Kurl-on®

India's Largest Selling Mattress

Since 1962

ANNUAL REPORT 2017-18

www.kurlon.com

Our Founder: Mr. 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,
International Airport Road,
Opp. Hotel Leela, Andheri
(East), Mumbai-400059

N-301, III Floor, North Block,
Front Wing, Manipal Centre,
47, Dickenson Road,
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 –560 001.

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: purvashr@gmail.com
Contact person: 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, Dabaspet, Bangalore – 562211
4. Plot No. 7, KIADB Industrial Area, Dabaspet, Bangalore – 562211
5. Plot No. 118 Budhihal Industrial Estate, Nelmangala, Bangalore Rural, Bangalore – 562123
6. Plot No. 88, Chandaka, B – Sector, Industrial Estate, Bhubaneshwar – 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, Bhubaneshwar, Bhuj, Burdwan, Calicut, Chandigarh, Chennai, Chittorgarh, Cochin, Coimbatore, Cuttack, Dadar, Dehradun, Delhi, Dhanbad, Dimapur, Dombivali, Durgapur, Ernakulam, Ghaziabad, Goa, Gurgoan, Guwahati, Haldwani, Himmatnagar, Howarh, 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, Sonepath, Surat, Thane, Thrissur, Tirupati, Udaipur, Udupi, Ulhasnagar, Vapi, Vasai, Vellore and Warangal

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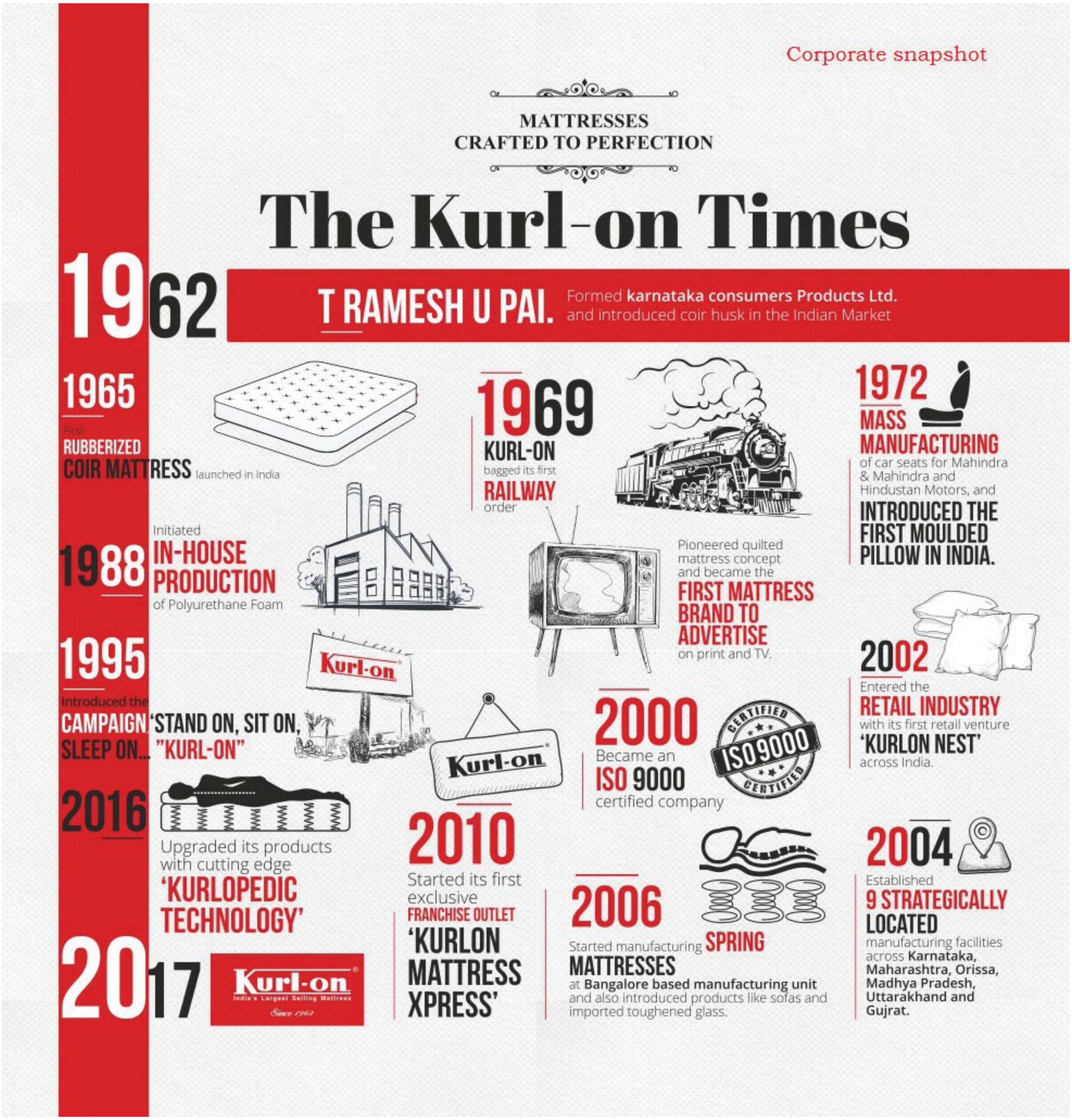
Event of 7th Annual General Meeting

Day	Thursday
Date	20th day of September, 2018
Time	4:00 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.



Kurl-On Ltd., founded by Late T Ramesh U 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/sofa 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. The company is the sole manufacturer of hospital approved mattress. KL markets its products under the flagship brand "Kurl-On", with approximately 35% of market share with a sales of over 1.2 Million mattress a year.

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 its subsidiary, the business of Rubberized Coir, Latex Foam, Polyurethane Foam, Pillows, Spring Mattresses, Furniture, Furnishing, sofa and entire home comforts and related products were transferred to the subsidiary company effective 1st April, 2014. Headquartered in Bengaluru, KEL is now the operating company. Both the companies are closely held, unlisted public Ltd.

THE PRODUCT AND BRAND PORTFOLIO

KEL markets its products under the flagship brand "Kurl-On" with Bounty, Luxurino, Angelica Box TOP, Klassic, Mermaid, Kurlo bond, Convenio, Ortho, Relish, SpineKare, etc. as sub brands.

Sub Brand	Features
Luxurino	Pocketed spring mattresses with Memory foam, most preferred mattresses in Luxury
Angelica Box TOP	Pocketed spring with an EURO TOP of HR Foam, offers both support and comfort
Klassic	It is a strong, sturdy core composed of high density rubberized coir. Dual Side usable
Mermaid	It is a memory foam quilt which relieves pain by adjusting to ones body weight and easing pressure points
Kurlo bond	Perfect fit for a middle class customer, RC with BF having a seven year warranty
Ortho	It is a high density rubberized coir and bonded foam, wrapped in 100% cotton tapestry. Especially crafted for orthopedic relief.
Convenio	Memory and Bonded foam deliver highly comfortable mattresses with ultimate support and friendly to pocket.
Relish*	It is a pocket spring mattress that comes equipped with MSI Technology.
SpineKare**	It is a high tensile spring along with memory foam that provides therapeutic support and eases body pressure points with unique PP Technology
Bounty	It is a light weight and durable high resilient PU foam with double sided quilting

* MSI Technology: Body movement on one side does not affect the other side.

** PP Technology: Zero Pressure Points Technology

THE COMPREHENSIVE PRODUCT RANGE

RANGE OF MATTRESSES

Rubberized Coir Mattress


GRANDEUR


EMBELLISH

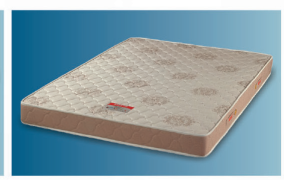

NEW KLASSIC


KURLO BOND

Spring Mattress

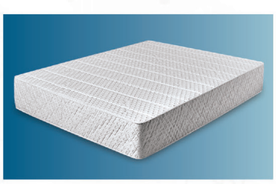

LUXURINO


ANGELICA BOX TOP


RELISH


DREAM SLEEP

Foam Mattress


IMAGINE


MERMAID


CONVENIO


BOUNTY

Therapeutic Mattress


NEW SPINEKARE


NEW ORTHO

RANGE OF PILLOWS

Memory Foam Pillows

GLACIES CONTOUR GEL

GLACIES GEL

GRAZEL CLASSIC

PU Foam Pillows

CHIMERA SLEEK

CHIMERA

HOSTA

Fiber Pillows

SLEEPZZ

SNOW

MIST

DEW

RANGE OF SOFAS

PALETTE

ZENITH

PEARLO

NORA

ARMADA

MERLIN

ESTELLE

BALANCE

LIMA

DAZZLE

MAGIC

JULIET

RANGE OF BED SHEETS

ART OF INDIA

COSMO TRENDS

ROYAL

MODAL

RANGE OF COT

BERLIN

LINEAR

REGAL

VENUS

WIDE GEOGRAPHICAL PRESENCE.

KEY DIFFERENTIATORS

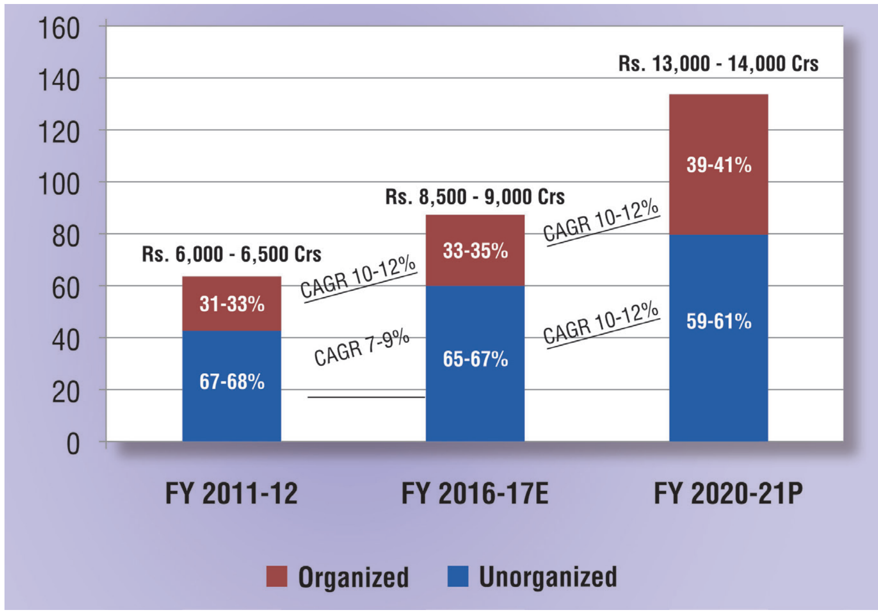
- Strong Brand Value
- World Class manufacturing facilities across
- Largest Production Capacity
- Widest Sales and Distribution Network
- Diversified Product Range Excellent

THE MATTRESS INDUSTRY

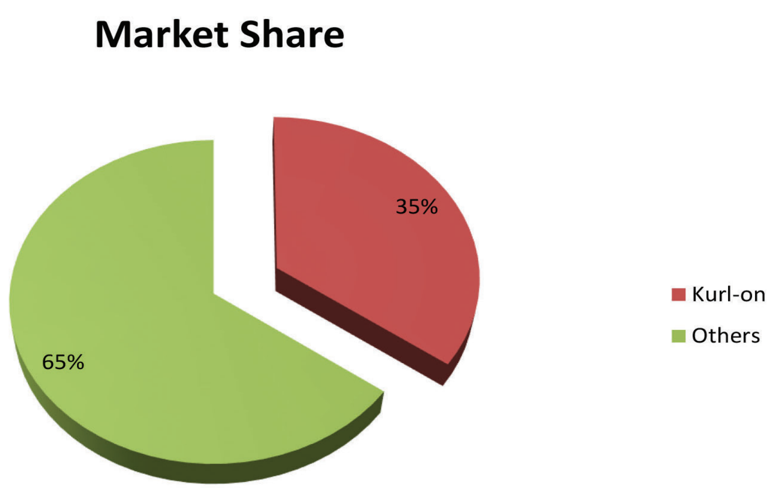
Nationally, the mattress industry is predominantly an unorganized market with many small regional players and just a handful of organized national mattress makers such as Kurl-On. The organized mattress market has been dominated by Kurl-on which is currently the number one brand in mattress and the second largest producer of PU foams in India. The Indian mattress market is estimated approximately ₹ 10,000 Crs., of which approximately 75% has been dominated by cotton mattresses, which is majorly a low value unorganized market. Just about 20% of the total market for mattresses comprises the rubberized coir mattress segment. With remaining market comprising high end foam based mattress.

The industry has grown at an estimated CAGR of 8-10% over the past 5 years, 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.

Snapshot of mattress industry



The industry has grown at an estimated CAGR of 8-10% over the past five years and expects to grow at 8-10% over next five years to reach a total market size of approximately ₹ 13,000-14,000 Crs. by FY2021.



THE DEMAND DRIVERS

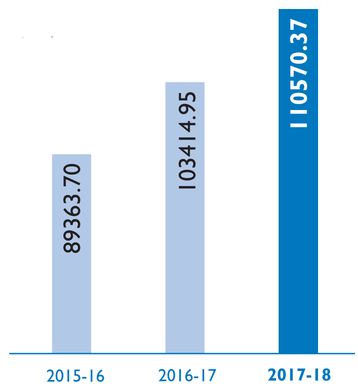
Over the centuries cotton mattresses were the most preferred sleeping product considered by people from across the globe, however germs and mites have a tendency to dwell in cotton mattresses and hence the need for maintenance is quite high. Also the cotton mattresses have sagging tendencies and needs to be replaced on regular basis. On the other hand, coir mattress do not face any such issues and has longer shelf life than traditional cotton mattresses. All these along with shift in consumer preference to Coir/ Foam mattresses would fuel the demand for Kurl-On in years to come. Urbanization and population directly influences the mattress consumption. India is presently only about 31% urban and higher migration would result both in reduction in area per household as well as rise in number of nuclear families, along with newer centers of residential and commercial development and Government programmes such as the "100 Smart Cities by 2022" "Housing for All "Pradhan Mantri Gramin Awaas Yojana", rate of urbanization and urban renewal is expected to rise significantly in the near-future, thus fostering growth of the mattress and furniture industry in the country.

THE WAY FORWARD

Kurl-on 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. The company believes in research based approach to improve the product range and increase the market share and penetration. The company plans to establish its presence in mid range towns, keeping in mind the economics and logistic challenges of the smaller markets. The Company continuous to target semi urban markets with a focus to tap and convert customers from cotton to branded manufactured mattresses. KEL plans to reposition the brand through advertising to target younger customers in urban areas. KEL is continuously enhancing its focus on institutional business from hotels, hostels and hospitals, strengthening company's presence on e-commerce platforms and availability of the products at all leading departmental stores, indulge in contract manufacturing for OEM brands to improve capacity utilization and economies of scale.

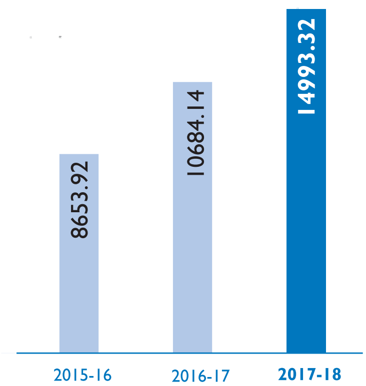
PERFORMANCE HIGHLIGHTS-KURLON ENTERPRISE LIMITED

REVENUE (₹ in Lakhs)



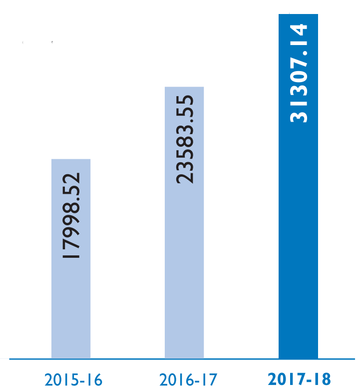
6.92% ↑ y-o-y

EBIDTA (₹ in Lakhs)



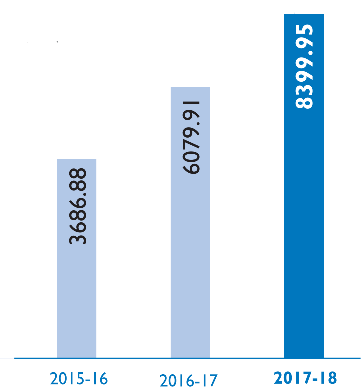
40.33% ↑ y-o-y

Networth (₹ in Lakhs)



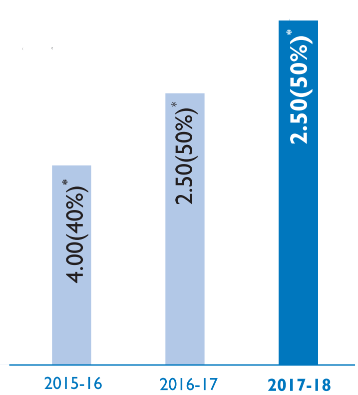
32.75% ↑ y-o-y

Net Profit (₹ in Lakhs)

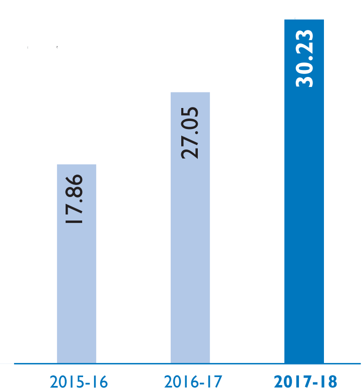


38.16% ↑ y-o-y

Dividend per Share (₹)



Earning per Share (₹)



11.76% ↑ y-o-y

Note: *2015-16 Face value ₹10
2016-17 Face value ₹5
2017-18 Face value ₹5

LETTER TO SHAREHOLDERS

Dear Shareholders,

It gives me great pleasure to share with you an update on the performance of your Company for the year 2017-18. It was a transformative year with the introduction of the Goods and Services Tax (GST), an important development that has created a single national market and will benefit both consumers as well as the industry including the Consumer Goods sector. While trade conditions remained volatile during early implementation, they have since stabilized and there is a gradual improvement in overall demand. In this challenging business environment, your Company delivered a strong performance. Our growth - consistent, competitive, profitable and responsible, continues to serve us well and 2017-18 was the Sixth consecutive year of both topline growth and margin improvement. In the year under review, our business on comparable basis, grew by 6.95%. EBITDA margin on a comparable basis, expanded by 39.26%. Net Profit grew by 36.16% to ₹ 8571.94 Lakhs on consolidated basis.

The Board of Directors have proposed a final dividend of ₹ 2.50 (50%) per share, subject to the approval of the shareholders at the Annual General Meeting. Each of our businesses and functions played an important role in delivering these strong results. In Home Comfort, we accelerated our growth momentum and further strengthened our competitive position.

Our sales and distribution system, with an unrivalled national presence across traditional and modern trade channels, remains a key competitive advantage. We continued to expand technology and intelligent analytics to significantly enhance our customer service and on-shelf availability. The Company also continued to make significant investments in building capabilities to win in channels of the future and substantial progress is being made particularly in the fast-growing e-commerce channel.

Overall, it was another year of sustained high 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 continued to be at a record high.

I have had the good fortune and privilege to serve this great Company as a Chairman to the Board. I bid farewell, I would like to thank each and every employee and those working with us across the value chain for their commitment and service to the Company. I would also like to thank the Board of Directors for their unstinted support throughout my tenure. Most importantly, I would like to thank you, our shareholders, for your overwhelming trust and confidence that helped to uncompromisingly pursue an agenda that was in the long-term interest of the Company.

Sd/-
T Sudhakar Pai
Managing Director

NOTICE OF THE 7TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 7th Annual General Meeting of the Members of M/s. Kurlon Enterprise Limited will be held on Thursday the 20th day of September, 2018, at 4:00 P.M. at "GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian Oil Nagar, on Link Road, Andheri (West), Mumbai- 400 053, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March 2018 together with the reports of the Board of Directors and Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31st March, 2018 together with the Report of the Auditors thereon.

3. To declare a final dividend for the financial year 2017-18 on equity shares.

4. To appoint a Director in place of Mrs. Jaya S Pai (DIN 00030515) who retires by rotation and being eligible offers herself for re-appointment.

5. To ratify the appointment of Statutory Auditors of the Company.

To consider and, if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any Statutory modification(s) or re-appointment thereof, for the time being in force), re-appointment of M/s. Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S), be and is hereby ratified as the Statutory Auditor of the Company to hold office till the conclusion of the next Annual General Meeting of the Company at such remuneration, plus service tax, out-of-the pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

6. RATIFICATION OF COST AUDITOR'S REMUNERATION

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 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 Messrs. 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, 2019 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."

7. TO ISSUE OF BONUS SHARES

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**

"RESOLVED THAT pursuant to the provisions of Section 63 and other applicable provisions if any of the Companies Act, 2013 ("the Act") read with rule 14 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company, consent of the members be and is hereby accorded to the Board of the Company, to capitalize a sum of ₹ 4,29,75,065/- (Rupees Four Crore Twenty Nine lakhs Seventy Five Thousand Sixty Five Only) out of its Free Reserves / Securities Premium Account or such other Reserve Account, as per the audited financial statements of the Company for the financial year ended March 31, 2018, as may be considered appropriate by the Board of Directors and the said amount be applied for the purpose of issue of 8595013 bonus equity shares of ₹ 5/- (Rupee Five only) each, credited as fully paid-up shares to the holders of the existing equity shares of the Company including ESOP holders/trust, to the Exclusion of the Investors of the Company, whose names appear in the Register of members/list of Beneficial Owners on such date ("Record Date") as may be fixed in this regard by the Board, in the proportion of 713 (Seven Hundred Thirteen) equity share for every 2000 (Two Thousand Only) existing equity share held by them.

RESOLVED FURTHER THAT If as a result of implementation of this resolution, any member become entitle to a fraction of new equity shares to be allotted as bonus shares, the Company shall not issue any certificate in respect of such fractional shares but the total number of such new equity shares representing such fraction shall be allotted by the Board to the nominee, to be selected by the Board, who would hold them as trustee for the equity shareholders who would have entitled to such fractions if any. Such nominee will be entitled to sell such equity shares and the net sale proceeds of such shares be distributed among such members who are entitled to such fractions in the proportion of their respective holding and allotment of fraction thereof.

RESOLVED FURTHER THAT the Bonus Shares so allotted shall rank pari-passu in all respects with the fully paid-up equity shares of the Company as existing on the 'record date' (as determined by the Board) and shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company

RESOLVED FURTHER THAT October 3, 2018 be fixed as the record date for this purpose.

RESOLVED FURTHER THAT in the case of members who hold equity shares or opt to receive the equity shares in dematerialized form, the bonus equity shares shall be credited to the respective beneficiary accounts of the members with their respective Depository Participant(s) and in the case of members who hold equity shares in certificate form, the share certificate(s) in respect of the bonus equity shares shall be dispatched, within such time as prescribed by law and the relevant authorities.

FURTHER RESOLVED THAT for the purpose of giving effect to the aforesaid resolution Mr. T. Sudhakar Pai, Managing Director of the Company and/or Mr. Monu Kumar Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with necessary E-form with the Registrar of Companies."

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

Date:10.08.2018
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. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their client ID/Folio No.

4. 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.

5. 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.

6. Pursuant to good corporate governance practices followed by the Company, the particulars of Director seeking appointment / reappointment at the meeting are annexed hereto.

7. 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.

8. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2018 to 20th September, 2018 (both days inclusive).

9. Corporate Members desirous of seeking any information/clarification or explanation with regard to the Accounts or any items of the notice at the 7th 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.

10. 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, 2011respectively) 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 6

Ratification of Remuneration of the Cost auditor:

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 2018-2019, 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 has to be ratified by the Shareholders of the Company.

The Board commends the remuneration of ₹ 2,50,000/- plus applicable taxes and out-of-pocket expenses 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. 7

TO ISSUE OF BONUS SHARES

In order to comply with the requirement of Investment agreement and with a view to dilute the collective shareholding of investors, the Company had approached its investors inter alia requesting them to forgo their entitlement in the bonus issue. The investors of the Company have agreed to forgo their entitlement in the bonus issue to be made by the Company. The Company has now proposed to seek approval of the shareholders of the Company to issue and allot fully paid up bonus shares to the members of the Company, to the Exclusion of the Investors I.e IBEF-II & IBEF-IIA, of the Company.

It is therefore proposed to capitalize a sum of ₹ 4,29,75,065/- (Rupees Four Crore Twenty Nine lakhs Seventy Five Thousand Sixty Five Only) out of its Free Reserves / Securities Premium Account or such other Reserve Account, as per the audited financial statements of the Company for the financial year ended March 31, 2018, as may be considered appropriate by the Board of Directors and the said amount be applied for the purpose of issue of 8595013 bonus equity shares of ₹ 5/- (Rupee Five only) each, credited as fully paid-up shares to the holders of the existing equity shares of the Company including ESOP holders/trust, to the Exclusion of the Investors of the Company, whose names appear in the Register of members/list of Beneficial Owners on such date ("Record Date") as fixed in this regard by the Board, in the proportion of 713 (Seven Hundred Thirteen) equity share for every 2000 (Two Thousand Only) existing equity share held by them. As a result of the proportionate basis of allotment which would be followed during the bonus issuance, there might be fractional shares. The Company shall deal with fractional shares in the manner as proposed in the resolution. As per the provision of Companies Act, 2013 read with Rules framed thereunder, shareholders' approval is required to capitalize the reserves of the Company. The Board recommends passing of the special resolution as set out under item No.7 in the notice as a Special resolution.

The bonus shares on allotment shall rank pari-passu with existing equity shares of the Company. The proposed bonus issue is not in lieu of dividend.

None of the Directors/Key Managerial Personnel or their relatives is concerned or interested in the resolution except to the extent of the shares that may be allotted to them or to their relatives.

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

Date:10.08.2018
Place: Bangalore

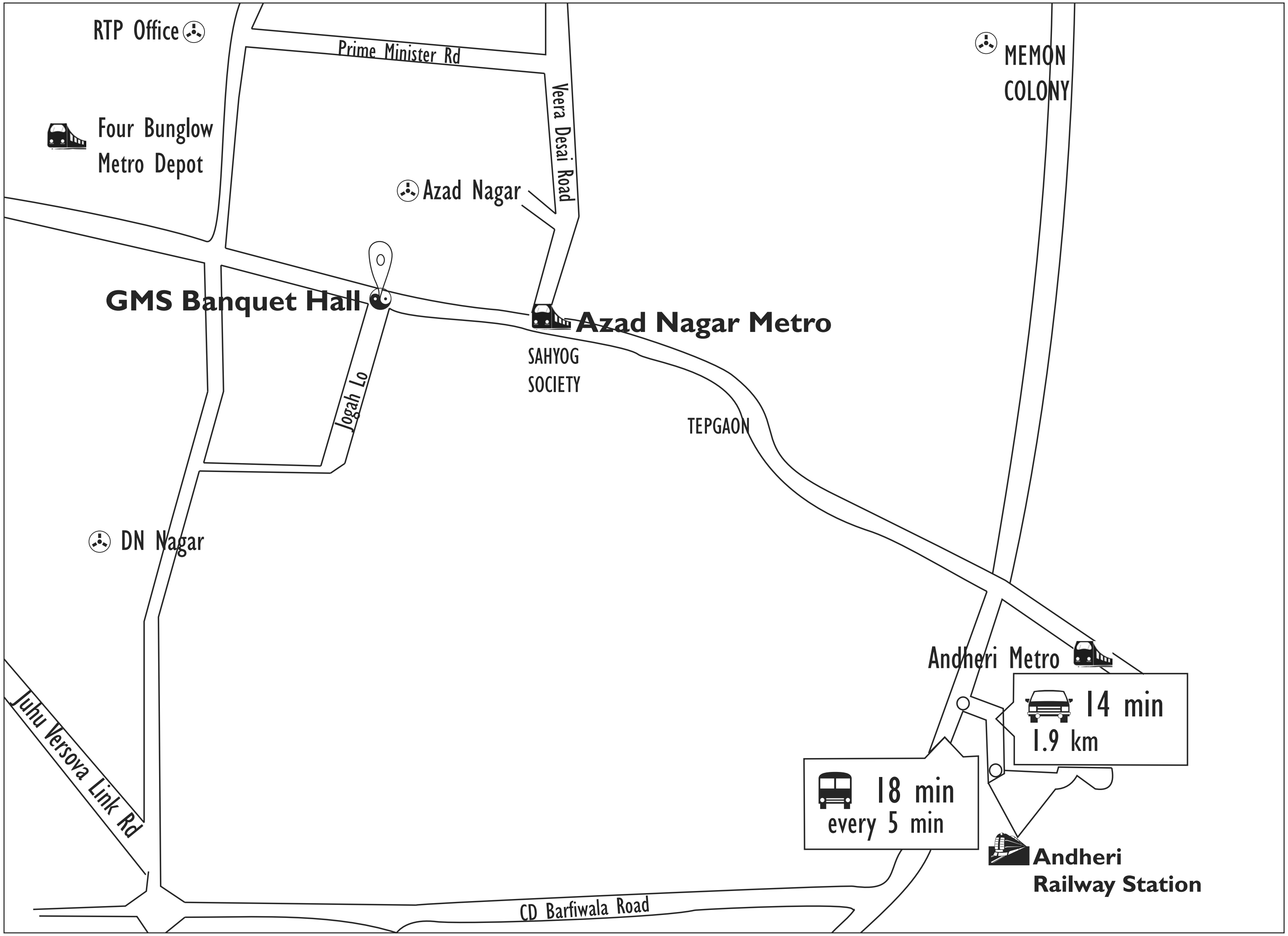
Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Annexure A

Details of the Director seeking Re-Appointment in the forthcoming Annual General Meeting

	Mrs. Jaya S Pai
DIN	**00030515**
Father's/Husband Name	Mr. T. Sudhakar Pai
Date of Birth	24.09.1958
Address	# 5, Chitrakala, Ananthanagar, Manipal, Udupi-576119
Designation	Director
Education	B.A.
Terms and conditions of re-appointment	Appointed as Non-Executive Director Liable to be retire by rotation
Other Companies in which hold Directorship	Metropolis Builders Pvt. Ltd. Manipal Holding Pvt. Ltd. Kurlon Limited Manipal Ecommerce Limited Deepa Jyothi Trading & Services Pvt. Ltd.
Other Companies in which holds membership of Committees	Kurlon Limited
Shareholding in the Company (No. & %)	256 Equity shares (0.0009%)

ROUTE MAP TO THE VENUE OF 7TH 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

To,

The Members,

Your Directors have pleasure in presenting their 7th Annual Report on the business and operations of the Company together with audited statement of Accounts for the Financial Year ended March 31, 2018.

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
	2017-2018	2016-2017	2017-2018
Revenue from operations	110,570.37	103,414.95	110817.97
Profit Before Interest, tax and Depreciation	14993.32	10684.14	15005.03
Finance Charges	404.63	376.07	409.56
Gross Profit	14588.69	10308.07	14595.47
Provision for Depreciation	1434.88	1211.10	1438.96
Net Profit Before Tax	13153.81	9096.97	13156.51
Provision for Tax	4739.42	3048.91	4741.16
Other comprehensive income	(14.44)	31.85	(14.44)
Net Profit	**8399.95**	**6079.91**	**8400.91**
Transfer to General Reserve	840.18	607.90	840.18
Balance available for appropriation	16129.34	9199.72	16131.80
Proposed Dividend on Equity Shares	694.68	561.95	694.68
Tax on proposed Dividend	141.42	114.40	141.42
Surplus in statement of P & L carried to Balance Sheet	15293.24	8523.37	15295.70
Earnings per share (EPS).	30.23	27.05	30.23

2. Year in retrospect;

During the Current Year, Gross Revenue from operations increased from ₹ 103,414.95 Lakhs to ₹ 110,570.37 Lakhs , registering a growth of 6.92 % over the last year. Net Profit for the current year also increased by 38.16% to ₹ 8399.95 Lakhs as against the profit after tax of ₹ 6079.91 Lakhs of last year.

On consolidated basis the group has achieved revenue of ₹ **110817.97 Lakhs** and Net Profit ₹ **8400.91 Lakhs**.

3. Dividend

The Directors are pleased to recommend a final dividend of ₹ 2.50 (i.e. 50%) per equity share on the equity shares of the Company for the financial year 2017-18. 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 3rd October, 2018. 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 ₹ 836.10 Lakhs (including dividend tax ₹ 141.42 Lakhs) (Previous year ₹ 676.35 Lakhs inclusive of Dividend Tax of ₹ 114.40 Lakhs)

4. Transfer to Reserves;

During the year under review, your Company has transferred ₹ 840.18 lakhs of the profit to general reserve.

5. Consolidated Financial Statement;

In accordance with Section 136 of the Companies Act, 2013 and the applicable Accounting Standard on the Consolidated Financial Statements, your Directors have attached the consolidated financial statements of the Company which form a part of the Annual Report

6. Change in the nature of business ;

During the year under review there was no change in the nature of business.

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

There are No material changes and commitments affecting the financial position of your Company which have occurred between the end of the FY 2017-18 and the date of this report.

8. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) vide its notification dated February 16 2015 notified the Indian Accounting Standards (Ind AS) applicable to certain class of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1 April, 2017, with a transition date of 1 April, 2016. These financial statements for the year ended 31 March 2018 are the first financial statements the Company has prepared under Ind AS. For all periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017 and the opening Ind AS Balance Sheet as at 1 April, 2016, the date of transition to Ind AS.

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 ₹ 13,89,36,900/-(Rupees Thirteen Crores Eighty Nine Lakhs Thirty Six Thousand Nine Hundred Only) divided into 27787380 (Two Crores Seventy Seven Lakhs Eighty Seven Thousand Three Hundred Eighty 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 5309120 (Fifty Three Lakhs Nine Thousand One Hundred Twenty only) fully paid up Bonus Equity shares to the existing shareholders of the Company on December 4, 2017, to the exclusion of Investors of the Company, who had waived their entitlement pursuant to their latter No. RT/SSO/DDL Dated 02.11.2017 in the proportion of 353 equity share for every 1250 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

As per the Companies Act, 2013 Mrs. Jaya S Pai, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offered herself for re-appointment. The Board recommends her re-appointment.

There is no change in the composition of Board during the year under review except Mr. Jamsheed M Panday (DIN 00232768) who was appointed as an alternate Director to Mrs. Jaya S Pai (DIN: 00030515) on the Board of the Company with effect from 21.02.2018 in her absence from India and subsequently ceased to be an Alternate Director on 15.05.2018 due to return of Mrs. Jaya S Pai in India.

Further Board has also appointed Mr. Shambhu Kumar Bhotika as Chief Financial Officer ("CFO") of the Company w.e.f 21st February, 2018 in place of Mr. Jamsheed M Panday who ceased to be Chief Financial officer of the Company w.e.f 21th February, 2018.

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 fulfills the conditions specified in the Act and the Rules made thereunder and are Independent to the management.

12. Board Meetings;

A calendar of Board and Committee Meetings to be held during the year was circulated in advance to the Directors. 4 (Four) Board Meetings were convened and held during the year as on 21.06.2017, 20.07.2017, 02.11.2017 & 21.02.2018 respectively.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report & attached as Annexure "B" forming part of this Report. The intervening gap between the Meetings was within the period prescribed under the Act.

13. Particulars of Employees

Provision of Section 197(12) of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to Company hence your company is not required to give any statement in terms of section 134(3) (q) of the Act read with rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

14. Annual evaluation of Board and its Committees

The Nomination and Remuneration ("NR") Committee has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairman, 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 NR Committee 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 2018 your Company has One (1) wholly owned subsidiary Company 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 annexed as Annexure "B" in form AOC-1. The statement also provides the details of performance and financial position of KRL.

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.

Your Company has 852 Exclusive stores under the name Kurlon Mattress Xpress ("KMX") and Kurlon Korner ("KK") during the year under review. Which are being proposed to be shifted to KRL during the FY 2018-19 by way of agreement or contract in order to improve operational efficiency. The numbers of stores and their corresponding revenue are as follows:

(₹ In Crores)

Particulars/name of stores	No of stores	Revenue
Kurlon Mattress Xpress	342	144.05
Kurlon Korner	510	62.91

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, 2018, 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, 2018 and of the Profit of your Company for the Financial Year ended March 31, 2018;

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 Financial Year ended March 31, 2018 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;

A report on Management Discussion and Analysis are attached as **Annexure "D"** forming part of this report.

19. Report on Corporate Governance;

Your company's firm belief is 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 "C"** forming part of this Report.

20. Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No. 015125N), Bangalore, Statutory Auditors were appointed for 5 (five) years in the 3rd Annual General Meeting of the Company to hold office up to the conclusion of 8th Annual General Meeting of the Company subject to ratification every year by the shareholders of the Company. Your Company has received an eligibility letter from the Auditors to the effect that the ratification of their appointment, would be in accordance with Sections 139 and 141 of the Act. The Board recommends the ratification of their appointment.

21. Secretarial Audit:

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 had appointed Mr. K Dushyanth Kumar, a Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year ended 31st March, 2018. The Secretarial Audit Report is annexed as **Annexure "E"**.

22. Auditors' report;

There is no observations of the Auditors in their Report, hence your company is not required to give further explanation pursuant to Section 134(3)(f)(i).

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

There are no claim shall lie on dividend from the Shareholders. Company regularly deposits the declared dividend amount to the shareholders Account.

24. Loans, Guarantees and investments

The particulars of Loans, guarantees or investments made under Section 186 of the Companies Act, 2013 is furnished in the notes to the Financial Statements for the year ended 31st March, 2018 provided in this Annual report.

25. 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.

Since all the related party transaction entered into by the Company were in ordinary course of business and were on an arm's length basis and there were no material related party transactions during the year under review, hence Form AOC-2 is not applicable to the Company.

26. 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.

27. 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 Chairman of the Audit Committee. The Vigil Mechanism (Whistle Blower policy) is available on the Company's website.

28. 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 Chairman of the Committee. Dr. Nitin G Khot, Sri. S Ananthnarayanan, Non-Executive, Independent Directors & Mr. Amit Choudhary 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.

29. Audit Committee

The Board has constituted an Audit Committee with Dr. Nitin G Khot as Chairperson and Mr. S Ananthanarayanan, Mr. T. Sudhakar Pai & Mr. Amit Choudhary 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.

30. 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.

31. Disclosure about Cost Audit

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 2017-18.

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 2018-19. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration 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 2018-19 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.

32. 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 as **Annexure "G"**.

33. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

34. Public Deposits:

The Company has not accepted any public deposit(s) during the year under review.

35. 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.

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

Your Directors, further state that during the year under review, there were no cases filed, pursuant to the SHWWA and rules made thereof.

37. 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.

38. 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 etc.

39. 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: 10.08.2018
Place: Bangalore

Sd/-	**Sd/-**
(T. Sudhakar Pai)	**Dr. Nitin G. Khot**
Managing Director	**Independent Director**
DIN: 00043298	**DIN: 00030613**

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 options outstanding at the beginning of year	374908
6.	Option granted during the year-Bonus shares	105871
7.	Number of options exercised during the year	-
8.	Total No. of share arising out of exercise of options	-
9.	Number of options lapsed/forfeited during the year	36825
10.	Variation in terms of options	-
11.	Money realized by exercise of options	-
12.	Total No. of Options in force	443954
13.	Option granted to Key Managerial personal during FY 2017-18;	-
14.	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;	-
15.	Any other employees who receive a grant in any one year of option amounting to 5% or more of options granted during the year.	-

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

Date: 10.08.2018
Place: Bangalore

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

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

Annexure - B

FORM AOC-1

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 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.

(Amount in Lakhs)

Name of Wholly owned Subsidiary Company	Kurlon Retail Private Limited
Issued & Subscribed Capital	1.00
Reporting period	31.03.2018
Share capital	1.00
Reserves & Surplus	2.46
Total Assets	699.81
Total Liabilities (Excluding Share capital & Reserve & Surplus)	696.35
Investments	-
Turnover/Income from operations	606.09
Profit/(Loss)before Tax	2.70
Provision for Tax	1.74
Profit/(Loss) After Tax	0.96
Proposed Dividend	-
% of shareholding	100.00%

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

Date: 10.08.2018
Place: Bangalore

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

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

Annexure-"C"

REPORT ON CORPORATE GOVERNANCE

1. 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, 2018, comprised 5 Directors, of which 4 were Non-Executive Directors and one Managing Director. The Company has an Executive Chairman, 2 Independent Directors, one women non-executive Director with one 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 financial year ended 31st March, 2018 are as follows:-

Name of Director	Category	Attendance at the Board Meeting during the F.Y. 2017-2018	Attendance at the Last AGM	As on 31-03-2018		
				No. of Directorship in other Co.	Committee membership in other Companies	Chairman in Committees in which they are members
Mr.T Sudhakar Pai Chairman & Managing Director DIN: 00043298	Executive, Promoter	4	Yes	9	-	-
Mrs. Jaya S Pai DIN: 00030515	Non-Executive, Promoter	3	Yes	5	1	1
Dr. Nitin G Khot DIN: 00030613	Non-Executive, Independent	3	Yes	1	1	-
Sri. S Ananthnarayanan DIN: 00025505	Non-Executive, Independent	4	Yes	1	1	3
Mr.Amit Choudhary (upto 10.08.2018) DIN: 07415690	Independent, Non-executive, Nominee	2	Yes	4	-	-
Mr.Vishal Tulsyan (w.e.f 10.08.2018) DIN: 00139754	Independent, Non-executive, Nominee	3*	Yes	3	-	-

*** Attended as an invitee.**

III. Meetings;

During the financial year under review the Board of Directors of your Company met 4(Four) times as on 21.06.2017, 20.07.2017, 02.11.2017 & 21.02.2018 respectively and the gap between two meetings did not exceed 120 days.

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

Mrs. Jaya S Pai is liable to retire by rotation in the ensuing AGM and being eligible offered herself for re-appointment.

	Mrs. Jaya S Pai
DIN	00030515
~~Father's~~/Husband Name	Mr. T. Sudhakar Pai
Date of Birth	24.09.1958
Address	# 5, Chitrakala, Ananthanagar, Manipal, Udupi-576119
Designation	Director
Education	B.A.
Other Companies in which hold Directorship	Metropolis Builders Pvt. Ltd. Manipal Ecommerce Limited Manipal Holding P Ltd. Kurlon Limited Deepa Jyothi Trading & Services P Ltd.
Other Companies in which holds membership of committees	Kurlon Limited
Shareholding in the Company (No. & %)	256 (0.0009%) Equity shares

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:

- 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.
- Discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- 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.
- Hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- 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.
- Review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- 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.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- 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.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower/Vigil mechanism.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- 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 is constituted in accordance with the provisions of Section 177 of the Act. All members of the Committee are financially literate, with Mr.T Sudhakar Pai, Chairperson of the Committee, 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
Mr.T. Sudhakar Pai	Executive, Non-Independent	2	2
Mr. S Ananthnarayanan	Independent, Non-Executive	2	2
Dr. Nitin G Khot	Independent, Non-Executive	2	1
Mr. Amit Choudhary (upto 10.08.2018)	Independent, Non-Executive Nominee	2	-
Mr. Vishal Tulsyan (w.e.f 10.08.2018)	Independent, Non-Executive Nominee	2	2*

*** Attended as an invitee.**

The Committee met 2 (Two) times during the Financial Year 2017-2018 on 20.07.2017 & 02.11.2017 respectively. The necessary quorum was present at the above meetings.

The Chairman of the Audit Committee, Mr.T Sudhakar Pai was present at the Annual General Meeting of the Company held on 27th September, 2017.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

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

- To formulate criteria for determining qualifications, positive attributes and independence of a director.
- To formulate criteria for evaluation of independent directors on the Board.
- To recommend to the Board policy relating to remuneration for directors, Key Managerial Personnel and other senior management.
- To carry out evaluation of every Director's performance;
- To devise policy on Board diversity;
- 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 and

b. Composition and Attendance during the year

In terms of the provision of Section 178 of the Companies Act, 2013, your Company has constituted a Nomination and Remuneration Committee on 05th November, 2015 with a view to review and recommend the payment of annual salaries, 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
Mr. S Ananthnarayanan	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)	Independent, Non-Executive Nominee	2	2*

*** Attended as an invitee.**

The Committee met twice during the Financial Year 2017-2018 on 20.07.2017 & 21.02.2018 respectively. The necessary quorum was present at all meetings. The Chairman of the NRC, Dr. Nitin G Khot was present at the Annual General Meeting of the Company held on 27th September, 2017.

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 NR Committee 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 178 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 4 (Four) times during the year, on 21.06.2017, 20.07.2017, 02.11.2017 and 21.02.2018.

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
Mr. S Ananthnarayanan	Independent, Non-Executive	4	4
Dr. Nitin G Khot	Independent, Non-Executive	4	3
Mr. T Sudhakar Pai	Non Independent, Executive	4	4

Mr. S Ananthnarayanan acts as a chairman of the meeting.

c. Details of investor complaints received, redressed and pending during the financial year ended 31st March, 2018

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:

- 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;
- 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 a 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 20.07.2017 and 21.02.2018 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
Mr. 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)	Independent, Non-Executive Nominee	2	2*

*** Attended as an invitee.**

Mr. S Ananthnarayanan acts as a chairman of 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:

- 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.

- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen.
- 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 2017-18 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	2
Dr. Nitin G Khot	Independent, Non-Executive	3	2
Mr. S. Ananthanarayanan	Independent, Non-Executive	3	3
Mr. Amit Choudhary (upto 10.08.2018)	Independent, Non-Executive Nominee	3	2
Mr. Vishal Tulsyan (w.e.f 10.08.2018)	Independent, Non-Executive Nominee	3	2*

*** Attended as an invitee.**

The CSR Committee met thrice during the year, on 21.06.2017, 02.11.2017 and 21.02.2018 and Mrs. Jaya S Pai acts as the chairman of the meeting.

8. BANKING COMMITTEE

Banking Committee has been constituted by the Board of Directors of the Company as 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:

1. 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 matters.

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	3
Mr. S. Ananthanarayanai	Independent, Non-Executive	4	4

The Banking Committee met Four times during the year, on 21.06.2017, 20.07.2017, 02.11.2017 & 21.02. 2018 respectively. Necessary Quorum was present throughout the meetings and Mr. T Sudhakar Pai acts as the chairman of meeting.

9. RISK MANAGEMENT COMMITTEE

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 RM Committee deliberates extensively on the structure and identifies risks to ensure timely actions.

a. Term of reference;

The terms of reference of the RM Committee 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
Mr. S. Ananthanarayanan	Independent, Non- Executive	2	2
Mr. Jamsheed M Minocher (upto 21.02.2018)	Chief Financial officer ("CFO")	2	2
Mr. Shambhu Kumar Bhotika (w.e.f. 21.02.2018)	Chief Financial officer ("CFO")	2	-

The RMC Committee met twice during the year, on 20.07.2017 & 21.02.2018 respectively. Necessary Quorum was present throughout the meetings and Mr. T Sudhakar Pai acts as the chairman of 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
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.
2015	29.09.2015	#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 were passed by the requisite majority of shareholders except as above.

B. Extra ordinary General Meeting

Particulars of Extra Ordinary General meeting held during the year under review;

Date	Venue	Summary of Special resolution(s) passed if any,	Time
28.11.2017	N-301, 3rd Floor, North Block, Manipal Centre, 47, Dickenson Road, Bangalore-560042	To approve issue of Bonus Shares.	4.00 P.M.

C. Postal Ballot

No resolution was put to vote through postal ballot during the financial year 2017-2018. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

11. DISCLOSURES

A. Related Party Transactions

All the transactions entered into with Related Parties as per the Companies Act, 2013 during the Financial Year 2017-18 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 has been provided as annexure of 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
Thursday, the 20th day of September, 2018	4.00 P.M.	"GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian Oil Nagar, on Link Road, Andheri (West) Mumbai-400 053.

C. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 13th September, 2018 to 20th September, 2018 (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 10th day of August, 2018 has recommended final dividend of ₹ 2.50 (i.e 50%). the total outflow towards dividend on equity shares for the year would be ₹ ₹ 836.10 Lakhs (including dividend tax ₹ 141.42 Lakhs) (Previous year ₹ 676.35 Lakhs inclusive of Dividend Tax of ₹ 114.40 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 3rd day of October, 2018 within 30 days from the date of AGM.

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 2017-18 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 Agents 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.	+91-022-2301-6761/2508
Email ID	purvashr@gmail.com

G. Distribution of Shareholding as on 31st March 2018:

Slab of Shareholding (Rs.)	No. of Shareholders	% of Shareholders	Amount (in Rs.)	% of Shareholding
0-5000	395	79.80	526640	0.38
5001-10000	49	9.90	349425	0.25
10001-20000	18	3.64	245270	0.18
20001-30000	11	2.22	254080	0.18
30001-40000	3	0.61	102590	0.07
40001-50000	4	0.81	194305	0.14
50001-100000	5	1.01	297560	0.21
100001 and above	10	2.02	136967030	98.58
Total	495	100.00	138936900	100.00

H. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Promoters	3	0.00	768
Corporate Promoter	1	83.94	23323357
N.R.I (Non-Repat)	5	0.10	27250
N.R.I.(Repat)	4	0.05	13032
Bodies Corporate	23	0.26	71055

Clearing Members	1	0.00	1350
Individuals	434	2.38	662593
Foriegn Corporate Bodies	1	8.47	2354086
Trust	1	4.77	1324174
Hindu Undivided Family	22	0.03	9715
Total	495	100	27787380

J. Dematerialization of shares and liquidity:

Percentage of shares held in physical and dematerialized form as on 31st March, 2018:

Physical form : 1536 (0.01%)

Electronic form with NSDL & CDSL : 27785844 (99.99%)

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 Agents at their Address mentioned above or to the Company at:

1. 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.

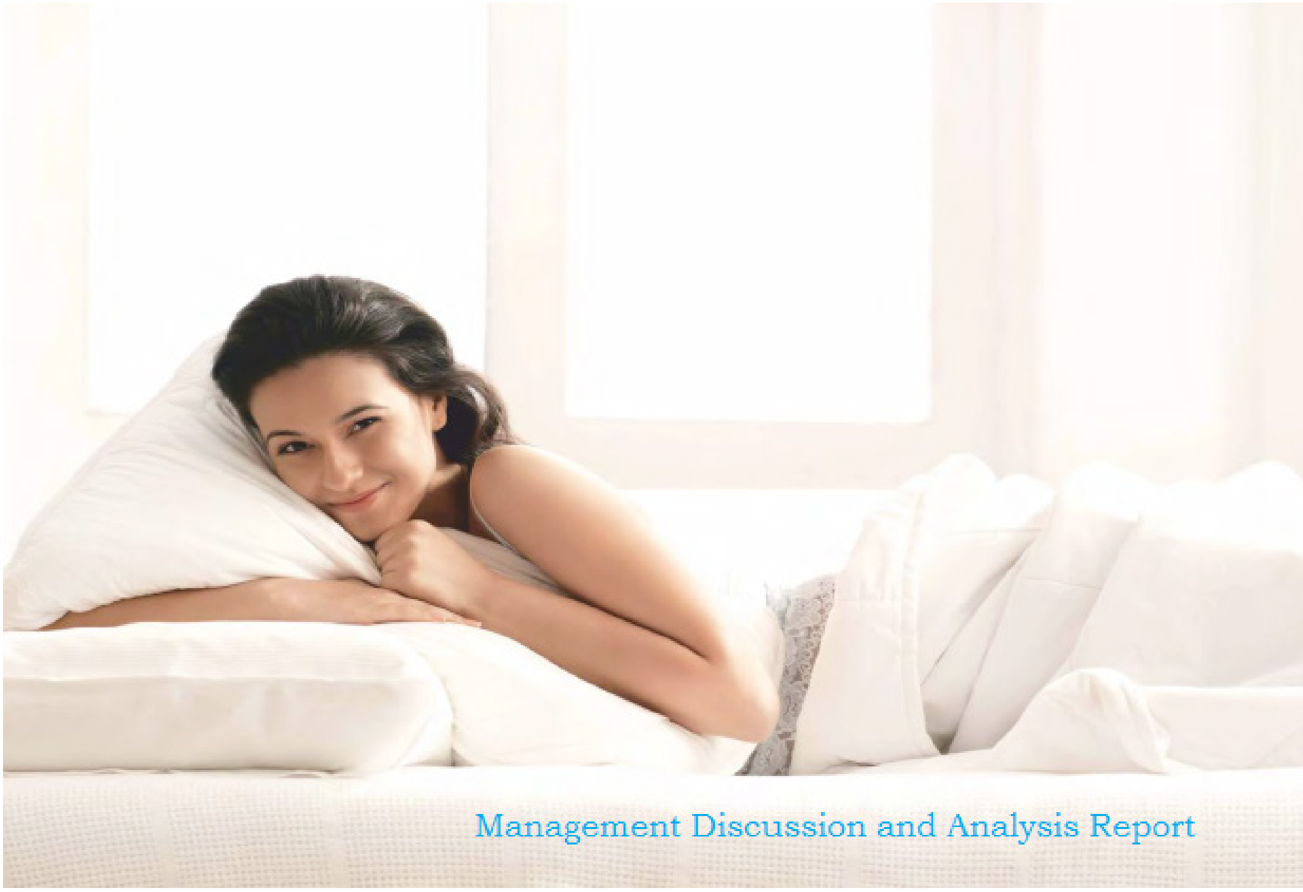
For and on Behalf of the Board
For **Kurlon Enterprise Limited**

Date: 10.08.2018
Place: Bangalore

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

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

Annexure- "D"



Kurl-on have been energizing India since 1962, from being a humble home grown Company, today Kurl-on are the largest selling Mattress maker & the only industry players who has direct presence across over 150 Cities servicing large network of over 7500 retailer. Kurl-on are evolving @ fast pace , from being Mattress Makers to Largest Mattress retailer in India with growing direct retail presence ultimately fabricating large Omni channel Network.

Vision & Mission:- Kurl-on sustain Brand leadership with highest Consumer delight through our World class Manufacturing Process , Innovation and Making Kurlon the best Place to work. With this 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

The economy appears well positioned & the 17-18 has been good for India. The manufacturing and service sectors both benefited from a substantial increase in output thanks to broad-based demand. Moreover, industrial production expanded at a healthy pace.

A normalization in cash conditions following the demonetization of late 2016 and the fading of disruptions from last year's launch of the Goods and Services Tax should facilitate the economic recovery in FY 2018 even further . Nonetheless, risks of fiscal slippage in the run-up to elections next year, concerns over India's banking sector, increasing global trade tensions and higher oil prices all cloud prospects. We expects GDP growth of 7.3% in FY 2018-19

1. **Industry Overview: -** The mattress industry is expected to be around ₹ 100 bn, and we feel more than 65 % industry is un-orgazinsed . While there is strong movement towards organized markets , government initiative such as GST would drive this acceleration further. We feel unorganized sector is growing @ 8 %, while organized sector is growing @ 10-12 % . 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 financial year 2017-18, the Company achieved revenue from its operations of Rs 110,570.37 Lakhs. Growth is Priminary driven by Metro Cities and Ru-rben area Our Growth trend is in sync with the general growth trends of India . In the last financial year your Company has rationalized prices, product offerings and sharply focused on applications of each product to strengthen market share. Keeping eye on future , we also took baby steps in expanding and learning by opening Company Owned network of Retail Stores.

In the year 2017-18, With Strong Focus on Cost Reduction, Marketshare improvement , Profitability improvement. We achieved our objective of Strong Sales Growth and very Strong PAT growth as well

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 any 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.

Hotels, Hospitals and Hostels prefer high performance, high quality branded mattress with flame retardant, Anti – Bacterial fabrics. 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. A major growth driver for the mattress market in India is the growing urban population who is ready to spend considerable amounts on luxury and comfort. The major market for modern mattresses is in urban area. The rural market is dominated by Cotton Mattress or other sleeping surfaces. Wellness is gaining popularity among the large urban population and its importance for wellness, since people use a mattress for 8 hours of the day.

India Organized versus Un-organized market share (in %)

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 .

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.

Impact of GST :- we feel GST would positively impact the organized players from cost point of view enabling movement of Consumer from unbranding 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 countries Population doesn't not use modern mattress , we feel this itself is an opportunity over long terms.

Health Awareness :- Company strives to help driving growth further

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, Gross Revenue from operations increased from ₹ 103,414.95 Lakhs to ₹ 110,570.37 Lakhs , registering a growth of 6.92 % over the last year. Net Profit for the current year also increased by 38.16% to ₹ 8399.95 Lakhs as against the net profit of ₹ 6079.91 Lakhs of last year and Profit before tax was landed at ₹ 13,153.81 Lakhs as compared to ₹ 9096.97 Lakhs of previous year registering a growth of 44.59%.

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: 10.08.2018
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 31.03.2018

[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

#1002/1006, The Avenue, International

Airport Road Opp. Hotel Leela, Andheri

(East) Mumbai MH 400059 IN

In connection with issue of a **SECRETARIAL AUDIT REPORT** pursuant to Sec.204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of **KURLON ENTERPRISE LIMITED** (Company), we wish to state as under:

A. Kurlon Enterprise Limited is incorporated under the Companies Act, 1956 vide CIN.U36101MH2011PLC222657 dated 03.10.2011 issued by the Registrar of Companies, Mumbai.

B. We have verified the records maintained by the Company under the provisions of the Companies Act, 2013 (Act) from 01.04.2017 to 31.03.2018 and report that the Company has complied with the various provisions of the said Act.

C. The Authorized Capital of the Company is ₹**19,00,00,000 (Nineteen Crores)** divided into 3,80,00,000 (Three Crore Eighty Lakhs) Equity Shares of ₹5/- (Five) each. The Issued, subscribed and Paid up Capital of the Company is ₹ **13,89,36,900 (Thirteen Crores Eighty Nine Lakhs Thirty Six Thousand Nine Hundred)** divided into 2,77,87,380 (Two Crores Seventy Seven Lakhs Eighty Seven Thousand Three Hundred Eighty) Equity Shares of ₹5/- (Five) each.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

a. The Companies Act, 2013 (the Act) and the Rules made thereunder;

b. Secretarial Standards issued by the Institute of Company Secretaries of India under Section 118(10) of the Companies Act, 2013, and

c. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder.

We have also examined forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the rules and provisions of:

a. Employees Provident and Miscellaneous Provisions Act, 1952,
b. Employees' State Insurance Act, 1948
c. Factories Act, 1948
d. Income Tax Act, 1961
e. Payment of Bonus Act, 1965
f. Payment of Gratuity Act, 1972
g. Payment of Wages Act, 1936
h. The Minimum Wages Act, 1948

We 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 that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all the 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.

All Board decisions have been passed without any dissent.

The Company has duly complied with the provisions of the Companies Act, 2013. The Company has held board meetings during the year under report as under:-

Sl. No.	Dates	No of Meetings in a year
1.	21.06.2017	4 (Four)
2.	20.07.2017	
3.	02.11.2017	
4.	21.02.2018	

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

We further report that during the audit period the company has NIL events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This Report is issued based on the information that were made available at the time of verification of the records and clarifications furnished for queries raised by us and inspection of the documents, files, book, registers and other relevant papers made available for verification.

For K Dushyantha & Associates
Company Secretaries in Practice

K. Dushyantha Kumar
C.P.No.: 6003
FCS No.:6662

Date: 16.07.2018
Place: Bengaluru

To,

The Members,

KURLON ENTERPRISE LIMITED

#1002/1006, The Avenue, International

Airport Road Opp. Hotel Leela, Andheri

(East) Mumbai MH 400059 India

Our Secretarial Auditor Report is to read along with this letter

Management's Responsibility

1. It is the responsibility of the management of the company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operative effectively.

Auditor's responsibility

1. Our responsibility is to express an option on these secretarial records, standards and procedures followed by the company with respect to Secretarial compliances.
2. We believe that the audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.
3. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

K Dushyantha & Associates

Company Secretaries in Practice

K. Dushyantha Kumar

C.P.No.: 6003

FCS No.:6662

Date: 16.07.2018

Place: Bengaluru

Annexure-"F"

ANNUAL REPORT ON CSR ACTIVITIES

1. 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.

Mr. Jaya S Pai	:	Chairman
Mr. Nitin G Khot	:	Member
Mr. S Ananthanarayanan	:	Member
Mr. Amit Choudhary	:	Member

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

FY 2014-15	2264.88
FY 2015-16	6957.04
FY 2016-17	9144.79
Average for the last three financial years	6122.24 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

2% of Average 122.44 Lakhs

5. Details of CSR spent during the financial year.

a. Total amount spent for the financial year 2017-18: ₹ 122.37 Lakhs

b. Amount unspent, if any : Nil

c. Manner in which the amount spent during the financial year is detailed below;

(₹ in Lakhs)

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.	Women Empowerment	Contribution toward Women Empowerment	Bangalore		18.47		Through Implementing Agency
2.	Rehabilitation	Rehabilitation	Mysore		12.19		Through Implementing Agency
3.	Contribution Towards Social Welfare for Education and Development for Under Privileged Children/Society	Social welfare, Education & Development	Harihara		31.77		Direct
4.	Women Empowerment	Contribution Towards Women Empowerment	Shivmogga		13.52		Direct
5.	Contribution Towards Social Welfare for Education and Development for Under Privileged Children/Society	Social welfare, Education & Development	Kolar, Andra Pradesh, Uttar Kannada		45.32		Direct
6.	Donation to the Corpus fund of Learning Space Foundation & Prison Fellowship India to promote Education and providing aids to underprivileged children.	Promotion of Education and providing aids to underprivileged children.	Mumbai & Bangalore	122.44	1.10	122.37	Through Implementing Agency

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

The Company is endeavored to ensure full utilization of the allocated CSR budget. However, There is a minor shortfall of 7000/- (Rupees Seven 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 2018-19.

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 31.03.2017
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.	Nil

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)

S. 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	98.89%

III. PARTICULARS OF HOLDING. SUBSIDIARY AND ASSOCIATE COMPANIES

S.N	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of shares held	Applicable section
1	Kurlon Limited	U17214KA1962PLC001443	Holding Company	83.93	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-2017]				No. of Shares held at the end of the year [As at 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									

a) Individual/ HUF	0	600	600	0.01	141946	768	142714	0.51	+0.50
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.	0	0	0	0	23322061	0	23322061	83.93	+83.93
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)	**0**	**600**	**600**	**0.01**	**23464007**	**768**	**23464775**	**84.44**	**+84.43**
(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)	**0**	**600**	**600**	**0.01**	**23464007**	**768**	**23464775**	**84.44**	**+84.43**
B. Public Shareholding									
1. 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) FIIs	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)(1):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
2. Non-Institutions									
a) Bodies Corp.	0	18501650	18501650	82.31	72351	0	72351	0.26	-82.05
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	3734	294016	297750	1.32	295684	768	296452	1.07	+0.25
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	224195	0	224195	0.81	0.81
c). Qualified foreign investor	0	0	0	0.00	0	0	0	0.00	0.00

d) Others:	0	0	0	0.00	40282	0	40282	0.14	+0.14
i. N.R.I. (Repat & Non-Repat.)	2354086	0	2354086	10.47	2354086	0	2354086	8.47	-2.00
ii. Foreign Corporate Bodies	1324174	0	1324174	5.89	1324174	0	1324174	4.77	-1.12
iii. Trust	0	0	0	0.00	9715	0	9715	0.03	+0.03
iv. Hindu Undivided Family									
v. Employee	0	0	0	0.00	0	0	0	0.00	0.00
vi. Clearing Members	0	0	0	0.00	1350	0	1350	0.01	+0.01
Sub-total (B)(2):-	**3681994**	**18795666**	**22477660**	**99.99**	**4321837**	**768**	**4322605**	**15.56**	**-84.43**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**3681994**	**18795666**	**22477660**	**99.99**	**4321837**	**768**	**4322605**	**15.56**	**-84.43**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0.00**
Grand Total (A+B+C)	**3681994**	**18796266**	**22478260**	**100.00**	**27785844**	**1536**	**27787380**	**100.00**	**0.00**

B. Shareholding of Promoter-

SN	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	200	0.00	0.00	256	0.00	0.00	0.00
2	Mr. Nitin Gajananrao Khot	200	0.00	0.00	142202	0.51	0.00	+0.51
3.	Mr. T Sudhakar Pai	200	0.00	0.00	256	0.00	0.00	0.00
4	Kurlon Limited	-	-	-	23322061	83.93	0.00	+83.93

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

S.N	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	**200**	**0.00%**	**256**	**0.00%**
	Add: bonus allotment	+56			
	At the end of the year	256	0.00%	256	0.00%
2.	**DR. NITIN G KHOT**				
	At the beginning of the year	200	0.00%	**142202**	**0.51%**
	Add: Purchased on 27.11.2017 Bonus Allotment	+110688 +31314			
	At the end of the year	**142202**	**0.51%**	**142202**	**0.51%**

3.	**MR.T SUDHAKAR PAI**				
	At the beginning of the year	200	0.00%	256	0.00%
	Add: Bonus Allotment	+56			
	At the end of the year	**256**	**0.00%**	**256**	**0.00%**
4.	**KURLON LIMITED***				
	At the beginning of the year	18501650	82.31%	23322061	83.93%
	Add: Bonus Allotment **Less:** Transfer during the year	+5131696 (311285)			
	At the end of the year	**23322061**	**83.93%**	**23322061**	**83.93%**

*Kurlon Limited has been classified from Non-Promoter to Promoter by virtue of its shareholding in the Company.

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

SN	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	10.47%	2354086	8.47%
	Note: Shareholding of the IBEF-II has been diluted to the extent of 2% due to bonus allotment		(2.00%)		
	At the end of the year	**2354086**	**8.47%**	**2354086**	**8.47%**
2.	**IL AND FS TRUST COMPANY LTD (TRUSTEE OF INDIA BUSINESS EXCELLANCE TRUST-11)**				
	At the beginning of the year	1324174	5.89%	1324174	4.77%
	Note: Shareholding of the IL and FS Trust Company Ltd (Trustee) has been diluted to the extent of 1.12% due to bonus allotment		(1.12%)		
	At the end of the year	**1324174**	**4.77%**	**1324174**	**4.77%**
3.	**MR. M DINESH KUDVA**				
	At the beginning of the year	78066	0.35%	100111	0.36%
	Add: Bonus Allotment	+22045			
	At the end of the year	100111	0.36%	100111	0.36%
4.	**MR.VINUJA KUDVA**				
	At the beginning of the year	40000	0.17%	51296	0.18%
	Add: Bonus Allotment	+11296			
	At the end of the year	**51296**	**0.18%**	**51296**	**0.18%**

5.	**EFFICIENCY EQUIPMENT PVT LTD**				
	At the beginning of the year	-	-	25648	0.09%
	Add: Purchased during the year + Bonus Allotment	+20000 +5648			
	At the end of the year	**25648**	**0.09%**	**25648**	**0.09%**
6.	**MR. VEDA KUDVA**				
	At the beginning of the year	-	-	25648	0.09%
	Add: Purchased during the year + Bonus Allotment	+20000 +5648			
	At the end of the year	**25648**	**0.09%**	**25648**	**0.09%**
7.	**MR. ARJUN KUDVA**				
	At the beginning of the year	4334	0.02%	24152	0.08%
	Add: Purchase during the year + Bonus Allotment	+14500 +5318			
	At the end of the year	**24152**	**0.08%**	**24152**	**0.08%**
8.	**MR. NARENDRA KUDVA**				
	At the beginning of the year	113676	0.51%	22988	0.08%
	Add: Bonus Allotment **Less:** Sold during the year	+5062 (95750)			
	At the end of the year	**22988**	**0.08%**	**22988**	**0.08%**
9.	**MR. ASHOK CHADHA**				
	At the beginning of the year	13340	0.06%	17107	0.06%
	Add: Bonus Allotment	+3767			
	At the end of the year	**17107**	**0.06%**	**17107**	**0.06%**
10.	**MR. MAHENDRA KUMAR KHETSHI SHAH**				
	At the beginning of the year	-	-	11650	0.04%
	Add: Purchased During the Year	+11650			
	At the end of the year	**11650**	**0.04%**	**11650**	**0.04%**

D. Shareholding of Directors and Key Managerial Personnel;

SN	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	200	0.00%	256	0.00%
	Add: Bonus Allotment	**+56**			
	At the end of the year	**256**	**0.00%**	**256**	**0.00%**
2.	**DR. NITIN G KHOT**				
	At the beginning of the year	200	0.00%	142202	0.51%
	Add: Purchased During the Year + Bonus Allotment	+110688 +31314			
	At the end of the year	**142202**	**0.51%**	**142202**	**0.51%**

3.	**MR.T SUDHAKAR PAI**				
	At the beginning of the year	200	0.00%	256	0.00%
	Add: Bonus Allotment	+56			
	At the end of the year	**256**	**0.00%**	**256**	**0.00%**
4.	**SRI. S ANANTHANARAYANAN**				
	At the beginning of the year	-	-	1603	0.01%
	Add: Purchased During the Year + Bonus Allotment	+1250 +353			
	At the end of the year	**1603**	**0.01%**	**1603**	**0.01%**

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	430.43	-	-	430.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	430.43	-	-	430.43
Change in Indebtedness during the financial year				
* Addition	377.75	1124.88	-	1502.63
* Reduction	430.43	-	-	(430.43)
Net Change	(52.68)	1124.88	-	(1072.20)
Indebtedness at the end of the financial year				
i) Principal Amount	377.75	1124.88	-	1502.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**377.75**	**1124.88**	-	**1502.63**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.N.	**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	72.00
	(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…	410.12
5	Others, please specify	
	Total (A)	486.74
	Ceiling as per the Act	683.54

b. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	**Independent Directors**	**Mr. S. Ananthnarayanan**	**Dr. Nitin G Khot**	
	Fee for attending board & committee meetings (inclusive of service tax and other allowances)	54312	58410	112722
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	54312	58410	112722
2	**Other Non-Executive Directors**	**Mrs. Jaya S Pai**		
	Fee for attending board committee meetings ((inclusive of service tax and other allowances)	57022		57022
	Commission	-		-
	Others, please specify	-		-
	Total (2)	57022		57022
	Total (B)=(1+2)			**169744**
	Total Managerial Remuneration (₹ in Lakhs)			488.44
	Overall Ceiling as per the Act (₹ in Lakhs)			695.54

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Monu Kumar (Company Secretary)	**Mr. Shambhu Kumar Bhotika (CFO) (w.e.f 21.02.2018)**	**Total**
1	**Gross salary(in lakh)**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.00	2.22	7.22
	(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	**5.00**	**2.22**	**7.22**

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: 10.08.2018
Place: Bangalore

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

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, 2018.

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	1. Constituted a Technical team for monitoring the power consumption in each machines on daily basis. 2. Replaced 150 Watt MH lights with 70 Watt LED, 40 watt florescent tubes with 15 watt LED and 150 Watt streel light (MH light) with 90 Watt LED lights. Introduced 40 watts LED frame proof lights in place of 250 watts MHD Lights. There by 50 % of lighting load is reduced. Savings would be approximately Rs 150000/. 3. Created awareness among employee about the energy saving by imparting training. 4. Monitoring the water consumption for reduction by which power consumption is reduced by reducing the running hour of water pumps and submersible pumps. 5. Reduced embossing section load from 14 KW to 7 KW. 6. 180 KVA DG and 320 KVA DG control switches made parallel based on the running load required DG will be used. 7. APFC (Automatic power factor control) panel board erected at main LT side to control power factor automatically based on load. 8. Standardisation of tank room AC timing with respect to ambient temperature 9. Installation of Air Ambiators for the better ventilation and fresh air circulation and avoid usage of industrial fans 10. Installation of high clarity polycarbonate sheets installed for the better Illumination 11. Installation of boiler in bonded section and reduced block cycle time drastically. 12. High flash steam is effectively used for tunnel drier heat exchanger. Boiler efficiency is effectively monitored and maintained at 87% in order to get good specific fuel consumption.

(ii)	The steps taken by the company for utilizing alternate sources of energy	1. Around 400 KW solar power plant is planned for Bhubaneswar plant, this is under study stage. 2. UPS is planned for the foam production plant at Yeshwanthpur plant this is in place of 40KVA DG running during the production hours. 3. In place of furnace oil piped natural gas is planned for steam generation at 4T Boiler.
(iii)	The capital investment on energy conservation equipment's	1. ₹ 40 lakhs is planned for M/S Gail gas connection in place of furnace oil for boiler steam generation. 2. Around 5 lakhs is planned for 40 KVA ups for foam unit production. 3. Planned for energy efficient screw compressor in place of existing reciprocating compressor – 75 HP- 10 Lakhs

B. Technology absorption

(i)	The efforts made towards technology absorption	1. Conversion of fuel of boiler from HSD to LPG 2. Fully automated delivery conveyors installed for short blocks from BPL cutting line to CCMs. 3. PLC control Fire alarm indication boards installed in all buildings for men alert. 4. Automatic chemical spray system introduced for bonded foam blocks production. 5. Automatic pasting machine is introduced to increase the productivity as well as to reduce the adhesive consumption. 6. Automatic weight monitoring system with display unit is implemented. 7. Fire alarm indicator system installed along with sprinklers. 8. CCTV camera's fixed all around the factories for effective monitoring and controlling.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	1. Cost of fabrication is reduced of ₹5,00,000 Per. month. 2. Zero waste processes opted for Eco friendly operation. 3. Yield is increased by introducing and practicing quality system management process. 4. Incorporated High-pressure foaming system for all foam varieties to maintain the consistency in foam quality with marginal reduction of cost. 5. Due to solar power plant across all the factory, there is a reduction in State Electricity Board bills)

(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Imported automatic tape edge machines to reduce the manpower and to improve the productivity
	(a) the details of technology imported	• Automatic mattress stitching, flipping without manual intervention. • Mattress loading and unloading over conveyor.
	(b) the year of import;	2018
	(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	1. Approx. ₹ 27.5 lakhs on automatic pasting machine and online conveying system. 2. Around ₹ 3.0 lakhs invested on screw compressor at fabrication section.

C. Foreign Exchange Earnings and Outgo

	(Amount in ₹ Lacs)	
	2017-2018	2016-2017
Total foreign exchange inflow	59.07	129.41
Total foreign exchange outflow	8123.76	8663.37

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

Date: 10.08.2018
Place: Bangalore

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KURLON ENTERPRISE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of KURLON ENTERPRISE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone IndAS 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 standalone 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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 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 standalone Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 the 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 standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and 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

As required by Section 143(3) of the 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 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 standalone 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 Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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 : 27.08.2018

S. Ganesh
Partner
Membership No. 204108

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5.1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)e

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, 2018 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 of the Company 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, 2018, 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 : 27.08.2018

S. Ganesh
Partner
Membership No. 204108

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5.2 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) The Company has not granted any 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.

(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) According to the information and explanations given to us, the Company has not accepted any deposit 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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Entry Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities except for certain delays in remitting Value Added Tax, Central Sales Tax and Tax Deduction at Source.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax and Value Added Tax which have not been deposited as on March 31, 2018 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 (Rs. In lakhs)
Central Excise Act, 1944	Excise duty	Central Excise and Service Tax Appellate Tribunal	March 2011 to March 2013	1440.18
Value Added Tax, Sales Tax and Entry Tax - Various states	Value Added Tax, Sales Tax and Entry Tax - Various states	Appellate Tribunal	2015-16	14.62
		Commercial Tax Officer	2014-15	100.27
		Office of the Assessing Authority, commercial taxes circle	2014-15	2.26
		The Joint Commissioner - Commercial Taxes	2014-15	9.78
			2015-16	0.20

* Rs. 796.03 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 term loans have been applied by the Company during the year for the purposes for which they were raised. There are no money raised by way of initial public offer/ further public offer (including debt instruments).

(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 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.

(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 persons connected with him 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 : 27.08.2018

S. Ganesh
Partner
Membership No. 204108

Standalone Balance Sheet as at 31 March, 2018

₹ in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	3a	**17,910.73**	15,191.77	13,395.33
(b) Capital Work-in-Progress	4	**587.43**	388.21	178.00
(c) Other Intangible Assets	3b	**554.20**	565.22	83.19
(d) Financial Assets				
(i) Investments	5	**1.00**	-	-
(ii) Loans	7	**753.88**	452.39	410.93
(e) Other Non-Current Assets	8	**1,422.26**	1,399.46	2,875.16
Total Non - Current Assets		**21,229.50**	17,997.05	16,942.61
Current Assets				
(a) Inventories	9	**9,678.73**	8,622.09	6,901.66
(b) Financial Assets				
(i) Investments	5	**1,889.53**	316.85	400.62
(ii) Trade Receivables	6	**11,985.27**	8,148.34	6,514.55
(iii) Cash and Cash Equivalents	10	**4,266.32**	3,149.08	2,703.40
(c) Other Current Assets	8	**6,145.29**	5,394.98	1,811.70
Total Current Assets		**33,965.14**	25,631.34	18,331.93
Total Assets		**55,194.64**	**43,628.39**	**35,274.54**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	11	**1,389.37**	1,123.91	1,123.91
(b) Other Equity	12	**29,917.77**	22,459.64	16,874.61
Total Equity		**31,307.14**	23,583.55	17,998.52
LIABILITIES				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	13	**-**	-	11.25
(ii) Other Financial Liabilities	16	**5,638.35**	4,999.51	4,705.40
(b) Provisions	15	**409.42**	516.63	584.51
(c) Deferred Tax Liabilities (Net)	19a	**1,948.08**	1,469.63	1,271.10
Total Non - Current Liabilities		**7,995.85**	6,985.77	6,572.26
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**1,502.63**	430.43	123.29
(ii) Trade Payables	14	**11,878.24**	9,988.77	8,497.75
(iii) Other Financial Liabilities	16	**0.53**	29.44	20.45
(b) Provisions	15	**409.42**	302.21	186.00
(c) Current Tax Liabilities (Net)	19b	**1,658.95**	873.57	413.60
(c) Other Current Liabilities	18	**441.88**	1,434.65	1,462.67
Total Current Liabilities		**15,891.65**	13,059.07	10,703.76
Total Equity and Liabilities		**55,194.64**	43,628.39	35,274.54
See accompanying notes to the financial statements				

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
Director

S. Ganesh
Partner

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

Standalone Statement of Profit and Loss for the Year Ended 31 March, 2018

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from Operations	20	**1,10,570.37**	1,03,414.95
Other Income	21	**1,243.76**	461.54
Total Revenue		**1,11,814.13**	**1,03,876.49**
EXPENSES			
(a) Cost of Materials Consumed	22.a	**45,990.94**	43,352.73
(b) Purchases of Traded Goods	22.b	**13,788.90**	11,155.84
(c) Changes in inventories of finished goods and work-in-progress	22.c	**(961.46)**	(1,080.92)
(d) Excise duty on Sale of Goods	23	**1,330.58**	5,776.62
(e) Employee Benefit Expenses	24	**6,137.39**	5,262.41
(f) Finance Cost	25	**404.63**	376.07
(g) Depreciation and Amortisation Expense	26	**1,434.88**	1,211.10
(h) Other Expenses	27	**30,534.46**	28,725.67
Total Expenses		**98,660.32**	**94,779.52**
Profit before tax		**13,153.81**	**9,096.97**
Tax Expense			
(1) Current Tax	28	**4,260.97**	2,850.38
(2) Deferred Tax	28	**478.45**	198.53
		4,739.42	**3,048.91**
Profit for the year		**8,465.29**	**6,016.29**
Other comprehensive income			
(i) Items that will not be recycled to profit or loss			
- Re-measurements of the defined benefit plans		**(22.09)**	48.71
(ii) Income tax relating to items that will not be reclassified to profit or loss		**7.65**	(16.86)
Total Other Comprehensive Income		**(14.44)**	**31.85**
Total comprehensive income for the year		**8,399.95**	**6,079.91**
Earnings per equity share			
(1) Basic	29	**30.23**	27.05
(2) Diluted	29	**29.83**	26.50
See accompanying notes to the financial statements			

In terms of our report attached

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For Deloitte Haskins & Sells
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Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity Share Capital

₹ in Lakhs

Particulars	Amount
Balance as at April 1, 2016	**1,123.91**
Changes in equity share capital during the year	-
Balance as at March 31 , 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**

b. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus				Items of other comprehensive income	
	Securities premium	Share option outstanding account	General reserve	Retained earnings	Remeasurement of defined benefits plan	Total
Balance as at April 1, 2016	11,619.58	435.58	533.24	4,286.21	-	16,874.61
Transferred to general reserve	-	-	607.90	(607.90)	-	-
Profit for the year	-	-	-	6,048.06	-	6,048.06
Other comprehensive income net of tax	-	-	-	-	31.85	31.85
Dividends	-	-	-	(411.17)	-	(411.17)
Tax on dividends	-	-	-	(83.71)	-	(83.71)
Balance as at March 31, 2017	**11,619.58**	**435.58**	**1,141.14**	**9,199.72**	**31.85**	**22,459.64**
Transferred to general reserve	-	-	840.18	(840.18)	-	-
Profit for the year	-	-	-	8,414.39	-	8,414.39
Other comprehensive income 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**	**16,129.34**	**17.41**	**29,917.77**

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

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
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Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

Standalone Cash Flow Statement for the year ended 31 March, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash Flows from Operating Activities		
Profit before tax for the year	**13,153.81**	9,096.97
Gain on disposal of property, plant and equipment	**3.23**	40.85
Insurance claim received on fixed assets	**(612.62)**	-
Depreciation and amortisation of non-current assets	**1,434.91**	1,211.10
Interest income from deposit	**(55.17)**	(15.74)
Dividend Income	**(6.94)**	(156.27)
Net (gain)/loss recorded in profit or loss on financial liabilities designated as at fair value through profit or loss	**(22.09)**	48.71
Other comprehensive income	**(8.41)**	(0.88)
Interest expenses	**404.63**	376.07
Provision for doubtful trade receivables and advances	**55.47**	10.17
Net foreign exchange (gain)/loss	**12.68**	(87.69)
	14,359.50	10,523.29
Movements in working capital:		
(Increase)/decrease in loans & advances	**(335.37)**	(27.60)
Increase in trade and other receivables	**(3,892.29)**	(1,643.95)
(Increase)/decrease in inventories	**(1,056.64)**	(1,720.43)
(Increase)/decrease in Short -term loans and advances	**(2,089.32)**	(3,158.25)
(Increase)/decrease in other assets	**830.80**	(435.23)
Decrease in trade and other payables	**2,431.67**	1,578.69
Increase/(decrease) in Long term provisions	**(107.22)**	186.01
Increase/(decrease) in Long term liabilities	**583.17**	72.65
Increase/(decrease) in other current liabilities	**(1,146.53)**	(19.03)
Increase/(decrease) in Short-term provisions	**107.21**	278.39
	(4,674.52)	(4,888.75)
Cash generated from operations	**9,684.98**	**5,634.54**
Income taxes paid	**(3,467.94)**	(2,664.22)
Net cash generated by operating activities (A)	**6,217.04**	**2,970.32**
B. Cash flows from investing activities		
Proceeds on sale of financial assets	**629.81**	16.46
Interest received	**55.17**	15.74
Other dividends received	**6.94**	156.27
(Purchase)/Sale of short term investments	**(1,573.68)**	83.77
Placed in bank deposits not considered as cash and cash equivalents	**3.49**	(41.67)
Proceeds from disposal of property, plant and equipment	**(4,329.12)**	(2,316.59)
Net cash flow from / (used in) generated by investing activities (B)	**(5,207.39)**	**(2,086.02)**
Cash flows from financing activities		
Proceeds/ (repayment) of Long term borrowings	**-**	(11.25)
Proceeds/ (repayment) of short term borrowings	**1,067.12**	307.14
Tax on Distributed Profits	**(114.40)**	(83.71)
Dividends paid to owners of the Company	**(561.96)**	(411.17)
Interest paid	**(279.68)**	(281.30)
Net cash flow from / (used in) financing activities (C)	**111.08**	**(480.29)**
Net increase / decrease in cash and cash equivalents (A+B+C)	**1,120.73**	404.01
Cash and cash equivalents at the beginning of the year	**2,935.46**	2,531.45
Cash and cash equivalents at the end of the year	**4,056.19**	**2,935.46**
Reconciliation of Cash & cash equivalents with the Balance Sheet		
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)	**210.13**	213.62
Cash and cash equivalents as per the Balance Sheet (Refer note 8)	**4,266.32**	3,149.08

Notes:

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
Director

S. Ganesh
Partner

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

Notes to the Standalone Financial Statements

Accounting policies

Note	Particulars
1.	**Corporate information**
	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 wholly owned subsidiary of Kurlon Limited and is engaged in manufacturing/ trading in diverse area such as Rubberized coir, Latex Foam, Polyurethane foam, Pillows, Spring Mattresses, Furniture, Furnishing etc.
2.	**Significant accounting policies**
2.1	**Statement of compliance**
	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.
2.2	**Basis of preparation and presentation**
	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:
	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 inputs for the asset or liability.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.3	**Use of estimates and judgement**
	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.
	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.
	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 in future periods.
	Provisions and contingent liabilities
	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.
2.4	**Revenue recognition**
	Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.
	Sale of goods
	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.
	Other income
	Interest income is recognized as it accrues in the statement of profit and loss, using effective interest method.
2.5	**Foreign currencies**
	The functional currency of the Company is Indian Rupees.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	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.
	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.
2.6	**Leases**
	Assets taken on finance lease are capitalized, while lease charges on assets taken on operating lease are expensed.
2.7	**Employee benefits**
	Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.
	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.
	Liabilities for gratuity funded in terms of a scheme administred 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 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:
	- 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
	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.
	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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	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. **Defined contribution plan** Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. **Compensated absences** 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 benefit obligation at the balance sheet date.
2.8	**Taxation** 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. **Current tax** 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.. **Deffered tax** "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. 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. 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. 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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	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."
2.9	**Property, plant and equipment**
	Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.
	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.
	Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
	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.
	For transition to Ind AS, the Company has elected tocontinue 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.
	Capital work in progress
	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.
	The capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.
2.10	**Intangible assets**
	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.
	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."

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.11	**Impairment**

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.

Non-financial assets

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.

2.12 Inventory

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.

2.13 Provisions

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.

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).

"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.

Provision for warranty is based on past technical experience on estimated basis."

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.14	**Investment in Subsidiaries**
	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.
2.15	**Financial Instruments**
	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.
	(A) Financial assets
	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.
	Financial assets at amortized cost
	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.
	Financial assets at fair value through other comprehensive income (FVTOCI) 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.
	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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	Foreign exchange gains and losses 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. **(B) Financial liabilities and equity** **Financial liabilities at amortized cost** Financial liabilities are measured at amortized cost using effective interest method. **Equity instruments** 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. **Foreign exchange gains and losses** 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. 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.
2.16	**Earnings per share (EPS)** 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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.17	**Segment reporting** 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. 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 singe business segment.
2.18	**New standards and interpretations not yet adopted** Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: 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. 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. 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 1 April 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

Note No. 3 - Property, Plant and Equipments

₹ in Lakhs

(a) Tangible Assets — ₹ in Lakhs; b) Intangible assets

Particulars	Land Freehold	Land leasehold*	Buildings	Plant & Machinery	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Vehicles Financed	Computer Owned	Computer Leased	Total	Computer software	Total
Deemed Cost													
As at April 1, 2016	**95.02**	**842.50**	**3,105.26**	**13,075.46**	**1,388.62**	**352.61**	**225.32**	**24.52**	**547.86**	**21.04**	**19,678.21**	**212.83**	**212.83**
Additions	863.53	-	27.70	1,645.51	251.57	113.85	71.77	-	63.05	-	3,036.98	509.90	509.90
Disposals	-	-	-	71.30	102.41	90.21	33.57	-	295.16	21.04	613.69	-	-
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**
Accumulated Depreciation													
As at April 1, 2016	**-**	**-**	**281.01**	**4,654.21**	**678.98**	**191.34**	**12.17**	**3.28**	**440.85**	**21.04**	**6,282.88**	**129.64**	**129.64**
Additions	-	-	98.46	822.61	126.45	55.91	32.68	2.91	44.21	-	1,183.23	27.87	27.87
Disposals	-	-	-	67.74	97.10	85.65	5.22	-	279.63	21.04	556.38	-	-
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**
Net carrying amount													
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**
Balance as at March 31, 2017	**958.55**	**842.50**	**2,753.49**	**9,240.59**	**829.45**	**214.65**	**223.89**	**18.33**	**110.32**	**-**	**15,191.77**	**565.22**	**565.22**
Balance as at April 1, 2016	**95.02**	**842.50**	**2,824.25**	**8,421.25**	**709.64**	**161.27**	**213.15**	**21.24**	**107.01**	**-**	**13,395.33**	**83.19**	**83.19**

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

Note 4 - CAPITAL WORK IN PROGRESS

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Land	**0.86**	221.00	-
Building	**474.15**	144.46	-
Plant & Machinery	**88.64**	14.77	91.39
Others	**23.78**	7.98	86.61
	587.43	**388.21**	**178.00**

Note No. 5 - Investment

₹ in Lakhs

Particular	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Nos.	Amounts*	Amounts*	Nos.	Amounts*	Amounts*	Nos..	Amounts*	Amounts*
		Current	Non Current		Current	Non Current		Current	Non Current
A.Cost									
I. Unquoted Investments (all fully paid)									
Investments in Equity Instruments of Subsidiaries									
Kurlon Retail Limited (Formerly Kurlon Mattress Private Limited) (shares of Rs.10/- each fully paid up)	**10,000**	-	**1.00**	-	-	-	-	-	-
Total Unquoted Investments	**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**	-	18,13,373	316.85	-	-	-	-
Axis Banking Debt fund- Direct plan-growth (BDDGG)	-	-	-	-	-	-	21,742	300.00	-
Birla sun life cash plus- Daily Dividend Direct plan	-	-	-	-	-	-	100,42,787	100.62	-
Total Aggregate Quoted Investments	**76,22,657**	**1,889.53**	-	**18,13,373**	**316.85**	-	**100,64,529**	**400.62**	-
TOTAL INVESTMENTS CARRYING VALUE (A)	**76,32,657**	**1,889.53**	**1.00**	**18,13,373**	**316.85**	-	**100,64,529**	**400.62**	-
Other disclosures									
Aggregate amount of quoted investments	-	**1,889.53**	-	-	316.85	-	-	400.62	-
Aggregate amount of unquoted investments	-	-	**1.00**	-	-	-	-	-	-

Notes to the Standalone Financial Statements

Note No. 6 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Current	Current	Current
Trade receivables outstanding for a period of more than 6 months			
(a) considered good	**414.90**	113.32	103.51
(b) considered doubtful	**543.67**	489.85	479.67
	958.57	603.17	583.18
Less: Allowance for Credit Losses	**543.67**	489.85	479.68
	414.90	113.32	103.50
Other trade receivables			
(a) considered good	**11,570.37**	8,035.02	6,411.05
TOTAL	**11,985.27**	8,148.34	6,514.55

Note No. 6a - Movement in the allowance for doubtful debts

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	**489.85**	479.68
Impairment losses recognised in the year based on 12 Month ECL		
On receivables originated in the year	**230.40**	20.34
Amounts written off during the year as uncollectible	**55.47**	10.17
Amounts recovered during the year	**121.11**	-
Balance at end of the year	**543.67**	**489.85**

Note No. 7 - Loans

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Security Deposits			
- Secured, considered good	**747.85**	407.01	379.41
b) Other Loans			
Loan to Employees	**6.03**	45.38	31.52
TOTAL	**753.88**	**452.39**	**410.93**

Note No. 8 - Other Non-Current & Current Assets

₹ in Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
(a) Capital advances									
(i) For Land	-	1,397.46	1,397.46	-	1,397.46	1,397.46	-	2,560.78	2,560.78
(i) For Building	-	22.33	22.33	-	-	-	-	-	-
(ii) For Plant & Machinery	-	-	-	-	-	-	-	309.60	309.60
(b) Advances to suppliers	411.11	-	411.11	534.07	-	534.07	259.17	-	259.17
(c) Advances to related parties	-	-	-	-	-	-	-	-	-
Kurlon limited	3,559.68	-	3,559.68	2,390.27	-	2,390.27	467.28	-	467.28
Kurlon Reatial Pvt. Ltd.,	572.68		572.68				11.26		11.26
Metropolise Builders Ltd.,	27.95		27.95	504.26		504.26			
(d) Advances to employees	190.84	-	190.84	199.59	-	199.59	45.39	-	45.39
(e) Balances with government authorities (other than income taxes)	949.92	-	949.92	450.64	-	450.64	272.53	-	272.53
(f) Others	-	-	-	-	-	-	-	-	-
Prepaid expenses	269.44	1.00	270.44	376.57	2.00	378.57	262.11	3.00	265.11
Prepaid rent	110.15	-	110.15	68.36	-	68.36	78.56	-	78.56
Insurance claim	-	-	-	830.80	-	830.80	395.57	-	395.57
Gratuity fund	53.52	-	53.52	40.42	-	40.42	19.83	-	19.83
GST/sales tax deposit	-	1.47	1.47	-	-	-	-	1.78	1.78
TOTAL	**6,145.29**	**1,422.26**	**7,567.55**	**5,394.98**	**1,399.46**	**6,794.44**	**1,811.70**	**2,875.16**	**4,686.86**

Note No. 9 - Inventories

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Raw materials	**3,784.62**	3,645.62	3,087.35
(b) Work-in-progress	**1,347.40**	1,079.74	772.95
(c) Finished and semi-finished goods	**3,094.49**	2,954.91	2,209.03
(d) Stock-in-trade of goods acquired for trading	**1,020.78**	466.55	438.31
(e) Stores and spares	**431.44**	475.26	394.02
Total Inventories at the lower of cost and net realisable value	**9,678.73**	**8,622.09**	**6,901.66**

Notes to the Standalone Financial Statements

Note No. 10 - Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current Cash and bank balances			
(a) Balances with banks	**2,091.14**	1,275.59	2,165.57
(b) Cheques, drafts on hand	**1,951.21**	1,644.32	348.74
(c) Cash in hand	**13.84**	15.55	17.14
(d) Others			
In deposit Accounts (refer note below)	**210.13**	213.62	171.95
Total Cash and cash equivalent	**4,266.32**	3,149.08	2,703.40

Note - Deposit receipts pledged with the bank for obtaining letter of credit & bank guarantees. These deposits has an original maturity of less than six months.

Note No. 11 - Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Value	No. of shares	Value	No. of shares	Value
Authorised:						
Equity shares of Rs.10/- each with voting rights	-	-	-	-	190,00,000	1,900.00
Equity shares of Rs.5/- each with voting rights	**380,00,000**	**1,900.00**	380,00,000	1,900.00	-	-
Issued, Subscribed and fully Paid:						
Equity shares of Rs.10/- each with voting rights	-	-	-	-	112,39,130	1,123.91
Equity shares of Rs.5/- each with voting rights	**277,87,380**	**1,389.37**	224,78,260	1,123.91	-	-

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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Value	No. of shares	Value	No. of shares	Value
Equity Shares with Voting rights						
At the beginning of the period	**224,78,260**	**1,123.91**	112,39,130	1,123.91	112,39,130	1,123.91
Issue during the year						
Conversion	-	-	112,39,130	-	-	-
Bonus issue	**53,09,120**	**265.46**	-	-	-	-
Outstanding at the end of the period	**24,78,260**	**1,389.37**	**224,78,260**	**1,123.91**	**112,39,130**	**1,123.91**

Notes to the Standalone Financial Statements

Note No. 11 - Equity Share Capital (Contd.)

(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, 2017- Rs.10/- and April 1, 2016 - 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. The dividend for the year ended March 31, 2018, declared by the Board of Directors is Rs 15/- per equity share, subject to the approval of the shareholders in the ensuing Annual General Meeting.This would result in a cash outflow of Rs.148.50 lakhs including dividend tax during the Financial year ended 2018-19.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares held	% holding in that class of shares	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.10/- each voting rights	-	-	-	-	92,50,825	82.00
Equity shares of Rs.5/- each voting rights	**233,23,357**	**83.94**	185,01,650	82.31	-	0.00

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

Class of shares / Name of shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares held	% holding in that class of shares	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 Limited	-	-	-	-	92,50,825	82.00
IL & FS Trust Company Limited (Trustees equity of Business Excellence fund II)	-	-	-	-	6,62,087	6.00
Indian Business Excellence fund II A	-	-	-	-	11,77,043	10.00
Equity shares of Rs.5/- each with voting rights						
Kurlon Limited	**233,23,357**	**83.94**	185,01,650	82.31	-	-
IL & FS Trust Company Limited (Trustees equity of Business Excellence fund II)	**13,24,174**	**4.77**	13,24,174	5.89	-	-
Indian Business Excellence fund II A	**23,54,086**	**8.47**	23,54,086	10.47	-	-

(v) Details of shares issued for consideration other than cash during the preceeding three years

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Equity Shares with Voting rights				
Fully paid up pursuant to scheme of Business transfer	-	-	-	45,00,000
Fully paid up bonus shares	**53,09,120**	-	-	-

Notes to the Standalone Financial Statements

Note No.12 - Other equity

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Securities premium account	**11,619.58**	11,619.58	11,619.58
Shares option outstanding account			
Opening balances	**435.58**	435.58	-
Add: amount recorded on grants during year	**-**	-	435.58
Closing balance	**435.58**	**435.58**	**435.58**
General reserve			
Balance at the beginning of the year	**1,141.14**	533.24	164.55
Add: Transfer from the statement of Profit & Loss	**840.18**	607.90	368.69
Less : Utilised during the year for issuing bonus shares	**265.46**	-	-
Closing balance	**1,715.86**	**1,141.14**	**533.24**
Retained earnings	**16,146.75**	9,263.34	4,286.21
Total	**29,917.77**	**22,459.64**	**16,874.61**

Note No. 13 - Non Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Measured at FVTPL			
Term Loans, Secured:			
Vehicle loans	-	-	11.25
Total Secured Borrowings carried at FVTPL	**-**	**-**	**11.25**

Note: Vehicle loans are secured by Hypothecation of specific vehicles

Note No. 14 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dues to enterprises covered under MSMED Act, 2006	**142.06**	104.52	93.59
Dues of creditors other than MSMED			
Trade payable for Goods & Services	**10,676.59**	9,346.25	7,635.61
Trade payable for Salaries and Wages	**1,059.59**	538.00	768.56
Total Trade Payables	**11,878.24**	**9,988.77**	**8,497.75**

Notes to the Standalone Financial Statements

Note No. 15 - Provisions

₹ in Lakhs.

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Provision for employee benefits						
Long-term Employee Benefits	-	-	-	-	-	253.88
(b) Other Provisions						
Warranty	**409.42**	**409.42**	302.21	516.63	186.00	330.63
Total	**409.42**	**409.42**	**302.21**	**516.63**	**186.00**	**584.51**

(i) Details of movement in other provisions

₹ in Lakhs.

Particulars	As at March 31, 2018	As at March 31, 2017
Balance as at beginning of the year	**818.84**	516.63
Additional provisions recognised	**-**	818.84
Less: Unused amounts reversed during the period	**-**	516.63
Balance as at end of the year	**818.84**	**818.84**

Note No.16 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31,2018	As at March 31,2017	As at April 1, 2016
Other Financial Liabilities Measured at Amortised Cost			
Non-Current			
Deposits received from Dealers	**5,582.68**	4,999.51	4,672.98
Payables for capital supplies/services	**55.67**		32.42
Total Other Financial Liabilities	**5,638.35**	**4,999.51**	**4,705.40**
Current			
Current maturities of finance lease obligations	**-**	11.25	11.1
Interest accrued and due on borrowings	**0.53**	18.19	9.35
Total Other Financial Liabilities	**0.53**	29.44	20.45

Note No. 17 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A. Secured Borrowings			
(a) Loans repayable on demand			
From Banks	**-**	430.43	123.29
Buyers credit	**377.75**	-	-
B. Unsecured Borrowings			
(a) Loans from related parties	**1,124.88**	-	-
Total Current Borrowings	**1,502.63**	**430.43**	**123.29**

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

Notes to the Standalone Financial Statements

Note No. 18 - Other Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a. Advances received from customers	**141.99**	199.16	183.91
b. Statutory dues			
- taxes payable (other than income taxes)	**250.65**	1,193.61	1,146.29
- Employee Recoveries and Employer Contributions	**39.62**	38.69	40.00
- Compensated absences payable	**9.62**	3.19	92.47
Total Other Liabilities	**441.88**	**1,434.65**	**1,462.67**

Note No. 19a - Deferred Tax Liabilities (NET)

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Deferred tax assets	**471.54**	452.92	344.81
Deferred tax liabilities	**(2,419.62)**	(1,922.55)	(1,615.91)
Deferred tax liabilities (net)	**(1,948.08)**	**(1,469.63)**	**(1,271.10)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Deferred tax liability			
Depreciation and amortisation	**(2,419.62)**	(1,922.55)	(1,615.91)
Gross deferred tax liability	**(2,419.62)**	**(1,922.55)**	**(1,615.91)**
Deferred tax asset			
a) Employee benefits	**283.39**	283.39	178.80
b) Provision for doubtful debts	**188.15**	169.53	166.01
Gross deferred tax asset	**471.54**	**452.92**	**344.81**
Net deferred tax liability	**(1,948.08)**	**(1,469.63)**	**(1,271.10)**

Note No. 19b - Current Tax Liabilities (NET)

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Provisions for Taxation	**10209.30**	5955.98	2926.56
Less: Advance Tax	**8550.35**	5082.41	2512.96
	1658.95	**873.57**	**413.60**

Note No. 20 - Revenue from Operations

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from sale of goods (including excise duty) (refer note (i) & (iii))	**1,09,684.11**	1,02,856.91
Other operating income (refer note (ii) & (iii))	**886.26**	558.04
Total Revenue from Operations	**1,10,570.37**	**1,03,414.95**

Notes to the Standalone Financial Statements

Note No. 20 - Revenue from Operations (Contd.)

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Sale of goods		
Manufactured goods		
Rubberized Coir Mattresses, Cushions	**31,225.06**	33,536.04
Foam and Foam Products	**30,306.65**	29,501.64
Sofa	**1,567.79**	447.81
Polyfibre Goods	**2,618.06**	2,942.11
Furniture	**422.37**	961.43
Foam Mattresses	**16,112.18**	13,094.87
Spring Mattresses	**11,621.87**	11,399.22
Total - Sale of manufactured goods	**93,873.97**	91,883.12
Traded goods		
Polyfibre Goods	**704.27**	282.79
Mattresses & Cushions	**11,748.86**	9,037.12
EPE Sheet & Foam, others	**739.92**	-
Soft Furnishing	**1,559.10**	1,653.88
Others(includes solar parts)	**1,057.99**	-
Total - Sale of traded goods	**15,810.14**	10,973.79
Total - Sale of products	**1,09,684.11**	**1,02,856.91**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(ii) Other operating revenues:		
Sale of scrap	**224.79**	181.67
Others - Raw Materials	**661.47**	376.37
Total - Other operating revenues	**886.26**	**558.04**

(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 earlier periods include excise duty which is now subsumed in the GST. Revenue from operations for the current 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.

Note no. 21 - Other Income

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Interest Income, On Financial Assets at FVTPL		
Interest from banks on deposits	**55.17**	15.74
Interest on loans and advances to employees	**1.63**	3.77
Interest Others	**145.06**	27.52
(b) Dividend Income on mutual fund	**6.94**	156.27
(c) Forex gain/loss	**211.70**	87.69
(d) Miscellaneous income	**45.02**	170.55
(e) Insurance claims	**778.24**	-
Total Other Income	**1,243.76**	**461.54**

Notes to the Standalone Financial Statements

Note no. 22 a - Cost of Materials Consumed

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Opening stock	**2,937.64**	2,493.88
Add: Purchases	**46,264.58**	43,796.49
	49,202.22	46,290.37
Less: Closing stock	**3,211.28**	2,937.64
Cost of materials consumed	**45,990.94**	**43,352.73**
Material consumed comprises:		
Latex	**4,229.19**	4,254.37
Coir	**1,437.14**	1,217.16
Upholstery	**4,927.19**	6,130.46
Chemical & Clay	**844.71**	736.66
Foam Chemicals	**27,911.67**	23,852.57
Springs and Related Products	**1,771.80**	1,715.97
Furniture & Sofa	**1,588.80**	1,607.64
Packing Materials	**3,077.94**	3,393.26
Others	**202.50**	444.64
	45,990.94	**43,352.73**

Note no. 22b - Purchase of Traded Goods

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Poly Fibre Goods	**754.23**	646.46
Traded Mattresses	**11,748.86**	8,215.56
Furnishing Textiles & others	**1,285.81**	2,293.82
Furniture		
	13,788.90	**11,155.84**

Note no. 22c - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Inventories at the end of the year:		
Finished goods	**3,094.49**	2,954.91
Work-in-progress	**1,347.40**	1,079.74
Stock-in-trade	**1,020.78**	466.56
	5,462.67	**4,501.21**
Inventories at the beginning of the year:		
Finished goods	**2,954.91**	2,209.03
Work-in-progress	**1,079.74**	772.95
Stock-in-trade	**466.56**	438.31
	4,501.21	**3,420.29**
Net (increase) / decrease	**(961.46)**	**(1,080.92)**

Notes to the Standalone Financial Statements

Note No. 23 - Excise Duty

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Excise duty on sale of goods	**1,330.58**	5,776.62
Total Excise Duty	**1,330.58**	**5,776.62**

Note No. 24 - Employee Benefits Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages, including bonus	**5,510.85**	4569.09
(b) Contribution to provident and other funds	**182.13**	284.54
(c) Staff welfare expenses	**444.41**	408.78
Total Employee Benefit Expenses	**6,137.39**	**5,262.41**

Note No. 25 - Finance Cost

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest expense	**113.04**	48.13
(b) Interest on delay payment of tax	**223.09**	256.95
(c) Other borrowing cost	**68.50**	70.99
Total finance cost	**404.63**	**376.07**

Note No. 26 - Depreciation and Amortisation Expense

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation for the year on tangible assets	**1,318.09**	1,183.22
Amortization for the year on intangible assets	**116.79**	27.87
Total Depreciation and Amortization	**1,434.88**	**1,211.09**

Note No. 27 - Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores and spares consumed	**533.62**	519.67
Excise duty paid on Stock Transfer	**-**	290.90
Power & Fuel oil consumed	**1,096.81**	759.42
Freight and handling charges	**5,925.61**	5,735.59
Rent including lease rentals	**1,264.71**	893.32
Repairs and maintenance - Buildings	**59.43**	15.36
Repairs and maintenance - Machinery	**163.06**	224.25
Repairs and maintenance - Others	**217.66**	117.95
Water charges	**20.26**	20.95
Tailoring & Fabrication	**2,716.42**	2,307.86
Rates and taxes	**353.55**	1,187.34
Expenditure on corporate social responsibility (CSR)	**122.37**	136.01
Insurance charges	**283.74**	267.28
Watch and ward Charges	**536.40**	426.82
Donation Expenses	**0.25**	0.50
Postage & Telephone	**183.37**	203.36
Payment to Auditor (Refer note below)	**35.00**	35.00

Notes to the Standalone Financial Statements

Note No. 27 - Other Expenses (Contd.)

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Advertisement, Promotion & Selling Expenses	**13,120.50**	12,574.88
Travelling Expenses	**1,054.88**	893.92
Printing and stationery	**68.33**	116.51
Legal and professional	**1,323.81**	1,409.16
Director Sitting Fees	**1.29**	1.12
Less on fixed assets sod/ scrapped / written off	**3.23**	40.85
Purchase of solar parts	**1,057.99**	-
Bad trade receivables/Advance written off	**55.47**	10.17
Provision for warranty	**-**	302.21
Miscellancous expenses	**336.70**	235.27
Total Other Expenses	**30,534.46**	**28,725.67**

Note

₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2018	For the year ended March 31, 2017
As Auditor:		
-For Statutory audit	**32.00**	32.00
-For Tax audit	**3.00**	3.00
	35.00	**35.00**

Note No. 28 - Defferred Tax Balances

₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Current income tax		
In respect of current year	**4,260.97**	2,850.38
b) Deferred tax		
In respect of current year	**478.45**	198.53
Total	**4,739.42**	**3,048.91**

(c) Tax reconciliation

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax as per statement of profit and loss	**13,153.81**	9,096.97
Income tax calculated @ 34.61%	**4,551.88**	3,148.46
Disallowance u/s 37 (1) for interest and delayed payment of taxes	**77.20**	98.48
Amount of interest inadmissible under section 23 (MSME)	**0.18**	-
Disallowance of donation	**0.09**	-
Disallowance of CSR expenses	**35.63**	46.20
Effect of 80IC claim	**(101.70)**	(86.28)
Tax Exempted Income - Dividend	**(2.40)**	
Other disallowance	**178.54**	(148.40)
Income Tax recognised in Statement of Profit and Loss	**4,739.42**	**3,048.91**

Notes to the Standalone Financial Statements

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

(d) 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 fixed assets	(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
c) Mat credit entitlement	-	-	-
Gross deferred tax asset	**452.92**	**18.62**	**471.54**
Net deferred tax liability	**(1,469.63)**	**(478.45)**	**(1,948.08)**

(e) Significant components of net deferred tax assets and liabilities as at March 31, 2017 are as follows ₹ in Lakhs

Deferred tax liabilities (net)	As on April 1, 2016	Current year (Charge)/Credit	As on March 31, 2017
Deferred tax liability			
a) Difference between book balance and tax balances of fixed assets	(1,615.91)	(306.64)	(1,922.55)
Gross deferred tax liability	**(1,615.91)**	**(306.64)**	**(1,922.55)**
Deferred tax asset			
a) Other timing differences	178.80	104.59	283.39
b) Provision for doubtful debts	166.01	3.52	169.53
c) Mat credit entitlement	-	-	-
Gross deferred tax asset	**344.81**	**108.11**	**452.92**
Net deferred tax liability	**(1,271.10)**	**(198.53)**	**(1,469.63)**

(f) Significant components of net deferred tax assets and liabilities as at April 1, 2016 are as follows ₹ in Lakhs

Deferred tax liabilities (net)	As on March 31 ,2016
Deferred tax liability	
a) Difference between book balance and tax balances of fixed assets	(1,615.91)
Gross deferred tax liability	**(1,615.91)**
Deferred tax asset	
a) Other timing differences	178.80
b) Provision for doubtful debts	166.01
c) Disallowances under section 43B of the income tax act 1961	-
d) Mat credit entitlement	
Gross deferred tax asset	**344.81**
Net deferred tax liability	**(1,271.10)**

(g) 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, 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.

Notes to the Standalone Financial Statements

Note No. 29 - Earnings per share has been computed as under:

₹ in Lakhs

Earnings per share

Particulars	As at 31 March 2018	As at 31 March 2017
Profit after Tax (Rs. in Lakhs)	**8,399.95**	6,079.91
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer note below)	**277.87**	224.78
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer note below)	**281.59**	229.47
Earnings per share – Basic (Rs.)	**30.23**	27.05
Earnings per share – Diluted (Rs.)	**29.83**	26.50
Face Value of Equity Shares (Rs.)	**5/-**	5/-

Note

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	**277.87**	224.78
Add: Effect of ESOPs which are dilutive (Nos. in Lakhs)	**3.72**	4.69
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	**281.59**	229.47

* Number of equity shares outstanding increased for the year ended 31 March, 2018 and 31 March, 2017 as a result of a bonus issue and share split during the respective year, accordingly the calculation of basic and diluted earnings per share has been computed for the current year and the previous year.

Note No. 30 - Lease

The company has entered into operating lease arrangement for factory buildings.The lease arrangement 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. 1236.91 lakhs. (Previous Year Rs. 869.86 Lakhs).

The company does not have any non-cancellable leases as at March 31, 2018, hence the disclosure of the non-cancellable leases is not provided.

Note No. 31 - Contingent Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Claims against the Company not acknowledged as debt i. Disputed demands under appeal not provided - Disputed Sales Tax*	127.03	31.11	40.54
Total	**127.03**	**31.11**	**40.54**

* 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 rights for the future appeals before the judiciary. No reimbursements are expected.

ii. The Company 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 to 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 Yeshwantpur 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 with this regard.

Notes to the Standalone Financial Statements

Note No. 32 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Other commitments			
Commitments for acquisition of property, plant and equipment	**19.12**	380.96	143.96
Total	**19.12**	**380.96**	**143.96**

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 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 31 March, 2018			Year ended 31 March, 2017		
	Number of options	Weighted average exercise price (Rs.)	Value of options as per Black-Scholes Model (Rs.)	Number of options	Weighted average exercise price (Rs.)	Value of options as per Black-Scholes Model (Rs.)
Options outstanding at the beginning of the year	**2,76,658**	**300**	**146**	3,48,462	300	-
	98,250	**426**	**80**	1,20,402	426	
Granted during the year - Bonus shares	**78,125**	-	-	-	-	-
	27,746	-	-	-	-	-
Exercised during the year on exercise of employee	-	-	-	-	-	-
	-	-	-	-	-	-
Stock options/ restricted shares	-	-	-	-	-	-
	-	-	-	-	-	-
Forfeited during the year	**35,302**	**234**	-	71,804	300	-
	1,523	**332**	-	22,152	426	-
Lapsed during the year	-	-	-	-	-	-
	-	-	-	-	-	-
Options outstanding at the end of the year	-	-	-	2,76,658	300	146
	6,091	**332**	**80**	98,250	426	80
Options exercisable at the end of the year	**3,19,481**	**234**	**146**	-	-	-
	1,18,382	**332**	**80**	-	-	-

Notes to the Standalone Financial Statements

Note No. 33 - Kurlon Enterprise Limited - Employee Stock Option Scheme 2015 * (Contd.)

The weighted average remaining contractual life of the options outstanding as at March 31, 2018 is 5 years (March 31, 2017 - 6 years). Total quantity vested as at March 31, 2018 is 372,139 (March 31, 2017- 374,908).

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.

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 31-Mar-18	For the year ended 31-Mar-17
Net Profit as reported (Rs. In Lakhs)	**8,399.95**	6,079.91
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)	**8,328.52**	6,008.48
Basic earnings per share as reported (In Rs.)	**30.23**	27.05
Proforma basic earnings per share (In Rs.)	**29.97**	26.73
Diluted earnings per share as reported (In Rs.)	**29.83**	26.50
Proforma diluted earnings per share (In Rs.)	**29.58**	26.18

* 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

Particulars	As at March 31, 2018	As at March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	**142.06**	104.52
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);	**0.53**	8.54
The amount of interest accrued and remaining unpaid at the end of accounting year	**18.72**	18.19
"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 dis-allowance as a deductible expenditure under section 23."	**-**	-

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 to the Standalone Financial Statements

Note No. 35 -Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross amount required to be spent by the Company as per Section 135 of the Act	**122.44**	61.32
Amount spent during the year	**122.37**	136.01

During October 2014, there was a fire accident in Uttaranchal factory where the inventory, plant and machinery and the building amounting to Rs 2002.41 lacs (being the book value) was destroyed. The company has insured the plant and machineries on the replacement cost basis and the inventories on the book value basis and accordingly has sufficient insurance coverage. The company has lodged the claim with the insurer on 31 December, 2014 for an amount of Rs 2676.59 lacs (for both inventory and plant and machineries). On a conservative basis, the company has accounted for an insurance claim receivable of Rs.502.22 lacs being the WDV of the plant and machinery and others destroyed , as the Company believes that it is certain of recovering this amount as on 31 March, 2016. Insurance surveyor assess the loss of Rs.1724.54 lacs and submitted to insurance company, now Insurance company process the application and recommended for settlement of claim. This has been settled during the year.

Note No. 36 - Related party disclosures

The Company material related party transactions and outstanding balances are 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 (from 01.04.2017)
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 Jayamahal Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Kurlon Trade & Investments Ltd Metropolis Builders Private Limited Manipal Infrastructure Limited
"Key Management Personnel and their relatives"	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Mr. Monu Kumar, Company Secretary Mr. Jamsheed M Panday till February 21, 2018 Mr. Shambhu Kumar Bhotika, Chief Financial Officer from February 22, 2018

Notes to the Standalone Financial Statements

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

(b) Related Party transactions

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Transactions during the year:										
Remuneration :	a									
T. Sudhakar Pai	486.74	367.56	-	-	-	-	-	-	486.74	367.56
Shambhu Kumar Bhotika	15.37	-	-	-	-	-	-	-	15.37	-
Monu Kumar	5.00	4.16	-	-	-	-	-	-	5.00	4.16
Rent Paid :										
Jayamahal Trade & Investments P.Ltd	-	-	-	-	-	-	23.42	21.79	23.42	21.79
Kurlon Limited	-	-	19.31	18.89	-	-	-	-	19.31	18.89
Metropolis Builders	-	-	-	-	-	-	26.17	23.82	26.17	23.82
Professional and Other Charges:										
Maharashtra Apex Corporation Ltd	-	-	-	-	-	-	-	0.34	-	0.34
"General Investment & Commercial Corporation Ltd"	-	-	-	-	-	-	-	0.51	-	0.51
Kurlon Trade & Investments Ltd	-	-	-	-	-	-	285.94	165.30	285.94	165.30
Kurlon Retail Limited	-	-	-	-	-	16.09	-	-	-	16.09
Metropolis Builders	-	-	-	-	-	-	0.17	-	0.17	-
Jamsheed M Pandey	-	-	-	-	-	-	12.87	12.00	12.87	12.00
Dividend Paid:										
Kurlon Limited	-	-	462.54	376.00	-	-	-	-	462.54	376.00
Advertisement Expenses										
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	1,810.98	2,711.14	1,810.98	2,711.14
Interest Paid on Unsecured Loan :										
Jaya S Pai	12.65	-	-	-	-	-	-	-	12.65	-
Advances Received										
Kurlon Trade & Investments	-	-	-	-	-	-	-	0.02	-	0.02
Advances Paid :										
Metropolis Builders	-	-	-	-	-	-	-	500.00	-	500.00
Kurlon Retail Limited	-	-	-	-	716.90	-	-	-	716.90	-

Notes to the Standalone Financial Statements

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

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Sales										
Kurlon Limited	-	-	2,800.87	1,966.85	-	-	-	-	2,800.87	1,966.85
Kurlon Retail Limited	-	-	-	-	602.83	367.82	-	-	602.83	367.82
Purchases										
Kurlon Limited	-	-	11,313.22	9,796.20	-	-	-	-	11,313.22	9,796.20
Loan taken										
Jaya S Pai	1,475.00	-	-	-	-	-	-	-	1,475.00	-
Repayment of Loan										
Metropolis Builders	-	-	-	-	-	-	501.88	-	501.88	-
Jaya S Pai	350.00	-	-	-	-	-	-	-	350.00	-
Investment										
Kurlon Retail Limited	-	-	-	-	1.00	-	-	-	1.00	-
Outstanding as at Year end:										
Advance recoverable :										
Maharashtra Apex Corporation Ltd	-	-	-	-	-	-	1,222.87	1,222.87	1,222.87	1,222.87
Metro Polis Builders	-	-	-	-	-	-	-	512.45	-	512.45
Kurlon Limited	-	-	3,559.68	2,390.27	-	-	-	-	3,559.68	2,390.27
Kurlon Retail Limited	-	-	-	-	572.68	-	-	-	572.68	-
Kurlon Trade & Investment Ltd	-	-	-	-	-	-	0.86	-	0.86	-
General Investment & Commercial Corporation Ltd	-	-	-	-	-	-	-	0.51	-	0.51
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	-	367.93	-	367.93
Amounts Payable :										
Jayamahal Trade & Investments Pvt Ltd	-	-	-	-	-	-	49.25	34.62	49.25	34.62
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	80.23	-	80.23	-
Kurlon Trade & Investment Ltd	-	-	-	-	-	-	28.47	-	28.47	-
Metro Polis Builders	-	-	-	-	-	-	2.05	-	2.05	-
Kurlon Retail Limited	-	-	-	-	-	0.34	-	-	-	0.34
T.Sudhakar Pai	501.13	-	-	-	-	-	-	-	501.13	-
Jamsheed M Pandey	-	-	-	-	-	-	0.88	-	0.88	-

Notes to the Standalone Financial Statements

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

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Unsecured Loans payable :										
Jaya S Pai	1,124.88	-	-	-	-	-	-	-	1,124.88	-
Interest on unsecured Loans Receivable:										
Metropolis Builders	-	-	-	-	-	-	0.11	1.96	0.11	1.96
Rent Deposit :										
Metropolis Builders	-	-	-	-	-	-	30.00	-	30.00	-

(a) No amount in respect of related parties have been written off/ back or provided during the year.

(b) Related party relationships have been identified by the management and relied upon by the auditors.

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.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total equity attributable to the equity shareholders of the company	**31,307.14**	23,583.55	17,998.52
As a percentage of total capital	**95%**	98%	99%
Current borrowings	**1,502.63**	430.43	123.29
Non-current borrowings	**-**	-	11.25
Total borrowings	**1,502.63**	430.43	134.54
As a percentage of total capital	**5%**	2%	1%
Total Capital	**32,809.77**	**24,013.98**	**18,133.06**

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 investment which is predominantly investment in liquid being in excess of debt.

Notes to the Standalone Financial Statements

Note No. 37 - Financial Instruments (Contd.)

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, 2018	As at 31 March, 2017	As at 31 March, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2016
Financial assets						
a) Measured at fair value though profit and loss						
Non-current assets						
- Investments	**1.00**	-	-	**1.00**	-	-
Current assets						
- Investments	**1,889.53**	316.85	400.62	**1,889.53**	316.85	400.62
- Trade receivables	**11,985.27**	8,148.34	6,514.55	**11,985.27**	8,148.34	6,514.55
- Cash and cash equivalents	**4,266.32**	3,149.08	2,703.40	**4,266.32**	3,149.08	2,703.40
Total	**18,142.12**	**11,614.27**	**9,618.57**	**18,142.12**	**11,614.27**	**9,618.57**
Financial liabilities						
a) Measured at fair value though profit and loss						
Non-current liabilities						
- Borrowings	**-**	-	11.25	**-**	-	11.25
Current liabilities						
- Borrowings	**1,502.63**	430.43	123.29	**1,502.63**	430.43	123.29
- Trade payables	**11,878.24**	9,988.77	8,497.75	**11,878.24**	9,230.54	6,701.80
- Other current financial liabilities	**0.53**	29.44	20.45	**0.53**	29.44	20.45
Total	**13,381.40**	**10,448.64**	**8,652.74**	**12,751.43**	**9,690.41**	**6,856.79**

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.

Notes to the Standalone Financial Statements

Note No. 37 - Financial Instruments (Contd.)

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 31 March, 2018. 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, 2018.

(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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group'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 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:

Notes to the Standalone Financial Statements

Note No. 37 - Financial Instruments (Contd.)

₹ in Lakhs

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
Liabilities							
Trade Payables							
United States Dollar	$	**15,14,316.46**	**995.36**	17,79,025	1,209.36	11,99,040.00	818.50
Euro	€	**1,848.00**	**1.50**	36,828.00	27.39	29,766.00	18.23
Buyer's Credit							
United States Dollar	$	**5,74,205.00**	**363.49**	-	-	-	-
Assets							
Advance to Vendor							
United Stated Dollar	$	**6,47,448.76**	**419.43**	1,21,371	81.05	3,35,367.00	222.01
Euro	€	**18,339.00**	**14.71**	63,650.00	47.38	1,36,956 .00	102.57
NOK		**-**	**-**	24,620.00	1.83	24,620.00	1.83
Net Liability (in INR)			**1,794.49**		**1,367.01**		**1,163.14**

Sensitivity

Impact on profit before tax and equity	As at 31 March, 2018	As at 31 March, 2017
5% Increase	**1,747.44**	1,311.69
5% Decrease	**1,841.54**	1,422.33

(ii) 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 interest bearing vehicle loans, loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate 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.

Notes to the Standalone Financial Statements

Note No. 37 - Financial Instruments (Contd.)

(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, 2018 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, 2018	As at 31 March, 2017	As at 31 March, 2016
Non-Current Assets			
- Investments	**1.00**	-	-
- Loans	**753.88**	452.39	410.93
- Other non-current financial assets	**-**	-	-
Current Assets			
- Investments	**1,889.53**	316.85	400.62
- Trade Receivables	**11,985.27**	8,148.34	6,514.56
- Cash and Cash Equivalents	**4,266.32**	3,149.08	2,703.40
Total	**18,896.00**	**12,066.66**	**10,029.50**

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:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Not Due	**-**	-	-
Due from 0 to 180 days	**11,570.36**	8,035.02	6,411.05
Due from more than 180 days	**958.58**	603.17	583.19
Less: Loss Allowance	**(543.67)**	(489.85)	(479.68)
Total	**11,985.27**	**8,148.34**	**6,514.56**

(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.

Notes to the Standalone Financial Statements

Note No. 37 - Financial Instruments (Contd.)

Maturity profile of financial liabilities

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

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2018			
Borrowings	**1502.63**	**1502.63**	**-**
Trade payables	**11,878.24**	**12,428.15**	
Other non-current financial liabilities	**5,638.35**	**-**	**5,638.35**
Other current financial liabilities	**0.53**	**0.53**	**-**
Total	**19,019.75**	**13,931.31**	**5,638.35**
Particulars	**Carrying Value**	**Less than 1 year**	**1 to 5 years**
As at 31 March, 2017			
Borrowings	430.43	430.43	-
Trade payables	9,988.77	9,988.77	
Other non-current financial liabilities	4,999.51		4,999.51
Other current financial liabilities	29.44	29.44	-
Total	**15,448.15**	**10,448.64**	**4,999.51**

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2016			
Borrowings	120.29	123.29	-
Trade payables	8,497.75	8,497.75	
Other non-current financial liabilities	4,705.40		4,705.40
Other current financial liabilities	20.45	20.45	-
Total	**13,346.89**	**8,641.49**	**4,705.40**

(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 to the Standalone Financial Statements

Note No. 37 - Financial Instruments (Contd.)

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

Particulars	Carrying amount/Fair value								
	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	L-1	L-2	L-3	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	-	-	**1.00**	-	-	-	-	-	-
b) **Measured at fair value though other comprehensive income**	-	-	-	-	-	-	-	-	-
- Loans	-	-	**753.88**	-	-	452.39	-	-	410.93
- Other non-current financial assets	-	-	-	-	-	-	-	-	-
Current assets									
- Investments	**1,889.53**	-	-	316.85	-	-	400.62	-	-
- Trade receivables	-	-	**11,985.27**	-	-	8,148.34	-	-	6,514.55
- Cash and cash equivalents	-	-	**4,266.32**	-	-	3,149.08	-	-	2,703.40
Total	**1,889.53**	-	**17,006.47**	**316.85**	-	**11,749.81**	**400.62**	-	**9,628.88**
Financial liabilities									
Carrying amounts/fair value:									
d) **Measured at fair value though profit and loss**									
e) **Measured at fair value though other comprehensive income**	-	-	-	-	-	-	-	-	-
f) **Measured at amortised cost**									
Non-current liabilities									
- Borrowings	-	-	-	-	-	-	-	-	11.25
- Other non-current financial liabilities	-	-	**5,638.35**	-	-	4,999.51	-	-	4,705.40
Current liabilities									
- Borrowings	-	-	**952.63**	-	-	430.43	-	-	123.29
- Trade payables	-	-	**12,428.24**	-	-	9,988.77	-	-	8,497.75
- Other current financial liabilities	-	-	**0.53**	-	-	29.44	-	-	20.45
Total	-	-	**19,019.75**	-	-	**15,448.15**	-	-	**13,358.14**

Notes to the Standalone 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 182.13 lakhs (Previous Year: 284.54 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Employer's contribution towards Provident Fund (PF)	**151.25**	139.40
Employer's contribution to Superannuation Fund	**52.97**	60.87

(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, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present Value of Defined Benefit Obligation at the beginning of year	**354.32**	324.34	**610.78**	488.47
Interest cost	**26.12**	22.41	**44.56**	36.62
Current Service Cost	**33.47**	27.46	**85.39**	190.37
Past Service Cost	**0.72**	-	**-**	-
Benefit Paid	**(20.49)**	(35.50)	**(47.52)**	(40.37)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	**(7.16)**	11.85	**14.30**	-
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	**(23.54)**	3.76	**38.49**	(64.32)
Present value of the Defined Benefit Obligation at the end of year	**363.44**	**354.32**	**746.00**	**610.77**

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

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Current Service Cost	**33.47**	27.46	**85.39**	190.37
Past Service Cost	**0.72**	-	**-**	-
Interest cost	**26.12**	22.41	**44.56**	36.62
Interest income on plan asset	**(29.88)**	(29.89)	**(57.27)**	(51.36)
Net Defined Benefit recognized in Statement of Profit and Loss	**30.43**	19.98	**72.68**	175.63

Notes to the Standalone Financial Statements

Note No. 38 - Employee benefits (Contd.)

iii. Recognized in Other Comprehensive Income.

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	**(7.16)**	11.85	**14.30**	-
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	**(23.54)**	3.76	**38.49**	(64.32)
Net actuarial Loss	**(30.70)**	15.61	**52.79**	(64.32)

iv. Sensitivity Analysis*

₹ in Lakhs

(a) Impact of the change in the discount rate

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present value of the Defined Benefit Obligation at the end of year	**363.44**	354.32	**746.00**	610.77
a) Impact due to increase of 0.50%	**351.03**	342.70	**715.56**	587.05
b) Impact due to decrease of 0.50%	**376.71**	366.74	**778.95**	636.40

(b) Impact of the change in the salary increase

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present value of the Defined Benefit Obligation at the end of year	**363.44**	354.32	**746.00**	610.77
a) Impact due to increase of 0.50%	**376.51**	366.30	**758.90**	621.14
b) Impact due to decrease of 0.50%	**351.12**	342.92	**733.30**	600.60

* 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.

v. Maturity Profile.

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
0 to 1 year	**34.07**	42.73	**63.25**	58.07
1 to 2 Year	**36.43**	27.42	**61.39**	48.21
2 to 3 Year	**24.56**	30.74	**46.6**	44.59
3 to 4 Year	**27.01**	18.97	**47.99**	35.52
4 to 5 Year	**25.36**	23.18	**39.68**	36.83
5 to 6 Year	**32.92**	22.09	**49.63**	29.37
6 Year onwards	**94.54**	93.8	**143.37**	160.31

Notes to the Standalone Financial Statements

Note No. 38 - Employee benefits (Contd.)

vi. Expected contribution for the next Annual reporting period ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Service Cost	33.47	27.46	85.39	190.37
Net Interest Cost	-3.55	-3.5	-12.61	2.76
Expected Expense for the next annual reporting period	30.23	33.35	NA	NA

vii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are: ₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Method used	Projected unit credit method			
Discount rate	7.59%	7.31%	7.59%	7.82%
Salary Escalation	6.00%	6.00%	6.00%	6.00%
Mortality Rate	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	7.59%	7.82%	NA	NA

Note No. 39 - First-time adoption of Ind AS

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018 and the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of opening Ind AS balance sheet at April 1, 2016 (transition date). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP") and an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is presented in the form of reconciliations below.

Exemptions availed and mandatory exceptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS optional exemptions

(a) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40. Accordingly, the company has elected to measure all of its property, plant and equipment, investment property and intangible assets at their Previous GAAP carrying value.

Notes to the Standalone Financial Statements

Note No. 39 - First-time adoption of Ind AS

(b) Investments in subsidiaries

The Company has elected to measure its investments in subsidiaries at the Previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(c) Leases

Ind AS 17 "Leases' requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS except where the effect is material. The Company has elected to apply this exemption for such contracts/arrangements.

B. Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of the financial assets has been based on the facts and circumstances that exist at the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires an entity to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly the Company has applied the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous Indian GAAP to Ind AS in accordance with Ind AS 101:

I. Reconcilation of comprehensive income

II. Reconciliation of Equity

Notes to the Standalone Financial Statements

Note No. 39 - First-time adoption of Ind AS

Total comprehensive income reconciliation ₹ in Lakhs

Particulars	For the year ended March 31, 2017
Profit after tax as reported under the previous GAAP	6,047.19
Fair valuation of Financial assets / liabilities (Refer Note (ii) below)	0.87
Profit after tax as per Ind AS	6,048.06
Actuarial (gain) / loss on employee defined plans recognised in other Comprehensive income (Refer Note (v) below)	(48.71)
Tax impact on the above (Refer Note (iii) below)	(16.86)
Other comprehensive income	(31.85)
Total comprehensive income	**6,079.91**

Equity reconciliation ₹ in Lakhs

Particulars	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP	24,080.42	17,506.51
Proposed dividend (Refer Note (iii) below)	-411.17	411.17
Tax impact on proposed dividend (Refer Note (iii) below)	-83.71	83.71
Fair valuation of Financial assets / liablities (Refer Note (ii) below)	-1.99	-2.87
Straight lining of leases (Refer Note (iv) below)	0	0
Total equity (shareholder's funds) as per Ind AS	**23,583.55**	**17,998.52**

Notes:

(i) Fair Valuation of Investments

In accordance with Ind AS 109 "Financial Instruments", investments in mutual funds etc. are recognised at fair value through the statement of profit and loss at each reporting period.

(ii) Financial assets / liablities - Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under IND AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits under IND AS

(iii) Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financialstatements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS,such dividends are recognised when the same is approved by the shareholders in the general meeting.

(iv) Straight-Lining of Leases

As per IND AS 17 payments to the lessor vary because of factors other than general inflation, hence the straight line basis over the lease term is not applicable

Notes to the Standalone Financial Statements

Note No. 39 - First-time adoption of Ind AS (Contd.)

(v) Actuarial gain/(loss) on Defined Benefit Scheme (Ind AS – 19)

Both under Previous Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements i.e. actuarial gains and losses are recognised in balance sheet through other comprehensive income. Thus, employee benefits expense is reduced with the corresponding impact under other comprehensive income. The related current tax expense has also been reclassified from statement of Profit and loss to Other Comprehensive Income.

(vi) Deferred Taxes (Ind AS -12)

Under the Previous Indian GAAP, deferred tax is calculated using the income statement approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12 – 'Income tax' requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. As, the Company is already calculating deferred tax under balance sheet approach, therefore no impact has been noted for the year ended March 31, 2018 and March 31, 2017.

(vii) Other comprehensive Income

Under Previous Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Previous Indian GAAP profit to profit as per Ind AS. Further, Previous Indian GAAP profit is reconciled to Total Comprehensive Income as per Ind AS.

(viii) The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financingactivities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

Note No. 40 -

This being the first year of presentation of financial statements under INDAS , the figures for the previous periods have been regrouped / reclassified to confirm with the current year groupings / classifications.

For and on behalf of the Board of Directors

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
Director

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 10.08.2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KURLON RETAIL LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Kurlon Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Standalone 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 Standalone 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 Standalone 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 Standalone 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 Standalone Ind AS financial statements inaccordance 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 Standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone 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 Standalone 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 Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Standalone 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, 2018, 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 Standalone 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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 : 10.08.2018

MUDDANNA U
Membership Number: 200296

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 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, 2018 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 : 10.08.2018

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, 2018 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 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, 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, 2018, 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 : 10.08.2018

MUDDANNA U
Membership Number: 200296

Standalone Balance Sheet as on ended March 31, 2018

₹ in Lakhs

		Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A		**ASSETS**			
	I	**Non-Current Assets**			
		(a) Property, Plant and Equipment	2	**154.95**	5.39
		(b) Other Intangible Assets	2a	**2.90**	-
		(c) Financial Assets			
		(i) Loans	3	**49.60**	-
		(d) Current Tax Assets (Net)	5	**0.59**	5.63
		Total Non - Current Assets		**208.04**	**11.02**
	2	**Current Assets**			
		(a) Inventories	7	**370.42**	9.62
		(b) Financial Assets			
		(i) Trade Receivables	4	**8.99**	2.52
		(ii) Cash and Cash Equivalents	8	**58.94**	22.76
		(c) Other Current Assets	6	**53.42**	3.09
		Total Current Assets		**491.77**	**37.99**
		Total Assets (1+2)		**699.81**	**49.01**
B		**EQUITY AND LIABILITIES**			
	I	**Equity**			
		(a) Equity Share Capital	9	**1.00**	1.00
		(b) Other Equity	10	**2.46**	1.50
		Equity attributable to owners of the Company (I)		**3.46**	2.50
		Total equity (I)		**3.46**	**2.50**
		LIABILITIES			
	2	**Non-Current Liabilities**			
		(a) Deferred Tax Liabilities (Net)	13	**2.03**	-
		Total Non - Current Liabilities		**2.03**	**-**
	3	**Current Liabilities**			
		(a) Financial Liabilities			
		(i) Borrowings	14	**573.68**	12.26
		(ii) Trade Payables	11	**104.90**	27.59
		(b) Provisions	12	**0.51**	5.15
		(c) Other Current Liabilities	15	**15.23**	1.51
		Total Current Liabilities		**694.32**	**46.51**
		Total Equity and Liabilities (1+2+3)		**699.81**	**49.01**
		See accompanying notes to the financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For Muddnna U.
Chartered Accountant

T. Sudhakar Pai
Director

Narendra Kudva
Director

Muddnna U.
Membership No. : 200296

Jamsheed M Pandey
Director

Place : Bangalore
Date : 10.08.2018

Place : Bangalore
Date : 10.08.2018

Standalone Statement of Profit and Loss for the period ended March 31, 2018

₹ in Lakhs

	Particulars		Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuining Operations					
I	Revenue from Operations		16	**606.09**	242.05
II	Other Income		17	**0.93**	1.47
III	**Total Revenue (I + II)**			**607.02**	**243.52**
IV	**EXPENSES**				
	(a)	Purchases of Traded Goods	18.a	**671.67**	167.64
	(b)	Changes in Stock of Traded Goods	18.b	**(243.89)**	(6.79)
	(c)	Finance Costs	19	**4.93**	1.53
	(d)	Depreciation	2	**4.08**	0.14
	(e)	Other Expenses	20	**167.53**	66.80
	Total Expenses (IV)			**604.32**	**229.32**
V	**Profit/(loss) before tax (III - IV)**			**2.70**	**14.20**
VI	**Tax Expense**				
	(1)	Current Tax		**0.51**	5.15
	(2)	MAT Credit		**(0.51)**	
	(3)	Tax Expense relating to prior years (net)		**(0.29)**	(0.02)
	(4)	Deferred Tax	13	**2.03**	-
	Total Tax Expense			**1.74**	**5.13**
VII	**Profit/(loss) for the Period (V-VI)**			**0.96**	**9.07**
VIII	**Other Comprehensive Loss / (Income)**				
	Items that will not be recycled to profit or loss			**-**	-
IX	**Total Comprehensive Income for the Period (VII - VIII)**			**0.96**	**9.07**
X	**Earnings Per Equity Share (for continuing operation):**				
	(1)	Basic	21	**9.60**	90.69
	(2)	Diluted	21	**9.60**	90.69
	See accompanying notes to the financial statements				

In terms of our report attached

For and on behalf of the Board of Directors

For Muddnna U.
Chartered Accountant

T. Sudhakar Pai
Director

Narendra Kudva
Director

Muddnna U.
Membership No. : 200296

Jamsheed M Pandey
Director

Place : Bangalore
Date : 10.08.2018

Place : Bangalore
Date : 10.08.2018

Standalone Cash Flow Statement as on March 31, 2018

Cash Flow Statement - Indirect Method

₹ in Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from Operating Activities		
Profit before tax for the year	**2.70**	14.20
Depreciation and Amortisation of Non-Current Assets	**4.08**	0.14
Interest income from deposit	**0.84**	0.96
Provision for Taxation	**0.51**	(5.15)
Mat Credit	**(0.51)**	-
	7.62	10.15
Movements in working capital		
(Increase)/decrease in loans & advances	**(44.56)**	-
Increase in trade and other receivables	**(6.47)**	2.91
(Increase)/decrease in amounts due from customers under construction contracts		
(Increase)/decrease in inventories	**(360.80)**	(6.79)
(Increase)/decrease in Short-term loans and advances	**(50.03)**	(7.80)
(Increase)/decrease in other assets	**-**	2.45
Decrease in trade and other payables	**77.31**	-
Increase/(decrease) in other current liabilites	**570.50**	23.42
(Decrease)/increase in other liabilities	**185.95**	14.19
Net Cash generated from operating activities (A)	**193.57**	23.38
Cash flows from investing activities		
Proceeds on sale of financial assets	**(156.55)**	(5.53)
Interest received	**(0.84)**	-
Net cash (used in)/generated by investing activities (B)	**(157.39)**	(5.53)
Net increase in cash and cash equivalents (A-B)	**36.18**	18.81
Cash and Cash Equivalents at the beginning of the year	**22.76**	3.95
Cash and Cash Equivalents at the end of the year	**58.94**	22.76

In terms of our report attached

For and on behalf of the Board of Directors

For Muddnna U.
Chartered Accountant

T. Sudhakar Pai
Director

Narendra Kudva
Director

Muddnna U.
Membership No. : 200296

Jamsheed M Pandey
Director

Place : Bangalore
Date : 10.08.2018

Place : Bangalore
Date : 10.08.2018

Notes to the Standalone Financial Statements

(a) Equity Share capital

₹ in lakhs

Particulars	Amount
Balance as at March 31, 2017	1.00
Issue during the year	-
Balance as at March 31, 2018	**1.00**

(b) Other Equity

₹ in lakhs

Particulars	Reserve & surplus	
	Retained earnings	Total
Balance As at 1st April 2016	(7.57)	(7.57)
Total Comprehensive income for the year	9.07	9.07
Balance as at 31st Mar 2017	1.50	1.50
Total Comprehensive income for the year	0.96	0.96
Balance as at 31st Mar 2018	**2.46**	**2.46**

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 Muddnna U.
Chartered Accountant

T. Sudhakar Pai
Director

Narendra Kudva
Director

Muddnna U.
Membership No. : 200296

Jamsheed M Pandey
Director

Place : Bangalore
Date : 10.08.2018

Place : Bangalore
Date : 10.08.2018

Notes to the Standalone Financial Statements

Accounting Policies

Note	Particulars
1.	**Corporate Information**
	Kurlon Retail Limited is an unlisted Public Limited Company incorporated on 31 August, 2012.The registered office of the company is at N-301, 3RD FLOOR, NORTH BLOCK, MANIPAL CENTRE, 47, DICKENSON ROAD BANGALORE , Karnataka. Kurlon Retail Limited is engaged in trading in diverse product such as Rubberized coir, Latex Foam, Polyurethane Foam, Pillows, Spring Mattresses, Furniture, Furnishing etc.
2.	**Significant Accounting Policies**
2.1	**Statement of compliance**
	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.
2.2	**Basis of preparation and presentation**
	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: **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 inputs for the asset or liability.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.3	**Use of estimates and judgement**

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.

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.

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 in future periods.

Provisions and contingent liabilities 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.

2.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

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.

Other income

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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.5	**Leases** 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.
2.6	**Taxation** 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. **Current tax** 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. **Deffered tax** 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. 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. 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. 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. 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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.7	**Property, Plant and Equipment**

Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.

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.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

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.

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.

2.8 Intangible assets

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.

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.

2.9 Impairment

Financial assets (other than a fair value) The Company assesses at each date of balance sheetweather 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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	Non-financial assets
	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.
2.10	**Inventory**
	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.
2.11	**Provisions**
	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.
	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).
	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.
2.12	**Financial instruments**
	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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	A) Financial assets
	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.
	Financial assets at amortized cost
	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 fiancial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
	Financial assets at fair value through other comprehensive income (FVTOCI)
	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.
	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.
	B) Financial liabilities and equity
	Financial liabilities at amortized cost
	Financial liabilities are measured at amortized cost using effective interest method.
	Equity instruments
	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.
2.13	**Earnings per share (EPS)**
	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.

Notes to the Standalone Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	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.
2.14	**New Standards and interpretations and not yet adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**
	and advance consideration: 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.
	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.
	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.

Notes to the Standalone Financial Statements

Note No. 2 - Property, Plant and Equipments

₹ in Lakhs

Particulars	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Computer Owned	Total
Additions	-	0.26	5.13	0.14	5.53
Disposals	-	-	-	-	-
Reclassification as held for sales	-	-	-	-	-
Balance as at 31st March 2017	**-**	**0.26**	**5.13**	**0.14**	**5.53**
Additions	146.64	5.37	-	1.43	153.44
Disposals	-	-	-	-	-
Reclassification as held for sales	-	-	-	-	-
Balance as at 31st March 2018	**146.64**	**5.63**	**5.13**	**1.57**	**158.97**
Accumulated Depreciation					
Additions	-	0.04	0.09	0.01	0.14
Disposals	-	-	-	-	-
Reclassification as held for sales	-	-	-	-	-
Balance as at 31st March 2017	**-**	**0.04**	**0.09**	**0.01**	**0.14**
Additions	2.98	0.20	0.61	0.09	3.88
Disposals	-	-	-	-	-
Reclassification as held for sales	-	-	-	-	-
Balance as at 31st March 2018	**2.98**	**0.24**	**0.70**	**0.10**	**4.02**
Net carrying amount					
Balance as at 31st March, 2017	-	0.22	5.04	0.13	5.39
Balance as at 31st March, 2018	**143.66**	**5.39**	**4.43**	**1.47**	**154.95**

Note - 2a - Intangible Assets

₹ in Lakhs

Particulars	Computer software	Total
Gross Carrying amount		
Balance as at 31st March 2017	-	-
Additions	3.10	3.10
Disposals	-	-
Reclassification as held for sales	-	-
Balance as at 31st March 2018	**3.10**	**3.10**
Accumulated Depreciation		
Additions	0.20	0.20
Disposals	-	-
Reclassification as held for sales	-	-
Balance as at 31st March 2018	**0.20**	**0.20**
Net carrying amount		
Balance as at 31st March, 2017	-	-
Balance as at 31st March, 2018	**2.90**	**2.90**

Notes to the Standalone Financial Statements

Note No. 3 - Loans

₹ in Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017		
	Current	Non- Current	Total	Current	Non- Current	Total
(a) Security Deposits						
- Unsecured, considered good		**49.60**	**49.60**	-	-	-
- Doubtful	-	-	-	-	-	-
Less : Allowance for bad and doubtful deposits	-	-	-	-	-	-
Total (A)	**-**	**49.60**	**49.60**	**-**	**-**	**-**
Grand Total	**-**	**49.60**	**49.60**	**-**	**-**	**-**

Note No. 4 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Trade Receivables outstanding for a period of more than 6 months				
(a) considered good	**1.50**	-	-	-
(b) considered doubtful	-	-	-	-
	1.50	-	-	-
Less: Allowance for Credit Losses	-	-	-	-
	1.50	-	-	-
Other Trade Receivables				
(a) considered good	**7.49**	-	2.52	-
(b) considered doubtful	-		-	-
	7.49	-	2.52	-
Less : Allowance for Credit Losses	-	-	-	-
	7.49	-	2.52	-
Total	**8.99**	**-**	**2.52**	**-**

Notes to the Standalone Financial Statements

Note - 5: Current Tax

(a) Advance Tax & MAT Credit

₹ in lakhs

Particulars	Continuing Operations	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current Tax:		
Advance Tax and TDS	**0.08**	5.63
MAT Credit	**0.51**	
Total	**0.59**	**5.63**

Note No. 6 - Other Current Assets

₹ in lakhs

Particulars	As at March 31, 2018			As at March 31, 2017		
	Current	Non Current	Total	Current	Non Current	Total
(a) Advances to suppliers	**0.47**	-	**0.47**	0.53	-	0.53
(b) Advances to employees	-	-	-	2.51	-	2.51
(c) Balances with Government Authorities (other than income taxes)	**52.76**	-	**52.76**	-	-	-
(d) Others	-	-	-	-	-	-
Prepaid expenses	**0.19**	-	**0.19**	0.05	-	0.05
Insurance claim	-	-	-	-	-	-
Gratuity fund	-	-	-	-	-	-
Total	**53.42**	-	**53.42**	**3.09**	-	**3.09**

Note No. 7 - Inventories

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Traded goods	**253.51**	9.62
(b) Goods in Transit	**116.91**	-
Total Inventories at the lower of cost and net realisable value	**370.42**	**9.62**

Note No. 8 - Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current Cash and Bank Balances		
(a) Unrestricted Balances with Banks*	**55.06**	22.73
(b) Cash in hand	**3.88**	0.03
Total Cash and Cash Equivalent	**58.94**	**22.76**

Note: *Includes deposits with banks with original maturity of less than three months.

Notes to the Standalone Financial Statements

Note No. 9 - Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	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	10,000	1.00	10,000	1.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10/- each with voting rights	10,000	1.00	10,000	1.00
Total	**10,000**	**1.00**	**10,000**	**1.00**

Note - 9.1: Equity Share Capital

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

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended March 31, 2018						
No. of Shares	10,000	-	-	-	-	10,000
Amount	100,000.00	-	-	-	-	100,000.00

(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, 2018			
Kurlon Enterprise Limited	10,000		100%
Equity shares of Rs.10/- each voting rights	10,000	-	100%
As at March 31, 2017			
Kurlon Enterprise Limited	-	-	-
Equity shares of Rs.10/- each voting rights	-	-	-
As at April 1, 2016			
Kurlon Enterprise Limited	-	-	-
Equity shares of Rs.10/- each voting rights	-	-	-

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, 2018		As at March 31, 2017	
	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	10,000.00	100%	-	-

Note No. 10 - Other Equity

₹ in Lakhs

	As at March 31, 2018	As at March 31, 2017
Securities Premium Account		
Retained earnings		
Opening balances	**1.50**	(7.57)
Add: Comprehensive income for the year	**0.96**	9.07
Closing balance	**2.46**	1.50
Total	**2.46**	**1.50**

Note No. 11 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
(a) Dues to enterprises covered under MSMED Act, 2006	-		-	
(b) Dues of creditors other than MSMED	**63.36**		-	
(c) Trade payable for Goods & Services	**41.54**		27.59	
(d) Trade payable for Salaries and Wages	-		-	
(e) Liability for Cash-settled share-based payments	-		-	
(f) Acceptances	-		-	
Total Trade Payables	**104.90**	**-**	**27.59**	**-**

Note No. 12 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017		
	Current	Non Current	Total	Current	Non Current	Total
(a) Other Provisions						
(1) Taxation	**0.51**	-	**0.51**	5.15	-	5.15
Total Provisions	**0.51**	**-**	**0.51**	**5.15**	**-**	**5.15**

Notes to the Standalone Financial Statements

Note No. 13 - Deffered Tax Balances

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Deferred tax liabilities (net)	**2.03**	**-**

Note No. 14 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
A. Unsecured Borrowings - Related Parties		
(a) Advances	**501.91**	12.26
(b) Due towards Purchases	**71.77**	-
Total Unsecured Borrowings	**573.68**	**12.26**
Total Current Borrowings	**573.68**	**12.26**

Note No. 15 - Other Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017		
	Current	Non-Current	Total	Current	Non-Current	Total
a. Advances received from customers	**9.32**		**9.32**	0.81		0.81
b. Statutory dues						
- Statutory Remittance	**5.91**		**5.91**	0.70		0.70
- Compensated Absences Payable			**-**			-
Total Other Liabilities	**15.23**	**-**	**15.23**	**1.51**	**-**	**1.51**

Note no. 16 - Revenue from Operations

₹ in Lakhs

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Revenue from Sale of Goods	**557.79**	234.07
(b) Other Operating Income	**48.30**	7.98
Total Revenue from Operations	**606.09**	**242.05**

Notes to the Standalone Financial Statements

Note no. 17 - Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest Income		
Interest Others	**0.84**	1.39
(b) Miscellaneous income	**0.09**	0.08
Total Other Income	**0.93**	**1.47**

Note 18. a. Purchase of Traded Goods

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Opening stock	**-**	-
Add : Purchases	**671.67**	167.64
	671.67	167.64
Less: Closing stock	**-**	-
Total Purchase	**671.67**	**167.64**

Note 18. b. Changes in Stock of Traded Goods

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Inventories at the end of the year:		
Traded goods	**253.51**	9.62
	253.51	9.62
Inventories at the beginning of the year:		
Traded goods	**9.62**	2.83
	9.62	2.83
Net (increase) / decrease	**(243.89)**	(6.79)

Note No. 19 - Finance Costs

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Other borrowing cost	**4.93**	1.53
Total Finance Costs	**4.93**	**1.53**

Notes to the Standalone Financial Statements

Note No. 20 - Other Expenses

₹ in Lakhs

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Electricity and Maintenances	**7.64**	1.19
(b)	Sales commission, discount	**23.16**	25.57
(c)	Advertisement Expenses	**0.13**	-
(d)	Business promotion	**2.08**	23.93
(e)	Freight and Forwarding Charges	**6.81**	-
(f)	Rent including lease rentals	**101.55**	3.14
(g)	Repairs and maintenance - Others	**2.63**	0.53
(h)	Rates and Taxes	**0.73**	0.72
(i)	Insurance charges	**1.30**	0.14
(j)	Postage & Telephone	**0.54**	-
(k)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**0.50**	0.29
(l)	Other Expenses		
	(1) Travelling Expenses	**1.19**	0.40
	(2) Legal and Professional	**6.22**	3.85
	(3) Sundry Debtors Written off	**0.72**	-
	(4) Miscellancous expenses	**12.33**	7.04
Total Other Expenses		**167.53**	**66.80**

Note No. 21 - Earnings Per Share

₹ in Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit after Tax (Rs. in Lakhs)	**0.96**	9.07
Weighted average number of Equity shares outstanding-Basic (Nos.in Lakhs) (Refer note below)	**10,000**	10,000
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer note below)	**10,000**	10,000
Earnings per share – Basic (Rs.)	**9.60**	90.69
Earnings per share – Diluted (Rs.)	**9.60**	90.69
Face Value of Equity Shares (Rs.)	**10/-**	10/-

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. 101.55 Lakhs (Previous year: Rs. 3.14 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, 2018, hence the disclosure of the non-cancellable leases is not provided.

Notes to the Standalone Financial Statements

Note No. 23 - Related Party Disclosures

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

A) Related parties with relationships

(a) List of Related Parties and Relationships

Relationship	Related Parties
Holding Company	Kurlon Enterprise Limited from 01-04-2017
Persons having substantial interest in the Company	Mr. T. Sudhakar Pai, Managing Director Mrs. Jaya S Pai
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd Manipal Advertising Services Pvt Ltd.
Key Management Personnel and their relatives	Mr. T. Sudhakar Pai, w.e.f. 01.02.2018 Mr. Jamsheed M Panday w.e.f. 01.02.2018 Mr. Naredra Kudva w.e.f. 01.02.2018

(b) Related Party Transactions

₹ in Lakhs

Particulars	Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives/ wholly owned subsidiary		Total	
Transactions during the year:	**31-Mar-2018**	**31-Mar-2017**	**31-Mar-2018**	**31-Mar-2017**
Rent Paid :				
Maharashtra Apex Corporation Ltd	**2.70**	-	**2.70**	-
Maharashtra Apex Corporation Ltd (GST)	**0.49**		**0.49**	-
Advertisement Expenses			**-**	-
Manipal Advertising Services (P)Ltd	**0.15**		**0.15**	-
Advances Paid :			**-**	-
Maharashtra Apex Corporation Ltd	**0.30**		**0.30**	-
Purchases			**-**	-
Kurlon Enterprise Limited	**602.83**		**602.83**	-
Investment in Share Capital			**-**	-
Kurlon Enterprise Limited	**1.00**		**1.00**	-
Outstanding as at end of the year			**-**	-
Amounts Payable :			**-**	-
Kurlon Enterprise Limited	**572.68**		**572.68**	-
Maharashtra Apex Corporation Limited	**0.32**		**0.32**	-
Unsecured Loans Payable :			**-**	-
Sri.T.Sudhakar Pai	**1.00**	1.00	**1.00**	1.00
TOTAL :	**1,181.47**	**1.00**	**1,181.47**	**1.00**

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. 24 - First-time adoption of Ind AS

The Company w.e.f. 1 April, 2017 has adopted 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, with a transition date of 1 April, 2016. For all the periods upto and including year ended 31 March, 2017, the Company prepared, its financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards'. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017 and the opening Ind AS Balance Sheet as at 1 April, 2016, the date of transition to Ind AS. The accounting policies as set out in Note 2 which are in accordance with Ind AS, have been applied in preparing these financial statements.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous Indian GAAP have been recognised directly in equity under retained earnings. This note explains the adjustments made by the Company in restating its financial statements prepared under previous Indian GAAP, including the Balance Sheet as at 1 April, 2016 and the financial statements as at and for the year ended 31 March, 2017.

Exemptions availed and mandatory exceptions

Ind AS 101 - First-time Adoption of Indian Accounting Standards permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous Indian GAAP to Ind AS.

A1 Ind AS optional exemptions

(a) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

(b) Ind AS 17 "Leases" requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS except where the effect is material. The Company has elected to apply this exemption for such contracts/arrangements.

A2 Ind AS mandatory exceptions

(i) Estimates

On assessment of the estimates made under the Previous Indian GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an

Notes to the Standalone Financial Statements

error in those estimates. However, estimates that were required under Ind AS but not required under Previous Indian GAAP are made by the Company, wherever required for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition, if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires an entity to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly the Company has applied the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous Indian GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity II. Reconcilation of comprehensive income

Total Comprehensive Income Reconciliation ₹ in Lakhs

Particulars	For the year ended March 31, 2018
Profit after tax as reported under the previous GAAP	**0.96**
Profit after tax as per Ind AS	**0.96**
Other comprehensive income	**-**
Total Comprehensive Income	**0.96**

Equity Reconciliation ₹ in Lakhs

Particulars	As at March 31, 2017
Total equity (shareholder's funds) as per previous GAAP	2.50
Total equity (shareholder's funds) as per Ind AS	2.50

Notes:

(i) Other Comprehensive Income

Under Previous Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Previous Indian GAAP profit to profit as per Ind AS. Further, Previous Indian GAAP profit is reconciled to Total Comprehensive Income as per Ind AS.

(ii) The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

Notes to the Standalone Financial Statements

Note No. 25 - 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. 26 - 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 to financial statements prepared under Ind AS.

Note No. 27 - 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 31 March, 2018. 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, 2018.

(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 interest bearing vehicle loans, loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

Notes to the Standalone Financial Statements

(ii) 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, 2018 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, 2018	As at 31 March, 2017
Non-current assets		
- Security Deposit	**49.60**	-
Current assets		
- Trade receivables	**8.99**	2.52
- Cash and cash equivalents	**58.94**	22.76
Total	**117.53**	**25.28**

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, 2018	As at March 31, 2017
Not Due	**-**	-
Due from 0 to 180 days	**7.49**	2.52
Due from more than 180 days	**1.50**	-
Less: Loss Allowance	**-**	-
Total	**8.99**	**2.52**

Notes to the Standalone Financial Statements

(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, 2018			
Borrowings	**573.68**	**572.68**	**1.00**
Trade payables	**104.90**	**104.90**	**-**
Other non-current financial liabilities	**-**	**-**	**-**
Other current financial liabilities	**-**	**-**	**-**
Total	**678.58**	**677.58**	**1.00**

₹ in Lakhs

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2017			
Borrowings	12.26	11.26	1.00
Trade payables	27.59	27.59	-
Other non-current financial liabilities	-	-	-
Other current financial liabilities	-	-	-
Total	**39.85**	**38.85**	**1.00**

Note No. 28 - 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, 2018	As at 31 March, 2017
Financial Assets		
(a) Measured at amortised cost		
Non-current assets		
- Loans	49.60	-
Current assets		
- Trade receivables	8.99	2.52
- Cash and cash equivalents	58.94	22.76
Total	**117.53**	**25.28**

Notes to the Standalone Financial Statements

Particulars	Carrying amount/Fair value	
	As at 31 March, 2018	As at 31 March, 2017
Financial Liabilities		
(a) Measured at fair value though profit and loss		
Current liabilities		
- Borrowings	573.68	12.26
- Trade payables	104.90	27.59
Total	**678.58**	**39.85**

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.

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, 2018			As at 31 March, 2017		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
(a) Measured at fair value though profit and loss						
- Loans	-	-	**49.60**	-	-	-
Current assets						
- Trade receivables	-	-	**8.99**	-	-	2.52
- Cash and cash equivalents	-	-	**58.94**	-	-	22.76
Total	**-**	**-**	**117.53**	**-**	**-**	**25.28**
(a) Measured at fair value though profit and loss	-	-	**-**	-	-	-
Current liabilities						
- Borrowings	-	-	**573.68**	-	-	12.26
- Trade payables	-	-	**104.90**	-	-	27.59
Total	**-**	**-**	**678.58**	**-**	**-**	**39.85**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KURLON ENTERPRISE LIMITED

Report on the Consolidated Ind AS Financial Statements

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"), comprising the Consolidated Balance Sheet as at March 31, 2018, 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").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for 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 statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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; the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 in accordance with the Standards on Auditing 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2018 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 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No.008072S

Place: Bangalore
Date : 27.08.2018

S. GANESH
Partner
Membership No. 204108

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5(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, 2018, we have audited the internal financial controls over financial reporting of **KURLON ENTERPRISE LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which is company 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is company 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 is company incorporated in India, in terms of their reports 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 Holding Company and its subsidiary company, which is company 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 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 and based on the consideration of the reports of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, which is company 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, 2018, 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".

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 is company 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

Place: Bangalore
Date : 27.08.2018

S. GANESH
Partner
Membership No. 204108

Consolidated Balance Sheet as at ended March 31, 2018

₹ in Lacs

Particulars	Note No.	As at March 31, 2018
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	3a	18,065.68
(b) Capital work-in-progress	4	587.43
(c) Other Intangible assets	3b	557.10
(d) Financial Assets		
(i) Loans	7	803.48
(e) Other Non-Current Assets	8	1,422.26
Total Non - Current Assets		21,435.95
Current assets		
(a) Inventories	9	10,049.15
(b) Financial Assets		
(i) Investments	5	1,889.53
(ii) Trade receivables	6	11,994.26
(iii) Cash and cash equivalents	10	4,325.26
(c) Other current assets	8	5,626.03
Total Current Assets		33,884.23
Total Assets		55,320.18
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	11	1,389.37
(b) Other Equity	12	29,920.23
Total Equity		31,309.60
LIABILITIES		
Non-Current Liabilities		
(a) Financial Liabilities		
(i) Other financial liabilities	15	5,638.35
(b) Provisions	14	409.42
(c) Deferred tax liabilities (Net)	18	1,949.60
Total Non - Current Liabilities		7,997.37
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	16	2,076.31
(ii) Trade Payables	13	11,410.46
(iii) Other Financial Liabilities	15	0.53
(b) Provisions	14	409.93
(c) Current Tax Liabilities (Net)	19	1,658.87
(d) Other Current Liabilities	17	457.12
Total Current Liabilities		16,013.22
Total Equity and Liabilities		55,320.18
See accompanying notes forming part of the financial statements		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
Director

S. Ganesh
Partner

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

Consolidated Statement of Profit and Loss for the period ended March 31, 2018

₹ in Lakhs

Particulars	Note No.	For the Year ended March 31, 2018
INCOME		
Revenue from operations	20	**1,10,817.97**
Other Income	21	**1,244.69**
Total Revenue		**1,12,062.66**
EXPENSES		
Cost of materials consumed	22.a	**45,632.45**
Purchases of traded goods	22.b	**14,460.57**
Changes in inventories of finished goods and work-in-progress	22.c	**(1,205.35)**
Excise duty on sale of goods	23	**1,330.58**
Employee benefit expense	24	**6,137.39**
Finance costs	25	**409.56**
Depreciation and amortisation expense	26	**1,438.96**
Other expenses	27	**30,701.99**
Total Expenses		**98,906.15**
Profit before tax		**13,156.51**
Tax Expense		
Current tax	28	**4,261.99**
MAT Credit		**(0.51)**
Tax expense relating to prior years (net)		**(0.29)**
Deferred tax	28	**479.97**
		4,741.16
Profit for the year		**8,415.35**
Other Comprehensive Income		
(i) Items that will not be recycled to profit or loss - Re-measurements of the defined benefit plans [(gain) / loss]		**(22.09)**
(ii) Income tax relating to items that will not be reclassified to profit or loss		**7.65**
Total other Comprehensive Income		**(14.44)**
Total Comprehensive Income for the year		**8,400.91**
Earnings per equity share :		
(1) Basic	29	**30.23**
(2) Diluted	29	**29.83**
See accompanying notes forming part of the financial statements		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
Director

S. Ganesh
Partner

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

₹ in Lakhs

Particulars	Note No.	For the Year ended March 31, 2018
Cash flows from operating activities		
Profit before tax for the year		13,156.51
Gain on disposal of property, plant and equipment		3.23
Insurance claim received on fixed assets		(612.62)
Depreciation and amortisation of non-current assets		1,438.99
Interest income from deposit		(55.17)
Dividend Income		(6.10)
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		(8.41)
Interest expenses		404.63
Provision for doubtful trade receivables and advances		55.47
Net foreign exchange (gain)/loss		12.68
		14,367.12
Movements in working capital:		
(Increase)/decrease in loans & advances		(379.93)
Increase in trade and other receivables		(3,898.76)
(Increase)/decrease in inventories		(1,417.44)
(Increase)/decrease in Short -term loans and advances		(2,139.35)
(Increase)/decrease in other assets		830.80
Decrease in trade and other payables		2,508.98
Increase/(decrease) in Long term provisions		(107.22)
Increase/(decrease) in Long term liabilities		583.17
Increase/(decrease) in other current liabilites		(576.03)
Increase/(decrease) in Short-term provisions		107.21
		(4,488.57)
Cash generated from operations		**9,878.55**
Income tax paid		(3,467.94)
Net cash flow from operating activities (A)		**6,410.61**
B. Cash flows from investing activities		
Proceeds on sale of financial assets		473.26
Interest received		54.33
Other dividends received		6.94
(Purchase)/Sale of short term investments		(1,573.68)
Placed in bank deposits not considered as cash and cash equivalents		3.49
Proceeds from disposal of property, plant and equipment		(4,329.12)
Net cash flow from / (used in) generated by investing activities (B)		**(5,364.78)**
Cash flows from financing activities		
Proceeds/ (repayment) of short term borrowings		1,067.12
Tax on Distributed Profits		(114.40)
Dividends paid to owners of the Company		(561.96)
Interest paid		(279.68)
Net cash flow from / (used in) financing activities (C)		**111.08**
Net increase / decrease in cash and cash equivalents (A+B+C)		1,156.91
Cash and cash equivalents at the beginning of the year		2,935.46
Cash and cash equivalents at the end of the year		4,092.37
Reconciliation of Cash & cash equivalents with the Balance Sheet		
Add-Bank Balance held as margin money or security against borowing, guarantees and other commitments(*)		232.89
Cash and cash equivalents as per the Balance Sheet (Refer note 10)		4,325.26

Notes:

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

S. Ganesh
Partner

Place : Bangalore
Date: 27.08.2018

T. Sudhakar Pai
Managing Director

Shambhu Kumar Bhotika
Chief Financial Officer

Dr. Nitin G Khot
Director

Monu Kumar
Company Secretary

Place : Bangalore
Date: 10.08.2018

Statement of Changes in Equity for the year Ended March 31, 2018

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**

b. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus				Items of other comprehensive income	
	Securities premium	Share option outstanding account	General reserve	Retained earnings	Remeasurement of defined benefits plan	Total
Balance as at April 1, 2017	**11,619.58**	**435.58**	**1,141.14**	**9,232.99**	**31.85**	**22,461.14**
Transferred to general reserve	-	-	840.18	(840.18)	-	-
Profit for the year	-	-	-	8,415.35	-	8,415.35
Other comprehensive income 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**	**16,131.80**	**17.41**	**29,920.23**

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

T. Sudhakar Pai
Managing Director

Dr. Nitin G Khot
Director

S. Ganesh
Partner

Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

Place : Bangalore
Date: 27.08.2018

Place : Bangalore
Date: 10.08.2018

Notes forming part of the Consolidated Financial Statements

Accounting Policies

Note	Particulars
1.	**Corporate information**
	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 ("Subsidary") provides business activities in diverse area such as Rubberized coir, Latex Foam, Polyurethane foam, spring Mattresses, Furniture, Furnishing etc.
	The accompanying Consolidated FInancial Statements relate to Kurlon Enterprise Limited ("the Holding Company") and its Subsidiary (together reffered as "the Group")
2.	**Significant accounting policies**
2.1	**Basis Of Consolidation**
	The Consolidated Financial Statements have been prepared on the following basis:-
	Basis of Accounting:
	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".
	Principles of Consolidation:
	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 subsidary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Name of Company	Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2018	Proportion (%) of Shareholding as on 31.03.2017
Subsidiary Company			
Kurlon Retail Limited	India	100%	100%

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.2	**Statement of compliance and Basis of Prepartion** "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. For all the periods upto and including year ended March 31, 2017, the Holding Company prepared, its consolidated financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP'). These consolidated financial statements are the first financial statements which have been prepared in accordance with the Ind AS. Reconciliation and explanations of the effect of the transition from Previous Indian GAAP to Ind AS on the Group's Balance Sheet, Statement of Profit & Loss and Statement of Cash Flows are provided in Note, and the impact of the transition has been taken in the opening retained earnings on the date of transition i.e. 1st April, 2016. 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, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS. 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 inputs for the asset or liability.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars

2.3 Use of estimates and judgement

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.

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.

Useful lives of property, plant and equipment

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.

Provisions and contingent liabilities

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.

2.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Sales are recognized on transfer of the risk and rewards in the goods. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Sales are net of Sales Tax and Goods & Service Tax.

Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.5	**Foreign currencies**
	The functional currency of the Company is Indian Rupees.
	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.
	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.
2.6	**Leases**
	Assets taken on finance lease are capitalized, while lease charges on assets taken on operating lease are expensed.
2.7	**Employee benefits**
	Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.
	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."
	Liablities for gratuity funded in terms of a scheme administred 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:
	- 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

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	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.
	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 form the plans or reductions in future contributions to the plans.
	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."
	Defined contribution plan
	Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.
	Compensated absences
	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.
2.8	**Taxation**
	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.
	Current tax
	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.
	Deffered tax
	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.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	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. 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. 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. 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.
2.9	**Property, plant and equipment** Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any. 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. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. 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. 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.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars

Capital work in progress

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.

The capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

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.

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.

2.11 Impairment

Financial assets (other than a fair value)

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.

Non-financial assets

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.

2.12 Inventory

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.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars

2.13 Provisions

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.

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).

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.

2.14 Investment in Subsidiaries

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.

2.15 Financial instruments

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.

A) Financial assets

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.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars

Financial assets at amortized cost

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. Financial assets at fair value through other comprehensive income (FVTOCI)

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.

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 consolidated statement of profit and loss.

Foreign exchange gains and losses

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.

B) Financial liabilities and equity

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using effective interest method.

Borrowings & Security Deposits

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.

Equity instruments

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.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars

Foreign exchange gains and losses

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.

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.

2.16 Earnings per share (EPS)

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.

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.

2.17 Segment reporting

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.

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 singe business segment.

Notes forming part of the Consolidated Financial Statements

Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.18	**New Standards and interpretations and not yet adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** 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 Group is evaluating the effect of this on the consolidated financial statements. 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. 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 consolidated 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 Group is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the consolidated financial statements.

Notes forming part of 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
Deemed Cost										
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**
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**
Net carrying amount										
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**
Balance as at March 31, 2017	**958.55**	**842.50**	**2,753.49**	**9,240.59**	**829.45**	**214.87**	**228.93**	**18.33**	**110.45**	**15,197.16**

b) Intangible Assets

Particulars	Computer software	Total
Deemed Cost		
As at April 1, 2017	**722.73**	**722.73**
Additions	108.87	108.87
Disposals	-	-
As at March 31, 2018	**831.60**	**831.60**
Accumulated Depreciation		
As at April 1, 2017	**157.51**	**157.51**
Additions	116.99	116.99
Disposals	-	-
As at March 31, 2018	**274.50**	**274.50**
Net carrying amount		
Balance as at March 31, 2018	**557.10**	**557.10**
Balance as at March 31, 2017	**565.22**	**565.22**

Note: * Lease hold land acquired for a period of 99 years from Gujarat Undustrial Area Development Board

Refer Note - 17 for information on property, plant and equipments pledged as security by the Company.

Note 4 - Capital Work in Progress

₹ in Lakhs

Particulars	As at March 31, 2018
Land	0.86
Building	474.15
Plant & Machinery	88.64
Others	23.78
	587.43

Notes forming part of the Consolidated Financial Statements

Note No. 5 - Investment

₹ in Lakhs

Particulars	As at March 31, 2018	
	Nos.	Amount
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
Total Aggregate Quoted Investments	**76,22,657**	**1,889.53**
TOTAL INVESTMENTS CARRYING VALUE (A)	**76,22,657**	**1,889.53**
Other disclosures		
Aggregate amount of quoted investments	-	1,889.53
Aggregate amount of unquoted investments	-	-

Note No. 6 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2018
Trade receivables outstanding for a period of more than 6 months	
(a) considered good	416.40
(b) considered doubtful	543.67
	960.07
Less: Allowance for Credit Losses	543.67
	416.40
Other trade receivables	
(a) considered good	11,577.86
Total	**11,994.26**

Note No. 6a - Movement in the allowance for doubtful debts

₹ in Lakhs

Particulars	As at March 31, 2018
Balance at beginning of the year	489.85
Impairment losses recognised in the year based on 12 Month ECL	
On receivables originated in the year	230.40
Amounts written off during the year as uncollectible	55.47
Amounts recovered during the year	121.11
Balance at end of the year	543.67

Notes forming part of the Consolidated Financial Statements

Note No. 7 - Loans

₹ in Lakhs

Particulars	As at March 31, 2018
(a) Security Deposits	
- Unsecured, considered good	797.45
(b) Other Loans	
To Employees	6.03
Total	**803.48**

Note No. 8 - Other Non-Current and Current Assets

₹ in Lakhs

Particulars	As at March 31, 2018		
	Current	Non Current	Total
(a) Capital advances			
(i) For Land	-	1,397.46	1,397.46
(i) For Building	-	22.33	22.33
(ii) For Plant & Machinery	-	-	-
(b) Advances to suppliers	411.58	-	411.58
(c) Advances to related parties			
Kurlon limited	3,559.68	-	3,559.68
Metropolis Builders Ltd	27.95	-	27.95
(d) Advances to employees	190.84	-	190.84
(e) Balances with government authorities (other than income taxes)	1,002.68	-	1,002.68
(f) Others			
Prepaid expenses	269.63	1.00	270.63
Prepaid rent	110.15	-	110.15
Insurance claim	-	-	-
Gratuity fund	53.52	-	53.52
GST/sales tax deposit	-	1.47	1.47
Total	**5,626.03**	**1,422.26**	**7,048.29**

Notes forming part of the Consolidated Financial Statements

Note No. 9 - Inventories

₹ in Lakhs

Particulars		As at March 31, 2018
(a)	Raw materials	3,784.62
(b)	Work-in-progress	1,347.40
(c)	Finished and semi-finished goods	3,094.49
(d)	Stock-in-trade of goods acquired for trading	1,020.78
(e)	Stores and spares	431.44
(f)	Traded goods	253.51
(g)	Goods in Transit	116.91
Total Inventories at the lower of cost and net realisable value		**10,049.15**

Note No. 10 - Cash and Cash Equivalents

₹ in Lakhs

Particulars		As at March 31, 2018
Current Cash and bank balances		
(a)	Balances with banks	2,146.20
(b)	Cheques, drafts on hand	1951.21
(c)	Cash in hand	17.72
(d)	Others	
	In deposit Accounts (refer note below)	210.13
Total Cash and Cash Equivalents		**4,325.26**

Note - Deposit receipts pledged with the bank for obtaining letter of credit & bank guarantees. These deposits has an original maturity of less than six months.

Note No. 11 - Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2018	
	No. of shares	Value
Authorised:		
Equity shares of Rs.5/- each with voting rights	38,000,000	1,900.00
Issued, Subscribed and fully Paid:		
Equity shares of Rs.5/- each with voting rights	27,787,380	1,389.37

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

₹ in Lakhs

Particulars	As at March 31, 2018	
	No. of shares	Value
Equity Shares with Voting rights		
At the beginning of the period	224,78,260	1,123.91
Issue during the year		
Bonus issue	53,09,120	265.46
At the end of the year	**27,787,380**	**1,389.37**

Notes forming part of the Consolidated Financial Statements

Note No. 11 - Equity Share Capital (Contd.)

(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. 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. The dividend for the year ended March 31, 2018, declared by the Board of Directors is Rs 15/- per equity share, subject to the approval of the shareholders in the ensuing Annual General Meeting. This would result in a cash outflow of ₹148.50 lakhs including dividend tax during the Financial year ended 2018-19.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

₹ in Lakhs

Particulars	**As at March 31, 2018**	
	No. of shares held	**% holding in that class of shares**
Kurlon Limited		
Equity shares of Rs.5/- each voting rights	233,23,357	83.94

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

Class of shares / Name of shareholder	**As at March 31, 2018**	
	No. of shares held	**% holding in that class of shares**
Equity shares of Rs.5/- each with voting rights		
Kurlon Limited	233,23,357	83.94
IL & FS Trust Company Limited (Trustees equity of Business Excellence fund II)	13,24,174	4.77
Indian Business Excellence fund II A	23,54,086	8.47

(iv) Details of shares issued for consideration other than cash during the preceeding four years

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**
Equity Shares with Voting rights				
Fully paid up bonus shares	53,09,120	-	-	45,00,000

Notes forming part of the Consolidated Financial Statements

Note No. 12 - Other equity

₹ in Lakhs

	As at March 31, 2018
Securities premium account	11,619.58
Shares option outstanding account	435.58
General reserve	
Balance at the beginning of the year	1,141.14
Add: Transfer from the statement of Profit & Loss	840.18
Less : Uilised during the year for issuing bonus shares	265.46
Closing balance	**1,715.86**
Retained earnings	16,149.21
Total	**29,920.23**

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2018
Dues to enterprises covered under MSMED Act, 2006	142.06
Dues of cresitors other than MSMED	63.36
Trade payable for goods & services	10,145.45
Trade payable for salaries and wages	1,059.59
Total Trade Payables	**11,410.46**

Note No. 14 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2018	
	Current	Non Current
(a) Other Provisions		
Warranty	409.42	409.42
Other Provisions	0.51	-
Total Provisions	**409.93**	**409.42**

(i) Details of movement in other provisions

₹ in Lakhs

Particulars	As at March 31, 2018
Balance as at beginning of the year	818.84
Additional provisions recognised	-
Less: Unused amounts reversed during the period	-
Balance as at end of the year	**818.84**

Notes forming part of the Consolidated Financial Statements

Note No.15 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018
Other Financial Liabilities Measured at Amortised Cost	
Non-Current	
Deposits received from Dealers	5,582.68
Payables for capital supplies/services	55.67
	5,638.35
Current	
Interest accrued and due on borrowings	0.53
	0.53
Total other Financial LLiabilities	**5,638.88**

Note No. 16 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018
A. Secured Borrowings	
(a) Loans repayable on demand	
Buyers credit	377.75
Total Secured Borrowings	**377.75**
B. Unsecured Borrowings	
(a) Loans from related parties	1,626.79
(b) Due towards purchases	71.77
Total Unsecured Borrowings	**1,698.56**
Total Current Borrowings	**2,076.31**

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

Note No.17 - Other Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018
a. Advances received from customers	151.31
b. Statutory dues	
- taxes payable (other than income taxes)	256.56
- Employee Recoveries and Employer Contributions	39.62
- Compensated absences payable	9.62
Total Other Liabilities	**457.11**

Note No. 18 - Deferred Tax Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018
Deferred tax assets	471.54
Deferred tax liabilities	(2,421.65)
MAT Credit	0.51
Deferred Tax Liabilities (Net)	**(1,949.60)**

Notes forming part of the Consolidated Financial Statements

₹ in Lakhs

Particulars	As at March 31, 2018
Deferred tax liability	
Depreciation and amortisation	(2,421.65)
Gross deferred tax liability	**(2,421.65**
Deferred tax asset	
a) Employee benefits	283.39
b) Provision for doubtful debts	188.15
Gross deferred tax asset	**471.54**
MAT Credit	0.51
Net deferred tax liability	**(1,949.60)**

Note No. 19 - Current Tax Liabilities (Net) ₹ in Lakhs

Particulars	As at March 31, 2018
Provision for taxation	10,209.30
Less: Advance tax	8,550.43
Current Tax Liabilities (Net)	**1,658.87**

Note No. 20 - Revenue from Operations ₹ in Lakhs

Particulars	For the year ended March 31, 2018
Revenue from sale of goods (including excise duty) (refer note (i))	1,09,883.41
Other operating income (refer note (ii))	934.56
Total Revenue from Operations	**1,10,817.97**

Particulars	For the year ended March 31, 2018
(i) Sale of goods	
Manufactured goods	
Rubberized Coir Mattresses, Cushions	31,225.06
Foam and Foam Products	30,306.65
Sofa	1,567.79
Polyfibre Goods	2,618.06
Furniture	422.37
Foam Mattresses	16,112.18
Spring Mattresses	11,621.87
Total - Sale of manufactured goods	93,873.97
Traded goods	
Polyfibre Goods	704.27
Mattresses & Cushions	11,948.16
EPE Sheet & Foam, others	739.92
Soft Furnishing	1,559.10
Others(includes solar parts)	1,057.99
Total - Sale of traded goods	16,009.44
Total - Sale of products	**1,09,883.41**

Notes forming part of the Consolidated Financial Statements

Note No. 20 - Revenue from Operations (Contd.)

₹ in Lakhs

Particulars	For the year ended March 31, 2018
(ii) Other operating revenues:	
Sale of scrap	224.79
Raw Materials	661.47
Others	48.30
Total - Other operating revenues	**934.56**

(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 earlier periods include excise duty which is now subsumed in the GST. Revenue from operations for the current 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.

Note no. 21 - Other Income

₹ in Lakhs

Particulars	For the year ended 31 March, 2018
(a) Interest Income, On Financial Assets at FVTPL	
Interest from banks on deposits	55.17
Interest on loans and advances to employees	1.63
Interest Others	145.90
(b) Dividend Income on mutual fund	6.94
(c) Forex gain/loss	211.70
(d) Miscellaneous income	45.11
(e) Insurance claims	778.24
Total Other Income	**1,244.69**

Note no. 22 a - Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended 31 March, 2018
Opening stock	2,937.64
Add: Purchases	45,906.09
	48,843.73
Less: Closing stock	3,211.28
Cost of materials consumed	**45,632.45**
Material consumed comprises:	
Latex	4,229.19
Coir	1,437.14
Upholstery	4,927.19
Chemical & Clay	844.71
Foam Chemicals	27,553.18
Springs and Related Products	1,771.80
Furniture & Sofa	1,588.80
Packing Materials	3,077.94
Others	202.50
	45,632.45

Notes forming part of the Consolidated Financial Statements

Note no. 22 b - Purchase of Traded Goods

₹ in Lakhs

Particulars	For the year ended March 31, 2018
Poly Fibre Goods	754.23
Traded Mattresses	12,420.53
Furnishing Textiles & others	1,285.81
	14,460.57

Note no. 22 c - Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Lakhs

Particulars	For the year ended 31 March, 2018
Inventories at the end of the year:	
Finished goods	3094.49
Traded goods	253.51
Work-in-progress	1347.40
Stock-in-trade	1020.78
	5,716.18
Inventories at the beginning of the year:	
Finished goods	2954.91
Traded goods	9.62
Work-in-progress	1079.74
Stock-in-trade	466.56
	4,510.83
Net (increase) / decrease	**(1205.35)**

Note No. 23 - Excise duty

₹ in Lakhs

Particulars	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, 2018
(a) Salaries and wages, including bonus	5,510.85
(b) Contribution to provident and other funds	182.13
(c) Staff welfare expenses	444.41
Total Employee Benefit Expense	**6,137.39**

Note No. 25 - Finance Cost

₹ in Lakhs

Particulars	For the year ended March 31, 2018
(a) Interest expense	113.04
(b) Interest on delay payment of tax	223.09
(c) Other borrowing cost	73.43
Total Finance Cost	**409.56**

Notes forming part of the Consolidated Financial Statements

Note No. 26 - Depreciation and amortisation expense

₹ in Lakhs

Particulars	For the year ended March 31, 2018
Depreciation for the year on tangible assets	1,321.97
Amortization for the year on intangible assets	116.99
Total Depreciation and Amortization	**1,438.96**

Note No. 27 - Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2018
Stores and spares consumed	533.62
Powe & Fuel oil consumed	1,104.45
Freight and handling charges	5,932.42
Rent including lease rentals	1,366.26
Repairs and maintenance - Buildings	59.43
Repairs and maintenance - Machinery	163.06
Repairs and maintenance - Others	220.29
Water charges	20.26
Tailoring & Fabrication	2,716.42
Rates and taxes	354.28
Expenditure on corporate social responsibilty (CSR)	122.37
Insurance charges	285.04
Watch and ward Charges	536.40
Donation Expenses	0.25
Postage & Telephone	183.91
Payment to Auditor (Refer note below)	35.50
Other expenses	
Advertisement, Promotion & Selling Expenses	13,145.87
Travelling Expenses	1,056.07
Printing and stationery	68.33
Legal and professional	1,330.03
Director Sitting Fees	1.29
Less on fixed assets sod/ scrapped / written off	3.23
Purchase of solar parts	1,057.99
Bad trade receivables/Advance written off	56.19
Miscellancous expenses	349.03
Total Other Expenses	**30,701.99**

Note

₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2018
As Auditor:	
-For Statutory audit	32.50
-For Tax audit	3.00
	35.50

Notes forming part of the Consolidated Financial Statements

Note No. 28 - Defferred Tax Balances **₹ in Lakhs**

Payment to Auditor	For the year ended March 31, 2018
a) Current income tax	
In respect of current year	4,261.99
MAT Credit and Tax Expense relating to prior years (Net)	(0.80)
b) Deferred tax	
In respect of current year	479.97
Total	**4,741.16**

(c) Tax reconciliation **₹ in Lakhs**

Particulars	For the year ended March 31, 2018
Profit before tax as per statement of profit and loss	13,153.81
Income tax calculated @ 34.61%	4,551.88
Disallowance u/s 37 (1) for interest and delayed payment of taxes	77.20
Amount of interest inadmissible under section 23 (MSME)	0.18
Disallowance of donation	0.09
Effect of 80IC claim	(101.70)
Disallowance of CSR expenses	35.62
Tax Exempt Income - Dividend	(2.40)
Other disallowance	180.29
Income Tax recognised in Statement of Profit and Loss	**4,741.16**

(d) 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 fixed assets	(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 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, 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.

Notes forming part of the Consolidated Financial Statements

Note No. 29 - Earnings per share has been computed as under:

₹ in Lakhs

Particulars	For the year ended March 31, 2018
Profit after Tax (Rs.in Lakhs)	8,400.91
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer note below)	277.87
Weighted average number of Equity shares - Diluted (Nos.in Lakhs)	281.59
Earnings per share – Basic (Rs.)	30.23
Earnings per share – Diluted (Rs.)	29.83
Face Value of Equity Shares (Rs.)	5/-

Note

₹ in Lakhs

Particulars	For the year ended March 31, 2018
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	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)	281.59

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

Note No. 30 - Lease

The group has entered into operating lease arrangement for factory buildings. The lease arrangement 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. 1,366.26 lakhs. The group does not have any non-cancellable leases as at March 31, 2018, hence the disclosure of the non-cancellable leases is not provided.

Note No. 31 - Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018
a) Claims against the Company not acknowledged as debt	
i. Disputed demands under appeal not provided - Disputed Sales Tax*	127.03
Total	**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 rights for the future appeals before the judiciary. No reimbursements are expected.

ii. 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 to 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 Yeshwantpur unit Bangalore for the period March 2011 to March 2013. Kurlon Enterprise Limited has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow with this regard.

Notes forming part of the Consolidated Financial Statements

Note No. 32 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2018
Other commitments	
Commitments for acquisition of property, plant and equipment	19.12
Total	**19.12**

Note No. 33 - Kurlon Enterprise Limited - Employee Stock Option Scheme 2015 *

During the year ended March 31, 2016, Kurlon Enterprise Limited (KEL) 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 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.

During the year ended March 31, 2016, KEL 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 31 March, 2018		
	Number of options	Weighted average exercise price (Rs.)	Value of options as per Black-Scholes Model (Rs.)
Options outstanding at the beginning of the year	2,76,658 98,250	300 426	146 80
Granted during the year - Bonus shares	78,125 27,746	- -	- -
Forfeited during the year	35,302 1,523	234 332	- -
Options outstanding at the end of the year	- 6,091	- 332	- 80
Options exercisable at the end of the year	3,19,481 1,18,382	234 332	146 80

The weighted average remaining contractual life of the options outstanding as at March 31, 2018 is 5 years (March 31, 2017 - 6 years). Total quantity vested as at March 31, 2018 is 372,139 (March 31, 2017- 374,908).

KEL 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%. KEL'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

Note No. 33 - Kurlon Enterprise Limited - Employee Stock Option Scheme 2015 * (Contd.)

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 31-Mar-18
Net Profit as reported (Rs. In Lakhs)	8,400.91
Add : Stock based employee compensation expense (intrinsic value method) (Rs. In Lakhs)	435.58
Less: Stock based employee compensation expense (fair value method) (Rs. In Lakhs)	507.01
Proforma net Profit (Rs. In Lakhs)	8,329.48

Basic earnings per share as reported (In Rs.)	30.23
Proforma basic earnings per share (In Rs.)	29.98
Diluted earnings per share as reported (In Rs.)	29.83
Proforma diluted earnings per share (In Rs.)	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, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	142.06
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);	0.53
The amount of interest accrued and remaining unpaid at the end of accounting year	18.72
"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."	-

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. 35 -Corporate Social Responsibility (CSR)

₹ in Lakhs

Particulars	For the year ended March 31, 2018
Gross amount required to be spent by the Company as per Section 135 of the Act	122.44
Amount spent during the year	122.37

During October 2014, there was a fire accident in Uttaranchal factory where the inventory, plant and machinery and the building amounting to Rs 2002.41 lacs (being the book value) was destroyed. The company has insured the plant and machineries on the replacement cost basis and the inventories on the book value basis and accordingly has sufficient insurance coverage. The company has lodged the claim with the insurer on 31 December, 2014 for an amount of Rs 2676.59 lacs (for both inventory and plant and machineries). On a conservative basis, the company has accounted for an insurance claim receivable of Rs.502.22 lacs being the WDV of the plant and machinery and others destroyed , as the Company believes that it is certain of recovering this amount as on 31 March, 2016. Insurance surveyor assess the loss of Rs.1724.54 lacs and submitted to insurance company, now Insurance company process the application and recommended for settlement of claim. This has been settled during the year.

Note No. 36 - Related party disclosures

The Company material related party transactions and outstanding balances are 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 Jayamahal Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Kurlon Trade & Investments Ltd Metropolis Builders Private Limited Manipal Infrastructure Limited
Key Management Personnel and their relatives	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Mr. Monu Kumar, Company Secretary Mr. Jamsheed M Panday till February 21, 2018 Mr. Shambhu Kumar Bhotika, Chief Financial Officer from February 21, 2018

Notes forming part of the Consolidated Financial Statements

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

(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
	31.03.2018	31.03.2018	31.03.2018	31.03.2018
Transactions during the year:				
Remuneration :				
T.Sudhakar Pai	486.74	-	-	486.74
Shambhu Kumar Bhotika	15.37	-	-	15.37
Monu Kumar	5.00	-	-	5.00
Rent Paid :				
Jayamahal Trade & Investments P.Ltd	-	-	23.42	23.42
Kurlon Limited	-	19.31	-	19.31
Metropolis Builders	-	-	26.17	26.17
Maharashtra Apex Corporation Ltd	-	-	3.19	3.19
Professional & other charges	-	-	-	-
Kurlon Trade & Investments Ltd	-	-	285.94	285.94
Kurlon Retail Limited	-	-	-	-
Metropolis Builders	-	-	0.17	0.17
Jamsheed M Pandey	-	-	12.87	12.87
Dividend Paid:				
Kurlon Limited	-	462.54	-	462.54
Advertisement Expenses				
Manipal Advertising Services (P)Ltd	-	-	1,811.13	1,811.13
Interest Paid on Unsecured Loan :				
Jaya S Pai	12.65	-	-	12.65
Sales				
Kurlon Limited	-	2,800.87	-	2,800.87
Purchases				
Kurlon Limited	-	11,313.22	-	11,313.22
Loan taken				
Jaya S Pai	1,475.00	-	-	1,475.00
Repayment of Loan				
Metropolis Builders	-	-	501.88	501.88
Jaya S Pai	350.00	-	-	350.00

Notes forming part of 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
	31.03.2018	31.03.2018	31.03.2018	31.03.2018
Outstanding as at Year end:				
Advance recoverable :				
Maharashtra Apex Corporation Ltd	-	-	1,222.87	1,222.87
Kurlon Limited	-	3,559.68	-	3,559.68
Kurlon Trade & Investment Ltd	-	-	0.86	0.86
Amounts Payable :				
Jayamahal Trade & Investments Pvt Ltd	-	-	49.25	49.25
Manipal Advertising Services (P)Ltd	-	-	80.23	80.23
Kurlon Trade & Investment Ltd	-	-	28.47	28.47
Metro Polis Builders	-	-	2.05	2.05
Kurlon Retail Limited	-	-	-	-
T. Sudhakar Pai	501.13	-	-	501.13
Jamsheed M Pandey	-	-	0.88	0.88
Maharashtra Apex Corporation Ltd			0.32	0.32
Advances Paid				
Maharashtra Apex Corporation Ltd			0.30	0.30
Unsecured Loans payable :				
Jaya S Pai	1,124.88			1,124.88
T. Sudhakar pai			1.00	1.00
Interest on unsecured Loans Receivable:				
Metropolis Builders	-		0.11	0.11
Rent Deposit :				
Metropolis Builders	-		30.00	30.00

(a) No amount in respect of related parties have been written off/ back or provided during the year.

(b) Related party relationships have been identified by the management and relied upon by the auditors

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.

Notes forming part of the Consolidated Financial Statements

Note No. 37 - Financial Instruments (Contd.)

₹ in Lakhs

Particulars	As at March 31, 2018
Total equity attributable to the equity shareholders of the company	31,309.60
As a percentage of total capital	94%
Current borrowings	2,076.31
Non-current borrowings	-
Total borrowings	2,076.31
As a percentage of total capital	6%
Total Capital	**33,385.91**

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 investment which is predominantly investment in liquid 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, 2018	As at 31 March, 2018
Financial assets		
a) Measured at fair value though profit and loss		
Current assets		
- Investments	1,889.53	1,889.53
- Trade receivables	11,994.26	11,994.26
- Cash and cash equivalents	4,325.26	4,325.26
- Loans	-	-
Total	**18,209.05**	**18,209.05**
Financial liabilities		
a) Measured at fair value though profit and loss		
Non-current liabilities		
- Borrowings	-	-
- Other financial liabilities	5,638.35	5,638.35
Current liabilities		
- Borrowings	2,076.31	2,076.31
- Trade payables	11,410.46	11,410.46
- Other current financial liabilities	0.53	0.53
Total	**19,125.65**	**19,125.65**

Notes forming part of the Consolidated Financial Statements

Note No. 37 - Financial Instruments (Contd.)

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 31 March, 2018. 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, 2018.

(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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group'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 Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Notes forming part of the Consolidated Financial Statements

Note No. 37 - Financial Instruments (Contd.)

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:

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018	
		FC	INR (₹ in Lakhs)
Liabilities			
Trade Payables			
United States Dollar	$	15,14,316.46	995.36
Euro	€	1,848.00	1.50
Buyer's Credit			
United States Dollar	$	5,74,205.00	363.49
Assets			
Advance to Vendor			
United Stated Dollar	$	6,47,448.76	419.43
Euro	€	18,339.00	14.71
NOK		-	-
Net Liability (in INR)			**1,794.49**

Sensitivity

Impact on profit before tax and equity	As at 31 March, 2018
5% Increase	1,747.44
5% Decrease	1,841.54

(ii) 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 interest bearing vehicle loans, loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate 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 aredefined 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 nothold 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 part of the Consolidated Financial Statements

Note No. 37 - Financial Instruments (Contd.)

(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, 2018 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, 2018
Non-Current Assets	
- Loans	803.48
- Other non-current financial assets	-
Current Assets	
- Investments	1,889.53
- Trade receivables	11,994.26
- Cash and cash equivalents	4,325.26
- Loans	-
Total	**19,012.53**

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, 2018
Not Due	-
Due from 0 to 180 days	11,579.35
Due from more than 180 days	958.58
Less: Loss Allowance	(543.67)
Total	**11,994.26**

(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.

Notes forming part of the Consolidated Financial Statements

Note No. 37 - Financial Instruments (Contd.)

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, 2018			
Borrowings	2,076.31	2,076.31	-
Trade payables	11,410.46	11,410.46	
Other non-current financial liabilities	5,638.35	-	5,638.35
Other current financial liabilities	0.53	0.53	-
Total	**19,125.65**	**13,487.30**	**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:

Particulars	Carrying amount/Fair value As at March 31, 2018		
	L-1	L-2	L-3
Financial Assets			
Carrying amounts/fair value:			
Measured at fair value through Profit and loss			
Non current assets			
- Loans	-	-	803.48
- Other Non-Current Financial Assets	-	-	-
Current assets			
- Investments	1,889.53	-	-
- Trade receivables	-	-	11,994.26
- Cash and cash equivalents	-	-	4,325.26
Total	**1,889.53**	**-**	**17,123.00**
Financial liabilities			
Measured at fair value though profit and loss			
Non-current liabilities			
- Borrowings	-	-	-
- Other non-current financial liabilities	-	-	5,638.35
Current liabilities			
- Borrowings	-	-	2,076.31
- Trade payables	-	-	11,410.46
- Other current financial liabilities	-	-	0.53
Total	**-**	**-**	**19,125.65**

Notes forming part of 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:

Group's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Group makes a defined contribution measured as a fixed percentage of salary. During the year, amount of 236.71 lakhs (Previous Year: 200.27 lakhs) has been charged to the Consolidated Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

₹ in Lakhs

Particulars	Year ended 31 March, 2018
Employer's contribution towards Provident Fund (PF)	151.25
Employer's contribution to Superannuation Fund	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, 2018	Year ended 31 March, 2018
Present Value of Defined Benefit Obligation at the beginning of year	354.32	610.78
Interest cost	26.12	44.56
Current Service Cost	33.47	85.39
Past Service Cost	0.72	-
Benefit Paid	(20.49)	(47.52)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(7.16)	14.30
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	(23.54)	38.49
Present value of the Defined Benefit Obligation at the end of year	**363.44**	**746.00**

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

Particulars	Gratuity	Leave Encashment
	Year ended 31 March, 2018	Year ended 31 March, 2018
Current Service Cost	33.47	85.39
Past Service Cost	0.72	-
Interest cost	26.12	44.56
Interest income on plan asset	(29.88)	(57.27)
Net Defined Benefit recognized in Statement of Profit and Loss	**30.43**	**72.68**

Notes forming part of the Consolidated Financial Statements

Note No. 38 - Employee benefits (Contd.)

iii. Recognized in Other Comprehensive Income.

₹ in Lakhs

Particulars	Gratuity	Leave Encashment
	Year ended 31 March, 2018	Year ended 31 March, 2018
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(7.16)	14.30
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	(23.54)	38.49
Net actuarial Loss	**(30.70)**	**52.79**

iv. Sensitivity Analysis*

(a) Impact of the change in the discount rate

₹ in Lakhs

Particulars	Gratuity	Leave Encashment
	Year ended 31 March, 2018	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	363.44	746.00
a) Impact due to increase of 0.50%	351.03	715.56
b) Impact due to decrease of 0.50%	376.71	778.95

(b) Impact of the change in the salary increase

₹ in Lakhs

Particulars	Gratuity	Leave Encashment
	Year ended 31 March, 2018	Year ended 31 March, 2018
Present value of the Defined Benefit Obligation at the end of year	363.44	746.00
a) Impact due to increase of 0.50%	376.51	758.90
b) Impact due to decrease of 0.50%	351.12	733.30

* 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.

v. Maturity Profile.

₹ in Lakhs

Particulars	Gratuity	Leave Encashment
	Year ended 31 March, 2018	Year ended 31 March, 2018
0 to 1 year	34.07	63.25
1 to 2 Year	36.43	61.39
2 to 3 Year	24.56	46.60
3 to 4 Year	27.01	47.99
4 to 5 Year	25.36	39.68
5 to 6 Year	32.92	49.63
6 Year onwards	94.54	143.37

Notes forming part of the Consolidated Financial Statements

Note No. 38 - Employee benefits (Contd.)

vi. Expected contribution for the next Annual reporting period

₹ in Lakhs

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

vii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

₹ in Lakhs

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

Note No. 39 - First-time adoption of Ind AS

The Group w.e.f. 1 April, 2017 has adopted 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, with a transition date of 1 April, 2016. For all the periods upto and including year ended 31 March, 2017, the Group prepared, its consolidated financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards'. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS for year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017 and the opening Ind AS Balance Sheet as at 1 April, 2016, the date of transition to Ind AS. The accounting policies as set out in Note, which are in accordance with Ind AS, have been applied in preparing these consolidated financial statements.

In preparing these Ind AS financial statements, the Group has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the consolidated financial statements as at the transition date under Ind AS and Previous Indian GAAP have been recognised directly in equity under retained earnings.

Notes forming part of the Consolidated Financial Statements

Note No. 39 - First-time adoption of Ind AS Continued

Exemptions availed and mandatory exceptions

Ind AS 101 - First-time Adoption of Indian Accounting Standards permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous Indian GAAP to Ind AS.

A1 Ind AS optional exemptions

(a) Deemed cost for property, plant and equipment and intangible assets Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

(b) Investments in subsidiaries

The Group has elected to measure its investments in subsidiaries at the Previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS."

(c) Ind AS 17 "Leases' requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS except where the effect is material. The Group has elected to apply this exemption for such contracts/arrangements.

A2 Ind AS mandatory exceptions

(i) Estimates

On assessment of the estimates made under the Previous Indian GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous Indian GAAP are made by the Group, wherever required for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition, if retrospective application is impracticable. Accordingly, the Group has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires an entity to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly the Group has applied the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Notes forming part of the Consolidated Financial Statements

Note No. 40

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 of profit or loss		Share in other Comprehensive Income	
	AS % of Consolidated Net Assets	(Rs. in Lakhs)	AS % of Consolidated Profit or Loss	(Rs. in Lakhs)	AS % of Consolidated OCI	(Rs. in Lakhs)
Parent: Kurlon Enterprise Limited	99.99	31,307.14	99.89	8,414.39	99.99	(14.44)
Subsidiary Kurlon Retail Priviate Limited	0.01	3.46	0.01	0.96	0.01	-
		31,309.59		**8,415.35**		**(14.44)**

Note No. 41

The Company has prepared its consolidated Ind AS financial statements for the first time and hence corresponding (comparative) figures for the previous year have not been given.

For and on behalf of the Board of Directors

T. Sudhakar Pai
Managing Director

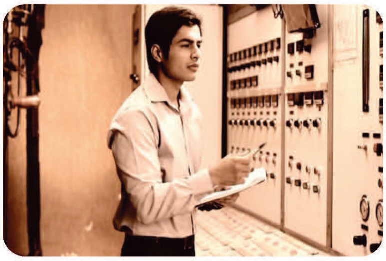
Dr. Nitin G Khot
Director

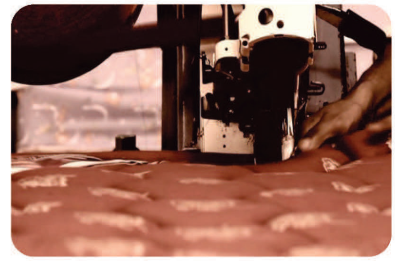
Shambhu Kumar Bhotika
Chief Financial Officer

Monu Kumar
Company Secretary

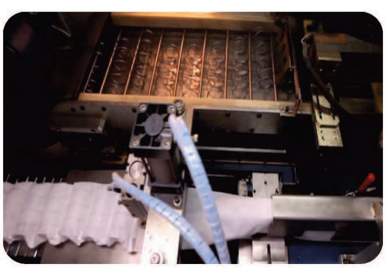
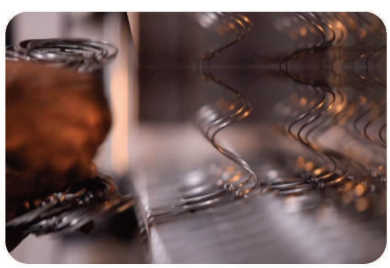
Place : Bangalore
Date: 10.08.2018

Our 50 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.

KURLON
LIMITED

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