution to hold office for a period of 5 consecutive years, from the conclusion of ensuing Annual General Meeting till the conclusion of 62nd Annual General Meeting of the Company.

As required under the Act, M/s. Mohan & Venkataraman, Chartered Accountants have conveyed their consent to be appointed as the statutory auditors of the Company and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board recommends the Ordinary Resolution as set out at Item No.3 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution at Item No.3 of the Notice.

ITEM NO. 4

Pursuant to Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014 ('the Rules'), as amended from time to time, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. GNV & Associates, Cost Accountants. (Firm Registration No.000150) as the Cost Auditors of the Company to conduct Cost Audits of the cost records of the Company for the financial year 2019-2020, at a remuneration of Rs 75,000/- (Rupees Seventy Five Thousand only) plus out of pocket expenses and applicable taxes on actual basis.

M/s. GNV & Associates, Cost Accountants have the necessary experience in the field of cost audit, and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company. In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the Cost Auditors needs to be ratified by the Shareholders of the Company.

The Board recommends the remuneration of ₹ 75,000/- plus applicable taxes and out-of-pocket expenses payable to M/s. GNV & Associates, Cost Accountants as the Cost Auditors and the approval of the Shareholders is sought for the same by an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the said Resolution.

ITEM NO. 5 & 6

Sri. Ananathanarayanan Subramanian (holding DIN: 000025505) and Dr. Nitin Gajananrao Khot (DIN: 00030613) were appointed as Independent Directors of the Company at 52nd Annual General Meetings of the Company for a consecutive period of 5 years starting from September 15, 2014. As per the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director can be reappointed for a second term of maximum 5 (five) years by obtaining approval of the shareholders by a way of special resolution and on disclosure of such reappointment in the Board's Report. Schedule IV of the Companies Act, 2013 provides for performance evaluation by the Board before extending the term of Independent Director. Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot have given declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Director) Rules 2014, to the effect that they are not disqualified under Sub-section(2) of Section 164 of the Companies Act 2013.

In the opinion of the Board, Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot fulfill the conditions provided in the Act and the Rules made thereunder for reappointment as Independent Director and is independent of the management. The Board of Directors and Nomination & Remuneration Committee are of the opinion that considering the vast experience, knowledge and the possession of relevant expertise by Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot, their continued association would be of immense benefit to the Board and recommend the Resolution as set out at Item No 5 & 6 of the Notice for your approval.

Details of Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot are provided in the "Annexure" to the Notice pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. Copy of draft letters of appointment of Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Sri. Ananathanarayanan Subramanian and Dr. Nitin Gajananrao Khot are interested in the resolutions as set out respectively at Item No. 5 and 6 of the Notice with regard to their respective re-appointments.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board recommends the Special Resolutions set out at Item No. 5 and 6 of the Notice for approval by the members.

ITEM NO. 7

The Board of Directors of the Company ("the Board") at its meeting held on July 10, 2019 has, subject to approval of members, reappointed Sri T Sudhakar Pai (DIN: 00043298) as Managing Director, designated as Executive Director, for a further period of 5 (five) years from the expiry of his present term, that is, July 14, 2019, on terms and conditions including remuneration as recommended by Nomination and Remuneration Committee (the "Committee") of the Board and approved by the Board. It is proposed to seek members' approval for the re-appointment of and remuneration payable to Sri T Sudhakar Pai as Managing Director, designated as Executive Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Sri T Sudhakar Pai are as under:

Salary and Commission

	Amount In ₹
Salary	Nil
Commission (%)	3% of net profit/year

Other Terms and Conditions

- The terms and conditions of appointment of Managing Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.
- No sitting fees will be paid to the Managing Director for attending meeting of the Board of Directors or any Committee thereof.
- Total Remuneration including Commission in any financial year shall not exceed 5% of the net profit of the Company during that year except with the approval of Central Government and shareholders.
- In the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Commission will be paid as per ceiling laid down in Schedule V of the Companies Act, 2013, as may be decided by the Board of Directors.
- He shall not be liable to retire by rotation.

Mr. T Sudhakar Pai was appointed as Managing Director of the Company on July 14, 2014. As Managing Director, he exercises substantial powers of management over the Company, subject to the superintendence, control and directions by the Board of Directors. The Board of Directors of your Company has considered his services satisfactory and essential for successful operation of the Company and its future growth.

The remuneration package is well within the overall limit prescribed under Section 197 read with Schedule V to the Companies Act, 2013 which permits our Company to provide for a salary not exceeding 5% of the net profits in any year to its one Managing Director. The Board of Directors will also be at the liberty to alter, vary and revise the remuneration including commission and perquisite, from time to time within the limit prescribed under Companies Act, 2013.

In terms of the provision of CA, 2013, consent of the shareholders is required for re-appointment of Mr. T Sudhakar Pai as the Managing Director of the Company, hence your Board recommends the resolution as set out in Item No. 7 for approval of the members as a Special resolution.

Sri T Sudhakar Pai is interested in the resolution set out at Item No. 7 of the Notice.

The relatives of Sri T Sudhakar Pai may be deemed to be interested in the resolution set out at Item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

For and on Behalf of the Board
For **Kurlon Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

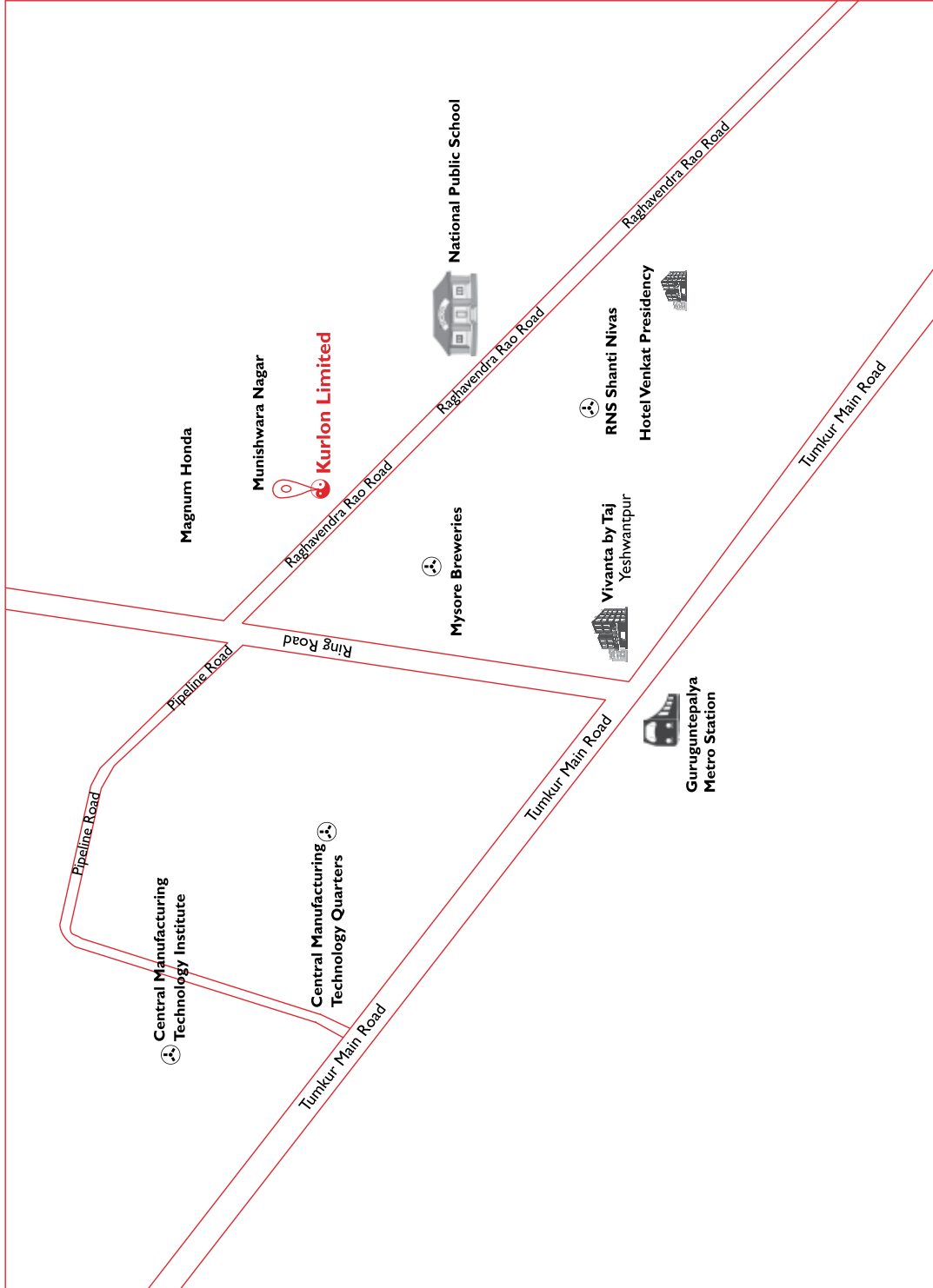
ANNEXURE-“A”
Details of the Director by rotation / seeking appointment / re-appointment at the ensuing Annual General Meeting

Particulars	Mrs. Jyothi Ashish Pradhan	Sri Ananthanarayanan Subramanian	Dr. Nitin Gajananrao Khot	Mr.T. Sudhakar Pai
DIN	06733156	00025505	00030613	00043298
Father's/Spouse Name	Mr.T. Sudhakar Pai	Late Subramanian	Sri Gajanan Wamanrao Khot	Late T. Ramesh U. Pai
Date of Birth & Age	17.06.1982, 37 years	22.06.1935, 84 years	10.09.1948, 71 years	26.04.1953, 66 years
Address	# 5, Chitrakala, Ananthanagar, Manipal, Udupi-576119	B1, Casa Lavelle 5 12/8, Lavelle Road Bangalore 560001	B C 27 Fort Belgaum 590016	# 5, Chitrakala, Ananthanagar, Manipal, Udupi-576119
Designation	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Managing Director
Experience	15 years	48 years	45 years	39 years
Qualification	BE & MS in Engineering	BE, ACMA, FIEE	Ph.D. in Economics	B.E.
Terms and Conditions of Appointment / Reappointment	appointed as a Non-Executive Director, liable to be retire by rotation	As per the resolution at item no. 5 of the Notice convening Annual General Meeting on 30, September, 2019 read with explanatory statement thereto Sri Ananthanarayanan Subramanian is proposed to be reappointed as an Independent Director for a further period of 5 years not liable to be retire by rotation	As per the resolution at item no. 6 of the Notice convening Annual General Meeting on 30, September, 2019 read with explanatory statement thereto Dr. Nitin Gajananrao Khot is proposed to be reappointed as an Independent Director, for a further period of 5 years, not liable to be retire by rotation	As per the resolution at item no. 7 of the Notice convening Annual General Meeting on 30, September, 2019 read with explanatory statement thereto Mr.T. Sudhakar Pai is proposed to be reappointed as Managing Director, for a further period of 5 years, not liable to be retire by rotation
Directorships of other Boards as on March 31, 2019	Metropolis Builders Pvt. Ltd. Manipal Holdings Pvt. Ltd. Deepa Jyothi Trading & Services Pvt. Ltd.	Kurlon Enterprise Limited	Kurlon Enterprise Limited	Kurlon Enterprise Limited Kurlon Retail Limited Kurlon Sofa Limited Manipal Holdings Pvt. Ltd. Deepa Jyothi Trading & Services Pvt. Ltd. MAHE Manipal E-Commerce Ltd. Jitendra Harijivandas Securities Pvt. Ltd.
Membership / Chairmanship of Committees of other Boards as on March 31, 2019	-	Kurlon Enterprise Limited CSR Committee-Member NRC Committee-Member SRC Committee-Chairman Audit Committee-Member RMC Committee-Member Banking Committee-Member Compensation Committee-Chairman	Kurlon Enterprise Limited CSR Committee-Member NRC Committee-Chairman SRC Committee-Member Audit Committee-Chairman Banking Committee-Member Compensation Committee-Member	Kurlon Enterprise Limited SRC Committee-Member Audit Committee-Member Banking Committee-Chairman RMC Committee-Chairman

Remuneration last drawn (FY 2018-19)	No remuneration paid during FY 18-19	No remuneration paid during FY 18-19	No remuneration paid during FY 18-19	Commission of ₹12.87 Lakhs
Remuneration sought to be paid	No remuneration	No remuneration	No remuneration	3% Commission of net profit/year
Relationship with other Directors / Key Managerial Personnel	Related to Sri T Sudhakar Pai Managing Director and Mrs. Jaya S Pai, Director of the Company	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Related to Mrs. Jaya S. Pai, Mrs. Deepa Pai and Mrs. Jyothi Ashish Pradhan Directors of the Company
Number of meetings of the Board attended during the year	-	6	6	6
Date of first appointment on the Board	05/11/2015	16/06/2006	22/10/1994	15/06/2007
Shareholding in the Company as on March 31, 2019	1800 Equity shares (0.00%)	None	None	41777 (0.28%)*

* holding 29107 on behalf of Ananth Trust and 12570 on behalf of Trust Foundation.

ROUTE MAP OF VENUE OF 57TH ANNUAL GENERAL MEETING



VENUE ADDRESS:

Shri. T. Ramesh U. Pai Memorial Hall
 at Kurlon Factory, Jalahalli Camp Road,
 Yeshwanthpur, Bangalore - 560 022

DIRECTOR'S REPORT

Dear Members,

The Board of directors are pleased to present the Company's 57th Annual Report and the Company's audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2019.

1. Financial summary or highlights/Performance of the Company

Financial results of the Company for the year under review along with previous year's figures are given hereunder;

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from operations	13,523.18	11,941.22	108,881.26	108,645.10
Profit Before Financial charges, tax and Depreciation	2274.74	1597.69	15934.92	16140.19
Less: Finance Charges	168.38	251.33	665.68	660.89
Gross Profit	2106.36	1346.36	15269.24	15479.30
Less: Provision for Depreciation	453.54	376.27	2,316.98	1,815.23
Profit Before Tax and Exceptional Items	1,652.82	970.09	12,952.26	13,664.07
Less Exceptional items	(21.65)	-		
Profit before Tax	1,631.17	970.09		
Add/Less: Current Income Tax	184.63	71.26	4,520.41	4,332.74
Less: (Excess)/Short Provision for Income Tax of earlier year	(146.62)	-	(169.81)	(0.29)
Less: MAT Credit	-	-	-	(0.51)
Add/Less: Deferred tax	134.15	258.67	271.52	739.15
Profit after tax	1,459.01	640.16	8,330.13	8,592.98
Other comprehensive income	31,302.50	(6.59)	100.33	(21.03)
Total comprehensive income for the year	32,761.51	633.57	8,430.46	8,571.95
Transfer to General reserve	-	-	-	840.18
Proposed Dividend on Equity Shares	-	-	1091.47	694.68
Tax on proposed Dividend	-	-	224.41	141.42
Surplus in statement of P & L carried to Balance Sheet	12,057.10	10599.93	31290.31	24358.94
Earnings per share (EPS).	220.13	4.26	56.65	57.60

During the year 2017-2018 Excise duty till 30th June 2017 is included in Revenue. Further after implementation of GST the Revenue excludes GST. For proper Comparison of Growth & Profitability Ratios, the comparable Revenue figures are given hereunder:-

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from operations	13,523.18	11,941.22	108,881.26	108,645.10
Less: Excise duty	-	276.84	-	1,607.42
Net Revenue from operations	13,523.18	11,664.38	108,881.26	107,037.68

2. Year in retrospect

During the Current year, gross revenue from operations increased from ₹11664.38 Lakhs to ₹13,523.18 Lakhs, registering a growth of 15.94% over the last year. Profit after tax of the current year also increased by 127.91% to ₹ 1,459.01 Lakhs as against the profit after tax of ₹640.16 Lakhs of last year. Total comprehensive income for the year landed at ₹ 32,761.51 As compared to ₹ 633.57 Lakhs of previous year.

On consolidate basis, the group has achieved revenue of ₹108,881.26 Lakhs which is 1.72% higher than previous years and Profit after tax of ₹8,330.13 Lakhs.

3. Dividend

The Board of Directors of your Company has decided to retain and plough back the profit into business thus no dividend is being recommended for this year.

4. Transfer to Reserves;

During the year under review, your Company has not transferred any amount of the profit to general reserve

5. Consolidated Financial Statement;

In accordance with the provisions of the Companies Act, 2013 (“the Act”) and INDAS 110-Consolidated Financial Statements, the audited Consolidated Financial Statements are provided elsewhere in this Annual Report.

6. Change in the nature of business ;

During the year under review there has been no change in the nature of business of the Company.

7. Material changes and Commitments effecting the financial position of the Company.

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report except subsequent to FY 2018-19, on April 21, 2019 certain property, plant, equipments and inventories of the Company were destroyed due to fire at the Gwalior Factory aggregating to ₹418.86 Lakhs (being the book value). The Company has sufficient insurance coverage to cover this loss. However, the Company has lodged the claims with the insurer. Considering this being a non adjusting event as per Ind AS 10, no adjustments has been carried out in the Financial Statements for the year ended March 31, 2019.

8. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with Indian Accounting Standard (“IndAS”)

9. Share capital

The Authorized Share Capital of the Company as on date of Balance Sheet is ₹ 35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lakhs Only) equity shares of ₹10/- (Rupees Ten Only) each and The paid up share capital of the company as on date of balance sheet is ₹ 14,88,26,050/- (Rupees Fourteen Crores Eighty Eight Lakhs Twenty Six Thousand Fifty Only) divided into 14,88,26,05 (One Crore Forty Eight Lakhs Eighty Two Thousand Six Hundred Five Only) equity shares of ₹ 10/- each.

Buy-back of Securities

The Company has not bought back any of its securities during the year under review.

Issue of sweat equity shares;

During the year the Company has not issued any sweat equity shares.

Sub-division of equity shares

No subdivision took place during the year under review.

Bonus Shares

The Company has not issued any bonus shares during the year under review.

Employee stock option scheme

The Company has not provided any Stock Option to its employee(s).

10. Directors and Key Managerial Personnel

In accordance with the provisions of the Act, Mrs. Jyothi Ashish Pradhan, Director of the Company, retires by rotation at the ensuing Annual General Meeting. The Board of Directors on the recommendation of Nomination and Remuneration Committee (“NRC”) recommended her re-appointment.

During the year, Sri K T Bhagath ceased to be a Director of the Company w.e.f. March 16, 2019. The Board places on record its appreciation towards valuable contribution made by Sri K T Bhagath during his tenure as a Non-executive Director of the Company.

The Board of Directors on recommendation of NRC and approval of the shareholders in last AGM, reappointed Mrs Jaya S Pai (DIN: 00030515) Non-Executive Director of the Company, liable to be retire by rotation.

Mr.T Sudhakar Pai (DIN: 00043298) were appointed on July 15, 2014 as Managing Director of the Company for a period of 5 years. The Board of Directors on the recommendation of NRC, recommended re-appointment of Mr.T Sudhakar Pai, as Managing Director of the Company for a period of 5 years on the expiry of his current term of office i.e., w.e.f. 14.07.2019

The term of office of Sri. Ananthanarayanan Subramanian (DIN: 00025505) and Dr. Nitin Gajananrao Khot (00030613) as an Independent Directors, will expire at the ensuing Annual General meeting of the Company, the Board of Directors on the recommendation of NRC, recommended re-appointment of Sri Ananthanarayanan Subramanian and Dr. Nitin Gajananrao Khot, as an Independent Directors of the Company for a second term of 5 (five) consecutive years on the expiry of their current term of office.

11. Declaration of Independence from the Independent Directors u/s 149(6)

The Board has received declarations from all the Independent Directors of the Company confirming that they met with the criteria of independence as prescribed under subsection (6) of Section 149 of the Act, and in the opinion of the Board they fulfill the conditions specified in the Act and the Rules made thereunder and are Independent to the management.

12. Board Meetings;

6 (Six) Meetings of the Board of Directors were held during the year on 04.04.2018, 15.05.2018, 10.08.2018, 06.12.2018, 16.03.2019 and 29.03.2019 respectively. The particular of meetings held and attended by each director including committee meetings are detailed in the Corporate Governance report, attached as **Annexure “A”** which forms part of this report.

13. Disclosure about receipt of commission or remuneration by Managing Director-

In terms of the provisions of section 197(14) of the Act, Mr.T Sudhakar Pai receives remuneration and commission in its Subsidiary Company Viz. Kurlon Enterprise Limited.

14. Annual evaluation of Board and its Committees

The Nomination and Remuneration Committee (“NRC”) has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each Director (including Executive, Non-Executive

and Independent Directors), of the Board as a whole and its Committee. The criteria include different aspects covered under Administrative, Strategic, Operational and Compliance headings.

As per laid down procedure, the Independent Directors would held a separate meeting whenever necessary, to review the performance of the Chairman of the Company after taking into account the views of Executive and Non-Executive Directors. The substantial, and continuing, contribution of the Chairman in the growth of the Company has been highly commended. The Independent Directors also reviewed performance of every Executive and Non-Executive Director of the Board. The performance evaluation of each Independent Director was done by the entire Board (except the Independent Directors being evaluated).

The performance of each Committee has been evaluated by its members and found to be satisfactory.

On the basis of this exercise, the NRC and the Board, after recognizing the important contribution being made by each Independent Directors have decided that all Independent Directors should continue to be on the Board.

15. Remuneration Policy

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board. More details on the same are given in the Corporate Governance Report.

16. Details of Subsidiary/Joint Ventures/Associate Companies

As on March 31, 2019 your Company has one subsidiary and one step down Subsidiary Viz Kurlon Enterprise Limited (“KEL”) and Kurlon Retail Limited (“KRL”) in which KEL holds 100% paid up equity share capital.

Performance and Financial Positions of KEL.

Kurlon Enterprise Limited was incorporated in October 3, 2011 and Later becomes Subsidiary Company of Kurlon Limited. The Company has been incorporated with a primary objective to manufacture of Rubberized Coir Mattresses, spring mattresses, Foams and foam products etc.

Presently Kurlon Enterprise Limited is being operated throughout the Country and has many branches, Area sales office (ASOs) & HUBs etc.

During the Current year, Net revenue from operations of KEL, on standalone basis, increased from ₹109239.79 Lakhs to ₹111,298.78 Lakhs registering a growth of 1.88% over the last year. The Profit after tax for the current year decreased by 1.46% to ₹8291.14 Lakhs as against the profit after tax of ₹8414.39 Lakhs of last year.

Performance and Financial Positions of KRL.

Kurlon Retail Limited (formerly known as Kurlon Retail Private Limited) was incorporated on 31.08.2012 to carry on business of buying selling, reselling, importing, exporting, transporting, storing, promoting, marketing or supplying trading, dealing in all type of goods including mattresses, pillows, furnishing, sofa and furniture on retail and wholesale basis in India. KRL is a Wholly Owned Subsidiary Company of Kurlon Enterprise Limited.

The operational revenue of KRL for the FY19 at ₹ 2,010.64 Lakhs was higher by 231.74.% over the previous year (₹ 606.09 Lakhs in FY18) Net profit after tax was landed at ₹ (759.24) Lakhs as compared to ₹ 0.96 Lakhs previous year

Pursuant to sub-section (3) of section 129 of the Act read with rule 5 of Companies (Accounts) Rules, 2014, a statement containing silent features of Financial Statements of Subsidiary Company in Form AOC-I is given as Annexure “B”.

Further, the Annual Accounts and related documents of the subsidiary Company shall be kept open for inspection at the Registered & Corporate Office of the Company. The Company will also make available copy thereof upon specific request by any Member of the Company interested in obtaining the same.

Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiary and its step-down subsidiary Company.

17. Directors' Responsibility Statement

Your Directors make the following statement in terms of Section 134(3)(c) & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- a. That in the preparation of the annual accounts for the Financial Year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2019 and of the Profit of your Company for the Financial Year ended March 31, 2019;
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. That the Annual Accounts for the year ended March 31, 2019 have been prepared on a going concern basis;
- e. They have laid down internal Financial Controls, which are adequate and are operating effectively.
- f. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

18. Management Discussion and Analysis report;

Management's Discussion and Analysis report for the year under review are attached as **Annexure "C"** forming part of this report.

19. Report on Corporate Governance;

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance practice as set out in the Act. The Company believes that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximizes 'Your' long-term value.

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. It has put in place an effective Corporate Governance System in the Company not for the good secretarial practice but to ensure that the businesses of the Company are being conducted in transparent manners. A Report on Corporate Governance is disclosed as **Annexure "A"** forming part of this Report.

20. Auditors and Auditors' report

Statutory Auditors

The Board of Directors of the Company at their meeting held on July 19, 2019 appointed M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S), as the statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s Vasudev Pai & Co., Chartered Accountants (Registration

No. 004560S) at a remuneration as may be mutually agreed to between the Board of Directors of the Company and M/s. Mohan & Venkataraman, Chartered Accountants (Registration No. 007321S) plus out of pocket expense connects with work of audit to be carried out by them to hold office as the statutory auditor for a period of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 62nd Annual General Meeting of the Company subject to shareholders approval.

After enactment of Companies Amendment Act, 2017, the provisions with respect to the annual ratification has been removed from Companies (Audit and Auditors) Rules 2014.

The emphasis made by auditor in their report are self explanatory hence does not call for any further explanation from the management.

Secretarial Auditor

The provisions of section 203 of the Companies Act, 2013 is not applicable to the Company, hence your Company is not required to furnish Secretarial Audit Report to this report. However, in order to ensure the good Corporate Governance and to improve Secretarial Practice in the Company, the Board of Directors of your Company appointed Mr. Parameshwar G. Bhat, Practising Company Secretary, to conduct the Secretarial Audit of the Company for the FY 2018-19.

Cost Auditor

As per the Cost Audit Orders, Cost Audit is applicable to the Company's manufacture of PU Foam and foam products/business of the Company for the FY 2018-19.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. GNV & Associates, Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your Company for the financial year 2019-20. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your approval for ratification of payment payable to Cost Auditors is being sought at the ensuing Annual General Meeting. The Company has received consent from M/s. GNV & Associates, Cost Accountants, to act as the Cost Auditor for conducting Audit of cost records for the FY 2019-20 along with a certificate confirming their independence and arm's length relationship

Your Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

21. Transfer to Investor Education and Protection Fund (IEPF)

After the amendment of the erstwhile Companies Act, 1956, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. Sections 124 and 125 of the Companies Act, 2013 ('the Act'), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), applicable w.e.f. 7th September, 2016, also make similar provisions for transfer of shares to IEPF Authority.

As per the above provisions, unclaimed/ unpaid dividend for the financial year ended 31st March, 2012 along with shares will be transferred by the Company to the Fund by 04.12.2019. The members/beneficial owners of shares who have so far not en-cashed their dividend warrants for the financial year 2011-12 may immediately approach to the Company for claim thereof by 04.11.2019. In order to help Members to ascertain the status of unclaimed dividends, the Company has uploaded the information in respect of unclaimed dividends for the financial year ended 31st March, 2012 on the website of Investor Education and Protection Fund, www.iepf.gov.in and under "Investor" Section on the website of its subsidiary Company viz., Kurlon Enterprise Limited at www.Kurlon.com for the sake of convenience to the members of the Company.

Further, unpaid / unclaimed dividend for the FY 2010-11 along with underlying shares were transferred to IEPF Authority on 12.07.2018 and 21.08.2018 respectively.

22. Loans, Guarantees and Investments

The particulars of Loans given, investments made, guarantees given and securities provided in accordance with the provisions of Section 186 of the Companies Act, 2013 are furnished in the notes to the standalone Financial Statements for the year ended 31st March, 2019 (please refer to Note No. 36 to the Standalone Financial Statements).

In brief, Details of loans given, investment made, security and guarantee provided by the Company are as follows pursuant to Section 186(4) of the Act;

23. Particulars of contracts or arrangements with related parties

All related party transactions pursuant to Section 188(1) of the Act that were entered into during the Financial Year were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by your Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which might have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is also obtained from the Audit Committee for the related party transaction which are of repetitive nature.

The information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given elsewhere in this report and the same forms part of this report.

24. Risk management system

The Company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the Company.

25. Vigil Mechanism/Whistle Blower Policy

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail the mechanism. In exceptional cases, Directors and employees have direct access to the Chairperson of the Audit Committee.

26. Corporate Social Responsibility (CSR)

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which works under the direct supervision of Mrs. Jaya S Pai, Director, who also acts as the Chairperson of the Committee. Dr. Nitin G Khot, Sri. S Ananthnarayanan, Non-Executive, Independent Directors of the Company, are members of the Committee. The Committee manages and overviews the CSR projects of your Company. The CSR activities are based on the CSR policy approved by the Board of Directors of the Company. A brief outline of which is appended as **Annexure "D"** an integral part of this report.

27. Audit Committee

The Board has constituted an Audit Committee with Sri. S Ananthanarayanan as Chairperson, Dr. Nitin G Khot, Sri K T Bhagath (upto 16.03.2019) and Mrs. Jaya S Pai (w.e.f. 16.03.2019) as Members. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report.

28. Nomination and Remuneration Committee("NRC")

Details of NRC are provided in Corporate Governance Report as annexed to this report.

29. Internal Audit and Control

Your Company, even though, not required in terms of the provisions of Section 138 of the Companies Act 2013, had appointed Mr. Subramanya Karanth to conduct audit of internal functions and activities of the Company. The Audit Committee of the Board in consultation with internal auditor placed adequate Internal Financial Controls with reference to financial statements of the Company for subsequent years. Such internal control system will be supervised by Mr. Subramanya Karanth, Internal Auditor of the Company.

30. Extract of Annual Return:

The details forming part of the extract of the Annual Return pursuant to Sections 92(2) and 134(3)(a) of the Act and rules made thereof in form MGT 9 is annexed herewith and marked as **Annexure "E"** forming part of this report.

31. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

32. Statutory Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Deposit from the public falling within the ambit of Section 73 of the Act and rules made thereof.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. No fraud has been reported by the Auditors to the Audit Committee or Board.

33. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA);

The Company has constituted Internal Complaint Committee under the sexual harassment of women at workplace (prevention, prohibition and Redressal) Act, 2013 and complied with the provisions of the same.

The Company is committed to provide a safe and conducive work environment to its employees. During the year 2018-19 there were no complaints. Your company regularly conducts awareness programmes at its units in this regard.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and out go are as follows:

(a) Conservation of energy

(i)	the steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. Modified the STR8 technology machine 3 roller opening machine and reduce the load 28 HP. 2. Replace the MH lamp 150 Watt by the LED 100 watt 20 no's and reduce the load. 3. Earlier we were using the MH sealing lights around 250 no's in G block but now we have isolated the power of sealing lights and provide LED 100 watt -20 no's whereby we saved 35 KW load. 4. Relocate the UPS 5 KVA online and make centralized to eliminate the small UPS in the LT-I room along with solar PV module.This is underway. 5. Training programs implemented for awareness on conserving energy.
(ii)	the steps taken by the company for utilizing alternate sources of energy	1. MWp ground mounted solar PV power plant installed.
(iii)	the capital investment on energy conservation equipment's	₹4.85 Crore.

(b) Technology absorption

(i)	the efforts made towards technology absorption	<ol style="list-style-type: none"> 1. Automatic timer introduce in the E block to avoid manual operation and energy conservation. 2. STR8 technology an advanced version of Rubberized Coir.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	1. Benefit from the solar is ₹1 Cr per annum.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	STR8 technology.
	(a) the details of technology imported	1. This Special technology is the advanced version of Rubberized coir which avoids Mat press and vulcanizing process thereby savings energy linked to Mat press and vulcanizing making process continuous and robust with Straight and firm pads.
	(b) the year of import;	2019
	(c) whether the technology been fully absorbed	Yes
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N/A
(iv)	the expenditure incurred on Research and Development	N/A

(c) Foreign exchange earnings and Outgo

	2018-2019	2017-2018
Total foreign exchange inflow	-	-
Total foreign exchange outflow	1123.04	1479.13

(₹ in Lakhs)

35. Human Resources

Your Company assigns a great deal of importance to this most precious resource. It has a full-fledged Human Resource Department that seeks to attract and recruit the best possible talent and groom it to fulfill its vision for the future. The Directors wish to acknowledge the efforts all employees in raising the performance of the Company. Industrial relations throughout the year continued to remain cordial.

36. Acknowledgements

Your Directors acknowledge the dedicated service of the employees of the Company during the year. They Would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from Bankers, Financial Institutions, Business Partners and other Stakeholders.

For and on Behalf of the Board
For **Kurlon Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

Form No.AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2019 are as follows;

Name of related party	Nature of relationship	Nature of transactions	Duration of contract	Salient terms	Date of Board approval	₹ in Lakhs
Kurlon Enterprise Limited	Subsidiary Company	Sale and purchase of goods	ongoing	As per MOU	15.05.2018	16271.43
Maha Rashtra Apex Corporation Ltd.	Entity significantly influenced by Director(s) of the Company	Advance against purchase of property	NA	As per court order	15.05.2018	869.85

ANNEXURE-“B”
FORM AOC-I
**STATEMENT CONTAINING SILENT FEATURES OF THE FINANCIAL STATEMENT OF
SUBSIDIARY AND DEEMED SUBSIDIARY COMPANY**

[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014]

In accordance with the General Circular No:2/2011 dated 8 February, 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit and Loss and other documents of the subsidiary are being attached with the Annual Accounts of the Company. This Annual Report also contains Consolidated Financial Statement of the Company and its subsidiary in accordance with the relevant Accounting Standards and the same has been duly audited by Statutory Auditors. The annual Accounts of the Subsidiary Company and related information will be made available to the shareholders of the Company and its Subsidiary Company on request and will also be kept open for inspection by the shareholders at the Registered Office of the Company and the subsidiary.

(₹ in Lakhs)

Name of Subsidiary / Step down Subsidiary	Kurlon Enterprise Limited	Kurlon Retail Limited
Issued & Subscribed Capital	1,819.12	760.00
Reporting period	31.03.2019	31.03.2019
Share capital	1,819.12	760.00
Reserves & Surplus	37,069.79	(756.78)
Total Assets	62,426.07	2563.06
Total Liabilities (Excluding Share capital & Reserve & Surplus)	23537.16	2559.84
Investments	4486.71	-
Turnover/Income from operations	111,298.78	2010.64
Profit/(Loss) before Tax	12,731.34	(751.37)
Provision for Tax	4,440.24	7.87
Profit/(Loss) After Tax	8,291.10	(759.24)
Other comprehensive income	124.82	-
Total comprehensive income for the year	8,415.92	(759.24)
Proposed Dividend	1091.47	-
% of shareholding	85.06%	100%*

*held by Kurlon Enterprise Limited

For and on Behalf of the Board
For **Kurlon Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“A”**REPORT ON CORPORATE GOVERNANCE****I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is essentially a system by which Companies are governed and controlled by the management under the direction and supervision of the Board in the best interest of all stakeholders. It is not mere compliance of laws, rules and regulations, but also the application of best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility. Above all, it is a way of life, rather than merely a legal compulsion.

Your Company's philosophy on the Code of Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. Good Corporate Governance is indispensable to resilient and vibrant stakeholders value and is, therefore, an important instrument of investor protection as well. Your Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. To maintain reliability and transparency of management, by implementing fair and efficient corporate practice that reflects the true spirit of the organization's philosophy.

However your Company is not a listed company hence it is not bound to comply with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Company recognizes that good Corporate Governance is a Continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. BOARD OF DIRECTORS**I. Composition & Category of Directors;**

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. Your Company has an engaged and well informed Board with qualifications and experience in diverse areas. The Board composition is in conformity with the Companies Act, 2013 ('the Act').

The Board of Directors, as on 31st March, 2019, comprised 8 Directors, of which 3 are Non-Executive Directors, one Managing Director, 2(Two) Non-Executive, independent & 2 (Two) Alternate Director. All Directors possess relevant qualifications and experience in general corporate management, finance, and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors

II. Attendance at the Board meeting, last Annual General meeting and number of other Directorships and chairmanships/ memberships of Committees of each Director in various Companies.

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the year ended 31st March, 2019 are as follows:-

Annexure-“B”	Category	Attendance at the Board Meeting during the F.Y. 2018-2019	Attendance at the Last AGM	As on 31-03-2019		
				No. of Directorship in other Co.	Committee membership in other Companies	Chairman in Committees in which they are members
Mr.T Sudhakar Pai Managing Director DIN: 00043298	Executive, Promoter	6	No	7	1	2
Mrs. Jaya S Pai Director DIN: 00030515	Non-Executive, Promoter	6	No	4	1	2
Dr. Nitin G Khot Director DIN: 00030613	Non-Executive, Independent	6	No	1	1	2
Sri. S Ananthnarayanan Director DIN: 00025505	Non-Executive , Independent	6	Yes	1	1	4
Mrs.T Deepa Pai Director DIN: 02825199	Non-executive	-	No	3	-	-
Mrs. Jyothi Ashish Pradhan Director DIN: 06733156	Non-executive	-	No	3	-	-
Mr. Jamsheed Minocher Panday, Alternate Director to Mrs. Jyothi Ashish Pradhan (upto 10.07.2019) DIN: 00232768	Non-executive alternate	6	No	13	1	-
Mr. Narendra Kudva Alternate Director to Mrs.T. Deepa Pai. DIN: 07459916	Non-executive alternate	6	Yes	1	-	-
Sri. K . T. Bhagath Director (upto 16.03.2019) DIN: 00057971	Non-executive	1	No	-	-	-

III. Meetings

During the financial year under review the Board of Directors of your Company met 6(Six) times as at 04.04.2018, 15.05.2018, 10.08.2018, 06.12.2018, 16.03.2019 and 29.03.2019 respectively and the gap between two meetings did not exceed 120 days.

IV. Disclosure Regarding Appointment & Re-appointment of Directors in the ensuing AGM

Details of directors seeking appointment/reappointment at the ensuing annual general meeting are provided in **Annexure** annexed to the notice of AGM.

3. AUDIT COMMITTEE

a. Terms of Reference

The Audit Committee functions according to its Charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

- o Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- o Discuss and review with the management the Annual Financial Statements and the Auditor's report thereon, before submission to the Board for approval.
- o Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- o Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- o Hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- o Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- o Review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- o Review with the management, performance of the statutory and internal auditors.
- o Review the adequacy of the internal audit function and the adequacy and efficacy of the Internal Control Systems, including the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.
- o Evaluate Internal Financial Controls and Risk Management Systems.
- o Scrutinize inter-corporate loans and investments.
- o Discuss any significant findings with internal auditors and follow-up thereon.
- o Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- o Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.

- o Approve transactions, including any subsequent modifications, of the Company with related parties.
- o Valuation of undertakings or assets of the Company, wherever it is necessary.
- o Review and monitor the statement of use and application of funds raised through public offers and related matters.
- o Review the functioning of the Whistle Blower/Vigil mechanism.
- o Review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- o Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

The Audit Committee of the Company have been constituted in accordance with the provisions of Section 177 of the Act. All members of the Committee including its chairperson are financially literate, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Sri. S Ananthnarayanan	Independent, Non-Executive	4	4
Dr. Nitin G Khot	Independent, Non-Executive	4	4
Sri K T Bhagath (upto 16.03.2019)	Non-Executive	4	1
Mrs. Jaya S Pai (w.e.f. 16.03.2019)	Non-Executive	4	-

The Committee met 4 (four) times during the Financial Year 2018-2019 as at 15.05.2018, 10.08.2018, 06.12.2018 and 16.03.2019 respectively. The necessary quorum was present at the above meetings.

The Chairperson of the Audit Committee, Sri. S Ananthnarayanan was present at the Annual General Meeting of the Company held on 26th September, 2018. Company Secretary acts as secretary to the meeting.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Terms of Reference

The terms of reference of the NR Committee inter-alia includes the following:

- o To formulate criteria for determining qualifications, positive attributes and independence of a director.
- o To formulate criteria for evaluation of Independent Directors on the Board.
- o To recommend to the Board policy relating to remuneration for directors, Key Managerial Personnel and other Senior Management.
- o To carry out evaluation of every Director’s performance;

- o To devise policy on Board diversity;
- o To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

In terms of the provisions of Section 178 of the Act, your Company has duly constituted a Nomination and Remuneration Committee (“NRC”) with a view to review and recommend the payment of remuneration, commission and finalizes service agreements and other employment conditions of Executive Directors & Key managerial personnel. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

The composition of the NRC and the details of Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Dr. Nitin G Khot	Independent, Non-Executive	2	2
Sri. S Ananthnarayanan	Independent, Non-Executive	2	2
Mrs. Jaya S Pai	Non-Executive	2	2

The Committee met twice during the FY 2018-2019 as at 10.08.2018 & 16.03.2019 respectively. The necessary quorum was present at all meetings. The Chairperson of the NRC, Sri. S Ananthnarayanan was present at the Annual General Meeting of the Company held on 26th September, 2018. Company Secretary acts as secretary to the meeting.

c. Remuneration policy

In view of the requirement of the provision of section 178 of Companies Act, 2013, the NRC has suitably framed and implemented remuneration policy of the Company to keep pace with the business environment and market linked positioning. The NRC takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors.

Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees are designed based on the following set of principles:

- Aligning Key Executive and Board remuneration with the longer term interests of the Company and its shareholders;
- Minimize complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the Company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

Remuneration paid to Executive Directors & KMP(s)

As per the remuneration policy the remuneration paid to Executive Directors is recommended by the NRC and approved by the Board in the Board Meeting, subject to the subsequent approval by the shareholders at the General Meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the provisions of Sections 198 and 197 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites and Allowances, Contribution to Provident Fund and other funds. The term of appointment of Executive Directors is 5 (five) years.

5. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

a. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee (“SRC”) are as follows;

1. To approve request for transfer and transmission of shares of the Company;
2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. To approve the dematerialization of shares and dematerialization of shares;
7. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters;
8. Reference to statutory and regulatory authorities regarding investor grievances; and
9. Otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

b. Composition and Attendance during the year;

The SRC met 3 (Three) times during the year as at 15.05.2018, 10.08.2018 and 06.12.2019 respectively.

The composition of the SRC and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Sri. S Ananthnarayanan	Independent, Non-Executive	3	3
Dr. Nitin G Khot	Independent, Non-Executive	3	3
Mrs. Jaya S Pai	Non-Executive	3	3

Sri. S Ananthnarayanan being Independent Director acts as chairperson of the meeting and Company secretary acts as the secretary to the meeting.

c. Details of investor complaints received, redressed and pending during the financial year ended 31st March, 2019

Pending at the beginning of the year	Received during the year	Redressed/replied during the year	Pending at the end of year
Nil	Nil	Nil	Nil

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR” COMMITTEE)

a. Terms of Reference

The terms of reference of the Corporate Social Responsibility (CSR) Committee are as follows:

- o Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act.
- o Recommend the amount to be spent on the CSR activities.
- o Monitor the Company’s CSR Policy periodically.
- o Oversee the Company’s conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen.
- o Attend to such other matters and functions as may be prescribed from time to time.

The Corporate Social Responsibility Committee of the Board (“CSR Committee”) has been constituted pursuant to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, in order to oversee the CSR Policy of the Company and recommend the amount of expenditure to be incurred on the activities mentioned in the Schedule VII of the Act. The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The Annual Report on CSR activities for the year 2018-19 forms a part of the Board’s Report.

b. Composition and Attendance during the year

The Corporate Social Responsibility Committee of the Board (“CSR Committee”) has been constituted pursuant to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014.

The composition of the CSR Committee and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mrs. Jaya S Pai	Non Independent, Non-executive	3	3
Dr. Nitin G Khot	Independent, Non-Executive	3	3
Sri. S Ananthnarayanan	Independent, Non-Executive	3	3

The CSR Committee met 3(Three) times during the FY 2018-19 as at 15.05.2018, 06.12.2018, 16.03.2019 respectively. Mrs. Jaya S Pai acts as the chairperson to the meeting and Company Secretary of the Company acts as the secretary to the meeting.

7. GENERAL BODY MEETINGS

a. Particulars of past three Annual General Meetings of the Company:

Year	Date	Venue	Summary of special resolution(s) passed if any,	Time
2018	26.09.2018	Kurlon Factory, Jalahally Camp Road, Yeshwantpur, Bangalore-560022	No Special resolution passed	11.30 P.M.
2017	29.09.2017	Kurlon Factory, Jalahally Camp Road, Yeshwantpur, Bangalore-560022	Alteration in the Memorandum of Association ("MOA") Adoption of New set of MOA	11.00 A.M.
2016	29.09.2016	Kurlon Factory, Jalahally Camp Road, Yeshwantpur, Bangalore-560022	There was no special resolution passed in this meeting	11.00 A.M.

All resolutions moved at the last Annual General Meeting held on 26.09.2018 were passed by the requisite majority of shareholders except as above which was approved through Special resolution.

b. Extra ordinary General Meeting

There was No EoGM held during the year.

c. Postal Ballot

No resolution was put to vote through postal ballot during the financial year 2018-2019. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

8. DISCLOSURES

a. Related Party Transactions

All the transactions entered into with Related Parties as per the Companies Act, 2013 during the Financial Year 2018-19 were in ordinary course of business and on an arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. Further, there was no material related party transaction which required shareholder's approval. The required statements / disclosures with respect to the related party transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the Accounting Standard-18 have been made in notes to the Financial Statements. Further, the Company has not entered into any transaction of material nature with Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interest of the Company.

b. Disclosure of accounting treatment in preparation of Financial Statements

The Company has followed the Guidelines of Accounting Standards notified under the Act and laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

c. Management Discussion and Analysis Report.

The management discussion and analysis report is provided as annexure to the Directors Report.

D. Details of non-compliance with regard to capital market.

Your Company is not listed hence it is not required to give any disclosure under this heading.

E. Whistle-Blower Policy/Vigil Mechanism

Your Company does not fall within the preview of section 177(12) hence is not required to give any disclosure under this heading.

F. Risk management Framework.

The risk associated with Company is very nominal hence there is no need to give any disclosure under this heading however your Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans to ensure that critical risks are controlled by the management.

9. GENERAL SHAREHOLDERS INFORMATION**a. Annual General Meeting**

Day & Date	Time	Venue
Monday, the 30 th day of September, 2019	11.00 A.M.	Shri T Ramesh U Pai Memorial hall at Kurlon Factory, Jalahally Camp Road, Yeshwantpur, Bangalore-560022

b. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 23rd September, 2019 to 30th September, 2019 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

c. Dividend Payment Date

The Company has not recommended/paid any dividend for the period under review.

d. Listing on Stock Exchanges:

Shares of the Company are not listed on any stock exchange.

Payment of Depository Fees

Annual Custody/Issuer fee for the year 2018-19 has been paid by the Company to CDSL & NSDL.

e. Registrar and Share Transfer Agent & Share Transfer System:

M/s. Purva Sharegistry (India) Private Limited is the Registrar and Share Transfer Agent for the shares of the Company in both physical as well as electronic modes. The Company has authorized the Registrar and Transfer Agent to approve and execute transfer and transmission of shares. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Registrar and Share Transfer Agent at the address given below:

Particulars	Purva Sharegistry (India) Private Limited
Contact Person	Ms. Purva Shah
Address	9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai-400011
Phone Nos.	+91-022-2301-6761/2518
Email ID	support@purvashare.com

f. Distribution of Shareholding as on 31st March 2019:

Slab of Shareholding (₹)	No. of Shareholders	% of total	Nominal Value (in ₹)	% of Shareholding
0-5000	1703	86.40	1828620	1.23
5001-10000	95	4.82	773530	0.52
10001-20000	75	3.81	1116860	0.75
20001-30000	34	1.73	871750	0.59
30001-40000	13	0.66	458400	0.31
40001-50000	7	0.36	332300	0.22
50001-100000	26	1.32	2048680	1.38
100001 and above	18	0.91	141395910	95.01
Total	1971	100.00	148826050	100.00

g. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Promoters	4	2.81	418363
Corporate Promoter	10	91.15	13566192
N.R.I	10	0.06	9880
Bodies Corporate	23	0.59	88102
LLP	1	0.04	5665
Individuals	1872	4.95	736752
IEPF	1	0.14	21376
Trust	1	0.05	7450
Hindu Undivided Family	31	0.17	24745
Employee	18	0.03	4080
Total	1971	100	14882605

h. Dematerialization of shares and liquidity

Percentage of shares held in physical and dematerialized form as on 31st March, 2019:

Physical form	:	2.35%
Electronic form with NSDL & CDSL	:	97.65%

i. Factories Locations

All factories location is mentioned on the first page of this Annual report.

j. Address for Correspondence

The shareholders may send their grievances/ queries to the Registrar and Share Transfer Agent at their Address mentioned elsewhere in this report or to the Company at:

- I. Secretarial Department
Kurlon Limited,
N-301, 3rd Floor, Front Wing, North Block,
Manipal Centre, 47, Dickenson Road,
Bangalore-560042.
e-mail: secretary@kurlon.org

k. Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund

Details regarding transfer of unclaimed/unpaid dividend amounts to IEPF are given elsewhere in the Board report.

Date: 19.07.2019
Place: Bangalore

For and on Behalf of the Board
For **Kurlon Limited**

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“C”

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Overview: -

During the financial year 2018-19, the Company achieved revenue of ₹13,523.18 Lakhs from its operations which is **15.94 % high** as compared to last year operational revenue. This growth is expected to be higher in the coming years. The size of the Indian mattress market is pegged at ₹ 10,000 Crores comprising polyurethane (PU) foam, rubberized coir and spring mattresses. The Indian mattress market is dominated by small and unorganized players which specialize in coir, cotton and foam mattresses. The organized segment comprises of branded players who manufacture high quality mattresses by using, premium foam, spring and coir combinations. Over the past 5 years the industry has grown by 7-10% on CAGR Basis, primarily on account of rising urbanization, increase in disposable income, increase in health related issues of the Indian population and increasing awareness about sleep products. A gradual shift from un-organized to organized players is visible, as branded players are educating customers about the material used in mattresses. As people are becoming more health conscious and aspiring luxury lifestyle, there is an evident rise in the awareness of the relation between good sleep and a good quality mattress especially among the youth. Presently your Company sales its products only to its subsidiary Company Viz. Kurlon Enterprise Limited.

2. Outlook on opportunities, threats, risks and concerns:

With rapid urbanization growth, your company is expected to grow further. Reduction in GST rate on Foam and Spring Mattresses from 28% earlier to 18% now gives competitive advantage in pricing to organized players. Also, as the economy shifts to a more formal setup when GST and e-way system fully plays out, the organized players in the mattress industry will see very large growth. With a median age of 28 years and 62% of the 130+ Crore Indian population under 35-year age band consciousness for comfort sleeping is on the rise. By FY 2024-25, urbanization is expected to stand at 40% with nearly 75% households moving to a nuclear setup. These factors work in favour of modern mattress Besides, There is growing awareness among the consumers about the role of sleep for Good health. This will lead to spurt in demand for good quality products for sleeping. During the year, Your Company had focused on increasing Omni-channel presence in the form of direct retail and Ecommerce through its subsidiary Company.

3. Internal Control System & Adequacy:

Your Company, even though not required to appoint Internal Auditor as per section 138 of the Companies Act, 2013 had appointed Mr. S Karanth as an Internal Auditor of the Company to conduct Internal Audit of the functions and activities of the Company to ensure good corporate governance and healthy practice in the Company. The Audit Committee of the Board in consultation with Internal Auditor had formulated and adopted adequate Internal Financial Controls with reference to Financial Statements for subsequent years.

4. Financial Performance:

During FY 19, Operational Revenue of the Company increased from Rs. 11,664.38 Lakhs to Rs. 13,523.18 Lakhs by registering a growth of **15.94%** over the previous year. Its profit after tax during the year grew by **127.91 %** to ₹1459.01 Lakhs as compared to ₹640.16 Lakhs of previous year. On consolidated basis the group has achieved revenue of ₹108,881.26 Lakhs as against ₹107037.68 Lakhs with a positive growth of **1.72 %** and Profit after tax of ₹ 8,330.13 Lakhs as Compared to ₹8,592.98 Lakhs of previous year.

5. Material Development in Human resources:

Human capital being the most crucial asset of the Company, the Company has to continue to invest in the development of its employees, which is very important for ensuring sustained high performance. The Company is in the process of strengthening and introducing a system that would enable employees to track their own progress as well as bring up issues that concerns them and the company for better performance. The industrial relation continued to remain cordial throughout the year.

For and on Behalf of the Board
For **Kurlon Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

ANNEXURE-“D”

ANNUAL REPORT ON CSR ACTIVITIES

I. A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors (the ‘Board’) of “Kurlon” has adopted a CSR policy, which includes:

- a. To direct Kurlon’s CSR Programs, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- b. To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development.
- c. To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;
- d. To pursue CSR Programs primarily in areas that fall within the economic vicinity of the Company’s operations to enable close supervision and ensure maximum development impact;
- e. To carry out CSR Programs in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;
- f. To carry out activities at the time of natural calamity or engage in Disaster Management system;
- g. To contribute to the Prime Minister’ National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- h. To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;
- i. To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister’s Relief Fund, which may be recognized as CSR activity;
- j. To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

2. The Composition of the CSR Committee.

Mrs. Jaya S Pai	Chairman
Mr. Nitin G Khot	Member
Sri. S Ananthanarayanan	Member

3. Average Net Profit of the Company for last three Financial Years

2015-2016	176.52
2016-2017	776.26
2017-2018	640.16
Average for the last three financial years	530.98 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

2% of Average : **10.62 Lakhs**

5. Details of CSR spent during the financial year.

- a. Total amount spent for the financial year 2018-19: **10.62 Lakhs**
- b. Amount unspent, if any : **NIL**
- c. Manner in which the amount spent during the financial year is detailed below;

Sl. No.	CSR Project or Activity	Sector in which project is covered	Areas Where Project Was Implemented	Amount outlay (budget)	Amount Spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
I.	Donation	Donation to the Corpus of Trust/Society/Section 8 Companies	Odisha & Mumbai	10.62 Lakhs	12.00	11.00 Lakhs	Direct

6. Reason/justification for not spending Prescribed CSR expenditure if any: None

7. Responsibility statement

The responsibility statement of the Corporate Social Responsibility (CSR) committee of the Board of Directors of the company is reproduced below;

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the company.

Sd/-
(T. Sudhakar Pai)
Managing Director

Sd/-
(Jaya S Pai)
Chairman of CSR Committee

ANNEXURE-“E”

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U17214KA1962PLC001443
2.	Registration Date	09.02.1962
3.	Name of the Company	Kurlon Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	N-301, III Floor, North Block, Front Wing, Manipal Centre, 47 Dickenson Road Bangalore- 560042 Email: secretary@kurlon.org
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Purva Sharegistry (India) Private Limited Ms. Purva Shah 9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai-400011 +91-022-2301-6761/2518 support@purvashare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Mattresses/Pillows/Cushions/Foam/EPE sheet	31005	80.58%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of shares held	Applicable section
1	Kurlon Enterprise Limited	U36101MH2011PLC222657	Subsidiary	85.06	2(46)
2.	Kurlon Retail Limited	U36104KA2012PLC065664	Step down Subsidiary	100.00*	2(87)

* Held by Kurlon Enterprise Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As at 31-March-2018]				No. of Shares held at the end of the year [As at 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	397598	0	397598	2.67	411068	7295	418363	2.81	+0.14
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	13564571	1601	13566172	91.15	13564571	1621	13566192	91.15	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	00
Sub-Total (A)(1)	13962169	1601	13963770	93.82	13975639	8916	13984555	93.96	+0.14
(2) Foreign									
a). NRI/Foreign individual	0	0	0	0	0	0	0	0	0
b). Bodies Corporate	0	0	0	0	0	0	0	0	0
c). Institutions	0	0	0	0	0	0	0	0	0
d). QII	0	0	0	0	0	0	0	0	0
e). any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of promoters and promoters group (A)=(A)(1)+(A)(2)	13962169	1601	13963770	93.82	13975639	8916	13984555	93.96	+0.14
B. Public Shareholding									
I. Institutions									
a) Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt/IEPF	15585	0	15585	0.10	0	0	0	0	+0.10
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	15585	0	15585	0.10	0	0	0	0	+0.10

2. Non-Institutions									
a) Bodies Corp.	64879	14130	79009	0.53	88027	75	88102	0.59	+0.06
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	421181	254906	676087	4.54	422896	230545	653441	4.39	-0.16
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	28498	67383	95881	0.64	28498	54813	83311	0.56	-0.08
c). Qualified foreign investor	0	0	0	0	0	0	0	0	0
d) Others:									
i. N.R.I. (Repat & Non-Repat.)	11950	0	11950	0.08	9880	0	9880	0.07	-0.01
ii. Foreign Corporate Bodies	0	0	0	0	0	0	0	0	0.00
iii. Trust	0	7450	7450	0.05	0	7450	7450	0.05	0.00
iv. LLP	0	0	0	0	5665	0	5665	0.04	+0.04
v. IEPF	0	0	0	0	21376	0	21376	0.14	+0.14
iv. Hindu Undivided Family	28218	0	28218	0.19	24745	0	24745	0.17	-0.02
v. Employee	0	4230	4230	0.03	4080	0	4080	0.03	0.00
vi. Clearing Members	425	0	425	0.00	0	0	0	0	0.00
Sub-total (B)(2):-	555151	348099	903250	6.07	605167	292883	898050	6.03	-0.04
Total Public Shareholding (B)=(B)(1)+ (B)(2)	570736	348099	918835	6.17	605167	292883	898050	6.03	-0.14
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	14532905	349700	14882605	100.00	14580806	301799	14882605	100.00	0.00

B. Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Manipal Holdings Private Limited	7183919	48.27%	0.00	7183919	48.27%	0.00	0.00%
2	Maha Rashtra Apex Corporation Ltd	5693020	38.25%	0.00	5693020	38.25%	0.00	0.00%
3	General Investment And Commercial Co. Ltd.	487620	3.27%	0.00	487620	3.27%	0.00	0.00%

4	Mrs. Jaya S Pai	368491	2.45%	0.00	376586	2.53%	0.00	+0.08%
5	Metropolis Builders Pvt Ltd	167016	1.12%	0.00	167036	1.12%	0.00	0.00%
6	Manipal Home Finance Limited	32350	0.21%	0.00	32350	0.21%	0.00	0.00%
7	Sri.T Sudhakar Pai (Trustee of Ananth Trust)	29107	0.19%	0.00	29107	0.19%	0.00	0.00%
8	Sri.T Sudhakar Pai	-	0.00%	0.00	100	0.00%	0.00	0.00%
9	Mangala Investments Limited	646	0.00%	0.00	646	0.00%	0.00	0.00%
10	Rajmahal Trade & Investments Pvt. Ltd.	501	0.00%	0.00	501	0.00%	0.00	0.00%
11	Commercial Corporation Of India Ltd	500	0.00%	0.00	500	0.00%	0.00	0.00%
12	Manipal Stock & Share Brokers Ltd	350	0.00%	0.00	350	0.00%	0.00	0.00%
13	Jai Bharath Mills Private Ltd	250	0.00%	0.00	250	0.00%	0.00	0.00%
14	Tonse Sudhakar Pai (Trustee of Trust Foundation)	-	-	-	12570	0.08%	0.00	+0.08%

C. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	13963770	93.82%	13963770	93.82%
	Add: changes due to reclassification and purchase of shares during the year				+20785 +0.14%
	At the end of the year			13984555	93.96%

D. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	ENRICH ADVISORS PRIVATE LIMITED				
	At the beginning of the year	3145	0.02	3145	0.02%
	Add: Purchased during the year			20451	0.14%
	At the end of the year			23596	0.16%
2.	IEPF				
	At the beginning of the year	15585	0.10%	15585	0.10%
	Add: Transferred during the year pursuant to IEPF Rules, 2016				5791 0.04%
	At the end of the year			21376	0.14%

3. MI LIFESTYLE MARKETING PRIVATE LTD				
At the beginning of the year	18800	0.12%	18800	0.12%
Add/Less: Increase / Decrease during the year				-
At the end of the year			18800	0.12%
4. RAMESH RAO A				
At the beginning of the year	16639	0.11%	16639	0.11%
Add/Less: Increase / Decrease during the year				-
At the end of the year			16639	0.11%
5. SUNANDA NAYAK				
At the beginning of the year	16000	0.10%	16000	0.10%
Add/Less: Increase / Decrease during the year				-
At the end of the year			16000	0.10%
6. USHA RAO A				
At the beginning of the year	13416	0.09%	13416	0.09%
Add/Less: Increase / Decrease during the year				-
At the end of the year			13416	0.09%
7. ATTUR VASUDEVA PRABHU				
At the beginning of the year	13000	0.08%	13000	0.08%
Add/Less: Increase / Decrease during the year				-
At the end of the year			13000	0.08%
8. A SHAILA PRABHU				
At the beginning of the year	12498	0.08%	12498	0.08%
Add/Less: Increase / Decrease during the year				-
At the end of the year			12498	0.08%
9. AROOR ANUSUYA RAO				
At the beginning of the year	11758	0.07%	11758	0.07%
Add/Less: Increase / Decrease during the year				-
At the end of the year			11758	0.07%
10. MORARKA FINANCE LTD				
At the beginning of the year	10100	0.07%	10100	0.07%
Add/Less: Increase / Decrease during the year				-
At the end of the year			10100	0.07%

E. Shareholding of Directors and Key Managerial Personnel;

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	MR. T SUDHAKAR PAI*				
	At the beginning of the year	29107	0.20%	29107	0.20%
	Add: changes due to reclassification/regroup			12570 100	0.08% 0.00%
	At the end of the year			41777	0.28%
3.	MRS. JAYA S PAI				
	At the beginning of the year	368491	2.45%	368491	2.45%
	Add: Purchased during the year			8095	0.08%
	At the end of the year			376586	2.53%
4.	MRS. JYOTHI ASHISH PRADHAN	1800	0.01%	1800	0.01%
	At the beginning of the year				
	Add/Less: Increase / Decrease during the year				-
	At the end of the year			1800	0.01%

*holding 29107 on behalf of Ananth Trust and 12570 on behalf of Trust Foundation.

V. INDEBTEDNESS;

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
i) Principal Amount	1850.34	-	-	1850.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1850.34	-	-	1850.34
Change in Indebtedness during the year				
* Addition	-	-	-	-
* Reduction	(1068.99)	-	-	(1068.99)
Net Change	(1068.99)	-	-	(1068.99)
Indebtedness at the end of the year				
i) Principal Amount	781.35	-	-	781.35
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	781.35	-	-	781.35

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Mr. T Sudhakar Pai Managing Director
1	Gross salary(in lakhs)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission/incentive - as % of profit - others, specify...	12.87
5	Others, please specify	-
	Total (A)	12.87
	Ceiling as per the Act	21.44

b. Remuneration to other directors: Nil

c. Remuneration to key managerial personnel other than MD/Manager/WTD: Nil

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES-

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 19.07.2019
Place: Bangalore

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Sd/-
(Dr. Nitin G. Khot)
Independent Director
DIN: 00030613

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF M/S. KURLON LIMITED

Report on the Audit of the Standalone IND AS financial statements

Opinion

We have audited the accompanying Standalone IND AS Financial Statements of **M/s. KURLON LIMITED** (“the Company”) which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (including Other Comprehensive Income), the Cash Flow Statement & the Statement of Changes in Equity for the year then ended on that date, and Notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter 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 standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the State of Affairs of the Company as at March 31, 2019, and its Profit, Total Comprehensive Income, its Cash Flows & the Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone 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) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the financial statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director’s Report including Annexures to Directors’ Report and Shareholder’s information, but does not include the standalone financial statements and our auditor’s report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management’s Responsibility for the Standalone financial statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, cash flows & changes in equity of the Company in accordance with the IND AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 financial controls 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced.

We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the standalone 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.

Emphasis of Matters:

We draw attention to the following :

- a. Note No.3 with regard to Sale of Investment.
- b. Note No.5 with regard to Loans to other than related parties.
- c. Note No.6 with regard to Capital Advance.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of Act, based on our audit, 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 including Other Comprehensive Income, the Cash Flow Statement & Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g. with respect to the other 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 explanations given to us; the remuneration paid/provided by the Company to its directors during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of the pending litigations on its financial position in its financial statement.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For VASUDEV PAI & CO.,
Chartered Accountants
Firm Regn No. 004560S

Place of Signature : Bangalore
Date : 19.07.2019
UDIN : 19020906AAAAAS2352

T VASUDEV PAI
Proprietor
M. No. 020906

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**Referred to in paragraph I under “Report on other Legal and Regulatory Requirements”
of our Report of even date**

In our opinion and according to the information and explanations given to us and on the basis of our verification of the records of the Company, we report that

- i. In respect of the Company’s fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with the programme of verification, which in our opinion, provides for physical verification of all fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
 - (c) With respect to immovable properties of land and buildings that are freehold, the records examined by us and based on the examination of the registered sale deed/transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

In respect of the building constructed on the leased land, the lease agreements is in the name of the Company where the Company is the lessee in the agreement.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. The Company has granted loans secured or unsecured to the Companies Firms, LLPs or Other Parties covered in the register maintained under section 189 of the Act in respect of which;
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the interest of the Company.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There are no overdue amount remaining outstanding as at the year end.
- iv. The Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013, in respect of grant of loans, making investments and providing guarantees and securities as applicable.
- v. The Company has not accepted any deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(I) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (I) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of Statutory Dues:
 - i. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities except for certain delay in remitting Goods & Service Tax, Tax Deduction at Source and other statutory dues.

- ii. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- iii. Details of dues of Sales Tax and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount* involved (₹ In lakhs)
Value Added Tax, Sales Tax and Entry Tax - Various states	Value Added Tax, Sales Tax and Entry Tax - Various states	High Court	2004-2005	2.81
			2005-2006	29.09
		Appellate Tribunal/ Board	1990-1991 & 1991-1992	0.17
			1997-1998	29.38
			2000-2001	1.73
			2004-2005	1.16
			2008-2009	15.78
			2010-2011	70.76
		The Joint Commissioner/ Dy. Commissioner/Asst. Joint Commissioner/ Dy. Joint Commissioner - Commercial Taxes	1995-1996	0.90
			1996-1997	15.86
			1998-1999	4.23
			1999-2000	34.87
			2000-2001	32.40
			2003-2004	0.59
			2004-2005	11.49
			2005-2006	40.92
			2006-2007	42.11
			2007-2008	194.28
			2008-2009	323.43
			2009-2010	258.70
			2010-2011	204.85
			2011-2012	1,558.24
			2012-2013	1,618.73
			2013-2014	338.51
			2014-2015	21.51
2015-2016	27.94			

*₹ 367.43 Lakhs has been paid as advance against the demands/appeals.

- viii. The Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company does not have any borrowings from the government and has not issued any debentures during the year.
- ix. The Company has not raised moneys by way of initial public offer or further public offer including debt instruments or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.

- x. No material fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause of the Order are not applicable.
- xiii. The Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and based on the information and explanation provided, the said transactions entered in to by the Company are in its ordinary course of business and on arms-length basis and the details of related party transactions have been disclosed in the financial statements etc; as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or directors of the subsidiary or associated company or persons connected with them as stipulated under Section 192 of the Companies Act, 2013, and hence, reporting under clause (xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934

For VASUDEV PAI & CO.,
Chartered Accountants
Firm Regn No. 004560S

Place of Signature : Bangalore
Date : 19.07.2019
UDIN#: 19020906AAAAAS2352

T VASUDEV PAI
Proprietor
M. No. 020906

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(referred to in paragraph (f) under ‘Report on other Legal and Regulatory Requirements
section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **M/s. KURLON LIMITED** (“the Company”), as of March 31, 2019, in conjunction with our audit of the Standalone IND As financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility:

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that –

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and;

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VASUDEV PAI & CO.,
Chartered Accountants
Firm Regn No. 004560S

Place of Signature : Bangalore
Date : 19.07.2019
UDIN#: 19020906AAAAS2352

T VASUDEV PAI
Proprietor
M. No. 020906

STANDALONE BALANCE SHEET AS AT MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipment	2	12,765.74	7,607.83
(b) Capital Work-In-Progress	2a	36.21	586.90
(c) Other Intangible Assets	2	0.48	0.34
(d) Financial Assets			
(i) Investments	3	4,417.34	4,390.34
(ii) Loans	5	1,366.89	2,295.58
(iii) Other Financial Assets	6	137.58	146.12
(e) Other Non-Current Assets	7	3,638.81	6,270.22
Total Non - Current Assets		22,363.04	21,297.33
2. Current assets			
(a) Inventories	8	1,678.64	1,501.71
(b) Financial Assets			
(i) Trade Receivables	4	194.72	21.63
(ii) Cash and Cash equivalents	9	629.89	235.60
(c) Current Tax Assets (Net)	10	777.34	962.11
(d) Other Current Assets	7	72.20	216.24
Total Current Assets		3,352.79	2,937.29
Total Assets		25,715.83	24,234.62
B. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share capital	11	1,488.26	1,488.26
(b) Other Equity	12	16,786.15	15,328.98
Equity attributable to owners of the Company (I)		18,274.41	16,817.24
Total Equity		18,274.41	16,817.24
LIABILITIES			
2. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	781.35	1,850.34
(ii) Other Financial Liabilities	15	29.70	33.95
(b) Deferred tax liabilities (Net)	10a	582.13	447.98
(c) Other Non-Current Liabilities	17	4,694.49	3,559.69
Total Non - Current Liabilities		6,087.67	5,891.96
3. Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	14	852.99	1,042.82
(ii) Other Financial Liabilities	15	436.77	445.75
(b) Provisions	16	-	1.80
(c) Other Current Liabilities	17	63.99	35.05
Total Current Liabilities		1,353.74	1,525.42
Total Equity and Liabilities (1+2+3)		25,715.83	24,234.62

The accompanying notes are an integral part of these Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For Vasudev Pai & Co

Chartered Accountants
Firm Registration No. 004560S

T. Sudhakar Pai

Managing Director
DIN: 00043298

Dr. N G Khot

Director
DIN: 00030613

T. Vasudev Pai

Proprietor
Membership No. 020906

Shambhu Kumar Bhotika

Chief Financial Officer

Monu Kumar

Company Secretary

Place: Bangalore
Date: July 19, 2019

Place: Bangalore
Date: July 19, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I. Income			
Continuing Operations			
Revenue from Operations	18	13,523.18	11,941.22
Other Income	19	2,970.45	1,451.13
Total Revenue (I)		16,493.63	13,392.35
II. Expenses			
Cost of Materials Consumed	20	9,877.72	9,284.27
Changes in Stock of Finished Goods, Work-In-Progress and Stock-In-Trade	20.a	(227.23)	40.87
Excise duty on sale of goods	18.a	-	276.84
Employee Benefit Expense	21	492.50	450.84
Finance Costs	22	168.38	251.33
Depreciation and Amortisation Expense	2	453.54	376.27
Other Expenses	23	4,075.90	1,741.83
Total Expenses (II)		14,840.81	12,422.25
III. Profit/(Loss) Before Exceptional Items and Tax (I - II)		1,652.82	970.09
IV. Exceptional Items			
Depreciation of earlier years	2	(21.65)	-
V Profit/(Loss) Before Tax (III + IV)		1,631.17	970.09
VI Tax Expense			
(1) Current Tax	10a	184.63	71.26
(2) Deferred Tax	10a	134.15	258.67
(3) (Excess)/Short Provision of Income Tax of earlier year		(146.62)	
Total Tax Expense		172.16	329.93
VII Profit/(Loss) After Tax from Continuing Operations (V - VI)		1,459.01	640.16
VIII Discontinued Operations		-	-
IX Profit/(Loss) for the Year (VII+VIII)		1,459.01	640.16
X Other Comprehensive (Loss) / Income			
Items that will not be recycled to Profit or Loss			
- Equity Instruments through other Comprehensive Income		31,311.69	-
- Fair value of Equity Instruments		-	(0.10)
- Re-measurements of the defined benefit liabilities / (asset)		(7.35)	(4.82)
- Income tax relating to items that will not be reclassified to profit or loss		(1.84)	(1.67)
Total Other Comprehensive (Loss)/Income		31,302.50	(6.59)
XI Total Comprehensive Income for the year (IX + X)		32,761.51	633.57
XII Earnings per Equity share (for continuing operation):			
(1) Basic	24	220.13	4.26
(2) Diluted	24	220.13	4.26

The accompanying notes are an integral part of these Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors
For Vasudev Pai & Co
 Chartered Accountants
 Firm Registration No. 004560S

T. Sudhakar Pai
 Managing Director
 DIN: 00043298

Dr. N G Khot
 Director
 DIN: 00030613

T. Vasudev Pai
 Proprietor
 Membership No. 020906

Shambhu Kumar Bhotika
 Chief Financial Officer

Monu Kumar
 Company Secretary

 Place: Bangalore
 Date: July 19, 2019

 Place: Bangalore
 Date: July 19, 2019

STANDALONE CASH FLOW STATEMENT AS ON MARCH 31, 2019

CASH FLOW STATEMENT - INDIRECT METHOD

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flows from Operating Activities			
Profit before tax for the year	PL	1,631.17	970.09
Adjustments for:			
Insurance claim received on Fixed Assets		-	(24.34)
Depreciation and Amortisation	2	475.19	376.27
Interest income from Deposits		(31.80)	(5.91)
Dividend Income		(568.86)	(463.42)
(Profit)/Loss on Sale of Investments		(1,236.02)	(287.38)
(Profit)/Loss on Sale of Asset		(0.83)	0.64
Interest Expenses		168.38	251.33
Sales tax Subsidy		-	(92.64)
Net Foreign Exchange (Gain)/Loss	28	16.41	(5.52)
Net Cash Flow before Working Capital Changes		453.64	719.12
Changes in Working Capital:			
(Increase)/Decrease in Trade Receivables		(173.09)	3.90
(Increase)/Decrease in Inventories		(176.93)	(197.61)
(Increase)/Decrease in Short -term loans and advances		-	(920.90)
(Increase)/Decrease in Other Current Assets		144.04	(7.79)
Increase/(Decrease) in Trade Payables		(206.24)	701.29
Increase/(Decrease) in Provisions		(1.80)	-
Increase/(Decrease) in Long term liabilities		-	31.95
Increase/(Decrease) in Other Current Liabilities		19.95	1,169.06
(Decrease)/increase in Deferred Tax Liabilities		134.15	-
(Increase)/Decrease in Current Tax Assets		182.92	-
		(76.99)	779.90
Cash Generated from Operations		376.65	1,499.02
Income Taxes Paid		(217.40)	(92.82)
Net Cash Generated/(used) from Operating Activities		159.25	1,406.20
B. Cash flows from Investing Activities			
Capital expenditure on Fixed Assets, Including Capital Advances		(2,484.79)	(1,437.64)
Proceeds on Sale of Investments		1,263.02	314.35
Interest Received		31.80	5.91
Dividends Received from Subsidiary	33	568.86	463.42
Placed in Bank Deposits not Considered as Cash and Cash Equivalents		-	127.68
Net Cash Generated (used) in Investing Activities		(621.12)	(526.28)
C. Cash flows from Financing Activities			
Decrease in Balances with Govt Authorities (Other than Income Tax)		34.49	-
Decrease in Loans-Non Current Assets		11.64	-
Increase in Loans & Advances		925.59	(861.14)
Repayment of Secured Borrowings		(1,077.73)	383.66
Increase in Non - Current Liabilities		1,134.80	-
Increase in Other Financial Liabilities		(4.25)	-
Interest Paid		(168.38)	(251.33)
Net Cash Obtained/(Utilised) from Financing activities		856.16	(728.81)
Net Increase in Cash and Cash Equivalents		394.28	151.11
Cash and Cash Equivalents at the Beginning of the year		235.60	84.49
Cash and Cash Equivalents at the End of the year		629.89	235.60

The accompanying notes are an integral part of these Financial Statements
In terms of our report attached.

For and on behalf of the Board of Directors

For Vasudev Pai & Co
Chartered Accountants
Firm Registration No. 004560S

T. Sudhakar Pai
Managing Director
DIN: 00043298

Dr. N G Khot
Director
DIN: 00030613

T. Vasudev Pai
Proprietor
Membership No. 020906

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies

Note	Particulars
1.	<p>Corporate information</p> <p>Kurlon Limited incorporated under the name and style of “Karnataka Coir Products Limited” on 09-02-1962 commenced commercial operations during October 1965. The name of the Company was changed to “Karnataka Consumer Products Limited” with effect from 09-10-1980, On 08-12-1995 the name Karnataka Consumer Products Limited changed as “KURLON LIMITED”, to fully reflect all its business activities in diverse area such as Rubberized coir, Latex Foam, Polyurethane foam, spring Mattresses, Furniture, Furnishing etc.</p>
2.1	<p>Statement of compliance</p> <p>In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS” notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. For periods up to and including the year ended March 31, 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies, Act, 2013 read together with paragraph 7 of Companies Rules, 2014 (“Indian GAAP”). The date of transition to Ind AS is April 1, 2016.</p>
2.2	<p>Basis of preparation and presentation</p> <p>The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values and defined benefit plan - plan assets measured at fair value at the end of each reporting period, as explained in the accounting policies below:- Historical cost is generally based on the fair value of the consideration given in exchange for goods. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:</p> <p>Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;</p> <p>Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p>Level 3 inputs are unobservable inputs for the asset or liability.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.3	<p>Use of estimates and judgement</p> <p>The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.</p> <p>Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Id in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets, provision for warranty and other provisions and contingent liabilities.</p> <p>Useful lives of property, plant and equipment :</p> <p>The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.</p> <p>Provisions and contingent liabilities</p> <p>A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.</p>
2.4	<p>Revenue recognition</p> <p>Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p>Sale of goods</p> <p>Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, and when the amount of revenue can be measured reliably. Amounts disclosed as revenue are net of Sales tax, Goods and Service tax, returns, trade allowances, rebates, and value added items.</p> <p>Other income</p> <p>Interest income is recognized as it accrues in the statement of profit and loss, using effective interest method. Dividend income is accounted for when the right to receive the payment is established. Export benefits are accounted for, in the year of exports, based on eligibility and when there is no uncertainty in receiving the same.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.5	<p>Foreign currencies</p> <p>Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction of monetary items are recognized as income or expenses in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the far value is determined.</p>
2.6	<p>Leases</p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognized as operating lease. Operating lease payments are recognized on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the statement of profit and loss.</p>
2.7	<p>Employee benefits</p> <p>Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.</p> <p>Retirement benefit cost and termination benefits Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p>For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:</p> <ul style="list-style-type: none"> - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); - net interest expense or income; and - remeasurement <p>The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.</p> <p>The retirement benefit obligation in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.</p> <p>Defined contribution plan</p> <p>Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.</p> <p>Compensated absences</p> <p>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 recognized as an actuarially determined liability at the present value of the defined obligation at the balance sheet date.</p>
2.8	<p>Taxation</p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p>Current tax</p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Deffered tax</p> <p>Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.9	<p>Property, Plant and Equipment</p> <p>Deferred tax assets include Minimum Alternate Tax (“MAT”) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.</p> <p>Property, Plant and Equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use as prescribed in the schedule II of the companies act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p> <p>Capital work in progress</p> <p>Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.</p> <p>The capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
2.10	<p>Investment property</p> <p>Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16’s requirements for cost mode. An investment property is derecognized upon disposal or the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of assets) as included in the statement of profit and loss in the period</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.11	<p>For transition to IndAS the company has elected to continue with the carrying value of investment property recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p> <p>Intangible assets</p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p> <p>Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.</p> <p>The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.</p>
2.12	<p>Impairment</p> <p>Financial assets (other than a fair value) The Company assesses at each date of balance sheet weather a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p>Non-financial assets</p> <p>Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.</p>
2.13	<p>Inventory</p> <p>Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.</p>
2.14	<p>Provisions</p> <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p> <p>2.15 Financial instruments</p> <p>Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p>A) Financial assets</p> <p>Cash and cash equivalents Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p>Financial assets at amortized cost</p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through other comprehensive income (FVTOCI)</p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through profit and loss (FVTPL) Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.</p> <p>Foreign exchange gains and losses</p> <p>The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and loss.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>B) Financial liabilities and equity Financial liabilities at amortized cost</p> <p>Financial liabilities are measured at amortized cost using effective interest method.</p> <p>Equity instruments</p> <p>An equity instrument is contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.</p> <p>Foreign exchange gains and losses</p> <p>For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in other income.</p> <p>The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the profit and loss.</p>
2.16	<p>Earnings per share (EPS)</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax including the post-tax effect of extraordinary items, if any as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p>
2.17	<p>Segment reporting</p> <p>The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The Company has only one reportable business segment, which is automobile tyre and tube valves, cores and accessories and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.18	<p>New Standards and interpretations and not yet adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:</p> <p>On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.</p> <p>Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity’s contracts with customers.</p> <p>The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.</p>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Intangible Asset
₹ in Lakhs

Particulars	Land Freehold	Land Leasehold*	Buildings	Plant & Machinery	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Vehicles Financed	Computer Owned	Computer software	Total
Deemed Cost											
Balance as at 31st March 2018	718.97	922.16	5,385.93	2,946.38	243.01	25.98	92.14	132.36	30.74	3.23	3.23
Additions	-	3,575.81	1,074.15	842.39	1.45	4.45	134.51	-	2.62	0.19	0.19
Disposals	-	-	-	-	-	-	16.92	-	-	-	-
Balance as at 31st March 2019	718.97	4,497.97	6,460.08	3,788.77	244.46	30.43	209.73	132.36	33.36	3.42	3.42
Accumulated Depreciation											
Balance as at 31st March 2018	-	49.44	1,408.46	1,096.13	196.31	13.89	89.11	18.13	18.37	2.89	2.89
Additions	-	4.07	169.99	230.87	7.04	4.14	34.34	-	3.04	0.05	0.05
Disposals	-	-	-	-	-	-	(14.58)	-	-	-	-
Reclassification	-	(2.28)	13.46	-	1.96	1.64	0.68	-	6.19	-	-
Balance as at 31st March 2019	-	51.23	1,591.91	1,327.00	205.31	19.68	109.55	18.13	27.60	2.94	2.94
Net carrying amount											
Balance as at 31st March, 2018	718.97	872.72	3,977.47	1,850.25	46.70	12.09	3.03	114.23	12.37	0.34	0.34
Balance as at 31st March, 2019	718.97	4,446.74	4,868.17	2,461.78	39.16	10.75	100.19	114.23	5.76	0.48	0.48

Note: * Includes Land & Building given on Operating lease to Kurlon Enterprise Limited

Depreciation and Amortization

₹ in Lakhs

Particulars	As at 31st March 2019	As at 31st March 2018
Depreciation for the year on Tangible Assets	453.49	376.26
Depreciation for the year on Intangible Assets	0.05	0.01
Depreciation and amortization	453.54	376.27

Note 2a - Capital Work in Progress

₹ in Lakhs

Particulars	As at 31st March 2019	As at 31st March 2018
Plant & Machinery	36.21	572.38
Others	-	14.52
Capital Work in Progress	36.21	586.90

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 3 - Investment
₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of shares	Amounts Non Current	No of shares	Amounts Non Current
Investments Carried at:				
A.Designated as Fair Value Through Profit & Loss				
I. Quoted Investments (fully paid)				
Investments in Equity Instruments				
Industrial Development Bank of India	3,360	1.57	3,360	2.73
Equity share of ₹10/- each				
Quoted Investments	3,360	1.57	3,360	2.73
I. Unquoted Investments (fully paid)				
A.Designated as Fair Value Through OCI				
Investments in Equity Instruments				
- Subsidiaries				
Kurlon Enterprise Limited **				
Equity shares of ₹5/- each	30,946,755	3,542.44	13,523,261	3,621.59
(includes bonus shares of 8099446 (PY 5159936))				
Manipal E-Commerce limited				
Equity shares of ₹10/- each	-	-	49,400	4.94
- Others				
General Investment & Commercial Corporation Ltd	25,000	23.75	25,000	23.75
Equity Shares of 10/- at a premium of Rs 85/- each				
Jitendra Harjivandas Securities Pvt Limited	595,000	148.75	595,000	148.75
Equity Shares of 10/- at a premium of Rs 15/- each				
Commercial Corporation of India Limited	1,000,000	41.00	1,000,000	41.00
Equity Shares of 1/- at a premium of Rs 3.10 each				
Madish style Bar Pvt ltd	60,000	6.00	60,000	6.00
Equity shares of ₹10/- each				
The Zoroastrain co operative Bank Mumbai	100	0.03	100	0.03
Equity shares of ₹25/- each				
Alapasara Finvest Care Advisory Private Limited	5,000	5.00	5,000	5.00
Equity shares of ₹100/- each				
Spring Air Bedding Company (India) Limited	8,699,000	299.25	-	-
Equity shares of ₹10/- each				
B. Designated at Cost				
Investment in Bonds - Unquoted	165,104	336.80	165,104	535.85
Maharashtra Apex Corporation Ltd.	80,100	12.75	7,000	0.70
Redeemable Cumulative Preference Shares of ₹10/- each				
Total Unquoted Investments	41,576,059	4,415.77	15,429,865	4,387.61
D Designated as Fair Value Through Profit and Loss				
Total Investments Carrying Value (A)	41,579,419	4,417.34	15,433,225	4,390.34
Other disclosures				
Aggregate amount of quoted investments	-	1.57	-	2.73
Aggregate amount of Market value of investments	-	1.57	-	2.73
Aggregate amount of unquoted investments	-	4,415.77	-	4,387.61

** During the year, 511698 Shares have been transferred to ESOP trust & Employees of Kurlon Enterprises Ltd as per the Board Resolution for an agreed consideration.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note No. 4 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
	Current	Current
Trade Receivables outstanding for a period of more than 6 months		
(a) Considered good	42.19	0.63
Other Trade Receivables		
(a) Considered good		
(i) Related Party	56.16	-
(ii) Others	96.37	21.00
Total	194.72	21.63

Note No. 5 - Loans

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-Current	Total	Non-Current	Total
a) Loans to Related Parties				
- Unsecured, considered good				
Manipal Stock & Shares Broker Limited	19.22	19.22	273.46	273.46
GICC Ltd	-	-	506.67	506.67
Total (A)	19.22	19.22	780.13	780.13
b) Loans to other than related parties*				
- Secured, considered good				
Corporate	982.78	982.78	903.14	903.14
Other	267.53	267.53	567.96	567.96
- Unsecured, considered good				
Other	92.27	92.27	36.16	36.16
Total (B)	1,342.58	1,342.58	1,507.26	1,507.26
c) Other Loans				
- Unsecured, considered good				
Employees	5.09	5.09	8.19	8.19
Total (C)	5.09	5.09	8.19	8.19
Grand Total	1,366.89	1,366.89	2,295.58	2,295.58

* Loans to other than related parties are secured by mortgage of land &/ or buildings with/ without possession. In the case of India Green Reality Pvt Ltd, as an additional security, the mortgaged property has been registered by way of deed of conveyance in favour of the company with an option of reconveyance/ retransfer of the said property back to the borrower on total discharge of the outstanding obligations as per the master lending agreement dated 25.04.2017. However, in the opinion of the management, these Loans are recoverable in ordinary course of business & no provision is required even though the interest on these Loans are overdue.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note No.6- Other Non-Current Financial Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits*	137.58	146.12
Total	137.58	146.12

* Security Deposits includes the deposits paid for the leased premises amounting to ₹ 118.74 Lacs which has been used by the ultimate Subsidiary Company.

Note No.7- Other Non-Current and Current Assets

₹ in Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Current	Non- Current	Total	Current	Non- Current	Total
(a) Capital Advances*						
(i) For Land*	-	3,237.25	3,237.25	-	5,671.40	5,671.40
(ii) For Building**	-	35.50	35.50	-	35.50	35.50
(iii) For Plant & Machinery	-	-	-	-	14.66	14.66
(iv) For Others	-	-	-	-	148.11	148.11
(b) Advances to Suppliers/Contractor	39.18	-	39.18	91.60	-	91.60
(c) Balances with Government Authorities (other than Income Tax)	-	366.06	366.06	99.27	400.55	499.82
(d) Others						
(i) Prepaid Expenses	19.02	-	19.02	17.58	-	17.58
(ii) Gratuity Fund	1.47	-	1.47	-	-	-
(iii) Leave Encashment Fund	12.53	-	12.53	7.79	-	7.79
Total	72.20	3,638.81	3,711.01	216.24	6,270.22	6,486.46

*Capital advance Maharashtra Apex Corporation Limited (Related Party) includes:

(a) advance of ₹ 20.77 Crores paid for purchase of Land at Jalahalli Campus, Yeshwanthapur, Bangalore through court auction. The property is yet to be registered in the name of the Company even after lapse of substantial time. However, in the opinion of the management, the market value of this property based on the provisional valuation, is more than the purchase cost.

(b) Advance of ₹ 11.60 Crores paid for purchase of Immovable property at Udipi subject to the approval of the Court and other legal formalities.

** Advance of ₹ 0.36 Crores paid for purchase of property at Jaipur. The property is yet to be registered in the name of the Company even after lapse of substantial time.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note - 8: Inventories

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Raw Materials	853.66	967.88
(b) Work-in-Progress	420.92	220.29
(c) Finished Goods*	268.93	242.33
(d) Stores & Spares	135.13	71.21
Total Inventories at the Lower of Cost and Net Realisable Value	1,678.64	1,501.71

* Inventory of finished goods indicates net of provision of damaged goods amounting to ₹ 188.08 lakhs.

Note - 9: Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current Cash and Bank Balances		
A Balance With Bank		
(a) Unrestricted	45.35	202.25
Restricted*	313.84	32.79
(b) Fixed Deposit	270.29	-
B Cash in Hand	0.41	0.56
Total Cash and Cash Equivalent	629.89	235.60

* Includes deposit of ₹ 312.39 lacs pledged as collateral security in favour of Federal Bank against the facility availed By GICC Ltd.

Note - 10: Current Tax Assets (Net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax (Net of provision)	133.89	402.79
MAT Credit entitlement	643.45	559.32
Total	777.34	962.11

The Company has book profit u/s 115JB of the Income Tax Act 1961 (the "Act") and the minimum alternate tax (MAT) thereon is higher than the tax liability under the normal provisions of the Act. Thus, the provision towards tax liabilities has been made based on MAT. Correspondingly, the Company had also recognized credit for MAT of ₹ 45.24 lacs (PY- 69.25 lacs) under Section 115JAA of the said Act, which is disclosed as MAT credit entitlement.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note - 10(a): Deferred Tax Liability
Tax Balances
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Current Income Tax in respect of Current Year	184.63	71.26
b) Deferred Tax in respect of Current Year	134.15	258.67
Total	318.78	329.93

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets	1,190.73	1,190.73
Deferred Tax Liabilities	(1,772.86)	(1,638.71)
Deferred Tax Liabilities (Net)	(582.13)	(447.98)

Note - 11: Equity Share Capital
₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Authorised:				
Equity Shares of ₹10/- each with Voting Rights	35,000,000	3,500.00	35,000,000	3,500.00
Issued :				
Equity Shares of ₹10/- each with Voting Rights	14,882,605	1,488.26	14,882,605	1,488.26
Subscribed and Fully Paid:				
Equity Shares of ₹10/- each with Voting Rights	14,882,605	1,488.26	14,882,605	1,488.26
Total	14,882,605	1,488.26	14,882,605	1,488.26

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note - 11.1: Equity Share Capital (Contd.)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

₹ in Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting Rights						
Year Ended March 31, 2019						
No. of Shares	14,882,605	-	-	-	-	14,882,605
Amount	1,488.26	-	-	-	-	1,488.26
Year Ended March 31, 2018						
No. of Shares	14,882,605	-	-	-	-	14,882,605
Amount	1,488.26	-	-	-	-	1,488.26

(ii) Terms/ Rights attached to Equity Shares

- i. The company has only one class of equity shares having a par value of Rs 10/- each per share. Each holder of equity share is entitled to one vote per share.
- ii. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of Shares held by each Shareholder holding more than 5% Shares:

Class of Shares / Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of Shares held	% holding in that class of Shares	Number of Shares held	% holding in that class of Shares
Equity Shares of ₹10/- each with Voting Rights				
Manipal Holding Private Limited	7,183,919	48.20	7,183,919	48.20
Maharashtra Apex Corporation Limited	5,693,020	38.25	5,693,020	38.25

Note - 12 : Other Equity

₹ in Lakhs

Particulars	Capital Reserve	General Reserve	Securities Premium Reserve	Retained earnings	Total
Balances as at 31st March 2018	970.81	3,464.43	293.81	10,599.93	15,328.98
Add: Profit for the year				32,761.51	32,761.51
Other Comprehensive Income for the year				(31,304.34)	(31,304.34)
Total Comprehensive Income for the year	-	-	-	(31,304.34)	(31,304.34)
Transferred to General Reserve					
Transferred from Retained Earnings					
Balances as at 31st March 2019	970.81	3,464.43	293.81	12,057.09	16,786.15

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note - 13: Non Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
A. Term Loans Secured :		
(a) Term Loans	666.71	1,406.89
(b) Foreign Currency Loans	-	294.49
(c) Vehicle Loans	114.64	148.96
Total Secured Borrowing	781.35	1,850.34

Note : The term loan are secured by first charge on Specific Fixed assets. Vehicle loans are secured by Hypothecation of specific vehicles

Note - 14: Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
	Current	Current
Dues to Enterprises covered under MSMED Act, 2006	15.08	34.42
Dues of Creditors other than MSMED	576.75	722.70
Trade Payable for Goods & Services	187.36	206.24
Trade Payable for Salaries and Wages	73.80	79.46
Total Trade Payables	852.99	1,042.82

Note No. 15- Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Security Deposits for Operating Leases	29.70	-	33.95	-
(b) Current Maturities of Vehicle Loans*	-	34.31	-	31.44
(c) Current Maturities of Term Loans*	-	399.96	-	412.79
(d) Interest on Trade Payable	-	2.50	-	1.52
Total Other Financial Liabilities	29.70	436.77	33.95	445.75

* Reflects the instalments falling due up to 31/03/2020.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note - 16: Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
	Current	Current
(a) Provision for Employee Benefits		
Gratuity	-	1.80
Total Provisions	-	1.80

Note - 17: Other Non Current and Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Current	Non-Current	Total	Current	Non-Current	Total
a. Advance Received from Related Parties						
- Kurlon Enterprise Limited	-	4,694.49	4,694.49	-	3,559.69	3,559.69
b. Advances Received from Customers	7.28	-	7.28	14.95	-	14.95
c. Unpaid Dividend	1.45	-	1.45	2.09	-	2.09
d. Statutory Dues						
- Taxes Payable (other than Income Tax)	55.26	-	55.26	18.01	-	18.01
Total	63.99	4,694.49	4,758.48	35.05	3,559.69	3,594.74

Note no -18: Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Sale of Manufactured Goods	13,290.11	11,453.35
(b) Other Operating Revenue	233.07	487.87
Total	13,523.18	11,941.22

i) Post implementation of Goods & Service Tax (GST) with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods includes excise duty which is now subsumed in the GST. Revenue from operations for the previous financial year ended March 31, 2018 includes excise duty up to June 30, 2017. Accordingly, revenue from operations for the current year and the previous year are not comparable.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Details of Sale of Manufactured Goods:
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a. Finished Goods		
Rubberized Coir Mattresses, Cushions	5,692.05	3,871.99
Foam and Foam Products	5,493.07	5,930.90
EPE Sheet	612.19	7.73
Spring Mattresses	1,492.80	1,642.73
Total	13,290.11	11,453.35

Details of Other Operating Revenue :
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Scrap	108.33	210.63
Others - Raw Materials	124.74	277.24
Total	233.07	487.87

Note no -18 (a) : Excise Duty
₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Excise Duty	-	276.84
Total	-	276.84

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note no -19: Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest Income		
Interest from Bank Deposits	31.80	5.91
Interest on Loans and Advances to Employees	0.22	0.03
Interest Others	555.83	457.51
(b) Rent Receipts	297.79	22.14
(c) Sales Tax Subsidy	251.11	92.64
(d) Fair Value Gain on Investments (Net) - Shares *	1,236.02	287.38
(e) Fair Value Gain on Investments (Net) - Mutual Fund	19.49	-
(f) Dividend Income - Shares	568.86	463.42
(g) Forex Gain/(Loss)	(16.41)	5.52
(h) Sale of Agriculture Products	17.25	18.30
(i) Miscellaneous Income	8.50	73.92
(j) Insurance Claims	-	24.34
Total	2,970.45	1,451.12

*Fair Value Gain on Investments - Shares represents the profit on transfer of 511698 Shares to ESOP trust & Employees of Kurlon Enterprises Ltd as per the Board Resolution for an agreed consideration

Note - 20(a): Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Opening Stock	967.88	726.20
Add: Purchases	9,763.50	9,525.95
	10,731.38	10,252.15
Less: Closing Stock	853.66	967.88
Cost of Materials Consumed	9,877.72	9,284.27
Material Consumed Comprises:		
Latex	581.75	712.93
Coir	622.94	400.61
Upholstery	1,497.59	2410.00
Finishing Material and Others	3,733.34	2537.29
Foam Chemicals	2,429.51	2364.96
Springs and Related Products	265.96	185.81
Packing Materials	746.65	672.67
	9,877.72	9,284.27

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note - 20(b): Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

₹ in Lakhs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Inventories at the end of the year:		
Finished Goods	268.93	242.33
Work-In-Progress	420.92	220.29
	689.85	462.62
Inventories at the beginning of the year:		
Finished Goods	242.33	137.17
Work-In-Progress	220.29	366.32
	462.62	503.49
Net (Increase) / Decrease	(227.23)	40.87

Note no -21 Employee Benefits Expense

₹ in Lakhs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Salaries and Wages, including Bonus	374.70	334.54
(b) Remuneration to Managing Director	12.87	19.11
(c) Contribution to Provident and Other Funds	23.75	18.27
(d) Staff Welfare Expenses	81.18	78.92
Total	492.50	450.84

Note no -22 Finance Cost

₹ in Lakhs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Interest Expense	159.06	240.74
(b) Other Borrowing Cost	6.05	6.33
(c) Processing Charges	3.27	4.26
Total	168.38	251.33

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
Note no -23 Other Expenses
₹ in Lakhs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Stores and Spares Consumed	138.90	105.97
(b) Power & Fuel Consumed	330.05	246.42
(c) Freight and Handling Charges	0.50	-
(d) Rent including Lease Rentals	278.92	90.77
(e) Repairs and Maintenance - Buildings	7.72	3.87
- Machinery	22.41	32.74
- Others	43.77	18.13
(f) Water Charges	3.89	4.45
(g) Tailoring & Fabrication Charges	828.04	715.44
(h) Rates and Taxes	42.75	104.07
(i) Insurance Charges	18.24	47.59
(j) Watch and Ward Charges	48.11	58.27
(k) Postage & Telephone	16.17	14.37
(l) Auditors Remuneration and Out-of-Pocket Expenses		
(i) As Auditors	7.00	7.00
(ii) For Certification Work	1.00	1.00
(iii) For Reimbursement of Expenses	0.04	2.83
(m) Other Expenses		
(i) Advertisement, Promotion & Selling Expenses	0.80	9.33
(ii) Sales/Turnover Discount	1,802.48	-
(iii) Travelling Expenses	45.25	43.47
(iv) Contribution towards CSR	11.40	29.93
(v) Printing and Stationery	28.15	29.80
(vi) Legal and Professional	141.79	124.91
(vii) Loss on Fixed Assets Sold/ Scrapped / Written off	-	0.64
(viii) Provision for Inventory	188.08	-
(ix) Bad Trade Receivables/Advance Written off	1.00	-
(x) Fair Value of Investments	1.16	-
(xi) Miscellaneous Expenses	68.27	50.83
Total	4075.90	1741.83

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note no.24. Earnings per Share has been computed as under:

Earnings Per Share

₹ in Lakhs

Particulars	31 March 2019	31 March 2018
Profit After Tax	32,761.51	633.57
Weighted average number of Equity Shares outstanding -Basic (Nos.in Lakhs)	148.83	148.83
Weighted average number of Equity Shares outstanding- Diluted (Nos.in Lakhs)	148.83	148.83
Earnings Per Share – Basic (₹)	220.13	4.26
Earnings Per Share – Diluted (₹)	220.13	4.26
Face Value of Equity Shares (₹)	10/-	10/-

Particulars	31 March 2019	31 March 2018
Weighted average number of Equity Shares for Basic EPS (Nos. in Lakhs)	148.83	148.83
Add: Effect of ESOPs which are Dilutive (Nos. in Lakhs)	-	-
Weighted average number of Equity Shares for Diluted EPS (Nos. in Lakhs)	148.83	148.83

Note no 25. Leases

Operating Lease Arrangements

(i) The company has certain operating leases for office facilities (Cancellable leases) with lease term between 1 and 5 years. Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of ₹ 278.92 Lakhs (Previous Year: ₹90.77 Lakhs) in respect of obligation under operating leases have been recognised in the statement of Profit and Loss. The company does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

Note no.26. Contingent liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Claims against the Company not acknowledged as debt		
(i) Disputed demands under appeal not provided	-	-
Disputed Sales Tax/VAT*	4,879.46	4,925.19
Total	4,879.46	4,925.19

*(i) Contingent liabilities disclosed above represent possible obligations where possibility of cash outflow to settle the obligations is not remote.

(ii) The Company is evaluating and assessing the impact on recent decision of the Honourable Supreme Court of India regarding Provident Fund. Subsequently, review petitions have been filed regarding this matter in the Honourable Supreme Court. Since the matter is pending before Honourable Supreme Court, the management is of the view that no provision is presently required. Accordingly, no provision has been considered in the financial statements for the year end March 31, 2019.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note no 27. Commitments

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Other Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	80.48
Total	-	80.48

Note no.28. Disclosures required under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	15.08	34.42
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid);	0.98	1.52
The amount of interest accrued and remaining unpaid at the end of accounting year	5.32	4.34
“The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.”	-	-

Note no.29. Corporate Social Responsibility (CSR)

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Gross amount required to be spent by the Company as per Section 135 of the Act	11.10	18.85
Amount spent during the year	11.40	29.93

NOTES TO THE STANDALONE FINANCIAL STATEMENTS**Note no.30. Related Party Disclosures**

The Company has identified material related party transactions and their respective outstanding balances along with the Transactions with Key managerial personnel and directors are as under:-

A) Related Parties and Nature of Relationship**a) List of Related Parties and Nature of Relationship**

Relationship	Related Parties
Wholly Owned Ultimate Subsidiary	Kurlon Retail Limited
Subsidiary	Kurlon Enterprise Limited
Enterprises owned or significantly influenced by Key Management Personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Ltd (GICC) Manipal Holdings Pvt. Ltd Manipal Home Finance Ltd Jayamahar Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Kurlon Trade & Investments Ltd (till 29-01-2018) Metropolis Builders Private Limited Manipal Stock & Shares Brokers Limited
Key Management Personnel and their relatives	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Mr. Monu Kumar, Company Secretary Mr. Shambhu Kumar Bhotika, Chief Financial Officer

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

b) Related Party transactions	₹ in Lakhs							
	Key Management personnel and their Relatives		Wholly Owned Subsidiary/ Subsidiary		Enterprises owned or significantly influenced by key Management / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:								
Remuneration :								
T.Sudhakar Pai	12.87	19.11					12.87	19.11
Shambhu Kumar Bhotika								
Monu Kumar								
Professional and Other Charges:								
Kurlon Trade & Investments Ltd					16.94		16.94	
Rental Income :								
Kurlon Enterprise Limited			234.60	18.00			234.60	18.00
Manipal Home Finance				0.60		0.60	0.60	
Kurlon Retail Ltd				52.00		52.00	52.00	
Interest Received / (Paid)								
General Investment & Commercial Corporation Ltd				75.54	80.00		75.54	80.00
Manipal Stock & Shares Brokers Ltd				(14.49)	60.00		(14.49)	60.00
Advance Paid :								
Maharashtra Apex Corporation Ltd				869.85	290.02		869.85	290.02
General Investment & Commercial Corporation Ltd					65.54			65.54
Rent Paid :								
Jaya S Pai		7.07						
Advance Received Repaid :								
General Investment & Commercial Corporation Ltd				588.87			588.87	
Manipal Stock & Shares Brokers Ltd				239.76			239.76	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Particulars	Key Management personnel and their Relatives		Wholly Owned Subsidiary/ Subsidiary		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Sales :								
Kurlon Enterprise Limited			13,351.73	11,313.22	-	-	13,351.73	11,313.22
Purchases :								
Kurlon Enterprise Limited			2,919.70	2,800.87	-	-	2,919.70	2,800.87
Investment								
Manipal E-Commerce Limited						4.94		4.94
Manipal Stock & Shares Brokers Ltd								
Outstanding as at Year end								
Amounts Recoverable :								
Maharashtra Apex Corporation Ltd					3,237.25	2,367.26	3,237.25	2,367.26
General Investment & Commercial Corporation Ltd					-	506.67	-	506.67
Manipal Stock & Shares Brokers Ltd					19.22	273.47	19.22	273.47
Kurlon Retail Limited					56.16		56.16	
Amounts Payable :								
Kurlon Enterprise Limited			4,694.49	3,559.69	-	-	4,694.49	3,559.69
Dividend Received								
Kurlon Enterprise Limited			567.98	462.55	-	-	567.98	462.55
General Investment & Commercial Corporation Ltd					0.87	0.87	0.87	0.87

The management are of the view and represented that all the transactions with the Related Parties are at arms length basis and this has been relied upon by the auditors.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note no.31. Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Note no.32. Reclassification

The Company's principal financial liabilities, comprise of borrowings, deposits and trade and other payables.

The main purpose of these financial liabilities is to finance the Company's operations.

The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances.

Note no.33. Financial Risk Management

The Company's principal financial liabilities, comprise of borrowings, deposits, trade and other payables.

The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objectives.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

following sections relate to the position as at 31 March, 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Group that have not been hedged by a derivative instrument or otherwise are as under:

₹ in Lakhs

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2019		As at 31 March, 2018	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	314,537.94	226.78	176,311.00	115.99
Buyer's Credit					
United States Dollar	\$	-	-	451.84	294.49
Advance to Vendor					
United States Dollar	\$	-	-	-	-
Net Liability (in INR)		314,537.94	226.78	176,762.84	410.48

Sensitivity

in \$

Impact on profit before tax and equity	As at 31 March, 2019	As at 31 March, 2018
5% Increase	330,264.84	185,600.98
5% Decrease	298,811.04	167,924.70

Note: Figures in bracket represents payables

ii) Interest Rate Risk

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of interest bearing vehicle loans,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

loans and advances from related parties and security deposits; however these are not exposed to risk of fluctuation in market interest rates as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial Instruments and Cash & Bank Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 is the carrying amounts which are given below. Trade Receivables and Other Financial Assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

₹ in Lakhs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Non-Current Assets		
- Investments	4,417.34	4,390.34
- Loans	1,366.89	2,295.58
- Other Financial Assets	137.58	146.12
Current Assets		
- Trade Receivables	194.72	21.63
- Cash and Cash Equivalents	629.89	235.60
Total	6,746.41	7,089.27

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the transaction/invoice falls due:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Not Due		
Due from 0 to 180 days	152.53	21.00
Due from more than 180 days	42.19	0.63
Total	194.72	21.63

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

Maturity profile of Financial Liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

₹ in Lakhs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2019			
Borrowings Non-Current	781.35	-	781.35
Trade Payables	852.99	852.99	
Other Non-Current Financial Liabilities	29.70	-	29.70
Other Current Financial Liabilities	436.77	436.77	-
Total	2,100.81	1,289.75	811.05

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2018			
Borrowings Non - Current	1,850.34	-	1,850.34
Borrowings Current	-	-	-
Trade Payables	1,042.82	1,042.82	-
Other Non-Current Financial Liabilities	33.95	-	33.95
Other Current Financial Liabilities	445.75	445.75	-
Total	3,372.86	1,488.57	1,884.29

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note no.34. Fair Value Measurements

The carrying amounts and fair values of the financial instruments by class are as follows: ₹ in Lakhs

Particulars	Carrying amount/Fair value	
	As at 31 March, 2019	As at 31 March, 2018
Financial Assets		
Carrying Amounts/Fair Value:		
Measured at Fair Value through Profit and Loss		
Non-current Assets		
- Investments	4,417.34	4,390.34
- Loans	1,366.89	2,295.58
- Other Financial Assets	137.58	146.12
Current Assets		
- Investments	-	-
- Trade Receivables	194.72	21.63
- Cash and Cash Equivalents	629.89	235.60
- Loans	-	-
Total	6,746.41	7,089.27
Financial Liabilities		
c) Measured at Fair value through Profit & Loss		
Non-Current Liabilities		
- Borrowings	781.35	1,850.34
-Other Financial Liabilities	29.70	33.95
Current Liabilities		
- Borrowings	-	-
- Trade Payables	852.99	1,042.82
- Other Current Financial Liabilities	436.77	445.75
Total	2,100.81	3,372.86

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments which comprises of borrowings, deposits, trade and other following methods and assumptions were used to loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying values are a reasonable approximation of the fair values due to their short term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Fair value hierarchy

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Disclosures of fair value measurement hierarchy for financial instruments are given below:

₹ in Lakhs

Particulars	Carrying amount/Fair value					
	As at 31 March, 2019			As at 31 March, 2018		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
Measured at fair value through profit and loss						
Non-current assets						
- Investments	-	-	4,417.34	-	-	4,390.34
- Loans	-	-	1,366.89	-	-	2,295.58
- Other financial assets	-	-	137.58	-	-	146.12
Current assets						
- Investments	-	-	-	-	-	-
- Trade receivables	-	-	194.72	-	-	21.63
- Cash and cash equivalents	-	-	629.89	-	-	235.60
- Loans	-	-	-	-	-	-
Total	-	-	6,746.41	-	-	7,089.27
Financial liabilities						
Carrying amounts/fair value:						
d) Measured at fair value through profit and loss						
Non-current liabilities						
- Borrowings	-	-	781.35	-	-	1,850.34
- Other non-current financial liabilities	-	-	29.70	-	-	33.95
Current liabilities						
- Borrowings	-	-	-	-	-	-
- Trade payables	-	-	852.99	-	-	1,042.82
- Other current financial liabilities	-	-	436.77	-	-	445.75
Total	-	-	2,100.81	-	-	3,372.86

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note no.35. Employee benefits

(a) Defined Benefit plans:

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

Leave Encashment : Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 180 days which is payable/ encashable as per the policy on their separation.

(b) Defined Contribution plan:

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 31.60 lakhs (Previous Year: ₹ 24.78 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

₹ in Lakhs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Employer's contribution towards Provident Fund (PF)	19.73	15.53
Employer's contribution towards Employees State Insurance (ESI)	11.87	9.25

(c) Other disclosures of Defined Benefit plans as required under Ind AS-19 are as under

i. Reconciliation of the opening and closing balances of Defined Benefit Obligation: ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present Value of Defined Benefit Obligation at the beginning of year	38.25	28.42	41.68	40.95
Interest cost	2.95	2.17	3.18	3.06
Current Service Cost	4.78	3.84	7.75	7.85
Past Service Cost	-	0.54	-	-
Benefit Paid	(0.59)	-	(1.50)	(1.75)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(0.63)	2.58	(0.58)	2.85
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	(0.21)	0.71	(6.50)	(11.28)
Present value of the Defined Benefit Obligation at the end of year	44.55	38.26	44.03	41.68

ii. Net Defined Benefit recognized in the Statement of Profit and Loss. ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Current Service Cost	4.78	3.84	7.75	7.85
Past Service Cost	-	0.54	-	-
Interest cost	2.95	2.17	3.18	3.06
Interest income on plan asset	(3.09)	(2.48)	(3.97)	(3.25)
Net Defined Benefit recognized in Statement of Profit and Loss	4.64	4.07	6.96	7.66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

iii. Recognized in Other Comprehensive Income.

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(0.63)	2.58	(0.58)	2.85
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	(0.21)	0.71	(6.50)	(11.28)
Return on plan assets	0.18	0.21	0.39	0.11
Net actuarial Loss	(0.66)	3.50	(6.69)	(8.32)

iv. Sensitivity Analysis*

a) Impact of the change in the discount rate

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	44.55	38.25	44.02	41.68
a) Impact due to increase of 0.50%	41.97	36.26	41.89	39.66
b) Impact due to decrease of 0.50%	47.83	40.41	46.32	43.86

b) Impact of the change in the salary increase

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	44.55	38.25	44.02	41.68
a) Impact due to increase of 0.50%	47.85	40.34	46.20	42.47
b) Impact due to decrease of 0.50%	40.32	36.31	41.99	40.90

*Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

* Sensitivities as to rate of inflation, rate of increase in pension for payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

v. Maturity Profile.

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
1 year	1.98	1.98	2.39	2.24
2 Year	1.85	1.87	2.26	2.12
3 Year	1.72	1.77	2.14	2.00
4 Year	1.97	1.68	2.81	1.90
5 Year	1.44	1.84	1.87	2.39
6 Year onwards	7.43	5.60	10.26	8.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

vi. Expected contribution for the next Annual reporting period

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Service Cost	4.78	3.84	7.75	7.85
Net Interest Cost	(0.14)	(0.31)	(0.80)	(0.19)
Expected Expense for the next annual reporting period	5.80	4.63	7.30	NA

vii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Method used	Projected unit credit method	Projected unit credit method	Projected unit credit method	Projected unit credit method
Discount rate	7.76%	7.63%	7.76%	7.63%
Salary Escalation	7.00%	7.00%	7.00%	7.00%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Withdrawal rate up to 30/44 and above 44 years	5%	5%	5%	5%
Rate of return on plan assets	7.76%	7.63%	7.76%	7.63%

36. Subsequent to year end, on April 21, 2019, certain property, plant and equipments and inventories of the company were destroyed due to fire at the Gwalior factory aggregating to ₹418.86 Lakhs (being the book value). The Company has sufficient insurance coverage to cover this loss. However, the company has lodged the claims with the insurer. Considering this being a non adjusting event as per Ind AS 10, no adjustments has been carried out in the financial statements for the year ended March 31, 2019.
37. Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

For and on behalf of the Board of Directors

T. Sudhakar Pai
Managing Director
DIN: 00030613

Dr. Nitin G Khot
Director
DIN: 00030613

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF M/S. KURLON LIMITED

Report on the Audit of the Consolidated IND AS Financial Statements:

Opinion :

We have audited the accompanying Consolidated IND AS Financial Statements of **M/s. KURLON LIMITED** (“the Company”) and the Subsidiary and ultimate Subsidiary Company (together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Cash Flow Statement, the Consolidated Statement of changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows & their consolidated changes in equity for the year ended on that date.

Basis for Opinion :

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountant of India (ICAI) together with the ethical requirement that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the financial statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director’s Report including Annexures to Directors’ Report and Shareholder’s information, but does not include the consolidated financial statements, standalone financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information compare with the financial statement of the Subsidiary and ultimate Subsidiary Company audited by the other auditors, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the Subsidiary and ultimate Subsidiary Company, are traced from their financial statements audited by the other auditor.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated IND AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated cash flows & consolidated changes in equity of the Group in accordance with the IND AS and other accounting principles generally accepted in India.

The respective Board of Director's of the Companies included in the Group are responsible for maintenance for adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of consolidated financial statement by the Director's of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Director's of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Director's of the companies included in the Group are also responsible for overseeing financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statement 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 consolidated 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 consolidated 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 the 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 omission, misrepresentations, or the override of internal control.
- Obtain and understand internal financial 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 the management.
- 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statement of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced.

We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company included in the consolidated financial statements of which we are the independent auditors 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.

Other Matters:

We did not audit the financial statements of a Subsidiary Company, whose financial statements reflect total assets of Rs.62,426.07 Lakhs as at March 31, 2019, total revenues of Rs.1,12,367.77 Lakhs and net cash inflows/ (outflows) amounting to Rs.(1240.05) Lakhs for the year ended on that date, and the financial statements of a ultimate Subsidiary Company, whose financial statements reflect total assets of Rs.2,563.06 Lakhs as at March 31, 2019, total revenues of Rs.2,011.43 Lakhs and net cash inflows/(outflows) amounting to Rs.(3.53) Lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Subsidiary and ultimate Subsidiary Company, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid Subsidiary and ultimate Subsidiary Company are based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

Emphasis of Matters:

We draw attention to the following :

- a. Note No.5 with regard to Sale of Investment.
- b. Note No.7 with regard to Loans to other than related parties.
- c. Note No.9 with regard to Capital Advance.

Report on Other Legal and Regulatory Requirements:

As required by Section 143(3) of Act, 2013, based on our audit, we report and on the consideration of the report of the other auditor on the separate financial statement referred to in the other matters section above we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements;
- b) in our opinion, proper books of account as required by law relating to the preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books, returns and the report of the other auditors;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) on the basis of the written representations received from the Directors of the Company as on 31st March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of the Subsidiary and ultimate Subsidiary Company which are companies incorporated in India, none of the Directors of the Group Companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Sec.164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in '**Annexure-A**' which is based on the auditor's reports of the Company and the Subsidiary and ultimate Subsidiary Company which are companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Internal financial controls over financial reporting of those companies, for the reasons stated therein.
- g) with respect to the other 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 explanations given to us; the remuneration paid/provided by the Company to its directors during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V 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, as amended, in our opinion and to best of our information and according to the explanations given to us:
 - (i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group.

- (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and in case of the Subsidiary and ultimate Subsidiary Company, which are the Companies incorporated in India, there were no amounts which were required to be transferred to the Investor Education and Protection Fund.

For VASUDEV PAI & CO.,
Chartered Accountants
Firm Regn No. 004560S

Place of Signature : Bangalore
Date : July 19, 2019
UDIN : 19020906AAAAAS2352

T VASUDEV PAI
Proprietor
M. No. 020906

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(referred to in paragraph (f) under ‘Report on other Legal and Regulatory Requirements section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Consolidated IND AS Financial Statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **M/s. KURLON LIMITED** (“the Company”), and its Subsidiary and ultimate Subsidiary Company which are Companies Incorporated in India as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility:

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its Subsidiary and ultimate Subsidiary Company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditor of the Subsidiary and ultimate Subsidiary Company, which are companies incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its Subsidiary and ultimate Subsidiary Company which are companies Incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that –

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and;
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the Report of the Other Auditor referred to in the Other Matters Paragraph below, the Company and its Subsidiary and ultimate Subsidiary Company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the respective Company's considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Subsidiary and ultimate Subsidiary Company, which are companies incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For VASUDEV PAI & CO.,
Chartered Accountants
Firm Regn No. 004560S

Place of Signature : Bangalore
Date : July 19, 2019
UDIN : 19020906AAAAS2352

T VASUDEV PAI
Proprietor
M. No. 020906

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3a	30,879.04	25,673.51
(b) Capital work-in-progress	4	2,312.26	1,174.33
(c) Other Intangible assets	3b	634.72	557.44
(d) Financial Assets			
(i) Investments	5	874.90	763.51
(ii) Trade Receivables	6	1.50	-
(iii) Loans	7	2,235.35	3,049.44
(iv) Other Financial Assets	8	421.28	195.72
(e) Other Non-Current Assets	9	6,440.09	7,692.95
Total Non - Current Assets		43,799.14	39,106.90
Current assets			
(a) Inventories	10	13,096.97	11,550.88
(b) Financial Assets			
(i) Investments	5	3,726.71	1,889.53
(ii) Trade Receivables	6	11,336.02	12,015.89
(iii) Cash and Cash equivalents	11	2,251.81	4,398.40
(iv) Other bank balances	11	1,435.41	220.65
(c) Current Tax Assets (Net)	20.a	778.11	962.70
(d) Other Current Assets	9	3,145.90	2,282.12
Total Current Assets		35,770.94	33,320.16
Total Assets		79,570.08	72,427.06
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	12	1,488.26	1,488.26
(b) Other Equity	13	47,070.52	40,099.82
Non-controlling interests (II)		4,174.83	2,917.49
Total equity		52,733.61	44,505.57
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	781.35	1,850.34
(ii) Other Financial Liabilities	17	6,084.60	5,672.30
(b) Provisions	16	409.42	409.42
(c) Deferred tax liabilities (Net)	20	2,669.61	2,398.09
(d) Other Non-Current Liabilities		-	-
Total Non - Current Liabilities		9,944.98	10,330.15
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	1,368.21	1,503.62
(ii) Trade payables	15		
(A) Total outstanding dues of micro enterprises and small enterprises		115.72	176.48
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		12,286.74	12,859.12
(iii) Other financial Liabilities	17	486.21	499.49
(b) Other Current Liabilities	19	1,095.12	482.54
(c) Provisions	16	409.42	411.22
(d) Current Tax Liabilities (Net)	20.b	1,130.07	1,658.87
Total Current Liabilities		16,891.49	17,591.34
Total Equity and Liabilities		79,570.08	72,427.06

The accompanying notes are an integral part of these Financial Statements

For and on behalf of the Board of Directors

For Vasudev Pai & Co
Chartered Accountants
Firm Registration No. 004560S

T. Sudhakar Pai
Managing Director
DIN: 00043298

Dr. N G Khot
Director
DIN: 00030613

T. Vasudev Pai
Proprietor
Membership No. 020906

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: July 19, 2019

Place : Bangalore
Date: July 19 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Revenue from operations	21	108,881.26	108,645.10
Other Income	22	2,923.38	2,215.27
Total Revenue		111,804.63	110,860.37
EXPENSES			
Cost of materials consumed	23.a	52,049.77	52,115.85
Purchases of stock in Trade	23.b	2,694.83	3,147.35
Changes in Inventories of Finished Goods, Stock in Trade and Work-in-Progress	23.c	(1,780.82)	(1,164.48)
Excise duty on sale of goods	24	-	1,607.42
Employee benefit expense	25	6,957.86	6,588.23
Finance costs	26	665.68	660.89
Depreciation and amortisation expense	27	2,316.98	1,815.23
Other expenses	28	35,948.07	32,425.81
Total Expenses		98,852.38	97,196.30
Profit before tax		12,952.26	13,664.07
Exceptional Items			
Depreciation reclassification of earlier years		21.65	
		12,930.61	13,664.07
Tax Expense			
Current Tax		4,520.41	4,332.74
Tax Credit of earlier years		-	-
MAT Credit		-	(0.51)
(Excess)/Short Provision for Income Tax of earlier year		(169.81)	(0.29)
Deferred Tax		271.52	739.15
		4,622.12	5,071.09
Profit for the year		8,330.13	8,592.98
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Equity instruments through other Comprehensive Income/(Expenses)		(15.31)	-
- Re-measurements of the defined benefit plans [gain/ (loss)]		183.54	(26.91)
- Fair value of Equity Instruments		-	(0.10)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(67.91)	5.98
Total other Comprehensive Income		100.33	(21.03)
Total Comprehensive Income for the year		8,430.46	8,571.95
Earnings per equity share :			
(1) Basic	28	56.65	57.60
(2) Diluted	28	56.65	57.60

The accompanying notes are an integral part of these Financial Statements

For and on behalf of the Board of Directors
For Vasudev Pai & Co
 Chartered Accountants
 Firm Registration No. 004560S

T. Sudhakar Pai
 Managing Director
 DIN: 00043298

Dr. N G Khot
 Director
 DIN: 00030613

T. Vasudev Pai
 Proprietor
 Membership No. 020906

Shambhu Kumar Bhotika
 Chief Financial Officer

Monu Kumar
 Company Secretary

 Place : Bangalore
 Date: July 19, 2019

 Place : Bangalore
 Date: July 19 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
A. Cash flows from Operating Activities		
Profit before tax for the year	12,930.61	13,664.07
(Gain)/ Loss on disposal of Property, Plant and Equipment	(1.19)	3.23
Insurance claim received on fixed assets	(42.60)	(636.96)
Depreciation and Amortisation	2,338.63	1,815.26
Interest Income from Deposit	(737.13)	(60.24)
Dividend Income	(33.48)	(2.88)
Net (gain)/loss recorded in Profit or Loss on financial liabilities designated as at fair value through profit or loss	-	(22.09)
Other comprehensive income	168.23	(8.41)
(Profit)/Loss on sale of Investments	(1,236.02)	(287.38)
(Profit)/Loss on sale of asset	-	0.64
Interest expenses	665.68	655.96
Provision for Taxation	-	0.51
Mat Credit	-	(0.51)
Sales tax subsidy	-	(92.64)
Provision for doubtful trade receivables and advances	-	55.47
Net foreign exchange (gain)/loss	34.14	7.16
	14,086.87	15,091.19
Movements in working capital:		
(Increase)/Decrease in Loans & Advances	814.08	(1,241.07)
(Increase)/Decrease in Trade and other Receivables	678.37	(3,894.86)
(Increase)/Decrease in Inventories	(1,546.09)	(1,615.05)
(Increase)/Decrease in Short -term loans and advances	(863.78)	(3,060.25)
(Increase)/Decrease in other Assets	1,027.30	823.01
Increase in Trade and other Payables	(667.28)	3,210.27
Increase/(Decrease) in Long term Provisions	-	(107.22)
Increase/(Decrease) in Long term Liabilities	412.30	615.12
Increase/(Decrease) in other Current Liabilities	599.30	593.03
Increase/(Decrease) in Short-term Provisions	(1.80)	107.21
	452.39	(4,569.81)
Cash Flows generated from Operating Activities	14,539.26	10,521.38
Income tax paid	(4,762.72)	(3,560.76)
Net cash flow from operating activities (A)	9,776.55	6,960.62
B. Cash flows from Investing Activities		
Proceeds on sale of Financial Assets	-	474.41
Interest received	737.13	60.24
Other Dividends Received	33.48	6.94
Dividend received from associates	-	463.42
(Purchase)/Sale of Investments	(712.55)	(1,573.68)
Placed in Bank Deposits not considered as Cash and Cash Equivalents	(1,214.76)	101.21
Insurance claim received	42.60	-
(Purchase)/Sale of Long term investments	-	313.20
Proceeds from disposal of property, plant and equipment	-	(4,329.12)
Amount in earmarked accounts - for unpaid dividend	-	(2.83)
Purchase of Property, Plant & Equipment	(8,750.69)	(1,384.37)
	(9,864.79)	(5,870.58)
C. Cash flows from Financing Activities		
Proceeds/ (Repayment) of Short term borrowings	(135.41)	1,067.12
Proceeds/ (repayment) of Long term borrowings	(1,068.99)	383.63
Tax on Distributed Profits	(141.42)	(114.40)
Dividends paid to owners of the Company	-	(561.96)
Interest paid	(665.68)	(531.01)
	(2,013.30)	243.38
Net increase / decrease in cash and cash equivalents (A+B+C)	(2,101.54)	1,333.42
Cash and cash equivalents at the beginning of the year	4,353.37	3,019.95
Cash and cash equivalents at the end of the year	2,251.83	4,353.37
Reconciliation of Cash & cash equivalents with the Balance Sheet		
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)	1,435.41	265.68
Cash and cash equivalents as per the Balance Sheet (Refer note 10)	3,687.22	4,619.05
	3,687.22	4,619.05

Notes:

(*) These earmarked account balances with banks can be utilised only for the specific identified purposes.

For and on behalf of the Board of Directors

For Vasudev Pai & Co
Chartered Accountants
Firm Registration No. 004560S

T. Sudhakar Pai
Managing Director
DIN: 00043298

Dr. N G Khot
Director
DIN: 00030613

T. Vasudev Pai
Proprietor
Membership No. 020906

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bengaluru
Date: July 19, 2019

Place : Bengaluru
Date: July 19 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
a. Equity Share Capital

₹ in Lakhs

Particulars	Amount
Balance as at March 31, 2018	1,488.26
Changes in equity share capital during the year	
Issue of Bonus Equity Shares	-
Issue during the year	-
Balance as at March 31, 2019	1,488.26

b. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus					Total
	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	
Balance as at March 31, 2018	970.81	9,154.21	435.58	5,180.29	24,358.94	40,099.82
Profit for the year		-	-	-	8,430.46	8,430.46
Other comprehensive income net of tax		-	-	-	(100.33)	(100.33)
Dividends		-	-	-	-	-
Tax on Dividends		-	-	-	(141.42)	(141.42)
Other adjustment in share premium		469.07	-	-	-	469.07
Shares in profit of Non Controlling Interest		-	-	-	(1,257.34)	(1,257.34)
Utilized during the year for issue of bonus share		-	-	(429.75)	-	(429.75)
Balance as at March 31, 2019	970.81	9,623.28	435.58	4,750.54	31,290.31	47,070.52

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached.

For and on behalf of the Board of Directors

For Vasudev Pai & Co
Chartered Accountants
Firm Registration No. 004560S

T. Sudhakar Pai
Managing Director
DIN: 00043298

Dr. N G Khot
Director
DIN: 00030613

T. Vasudev Pai
Proprietor
Membership No. 020906

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bengaluru
Date: July 19, 2019

Place : Bengaluru
Date: July 19 2019

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies

Note	Particulars
1.	<p>Corporate information</p> <p>Kurlon Limited was incorporated under the name and style of “Karnataka Coir Products Limited” on 09th February 1962. The name of the company was changed to “Karnataka Consumer Products Limited” with effect from 09th October 1980. On 08th December 1995, the name of the company was changed to “KURLON LIMITED” in order to reflect the entire business activities such as Rubberized Coir, Latex Foam, Polyurethane Foam, Spring Mattresses, Furniture, Furnishings etc.</p> <p>The accompanying Consolidated Financial Statements relate to Kurlon Limited (“the holding company”), its Subsidiary company Kurlon Enterprise Limited and Kurlon Retail Limited which is wholly owned by Kurlon Enterprise Limited (together referred as “the group”)</p>
2.1	<p>Basis Of Consolidation</p> <p>The Consolidated Financial Statements have been prepared on the following basis:-</p> <p>Basis of Accounting:</p> <ul style="list-style-type: none"> i) The financial statements of the Subsidiary Company are drawn up to the same reporting date as of the Holding Company. ii) The consolidated financial statements have been prepared in accordance with Indian Accounting Standard - 110 on “Consolidated Financial Statements”. <p>Principles of Consolidation:</p> <ul style="list-style-type: none"> i) The financial statements of the Holding Company and its Subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Indian Accounting Standard - 110 on “Consolidated Financial Statements”. ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company’s separate financial statements except as otherwise stated in the Significant Accounting Policies. iii) The difference between the costs of investments in the Subsidiaries over the net assets at the time of acquisition of shares in the Subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be. iv) Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies (Contd.)

Note	Particulars		
	The Consolidated Financial Statements of the Holding Company includes the results of following entities		
	Name of Company	Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2019
	Subsidiary Company		
	Kurlon Enterprise Limited	India	85.06%
	Kurlon Retail Limited (Wholly owned subsidiary of Kurlon Enterprise Limited)	India	100%

Statement of compliance

2.1 The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (The Act) [Companies (Indian Accounting Standard) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Rules, 2017 and the other relevant provisions of the Companies Act, 2013.

2.2 Basis of Preparation and presentation

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements. All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The financial statements have been prepared on a historical cost basis, except, certain financial assets and liabilities, measured at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are unobservable for the asset or liability.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.3	<p>Use of estimates and judgement</p> <p>The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Companies in the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.</p> <p>Key source of estimation uncertainty at the date of the consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets/liabilities, provision for warranty and other provisions and contingent liabilities.</p> <p>Useful lives of property, plant and equipment</p> <p>The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense prospectively.</p> <p>Provisions and contingent liabilities</p> <p>A provision is recognized when the Group has a present obligation arising out of past events and it is probable that an outflow of economic resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimates required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements but are disclosed appropriately. A contingent asset is neither recognized nor disclosed in the financial statements.</p>
2.4	<p>Revenue recognition</p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p>Sale of goods</p> <p>Revenue from the sale of goods is recognised when (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Other income</p> <p>Interest income- Interest Income is recognised and accounted on the basis of the effective Interest rate method.</p> <p>Dividend Income- Dividend income is accounted for when the right to receive is established.</p>
2.5	<p>Foreign currencies</p> <p>The functional currency of the Group is Indian Rupees.</p> <p>Transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at rates prevailing at the year-end. The net loss or gain arising out of such restatement is dealt with in the Statement of Profit and Loss.</p>
2.6	<p>Leases</p> <p>Assets taken on finance lease are capitalized, while lease charges on assets taken on operating lease are expensed.</p>
2.7	<p>Employee benefits</p> <p>Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.</p> <p>Retirement benefit cost and termination benefits</p> <p>Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p>Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the consolidated statement of profit and loss. Past service cost is recognized in the consolidated statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<ul style="list-style-type: none"> - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); - net interest expense or income; and - remeasurement <p>The Group presents the first two components of defined benefit costs in the consolidated statement of profit and loss in the line item ' Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.</p> <p>The retirement benefit obligation in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p> <p>A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes.</p> <p>Defined contribution plan</p> <p>Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.</p> <p>Compensated absences</p> <p>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 recognized as an actuarially determined liability at the present value of the defined obligation at the balance sheet date.</p>
2.8	<p>Taxation</p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p>Current tax</p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from ' Profit before tax ' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Deferred tax</p> <p>Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p> <p>Deferred tax assets include Minimum Alternate Tax (“MAT”) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.</p>
2.9	<p>Property, plant and equipment</p> <p>Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Lease rentals and premium for lease hold are amortized over the primary lease period.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use as prescribed in the schedule II of the companies act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p> <p>Capital work in progress</p> <p>Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.</p> <p>The capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
2.10	<p>Intangible assets</p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p> <p>Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.</p> <p>The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.</p>
2.11	<p>Impairment</p> <p>Financial assets (other than a fair value)</p> <p>The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p>Non-financial assets</p> <p>Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.</p> <p>If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.12	<p>Inventory</p> <p>Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.</p>
2.13	<p>Provisions</p> <p>Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p>
2.14	<p>Investment in Subsidiaries</p> <p>Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p>A) Financial assets</p> <p>Cash and cash equivalents</p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p>Financial assets at amortized cost</p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Financial assets at fair value through other comprehensive income (FVTOCI)</p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through profit and loss (FVTPL)</p> <p>Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in consolidated statement of profit and loss.</p> <p>Foreign exchange gains and losses</p> <p>The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in consolidated statement of profit and loss.</p> <p>B) Financial liabilities and equity</p> <p>Financial liabilities at amortized cost</p> <p>Financial liabilities are measured at amortized cost using effective interest method.</p> <p>Borrowings & Security Deposits</p> <p>Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.</p> <p>Equity instruments</p> <p>An equity instrument is contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.</p> <p>Foreign exchange gains and losses</p> <p>For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in other income.</p> <p>The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the consolidated profit and loss.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.15	<p>Earnings per share (EPS)</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to owners of the Group. (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax attributable to owners of the Group including the post-tax effect of extraordinary items, if any as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p> <p>Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p>
2.16	<p>Segment reporting</p> <p>The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The Group has only one reportable business segment, which is manufacturing of matteress and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.</p>
2.17	<p>Research and development</p> <p>All revenue expenditure related to research and development are charged to the respective heads on the Statement of Profit and Loss. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company</p>
2.18	<p>Insurance Claims</p> <p>Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.</p>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3. Property, Plant and Equipments

₹ in Lakhs

a) Tangible Assets

b) Intangible Assets

Particulars	Land Freehold	Land leasehold	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles Owned	Vehicles Financed	Computer Owned	Computer software	Total
Deemed Cost											
As at March 31, 2018	1,693.15	1,764.66	8,943.84	20,121.76	2,856.86	463.92	340.26	156.88	445.82	834.83	834.83
Additions	-	3,575.81	1,220.49	1,414.28	880.21	77.00	185.13	-	83.57	198.48	198.48
Disposals	-	-	-	-	6.70	0.89	23.67	-	-	-	-
As at March 31, 2019	1,693.15	5,340.47	10,164.33	21,536.04	3,730.37	540.02	501.72	156.88	529.39	1,033.31	1,033.31
Accumulated Depreciation											
As at March 31, 2018	-	49.44	1,888.57	7,380.49	1,087.02	238.09	151.90	27.23	290.90	277.39	277.39
Additions	-	4.07	285.86	1,406.75	269.68	79.04	66.66	2.91	80.81	121.20	121.20
Disposals	-	-	-	-	0.58	0.71	16.45	-	-	-	-
Reclassification	-	(2.28)	13.46	-	1.96	1.64	0.68	-	6.19	-	-
As at March 31, 2019	-	51.23	2,187.89	8,787.24	1,358.08	318.06	202.79	30.14	377.90	398.59	398.59
Net carrying amount											
Balance as at March 31, 2019	1,693.15	5,289.24	7,976.44	12,748.80	2,372.30	221.96	298.93	126.74	151.49	634.72	634.72
Balance as at March 31, 2018	1,693.15	1,715.22	7,055.27	12,741.27	1,769.84	225.83	188.36	129.65	154.92	557.44	557.44

Notes:

- i) Lease hold land acquired for a period of 99 years from Gujarat Industrial Area Development Board
- ii) Refer Note - 18 for information on property, plant and equipments pledged as security by the Group.

Note 4 - Capital Work in Progress

Particulars	₹ in Lakhs	
	As at March 31, 2019	As at March 31, 2018
Land	-	0.86
Building	1,367.63	474.15
Plant & Machinery	743.80	661.02
Others	200.83	38.30
	2,312.26	1,174.33

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 5 - Investment
₹ in Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Nos.	Amount	Amount	Nos.	Amount	Amount
		Current	Non-current		Current	Non-current
A. Fair Value Through Profit and Loss						
I. Quoted Investments (fully paid)						
Investments in Equity Instruments						
Industrial Development Bank of India Equity share of Rs.10/- each	3,360	-	1.57	3,360	-	2.43
Investments in Mutual funds						
SBI Savings fund - Direct Plan-Growth	-	-	-	272,037	75.61	-
IDBI liquid fund- Direct Plan-Growth	-	-	-	19,022	353.90	-
Franklin India Low Duration Fund Direct Monthly Dividend Plan	-	-	-	294,671	31.71	-
Franklin India Low Duration Fund - Direct Growth	-	-	-	7,036,927	1,428.31	-
FranklinIndiaShortTermIncomePlan-RetailPlan-Direct-GROWTH	29,238	1,226.71	-	-	-	-
Total Aggregate Quoted Investments	32,598	1,226.71	1.57	7,626,017	1,889.53	2.43
B. Cost						
I. Unquoted Investments (fully paid)						
Cox and Kings (Commercial papers with maturity of 45 days)	500	2,500.00	-	-	-	-
Investment in Bonds - Unquoted Maharashtra Apex Corporation Ltd. Maharashtra Apex Corporation Ltd. Redeemable Cumulative Preference Shares of Rs.10/- each	165,104	-	336.80	165,104	-	535.85
80,100	-	12.75	7,000	-	-	0.70
C. Designated at Fair value through OCI						
General Investment & Commercial Corporation Ltd Equity Shares of 10/- each at a Premium of Rs 85/- each	25,000	-	23.75	25,000	-	23.75
Jitendra Harjivandas Securities Pvt Limited Equity shares of Rs 10/- each at a Premium of Rs 15/- each	595,000	-	148.75	595,000	-	148.75
Commercial Corporation of India Limited Equity Shares of Rs1/- each at a Premium of Rs.3.10 each	1,000,000	-	41.00	1,000,000	-	41.00
Madish Style Bar Pvt ltd Equity Shares of Rs.10/- each	60,000	-	6.00	60,000	-	6.00
The Zoroastrain co operative Bank Mumbai Equity Shares of Rs.25/- each	100	-	0.03	100	-	0.03
Alapasara Finvest Care Advisory Private Limited Equity shares of Rs.100/- each	5,000	-	5.00	5,000	-	5.00
Spring Air Bedding Company (India) Limited Equity Shares of Rs.10/- each	8,699,000	-	299.25	-	-	-
Total Unquoted Investments	10,629,804	2,500.00	873.33	1,857,204	-	761.08
TOTAL INVESTMENTS CARRYING VALUE (A)	10,662,402	3,726.71	874.90	9,483,221	1,889.53	763.51
Other Disclosures						
Aggregate amount of Quoted Investments & Market Value thereof	-	1,226.71	1.57	-	1,889.53	2.73
Aggregate amount of Unquoted Investments	-	2,500.00	873.33	-	-	761.08

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 6 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables outstanding for a period of more than 6 months		
(a) Considered Good - unsecured	1,073.56	417.03
(b) which have significant increase in Credit Risk	688.89	543.67
	1,762.45	960.69
Less: Allowance for Bad and Doubtful Debts	688.89	543.67
	1,073.56	417.03
Other Trade Receivables		
(a) Considered Good - unsecured	10,262.46	11,598.86
TOTAL	11,336.02	12,015.89
Trade Receivables outstanding for the period-More than 12 months		
Considered good, Unsecured	1.50	-
	1.50	-

Note No. 6a - Movement in the Allowance for Doubtful Debts

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at beginning of the year	543.67	489.85
Impairment losses recognised in the year based on 12 Month Expected Credit Loss on Receivables Originated in the year	314.90	230.40
Amounts written off during the year as uncollectible	-	55.47
Amounts Recovered During the year	169.68	121.11
Balance at End of the year	688.89	543.67

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 7 - Loans - Non Current
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Security Deposits- Secured, considered good	868.46	747.83
(b) Other Loans - unsecured, considered good		
Loans to Employees	5.09	14.22
(c) Loans to Related Parties		
- Unsecured, considered good		
Manipal Stock & Shares Broker Limited	19.22	273.46
GICC	-	506.67
(d) Loans to other than Related Parties*		
- Secured, considered good		
Corporate	982.78	903.14
Other	267.53	567.96
- Unsecured, considered good		
Other	92.27	36.16
Total	2,235.35	3,049.44

* Loans to other than related parties are secured by mortgage of land &/ or buildings with/ without possession. In the case of India Green Reality Pvt Ltd, as an additional security, the mortgaged property has been registered by way of deed of conveyance in favour of the company with an option of reconveyance/ retransfer of the said property back to the borrower on total discharge of the outstanding obligations as per the master lending agreement dated 25.04.2017. However, in the opinion of the management, these Loans are recoverable in ordinary course of business & no provision is required even though the interest on these Loans are overdue.

Note No. 8 - Other Non-Current Financial Assets
₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits	421.28	195.72
	421.28	195.72

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 9 - Other Non-Current and Current Assets
₹ in Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Current	Non Current	Total	Current	Non Current	Total
(a) Capital advances						
(i) For Land*	-	5,515.69	5,515.69	-	7,068.86	7,068.86
(ii) For Building**	56.94	338.50	395.44	52.76	57.83	110.59
(iii) For Plant & Machinery	-	217.91	217.91	-	14.66	14.66
(iv) Others	-	-	-	-	148.11	148.11
(b) Advances to suppliers	898.00	-	898.00	502.71	-	502.71
(c) Advances to related parties						
Metropolis Builders Limited	30.00	-	30.00	27.95	-	27.95
General Investment & Commercial Corporation Ltd	650.82	-	650.82	-	-	-
Manipal Advertising Services Private Limited	427.82	-	427.82	-	-	-
(d) Advances to employees	66.96	-	66.96	124.78	-	124.78
(e) Balances with Government Authorities	308.80	368.00	676.80	1,049.19	402.49	1,451.68
(f) Others						
Prepaid expenses	286.36	-	286.36	287.21	1.00	288.21
Prepaid rent	83.53	-	83.53	110.15	-	110.15
Gratuity fund	20.52	-	20.52	53.52	-	53.52
Leave Encashment Fund	315.90	-	315.90	73.85	-	73.85
Rent Receivable	0.25	-	0.25	-	-	-
TOTAL	3,145.90	6,440.09	9,158.17	2,282.12	7,692.95	9,975.07

* Capital advance to Maha Rashtra Apex Corporation Ltd (Related Party) includes:

(a) Amount of Rs. 20.77 Crores paid for purchase of Land at Jalahalli Campus, Yeshwanthapur, Bangalore, through Court Auction. The property is yet to be registered in the name of the Company even after lapse of substantial time. However, in the opinion of the management, the market value of this property based on the provisional valuation, is more than the purchase cost.

(b) Amount of Rs. 11.60 Crores paid for purchase of Immovable property at Udipi subject to the approval of the Court and other legal formalities.

** Amount of Rs. 0.36 Crores paid for purchase of property at Jaipur. The property is yet to be registered in the name of the Company even after lapse of substantial time.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 10 - Inventories

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Raw Materials	4,483.98	4,752.49
(b) Work-in-Progress	1,736.88	1,567.69
(c) Finished Goods *	4,309.03	3,336.82
(d) Goods in Transit	40.12	-
(e) Stock-in-Trade	1,883.50	1,391.20
(f) Stores and Spares	643.45	502.67
Total Inventories at lower of Cost and Net Realisable Value	13,096.97	11,550.88

* Inventory of Finished Goods indicates net of provision of damaged goods amounting to Rs. 664.58 lakhs.

Note No. 11 - Cash and Bank Balances

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Current Cash and Bank Balances		
(a) Balances with Banks	445.62	2,396.15
(b) Cheques, Drafts on Hand	1,506.77	1,951.21
(c) Cash on Hand	29.13	18.25
(d) Others		
In Deposit Accounts	270.29	32.79
TOTAL	2,251.81	4,398.40
Other Bank Balance		
(a) Earmarked Balances with Banks *	444.23	210.13
(b) Unpaid Dividend	2.26	0.16
(c) Deposit Account **	988.91	10.37
TOTAL	1,435.41	220.65

* Includes deposit of Rs. 312.39 lacs pledged as collateral security in favour of Federal Bank against the facility availed by GICC Ltd.

** Deposit Receipts pledged with Banks for obtaining Letter of Credit & Bank Guarantee Facilities. These deposits have an original maturity of less than six months.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 12 - Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Authorised:				
Equity shares of Rs.10/- each with voting rights	35,000,000	3,500.00	35,000,000	3,500.00
Issued :				
Equity shares of Rs.10/- each with voting rights	14,882,605	1,488.26	14,882,605	1,488.26
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10/- each with voting rights	14,882,605	1,488.26	14,882,605	1,488.26

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Equity Shares				
At the beginning of the year	14,882,605	1,488.26	14,882,605	1,488.26
Fully paid shares allotted during the year	-	-	-	-
Outstanding at the end of the period	14,882,605	1,488.26	14,882,605	1,488.26

(ii) Terms/Rights attached to Equity Shares

i. The company has only one class of equity shares having a par value of Rs. 10/- each (March 31,2018- Rs. 10/- each) per share. Each holder of equity shares is entitled to one vote per share.

ii. In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of Rs.10/- each with voting rights				
Manipal Holding Private Limited	7,183,919	48.20	7,183,919	48.20
Maharashtra Apex Corporation Limited	5,693,020	38.25	5,693,020	38.25

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No.13 - Other Equity

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve	970.81	970.81
Securities Premium	9,623.28	9,154.21
Shares option outstanding Account	435.58	435.58
General Reserve		
Balance at the beginning of the year	5,180.29	4,605.57
Add: Transfer from the statement of Profit & Loss	-	840.18
Less : Utilised during the year for issuing bonus shares	429.75	265.46
Closing balance	4,750.54	5,180.29
Retained Earnings	31,290.31	24,358.94
Opening balances	40,099.82	33,044.25
Add: Comprehensive Income for the year	7,541.87	7,435.44
Less: Transfer to general reserve	429.75	265.46
Dividend	-	-
Tax on Dividend	141.42	114.40
Closing balance	47,070.52	40,099.82
TOTAL	47,070.52	40,099.82

Note No.14 - Non-Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Measured at FVTPL		
A. Secured Borrowings:		
(a) Term Loans	666.71	1,406.89
(b) Foreign currency loans	-	294.49
(c) Vehicle loans	114.64	148.96
Total Secured Borrowings	781.35	1,850.34
Total Unsecured Borrowings	-	-
Measured at FVTPL	781.35	1,850.34
Total Borrowings carried at FVTPL	781.35	1,850.34
Total Borrowings	781.35	1,850.34

Note : The term loan are secured by first charge on Specific Fixed assets. Vehicle loans are secured by hypothecation of specific vehicles

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 15 - Trade Payables

₹ in Lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Total outstanding dues of Micro Enterprises and Small Enterprises	115.72	176.48
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	12,286.74	12,859.12
TOTAL	12,402.46	13,035.60

Note No. 16 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Current	Non- Current	Current	Non- Current
Provisions for Warranty (refer note (i) below)	409.42	409.42	409.42	409.42
Provision for Employee Benefits-Gratuity	-	-	1.80	-
TOTAL	409.42	409.42	411.22	409.42

(i) Movement in Provisions for Warranty

₹ in Lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Balance as at Beginning of the year	818.84	818.84
Additional provisions recognised	172.69	-
Amounts utilised during the period	172.69	-
Balance as at end of the year	818.84	818.84

Note no. 17 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	5,859.63	5,518.68
Deposits received from C & F Agent	59.00	64.00
Payables for Capital Supplies/Services	136.27	55.67
Security Deposits for Operating Leases	29.70	33.95
TOTAL	6,084.60	5,672.30
Current		
Interest accrued on Micro Enterprises and Small Enterprises	3.49	1.98
Unpaid Dividend Account	0.80	0.16
Current Maturities of Vehicle loans*	34.31	31.44
Current Maturities of Term loans*	399.96	412.79
Others	47.66	53.12
TOTAL	486.21	499.49

* Reflects the instalments falling due up to 31/03/2020.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note no. 18 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
A. Secured Borrowings:		
(a) From Banks		
- Loans Repayable on Demand	672.21	-
- Buyers Credit	-	377.75
B. Unsecured Borrowings:		
(a) Loans from Related Parties	696.00	1,125.88
Total Current Borrowings	1,368.21	1,503.62

* Loans repayable on demand are secured by Pari passu first charge on current assets and movable assets of the Company.

Note no. 19. Other Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a. Advances Received from Customers	433.43	166.25
b. Statutory Dues	660.24	314.20
c. Unpaid Dividend	1.45	2.09
Total Other Liabilities	1,095.12	482.54

Note no. 20. Deferred Tax Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets	1,715.69	1,662.27
Deferred Tax Liabilities	(4,385.30)	(4,060.36)
Deferred Tax Liabilities (Net)	(2,669.61)	(2,398.09)

Note No. 20(a) - Current Tax Assets (Net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax (Net of provision)	134.15	402.87
MAT Credit Entitlement	643.96	559.83
Current Tax Assets (Net)	778.11	962.70

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 20(b) Current Tax Liabilities (Net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Taxation	11,708.00	10,216.87
Less: Advance tax	10,577.93	8,558.00
Current Tax Liabilities (Net)	1,130.07	1,658.87

The Group has 'specified domestic transactions with associated enterprises' which are subject to Transfer Pricing regulations. These regulations, inter alia, require maintenance of prescribed documents and information for the basis of establishing arm's length price including furnishing a report from an Accountant within the due date of filing of return of income.

The Group has undertaken necessary steps to comply with the Transfer Pricing regulations and the prescribed certificate from the Accountant will be obtained for the year ended March 31, 2019. The Management is of the opinion that the specified domestic transactions are at arm's length, and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note No. 21. Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Products (including excise duty) (refer note (i) & (iii))	107,744.05	107,222.67
Other Operating Revenue (refer note (ii) & (iii))	1,137.21	1,422.43
Total Employee Benefit Expense	108,881.26	108,645.10

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Sale of Products		
<u>Manufactured Goods</u>		
Rubberized Coir Mattresses, Cushions	31,759.69	35,097.04
Foam and Foam Products	33,993.02	33,436.68
EPE Sheets	-	7.73
Sofa	1,989.58	1,567.79
Polyfibre Goods	3,391.69	2,618.06
Furniture	652.57	422.37
Foam Mattresses	18,208.94	16,112.18
Spring Mattresses	13,923.58	13,264.60
Total - Sale of Manufactured Goods	103,919.07	102,526.45
<u>Traded Goods</u>		
Polyfibre Goods	456.69	704.27
Mattresses & Cushions	444.26	634.94
EPE Sheet & Foam, others	379.34	739.92
Soft Furnishing	1,185.77	1,559.10
Others (includes solar parts)	1,358.92	1,057.99
Total - Sale of Traded Goods	3,824.98	4,696.22
Total - Sale of Products	107,744.05	107,222.67

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 21. Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(ii) Other Operating Revenues:		
Sale of Scrap	342.48	435.42
Others - Raw Materials	637.12	938.71
Discount Received	157.61	48.30
Total - Other Operating Revenues	1,137.21	1,422.43

iii) Post implementation of Goods & Service Tax (GST) with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for the period April 1, 2017 to June 30, 2017 include excise duty which is now subsumed in the GST. Accordingly, revenue from operations for the current year and the previous year are not comparable.

iv) Disaggregate revenue information

The Group disaggregates the revenue based on geographical locations and it is disclosed under note 33 "Segment Reporting". Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

v) Trade receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Group transfers control over the product to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

Note No. 22. Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest Income, On Financial Assets at FVTPL		
Interest from Banks Deposits	90.59	61.08
Interest on Loans and Advances to Employees	41.93	1.66
Interest Others	604.62	603.41
(b) Dividend Income		
Shares	33.48	0.88
Mutual Fund	280.41	6.94
(c) Rent Received	20.19	-
(d) Sales Tax Subsidy	251.11	92.64
(e) Fair Value gain on Investments (net)*	1,236.02	287.38
(f) Fair Value gain on Investments (net) - Mutual Fund	19.49	-
(g) Other Non Operating Income		
Forex gain	-	239.36
Profit on Sale of Assets	1.19	-
Sales of Agriculture Products	17.25	18.30
Miscellaneous Income	104.26	101.04
Advances no longer repayable written back	95.58	-
Liabilities no longer required, written back	84.68	-
Insurance Claims	42.60	802.58
Total Other Income	2,923.38	2,215.27

* Fair Value Gain on Investments - Shares represents, profit on transfer of 511698 Shares to ESOP trust & Employees of Kurlon Enterprise Ltd as per the Board Resolution for an agreed consideration.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 23a - Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	4,752.49	3,663.84
Add: Purchases	51,781.26	53,204.50
	56,533.75	56,868.34
Less: Closing stock	4,483.98	4,752.49
Cost of Materials Consumed	52,049.77	52,115.85
Material Consumed comprises:		
Latex	4,604.20	4,942.12
Coir	2,503.92	1,837.75
Upholstery	6,941.17	7,337.19
Chemical & Clay	954.31	844.71
Foam Chemicals	25,479.95	29,654.56
Springs and Related Products	2,960.75	1,957.61
Furniture & Sofa	1,904.30	1,588.80
Packing Materials	3,790.83	3,077.94
Others	2,910.35	875.17
	52,049.77	52,115.85

Note No. 23b - Purchase of Traded Goods

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Poly Fibre Goods	532.60	754.23
Traded Mattresses	-	1,107.31
Furnishing Textiles & Others	1,916.46	1,285.81
Furniture	245.78	-
	2,694.83	3,147.35

Note No. 23c - Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<u>Inventories at the beginning of the year:</u>		
Finished Goods	3336.82	3092.08
Work-in-Progress	1567.69	1446.06
Stock-in-Trade	1,274.29	476.18
	6,178.80	5,014.32
<u>Inventories at the end of the year:</u>		
Finished Goods	4,349.16	3336.82
Work-in-Progress	1,736.88	1567.69
Stock-in-Trade	1,873.59	1,274.29
	7,959.62	6,178.80
Net (increase) / decrease	(1,780.82)	(1,164.48)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 24 - Excise Duty

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Excise Duty on Sale of Goods	-	1,607.42
Total	-	1,607.42

Note No. 25 - Employee Benefits Expense

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries and Wages,	5,430.74	5377.96
(b) Remuneration to Managing Director	488.29	486.54
(c) Contribution to Provident and Other Funds	540.18	200.40
(d) Staff Welfare Expenses	498.65	523.33
Total Employee Benefit Expense	6,957.86	6,588.23

Note No. 26 - Finance Cost

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest Expense	438.77	353.78
(b) Interest on Delay Payment of Tax	129.00	223.09
(c) Other Borrowing Cost	94.64	79.76
(d) Other Processing Charges	3.27	4.26
Total Finance Costs	665.68	660.89

Note No. 27 - Depreciation and Amortisation Expense

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation for the year on Tangible Assets	2,195.83	1,698.24
Amortization for the year on Intangible Assets	121.15	116.99
Depreciation and Amortization	2,316.98	1,815.23

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 28 - Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores and Spares Consumed	645.63	639.59
Power & Fuel Oil Consumed	1,611.48	1,350.87
Freight and Handling Charges	7,022.23	5,932.42
Rent Including Lease Rentals	2,176.12	1,439.03
Repairs and Maintenance - Buildings	88.25	63.30
- Machinery	183.62	195.80
- Others	231.64	238.42
Water Charges	25.82	24.71
Tailoring & Fabrication	4,614.45	3,431.86
Rates and Taxes	141.93	458.35
Expenditure on Corporate Social Responsibility (CSR) (refer note 35)	206.39	152.30
Insurance Charges	269.47	332.63
Forex Loss (net)	34.14	-
Watch and Ward Charges	590.82	594.67
Donation Expenses	5.37	0.25
Postage & Telephone	167.92	198.28
Payment to Auditor (Refer note below)	67.38	46.33
Advertisement, Promotion & Selling Expenses	14,050.64	13,155.21
Travelling Expenses	1,028.39	1,099.54
Printing and Stationery	115.71	98.13
Legal and Professional	1,774.60	1,454.94
Deputation of Staff & Rembursement of Expenses	1.09	-
Director Sitting Fees	1.17	1.29
Loss on Fixed Assets Sold	-	3.87
Purchase of Solar Parts	-	1,057.99
Provision for Inventory	188.08	-
Fair Value of Investments	1.16	-
Provision for doubtful Debts	154.21	56.19
Provision for Warranty	172.69	-
Other Non Operating Expenses	16.41	-
Miscellaneous Expenses	361.26	399.86
Total Other Expenses	35,948.07	32,425.82

Payment to Auditor	For the year ended March 31, 2019*	For the year ended March 31, 2018
As Auditor:		
- For Statutory audit	62.00	39.50
- For Tax audit	3.00	3.00
- For Reimbursement of Expenses	2.38	3.83
	67.38	46.33

* Includes fees of Rs.10.00 Lakhs relating to earlier year

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note no. 29 - Earnings per share has been computed as under:

Earnings per share

Particulars	As at March 31, 2019	As at March 31, 2018
Profit after Tax (Rs. in Lakhs)	8,430.46	8,571.95
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs)	148.83	148.83
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs)	148.83	148.83
Earnings per share – Basic (Rs.)	56.65	57.60
Earnings per share – Diluted (Rs.)	56.65	57.60
Face Value of Equity Shares (Rs.)	10/-	10/-

Note No. 30 - Leases

The Group has entered into operating lease arrangement .The lease arrangements are cancellable in nature and are further renewable at the option of the company against increased rent and premature termination of agreement. The total lease payments in respect of such leases recognized in the statement of profit and loss for the year is Rs.2176.12 lakhs. (Previous Year Rs. 1439.03 Lakhs).

The Group does not have any non-cancellable leases as at March 31, 2019, hence the disclosure of the non-cancellable leases is not provided.

Note No. 31 - Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Claims against the Company not acknowledged as debt		
i) Disputed demands under appeal not provided*	171.18	127.03
ii) Disputed Sales Tax/VAT**	4879.46	4925.19
Total	5050.64	5052.22

* These cases are pending at various forums in the respective departments. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authorities and the Company's right for the future appeals before the judiciary. No reimbursements are expected.

** Contingent liabilities disclosed above represent possible obligations where possibility of cash outflow to settle the obligations is not remote

i. The Group has received a demand on 09 December 2014 for Rs.2212.12 lakhs, against which Rs.771.94 Lakhs (PY Rs.771.94 Lakhs) has been paid under protest, and Personal Penalty of Rs 200.00 lakhs on Mr.T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014 , towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. The Company has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow in this regard.

ii. The Group is evaluating and assessing the impact on recent decision of the Honourable Supreme Court of India regarding Provident Fund. Subsequently, review petitions have been filed regarding this matter in the Honourable Supreme Court. Since the matter is pending before Honourable Supreme Court, the management is of the view that no provision is presently required. Accordingly, no provision has been considered in the financial statements for the year end March 31, 2019.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 32 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Capital commitments (net of Advances)	78.41	99.60
Total	78.41	99.60

Note No. 33 - Segment Reporting
Operating Segment:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. Information reported to the chief operating decision maker (CODM) for the assessment of segment performance focuses on the types of products and services delivered or provided. The Group's CODM is the Board.

The Group is predominantly engaged in the business of manufacture, purchase and sale of coir, foam and related products, which has been identified in accordance with the process followed by the CODM and the manner of review of performance by the management due to similar nature of products, production process and distribution process, has been considered as a single reportable segment and accordingly no separate segment information is disclosed.

Entity wide disclosures

- The revenue from major products and services of the Group are as in Note 21(i) to the financial statements.
- Geographical revenue is allocated based on the location of the customers. Information regarding geographical revenue is as follows:

₹ in Lakhs

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Sale of products		
India	107,101.80	106,373.50
Outside India		
- Nepal & Bhutan	435.92	330.52
- Switzerland	113.93	459.58
- Maldives	92.40	59.07
Total	107,744.05	107,222.67

Geographical total assets are allocated based on the location of the assets. Information regarding geographical assets is as follows:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Total Assets		
India	79,546	72,414
Outside India	23.61	12.95
Total	79,570.08	72,427.06

- Revenue from none of the customer group exceeds 10% of total revenue arising from sale of products & services.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 34. Employee Stock Option Scheme 2015 *

During the year ended March 31, 2016, the Subsidiary Company introduced the 'Kurlon Enterprise Limited - Employees Option Scheme 2015' ('the Option Scheme 2015') for the benefit of the employees, as approved by the Board of Directors in its meeting held on July 14, 2015 and the shareholders meeting held on August 22, 2015. The Option Scheme 2015 provides for the creation and issue of 800,000 options that would eventually convert into equity shares of Rs. 5 each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Board of Directors. The options vest annually in a graded manner over a three year period and are exercisable not less than 1 year and a maximum period of 4 years from the date of grant.

During the year ended March 31, 2016, the Company has granted 468,864 options on July 14, 2015 at an exercise price of Rs. 300 per share.

Option activity during the year and weighted average exercise price of stock options under the Option Scheme 2015 is given as below:

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	Number of options	Weighted average exercise price (₹ In Lakhs)	Value of options as per Black-Scholes Model (₹ In Lakhs)	Number of options	Weighted average exercise price (₹ In Lakhs)	Value of options as per Black-Scholes Model (₹ In Lakhs)
Options outstanding at the beginning of the year	319,481	234	146	276,658	300	146
	118,382	332	80	98,250	426	80
Granted during the year - Bonus shares	-	-	-	78,125	-	-
	-	-	-	27,746	-	-
Exercised during the year on exercise of employee	319,481	234	146	-	-	-
	118,382	332	80	-	-	-
Stock options/ restricted shares	-	-	-	-	-	-
	-	-	-	-	-	-
Forfeited during the year	-	-	-	35,302	234	-
	-	-	-	1,523	332	-
Lapsed during the year	-	-	-	-	-	-
	-	-	-	-	-	-
Options outstanding at the end of the year	-	-	-	-	-	-
	-	-	-	6,091	332	80
Options exercisable at the end of the year	-	-	-	319,481	234	146
	-	-	-	118,382	332	80

The weighted average remaining contractual life of the options outstanding as at March 31, 2019 is 4 years (March 31, 2018 - 5 years).

The Company uses the intrinsic value method to account for the stock compensation cost. The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options has been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 7 years, an expected dividend yield of 0.5 % on the underlying equity shares, volatility in the equity share price of 12 % and a risk free rate of 7%. The Company's calculations are based on a single option valuation approach. The expected volatility has been based on the volatility of listed enterprises in the consumer industry for which share price information was available.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to Rs. 435.58 Lakhs was accounted in the Statement of Profit and Loss of financial year 2015-16 as "Expense on employee stock option (ESOP) scheme" and in the Balance sheet as "Share options outstanding account" under Note 11.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit as reported (Rs. In Lakhs)	8,430.46	8,571.95
Add : Stock based employee compensation expense (intrinsic value method) (Rs. In Lakhs)	435.58	435.58
Less: Stock based employee compensation expense (fair value method) (Rs. In Lakhs)	507.01	507.01
Proforma net Profit (Rs. In Lakhs)	8,359.03	8,500.52

Basic earnings per share as reported (In Rs.)	57.69	57.59
Proforma basic earnings per share (In Rs.)	56.17	57.12
Diluted earnings per share as reported (In Rs.)	57.69	57.59
Proforma diluted earnings per share (In Rs.)	56.17	57.12

* The above disclosure for both the years has been considered after giving the impact of share split during the previous year and bonus issue during the current year.

Note No. 35 - Disclosures required under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	115.72	176.48
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	1.44	2.05
The amount of interest accrued and remaining unpaid at the end of each accounting year	29.82	23.06
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, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 36 - Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the requirement of Companies Act, 2013.

₹ in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Gross amount required to be spent by the Company as per Section 135 of the Act	194.71	141.29
Amount spent during the year		
i) Construction/Acquisition of any Asset	-	-
ii) On purposes other than (i) above	206.39	152.30

Note No. 37 - Related party disclosures

The Company has disclosed material Related Party transactions including that with Key Managerial Personnel and Directors.

(a) List of Related Parties and Relationships

Relationship	Related Parties
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Ltd (GICC) Manipal Holdings Pvt. Ltd Manipal Home Finance Ltd Jayamahar Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Metropolis Builders Private Limited Manipal Infrastructure Limited Jai Bharat Mills Private Limited
Key Management Personnel and their relatives	Mr. Tonse Sudhakar Pai, Managing Director Ms. Jaya Sudhakar Pai, Director Mr. Monu Kumar, Company Secretary Mr. Shambhu Kumar Bhotika, Chief Financial Officer Mr. Jamsheed M Pandey, Alternate Director Mr. Ananthanarayanan Subramanian, Director Mr. Nitin Gajanan Khot, Director Mr. Narendra Kudva, Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No. 37 - Related party disclosures * (Contd)

(b) Related Party Transactions

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Enterprises owned or significantly influenced by Key Management Personnel / Directors and their Relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:						
Remuneration :						
T. Sudhakar Pai	497.30	486.74	-	-	497.30	486.74
Shambhu Kumar Bhotika	25.08	15.37	-	-	25.08	15.37
Monu Kumar	5.58	5.00	-	-	5.58	5.00
Sitting Fee paid:						
Dr. Nitin G Khot	0.46	-	-	-	0.46	-
Mr. S Ananthanarayanan	0.47	-	-	-	0.47	-
Mrs. Jaya S Pai	0.45	-	-	-	0.45	-
Rent Paid :						
Jayamahar Trade & Investments Pvt. Ltd	-	-	18.96	23.42	18.96	23.42
Metropolis Builders Pvt Ltd	-	-	23.85	26.17	23.85	26.17
Jai Bharath Mills Private Limited	-	-	6.00	-	6.00	-
Maharashtra Apex Corporation Ltd	-	-	9.20	3.19	9.20	3.19
Manipal Home Finance	-	-	0.60	0.60	0.60	0.60
Mrs. Jaya S Pai	7.07	-	-	-	7.07	-
Advance Paid						
Maharashtra Apex Corporation Ltd	-	-	-	290.02	-	290.02
General Investment & Commercial Corporation Ltd	-	-	-	65.54	-	65.54
Professional and Other Charges:						
Metropolis Builders Pvt Ltd	-	-	-	0.17	-	0.17
Jamsheed J Pandey	-	-	-	12.87	-	12.87
Manipal Advertising Services (P)Ltd	-	-	7.43	0.15	7.43	0.15
Manipal Stock & Shares Brokers Ltd	-	-	17.12	-	17.12	-
Interest Received						
General Investment & Commercial Corporation Ltd	-	-	75.54	80.00	75.54	80.00
Manipal Stock & Shares Brokers Ltd	-	-	-	60.00	-	60.00
Dividend Income						
General Investment & Commercial Corporation Ltd	-	-	-	0.87	-	0.87
Other Income						
Maharashtra Apex Corporation Ltd	-	-	29.26	-	29.26	-
GICC	-	-	-	-	-	-
Advertisement Expenses						
Manipal Advertising Services (P)Ltd	-	-	1,577.57	1,810.98	1,577.57	1,810.98
Interest Paid on Unsecured Loan :						
Jaya S Pai	70.33	12.65	-	-	70.33	12.65

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 37 - Related party disclosures * (Contd)

₹ in Lakhs

Particulars	Key Management personnel and their Relatives		Enterprises owned or significantly influenced by Key Management Personnel / Directors and their Relatives		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:						
Loan taken						
Jaya S Pai	-	1,475.00	-	-	-	1,475.00
Repayment of Loan						
Metropolis Builders Pvt Ltd	-	-	-	501.88	-	501.88
Jaya S Pai	428.88	350.00	-	-	428.88	350.00
Investment						
Manipal E-Commerce Limited	-	-	-	4.94	-	4.94
Manipal Stock & Shares Brokers Ltd	-	-	200.00	-	200.00	-
Advance Received Repaid :						
General Investment & Commercial Corporation Ltd	-	-	588.87	-	588.87	-
Manipal Stock & Shares Brokers Ltd	-	-	239.76	-	239.76	-
Outstanding as at Year end						
Amounts recoverable :						
Maharashtra Apex Corporation Ltd	-	-	4,460.01	3,590.13	4,460.01	3,590.13
Jayamahal Trade & Investments Pvt Ltd	-	-	7.29	-	7.29	-
GICC	-	-	650.82	506.67	650.82	506.67
Manipal Advertising Services (P)Ltd	-	-	427.82	-	427.82	-
Manipal Stock & Shares Brokers Ltd	-	-	19.22	273.47	19.22	273.47
Amounts Payable :						
Jayamahal Trade & Investments Pvt Ltd	-	-	-	49.25	-	49.25
Manipal Advertising Services (P)Ltd	-	-	0.02	80.25	0.02	80.25
Metropolis Builders Pvt Ltd	-	-	2.38	2.05	2.38	2.05
T. Sudhakar Pai	-	502.13	-	-	-	502.13
Jamsheed J Pandey	-	-	-	0.88	-	0.88
Kurlon Limited	-	-	56.16	-	56.16	-
Maharashtra Apex Corporation Limited	-	-	0.91	0.32	0.91	0.32
Manipal Stock & Shares Brokers Ltd	-	-	0.04	0.04	0.04	0.04
Unsecured Loans payable :						
Jaya S Pai	696.00	1,124.88	-	-	696.00	1,124.88
Interest on unsecured Loans Receivable						
Metropolis Builders Pvt Ltd	-	-	-	0.11	-	0.11
Security Deposit						
Maharashtra Apex Corporation Ltd	-	-	15.00	0.30	15.00	0.30
Rent Deposit :						
Metropolis Builders Pvt Ltd	-	-	30.00	30.00	30.00	30.00
Jai Bharath Mills Private Limited	-	-	30.00	-	30.00	-

The management of the view and represented that all the transactions with the Related Parties are at arms length basis & this has been relied upon by the auditors.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 38 - Financial Instruments
A) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Total Equity Attributable to the Equity Shareholders of the Company	52,733.61	44,505.57
As a percentage of Total Capital	96%	93%
Current Borrowings	1,368.21	1,503.62
Non-Current Borrowings	781.35	1,850.34
Total Borrowings	2,149.56	3,353.96
As a percentage of Total Capital	4%	7%

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances along with investments in liquid securities/liquid mutual funds being in excess of debt.

B) Categories of financial instruments

The carrying amounts and fair values of the financial instruments by class are as follows:

₹ in Lakhs

Particulars	Carrying amount		Fair value	
	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
Financial assets				
a) Measured at fair value through Profit and Loss				
Non-current assets				
- Investments	874.90	763.51	874.90	763.51
- Loans	2,235.35	3,049.44	2,235.35	3,049.44
- Other Financial Assets	421.28	195.72	421.28	195.72
Current assets				
- Other Bank Balances	1,435.41	220.65	1,435.41	220.65
- Investments	3,726.71	1,889.53	3,726.71	1,889.53
b) Measured at Amortised Cost				
Non - Current Assets				
- Trade Receivables	1.50	-	1.50	-
Current Assets				
- Trade Receivables	11,336.02	12,015.89	11,336.02	12,015.89
- Cash and Cash Equivalents	2,251.81	4,398.40	2,251.81	4,398.40
Total	22,282.98	22,533.13	22,282.98	22,533.13

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Carrying amount		Fair value	
	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
Financial Liabilities				
a) Measured at Amortised Cost				
Non-current liabilities				
- Borrowings	781.35	1,850.34	781.35	1,850.34
- Other Non-Current Financial Liabilities	6,084.60	5,672.30	6,084.60	5,672.30
Current liabilities				
- Borrowings	1,368.21	1,503.62	1,368.21	1,503.62
- Trade payables	12,402.46	13,035.60	12,402.46	13,035.60
- Other current financial liabilities	486.21	499.49	486.21	499.49
Total	21,122.84	22,561.35	21,122.84	22,561.35

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as comprise of borrowings, deposits, trade and other payables, investments, loans, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature..
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

C) Financial Risk Management

The Company's principal financial liabilities, comprise of borrowings, deposits, trade and other payables.

The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

i) 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 operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

₹ in Lakhs

Particulars	Currency Symbol	As at 31 March, 2019		As at 31 March, 2018	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	786,449.57	566.36	1,690,627.46	1,111.35
Euro	€	6,136.00	4.15	1,848.00	1.50
Buyer's Credit					
United States Dollar	\$	-	-	574,656.84	657.98
Assets					
Advance to Vendor					
United States Dollar	\$	147,222.61	102.98	6,47,448.76	419.43
Euro	€	51,702.96	41.75	18,339.00	14.71
NOK		-	-		
Net Liability (in INR)		991,511.14	715.24	2,285,471.30	2,204.97

Sensitivity

₹ in Lakhs

Particulars	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity	Increase / (Decrease) in Equity
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
5% Increase in all the foreign currencies	1,041,086.69	2,399,744.87	-	-
5% Decrease in all the foreign currencies	941,935.58	2,171,197.74	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

ii) Interest Rate Risk

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of loans and advances from related parties and security deposits; however these are not exposed to risk of fluctuation in market interest rates as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

Interest Rate Risk Management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed-rate instruments		
<i>Financial Assets</i>		
Balance with Banks held in Deposit Account	1,259.20	43.16
Variable-rate instruments		
<i>Financial Liabilities</i>		
Borrowings from Bank & Other Parties	1,453.56	2,228.09
Borrowings from Related Parties	696.00	1,125.88

Interest Rate Sensitivity Analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of change in interest rates have effect on the profit. It has been assumed that the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk:

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

ii) Financial instruments and cash & bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current assets		
- Investments	874.90	763.51
- Loans	2,235.35	3,049.44
- Trade Receivables	1.50	-
- Other Financial Assets	421.28	195.72
Current assets		
- Investments	3,726.71	1,889.53
- Trade Receivables	11,336.02	12,015.89
- Cash and Cash Equivalents	2,251.81	4,398.40
- Other Bank Balances	1,435.41	220.65
Total	20,847.57	22,312.48

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Not Due	-	-
Due from 0 to 180 days	10,262.46	11,598.86
Due for more than 180 days	1,763.95	960.69
Less: Loss Allowance	(688.89)	(543.67)
Total	11,337.52	12,015.89

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Liquidity risk:

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

Maturity Profile of Financial Liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

₹ in Lakhs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2019			
Borrowings	2,149.56	1,368.21	781.35
Trade Payables	12,402.46	12,402.46	-
Other Non-Current Financial Liabilities	6,084.60	-	6,084.60
Other Current Financial Liabilities	486.21	486.21	-
Total	21,122.84	14,256.88	6,865.95

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2018			
Borrowings	3,353.96	1,503.62	1,850.34
Trade Payables	13,035.60	13,035.60	-
Other Non-Current Financial Liabilities	5,672.30	-	5,672.30
Other Current Financial Liabilities	499.49	499.49	-
Total	22,561.35	15,038.71	7,522.64

(d) Fair Value Hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Disclosures of fair value measurement hierarchy for financial instruments are given below: ₹ in Lakhs

Particulars	Carrying amount/Fair value					
	As at March 31, 2019			As at March 31, 2018		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial Assets						
Carrying amounts/fair value:						
a) Measured at fair value through Profit and loss						
Non-Current Assets						
- Investments	-	-	874.90	-	-	763.51
b) Measured at fair value through other comprehensive income						
Non-Current Assets						
- Loans	-	-	2,235.35	-	-	3,049.44
- Trade Receivables	-	-	1.50	-	-	-
- Other Financial Assets	-	-	421.28	-	-	195.72
Current Assets						
- Investments	3,726.71	-	-	1,889.53	-	-
- Trade Receivables	-	-	11,336.02	-	-	12,015.89
- Cash and cash equivalents	-	-	2,251.81	-	-	4,398.40
- Other Bank Balances	-	-	1,435.41	-	-	220.65
Total	3,726.71	-	17,120.86	1,889.53	-	20,422.95
Financial Liabilities						
Carrying amounts/fair value:						
a) Measured at amortised cost						
Non-Current Liabilities						
- Borrowings	-	-	781.35	-	-	1,850.34
- Other Non-Current Financial Liabilities	-	-	6,084.60	-	-	5,672.30
Current Liabilities						
- Borrowings	-	-	1,368.21	-	-	1,503.62
- Trade Payables	-	-	12,402.46	-	-	13,035.60
- Other Current Financial Liabilities	-	-	486.21	-	-	499.49
Total	-	-	21,122.84	-	-	22,561.35

Fair value of Financial Assets and Financial Liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

₹ in Lakhs

Particulars	March 31, 2019		March 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities:				
Borrowings	2,149.56	2,149.56	3,353.96	3,353.96
Other Financial Liabilities	434.27	434.27	444.23	444.23

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note No. 39

- a) Subsequent to year end, on May 4, 2019, certain property, plants and equipments and inventories of Kurlon Enterprise Limited were destroyed due to cyclone at the Bhubaneswar factory aggregating to Rs. 334.55 Lakhs (being the book value). Kurlon Enterprise Limited has sufficient insurance coverage to cover this loss. However, the Kurlon Enterprise Limited is yet to lodge the claims with the insurer. Considering that this being a non adjusting event as per Ind AS 10, no adjustments has been carried out in the financial statements for the year ended March 31, 2019.
- b) Subsequent to year end, on April 21, 2019, certain property, plants and equipments and inventories of Kurlon Limited were destroyed due to fire at the Gwalior factory aggregating to Rs. 418.86 Lakhs (being the book value). The Company has sufficient insurance coverage to cover this loss. However, Kurlon Limited has lodged the claims with the insurer. Considering that this being a non adjusting event as per Ind AS 10, no adjustments has been carried out in the financial statements for the year ended March 31, 2019.
40. The Kurlon Enterprise Limited's Board of Directors at its meeting held on May 17, 2019 has approved a Scheme of Amalgamation amongst Kurlon Enterprise Limited and Spring Air (Bedding Company) Limited in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The meetings of shareholders and creditors is yet to be held pending directions from National Company Law Tribunal. The parties have applied for the necessary approvals on June 11, 2019 and are awaiting for necessary approvals from various concerned authorities to give effect to the amalgamation.
41. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to schedule III to the Companies Act, 2013

Name of the entity in the	Net assets		Share in profit or loss		Share in Other Comprehensive Income	
	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Profit or Loss	Amount (Rs. In Lakhs)	As % of Consolidated OCI	Amount (Rs. In Lakhs)
Parent:						
Kurlon Enterprise Limited	99.99 (99.99)	38,888.91 (31,307.14)	110.08 (99.99)	8,291.10 (8,414.39)	113.08 1.00	124.82 (14.44)
Subsidiary:						
Kurlon Retail Limited	0.04 (0.01)	3.22 (3.46)	86.03 (0.01)	(759.24) (0.96)	- -	- -

Figures of previous year are in brackets.

Note No. 42

Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

For and on behalf of the Board of Directors

T. Sudhakar Pai

Managing Director

DIN: 00043298

Shambhu Kumar Bhotika

Chief Financial Officer

Dr. Nitin G Khot

Director

DIN: 00030613

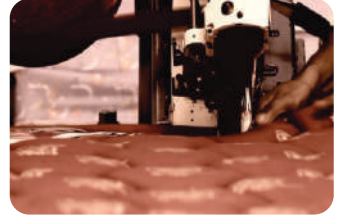
Monu Kumar

Company Secretary

Place : Bangalore

Date: July 19, 2019

Our 57 years of journey towards excellence



Our state of the art manufacturing facilities

State-of-art imported machinery in all our manufacturing facilities ensure world class quality, reliability & scalability of production.

Use of virgin raw materials assure product quality, performance and durability. Modern testing facilities ensure that adherence to quality norms is maintained. Adapt R&D makes sure that we are second to none and churns out innovative products.



Registered Office : **KURLON**
III Floor, North Block, Manipal Centre
47, Dickenson Road, Bangalore - 560 042, India.
CIN : U17214K1962PLC001443.
L I M I T E D
An ISO 9001:2008 Company

Registered Office : **KURLON**
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CIN : U36101MH2011PLC222657 | URL : www.kurlon.com
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ENTERPRISE LIMITED

