

**Kurl-on®**  
India's Largest Selling Mattress

*Since 1962*



**ANNUAL REPORT  
2017-18**

[www.kurlon.com](http://www.kurlon.com)



Our Founder: Mr. T. Ramesh U. Pai  
(October 22, 1924 - January 26, 2005)

## KURLON LIMITED

### BOARD OF DIRECTORS

Mr. T. Sudhakar Pai	: Managing Director
Mrs. Jaya S. Pai	: Director
Dr. Nitin G. Khot	: Independent Director
Mr. S. Ananthanarayanan	: Independent Director
Mr. Kumble Taranath Bhagath	: Director
Mrs. Jyothi Ashish Pradhan	: Director
Mrs. T. Deepa Pai	: Director
Mr. Narendra Kudva	: Alternate Director
Mr. Jamsheed M. Panday	: Alternate Director

### REGISTERED AND CORPORATE OFFICE

N-301, III Floor, North Block,  
Front Wing, Manipal Centre,  
47, Dickenson Road,  
Bangalore-560042

### BANKERS & FINANCIAL INSTITUTION:

IDBI Bank Limited  
Axis Bank Limited  
Development Credit Bank Limited

### STATUTORY AUDITORS:

M/s Vasudev Pai & Co  
Chartered Accountant  
S-401, Manipal centre, Dickenson Road  
Bangalore-560 042.

### REGISTRAR & SHARE TRANSFER AGENT:

Purva Sharegistry (India) Private Limited  
9, Shiv Shakti Ind. Estt., J.R. Boricha Marg  
Lower Parel (E), Mumbai - 400011  
Tel: +91 (022) 2301-6761/2518  
Fax: +91 (022) 2301-2517  
E-mail: purvashr@gmail.com  
Contact person: Purva Shah  
SEBI Registration Number: INR000001112

### FACTORY:

Plot No. 4, Part of GAE - 1, Ghirongi (Malanpur) Industrial  
Area, Gohad Tahsil, Bhind Dist., Gwalior-477116.

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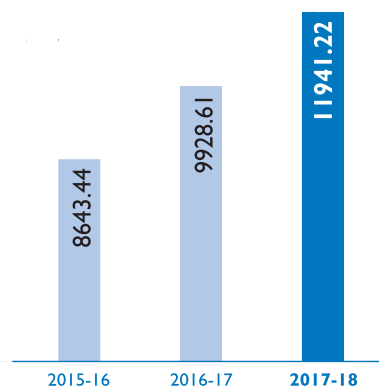
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### Event of 56<sup>th</sup> Annual General Meeting

Day	Wednesday
Date	26 <sup>th</sup> day of September, 2018
Time	11:30 A.M.
Venue	Shri.T. Ramesh U. Pai Memorial Hall at Kurlon Factory, Jalahalli Camp Road, Yeshwanthpur, Bangalore - 560 022

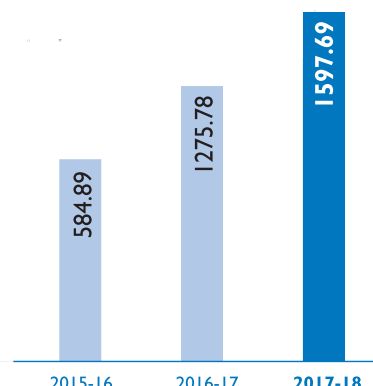
## PERFORMANCE HIGHLIGHTS-KURLON LIMITED STANDLONE

REVENUE (₹ in Lakhs)



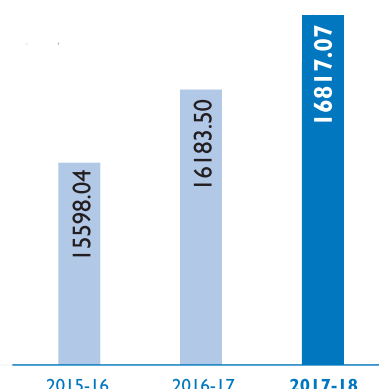
**20.27% ↑ y-o-y**

EBIDTA (₹ in Lakhs)



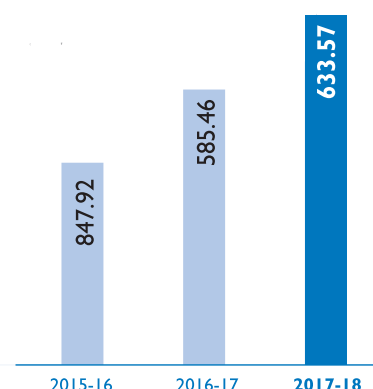
**25.23% ↑ y-o-y**

Networth (₹ in Lakhs)



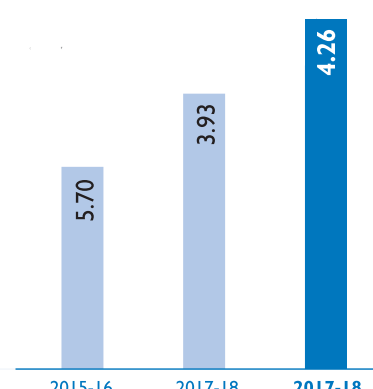
**3.91% ↑ y-o-y**

Net Profit (₹ in Lakhs)



**8.22% ↑ y-o-y**

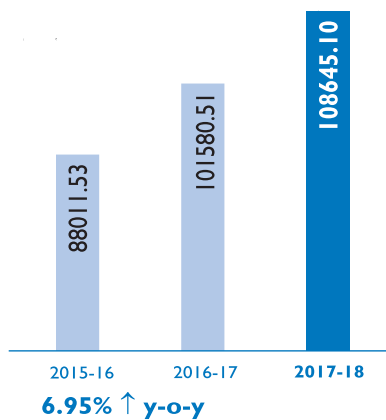
Earning per Share (₹)



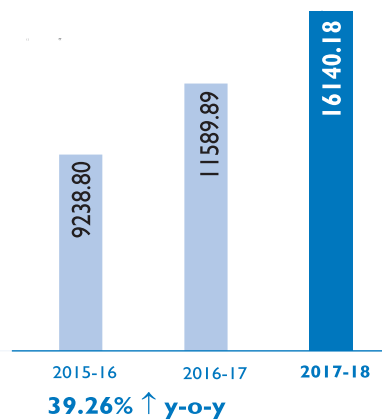
**8.40% ↑ y-o-y**

## PERFORMANCE HIGHLIGHTS-CONSOLIDATED

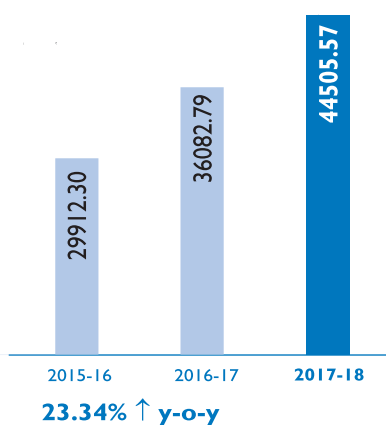
REVENUE (₹ in Lakhs)



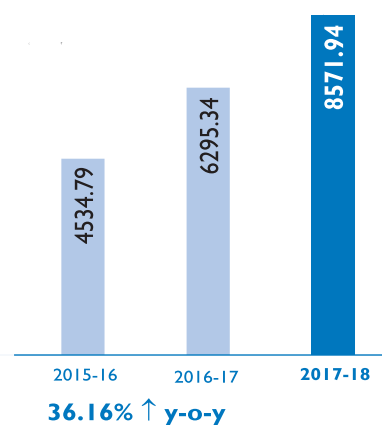
EBIDTA (₹ in Lakhs)



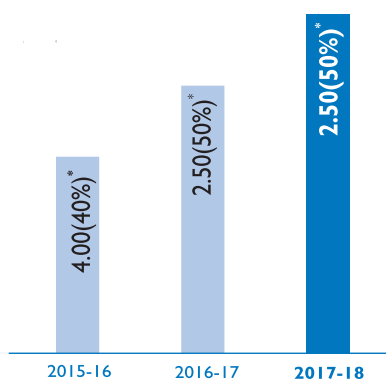
Networth (₹ in Lakhs)



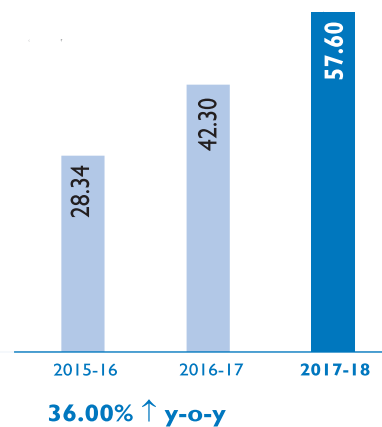
Net Profit (₹ in Lakhs)



Dividend per Share (₹)



Earning per Share (₹)



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



**NOTICE**

**NOTICE** is hereby given that the 56<sup>th</sup> Annual General Meeting of the Members of M/s. Kurlon Limited will be held on Wednesday, the 26<sup>th</sup> September, 2018, at 11.30 a.m. at Shri T. Ramesh U. Pai Memorial Hall at Kurlon Factory, Jalahalli Camp Road, Yeshwantpur, Bangalore – 560022 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited financial statements for the financial year ended 31<sup>st</sup> 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 31<sup>st</sup> March, 2018 together with the Report of the Auditors thereon.
3. 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.
4. 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 Vasudev Pai & Co., Chartered Accountant, (Firm Registration No. 004560S), 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:****5. RATIFICATION OF COST AUDITORS' 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 ₹ 75000/- (Rupees Seventy Five 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 cost record of the products manufactured by the Company for the year ending 31<sup>st</sup> March, 2019 as approved by the Board of Directors, be and is hereby ratified.”

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

**Date: 10.08.2018**

Place: Bangalore

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE SITUATED AT N – 301, III FLOOR, NORTH BLOCK, MANIPAL CENTRE, 47 DICKENSON ROAD, BANGALORE – 560042 NOT LESS THAN FORTY-EIGHT 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. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting at the registered office of the company with kind attention Mr. Monu Kumar, Company Secretary.
3. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special business under Item No. 5 above, is annexed hereto.
4. Pursuant to good corporate governance practices followed by the Company, the particulars of Directors seeking appointment / reappointment at the meeting are annexed hereto.
5. A route map giving directions to reach the venue of the 56th Annual General Meeting is given at the end of the Notice.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September, 2018 to 26<sup>th</sup> September, 2018 (both days inclusive).
8. Members are hereby informed that after the amendment of the erstwhile Companies Act, 1956, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. Sections 124 and 125 of the Companies Act, 2013 ('the Act'), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), applicable w.e.f. 7th September, 2016, also make similar provisions for transfer of unclaimed/ unpaid dividend to the Fund.

As per the above provisions, unclaimed/ unpaid dividend for the financial year ended 31st March, 2010 & 2011 has been transferred by the Company to the Fund. Members who have not yet encashed their dividend warrant(s) for any subsequent financial years are requested to make their claims to the Company without any delay.

It may be noted that unclaimed dividend for the financial year 2011-12 declared on 28<sup>th</sup> September, 2012, can be claimed by the Members by 04th November, 2019.

Members are also requested to note that, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, the Company is obliged to transfer all shares on which dividend has not been paid or claimed for seven consecutive years or more to an IEPF Demat Account. Accordingly, to comply with the requirements set out in the Rules, individual communication has already been sent by the Company at the latest available address of those

shareholders whose shares are liable to be transferred to IEPF Suspense Account and who has not claimed their dividend for the FY 2010-11 so far. The Company has also uploaded unclaimed dividend details and details of such shareholders whose shares are due for transfer to IEPF Suspense Account, on its website at [www.kurlon.com](http://www.kurlon.com). You are requested to refer to the 'investors' tab on the Company's website to verify the details of such unclaimed dividend and shares liable to be transferred to IEPF suspense account and claim the respective dividends due to you by making an application immediately to us. In case no communication is received by 01.08.2018 (relating to the unclaimed dividend 2010-11), the Company shall with a view to adhering with the requirement of the Rules, transfer the shares to the IEPF Suspense Account by the due date as per the procedure set out in rules. No claim shall lie against the Company in respect of unclaimed dividend amount and shares transferred to IEPF pursuant to said Rules. However, Members/ claimants whose unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the IEPF Authority from time to time. The Member/ Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his queries in writing/email to the Company at [secretary@kurlon.org](mailto:secretary@kurlon.org) at least ten (10) days prior to the Meeting so that the required information can be made available at the Meeting.
10. Members/Proxies attending the meeting are requested to bring the attendance slips duly filled in for attending the Meeting.
11. Members are requested to notify any change in their address/mandate/ bank details immediately to the share transfer Agent of the Company.
12. As per the provisions of Section 72 of the Act, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Both Forms can be downloaded from internet. Members holding shares in physical form are requested to submit the forms Either to Company or its RTA i.e M/s Purva Sharegistry (India) Pvt. Ltd. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.
13. In line with measures of Green Initiative taken by the Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively) and Companies Act, 2013 Company also provides for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode are requested to register their e-mail ID's with Register and share transfer agent (RTA) of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs).

#### **14. Voting through electronic means:**

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015'), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 56<sup>th</sup> Annual General Meeting (AGM) by electronic means. Members may cast their votes by using the e-voting services provided by National Securities Depository Ltd. ('NSDL'), i.e. facility of casting votes by using an electronic voting system from a place other than the venue of the AGM ('remote e-voting'). Instructions for remote e-voting are as under:

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



- i. Open email and open PDF file viz; “Kurlon remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
  - iii. Click on Shareholder – Login
  - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vi. You need to login again with the new credentials. Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
  - vii. Select “EVEN” of Kurlon Limited. Now you are ready for remote e-voting as Cast Vote page opens.
  - viii. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - ix. You can similarly vote in respect of all other resolutions forming part of the Notice of the AGM. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
  - x. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - xi. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [kurlonscrutinizer@gmail.com](mailto:kurlonscrutinizer@gmail.com) or [evoting@kurlon.org](mailto:evoting@kurlon.org) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case of Members whose email addresses are not registered with the Company/ Depository Participants, their User ID and initial password/ PIN is provided in **Annexure** sent with the AGM Notice Please follow all steps from Sl. No. (ii) To Sl. No. (xi) Above, to cast your vote.
- C. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote and if you forgot your password, you can reset your password by using “forgot user details/password” option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com).
- D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 19<sup>th</sup> September, 2018. Members holding shares in either physical or dematerialized form as on the Cut-Off Date may cast their votes electronically. The e-voting period for the Members who hold shares as on the cut-off date, commences on 23.09.2018 (10.00 am) and ends on 25.09.2018(5:00 P.M.). The e-voting module shall be disabled by NSDL for voting thereafter.
- E. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 19<sup>th</sup> September, 2018 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

#### **15. General instructions/ information for Members for voting on the Resolutions:**

- a) Facility of voting through Poll paper shall be made available at the AGM. Members attending the AGM, who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM.

- b) Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to vote again at the AGM.
- c) The voting rights of the shareholders (for voting through remote e-voting or by Poll paper at the AGM) shall be in proportion to their share of the paid-up equity share capital of the Company as on 19<sup>th</sup> September, 2018 ('Cut-Off Date'). A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or of voting at the AGM.
- d) Mr. Deepak Sadhu, Practicing Company Secretaries (Membership No. 39541) has been appointed by the Board of Directors of the Company as Scrutinizer for scrutinizing the remote e-voting process as well as voting through Poll paper at the AGM, in a fair and transparent manner.
- e) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM, and thereafter unblock the votes cast through remote e-voting, in the presence of at least two (2) witnesses not in the employment of the Company.
- f) The Scrutinizer will collate the votes cast at the AGM and votes downloaded from the e-voting system and make, not later than twenty four hours from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
- g) Subject to the receipt of requisite number of votes, the Resolutions forming part of the AGM Notice shall be deemed to be passed on the date of the AGM, i.e. Wednesday, 26<sup>th</sup> September, 2018.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013****ITEM NO. 5**

Pursuant to Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014 ('the Rules'), as amended from time to time, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. GNV & Associates, Cost Accountants. (Firm Registration No.000150) as the Cost Auditors of the Company to conduct Cost Audits of the cost records of the Company for the financial year 2018-2019, at a remuneration of ₹ 75,000/- plus applicable taxes and out-of-pocket expenses. 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 ₹ 75,000/- 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 or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution at Item No.5 of the Notice.

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

**Date: 10.08.2018**

Place: Bangalore

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

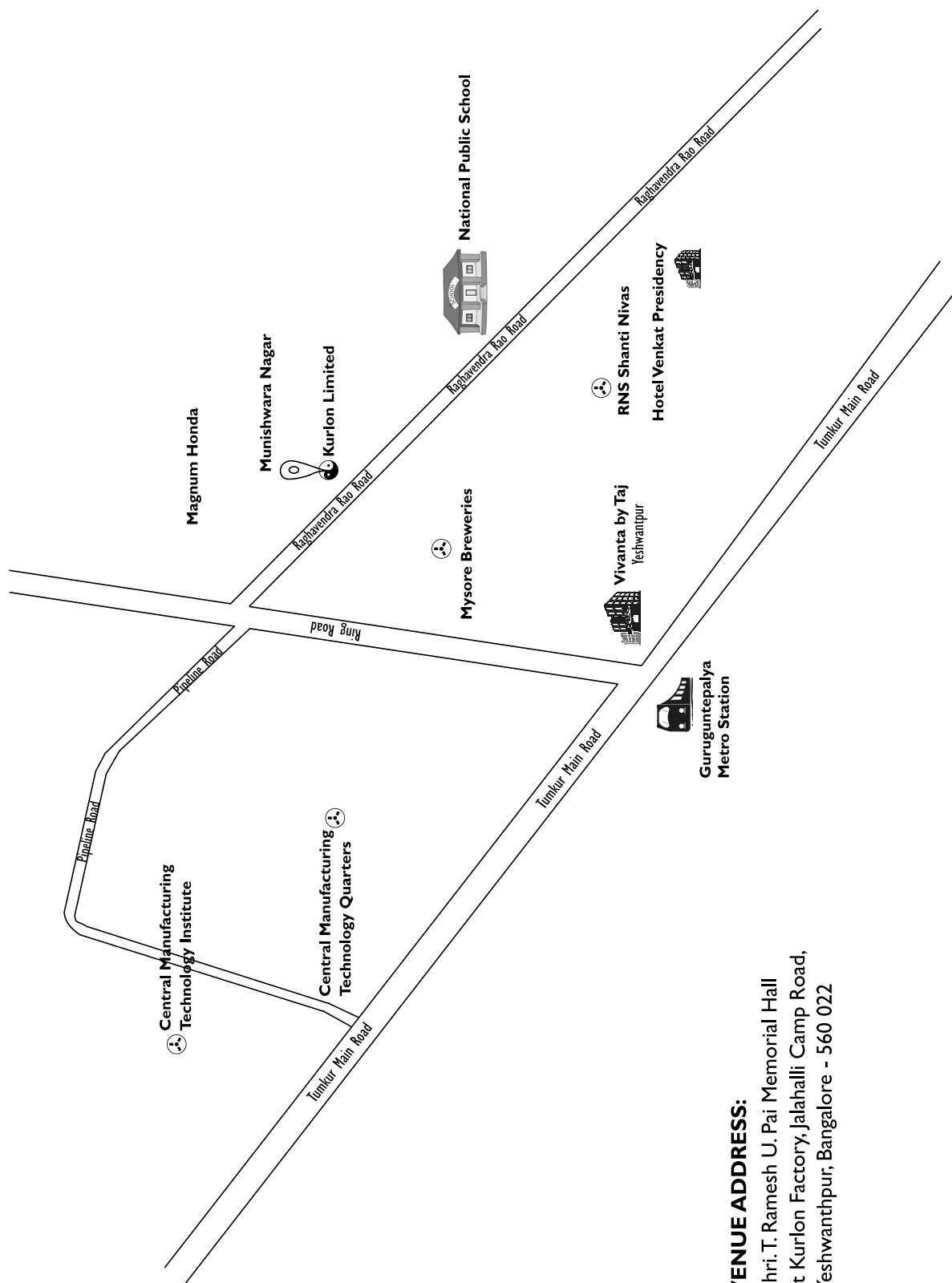
### Annexure A

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

	Mrs. Jaya S Pai
<b>DIN</b>	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 Ecommerce Limited Manipal Holding Pvt. Ltd. Kurlon Enterprise Limited Deepa Jyothi Trading & Services Pvt. Ltd.
Other Companies in which holds membership of Committees	Kurlon Enterprise Limited
Shareholding in the Company (No. & %)	368491 (2.48%) Equity shares

## ROUTE MAP OF VENUE OF 56TH ANNUAL GENERAL MEETING

### Route Map to the venue of the AGM



#### VENUE ADDRESS:

Shri. T. Ramesh U. Pai Memorial Hall  
at Kurlon Factory, Jalahalli Camp Road,  
Yeshwanthpur, Bangalore - 560 022



## DIRECTOR'S REPORT

To,

**The Members,**

Your Directors have pleasure in presenting their 56<sup>th</sup> 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	2016-2017
Revenue from operations	11941.22	9928.61	108,645.10	101580.51
Profit Before Interest, tax and Depreciation	1597.69	1275.78	16140.18	11589.89
Finance Charges	251.33	107.35	660.89	483.42
Gross Profit	1346.36	1168.43	15479.29	11106.47
Provision for Depreciation	376.27	395.18	1,815.23	1606.28
Net Profit Before Tax	970.09	773.25	13664.06	9500.19
Provision for Tax	329.93	192.46	5071.09	3241.37
Other comprehensive income	(6.59)	4.67	(21.03)	36.52
<b>Net Profit</b>	<b>633.57</b>	<b>585.46</b>	<b>8571.94</b>	<b>6295.34</b>
Transfer to General Reserve	-	-	840.18	607.90
Balance available for appropriation	10599.76	9966.19	24343.45	17841.56
Proposed Dividend on Equity Shares	-	-	694.68	561.95
Tax on proposed Dividend	-	-	141.42	114.40
Surplus in statement of P & L carried to Balance Sheet	10599.76	9966.19	23507.35	17165.21

### 2. Year in retrospect

Revenue from operations increased from ₹ **9928.61 Lakhs** in the previous year, to ₹ **11941.22 Lakhs** during 2017-18, registering a growth of **20.27 %** over the previous year. Its net profit during the year landed at ₹ **633.57 Lakhs** as compared to ₹ **585.46 Lakhs** in the previous year with positive growth **8.22%**.

On consolidated basis the group has achieved revenue of ₹ **108,645.10 Lakhs** as against ₹ **101,580.51 Lakhs**- a growth of **6.95 %**. Net Profit during the year landed at ₹ **8571.94 Lakhs** as against ₹ **6295.34 Lakhs** in the previous year- a growth of **36.16 %**

### 3. Dividend

The Board of Directors of your Company has decided to retain and plough back the profit into business thus no dividend is being recommended for this year.

### 4. Transfer to Reserves

During the year under review, your Company has not transferred any amount of the profit to general reserve

## **5. Consolidated Financial Statement**

In accordance with the Act and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates the audited consolidated Financial Statement is provided in 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 Between the end of the FY and date of the report**

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 except the Board, at its meeting held on May 15, 2018 approved to subscribe 5000 equity shares of ₹ 10/- each of M/s MPLS Agritech Project Private Limited (a company under incorporation). The total outflow in the hand of the Company would be 50000/- (Rupees Fifty Thousand Only).

## **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 ₹ 35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lakhs Only) equity shares of ₹ 10/- (Rupees Ten Only) each and The paid up share capital of the company as on date of balance sheet is ₹ 14,88,26,050/- (Rupees Fourteen Crores Eighty Eight Lakhs Twenty Six Thousand Fifty Only) divided into 14882605 ( One Crore Forty Eight Lakhs Eighty Two Thousand Six Hundred Five Only) equity shares of ₹ 10/- each.

### **Buy-back of Securities**

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

### **Issue of sweat equity shares**

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

**Bonus Shares**

No Bonus Shares were issued during the year under review.

**Employee stock option Plan**

The Company has not provided any Stock Option to its employees.

**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.

Further Board has also appointed Mr. Shambhu Kumar Bhotika as Chief Financial Officer (“CFO”) of the Company w.e.f 21<sup>st</sup> February, 2018 in place of Mr. Jamsheed M Panday who ceased to be Chief Financial officer (“CFO”) w.e.f 21<sup>th</sup> February, 2018. The Board wishes to place on record their sincere appreciation of the significant contribution made by Mr. Jamsheed M Panday during his tenure as Chief Financial Officer (“CFO”) of the Company.

Except above, there was no change in the composition of Board of Company during the year under review.

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

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

**12. Board Meetings**

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 “A”** 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) (g) 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 held a separate meeting 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. Significant and Material Orders:**

There are no significant and material order passed by the regulators or court or tribunals impacting the going concern status and the Company's operations in future.

## **17. Details of Subsidiary/Joint Ventures/Associate Companies**

As on March 31, 2018, your company has one subsidiary and one Fellow Subsidiary Viz Kurlon Enterprise Limited ("KEL") and Kurlon Retail Limited ("KRL") in which KEL holds 100% paid up equity share capital.

### **Performance and financial positions of KEL.**

Kurlon Enterprise Limited was incorporated in October 3, 2011 as Subsidiary Company of Kurlon Limited. The Company has been incorporated with a primary objective to manufacture of Rubberized Coir Mattresses, spring mattresses, Foams and foam products etc.

Presently Kurlon Enterprise Limited is being operated throughout the Country and has many branches, Area Sales office (ASOs) & HUBs etc.

Revenue from operations of KEL increased from ₹ **103,414.95 Lakhs** in the previous year, to ₹ **110,570.37 Lakhs** during 2017-18, registering a growth of **6.92 %** over the previous year. Its net profit during the year landed at ₹ **8399.95 Lakhs** as compared to ₹ **6079.91 Lakhs** in the previous year, with a positive growth of **38.16 %**.

### **Performance and financial positions of KRL.**

Kurlon Retail Limited (formerly known as Kurlon Mattress Private Limited) was incorporated on 31.08.2012 to carry on business of buying selling, reselling, importing, exporting, transporting, storing, promoting, marketing or supplying trading, dealing in all type of goods including mattresses, pillows, furnishing, sofa and furniture on retail and wholesale basis in India. KRL is wholly owned subsidiary Company of Kurlon Enterprise Limited.

The revenue of operations for FY18 at ₹ 606.09 Lakhs was higher by 150.40% over the previous year (₹ 242.05 Lakhs in FY17) Net profit after tax was ₹ 0.96 Lakhs (₹ 9.07 Lakhs in FY17).

Pursuant to sub-section (3) of section 129 of the Act read with rule 5 of Companies (Accounts) Rules, 2014, a statement containing silent features of Financial Statements of Subsidiary Company in Form AOC-I is given as **Annexure "B"**.

Further, the Annual Accounts and related documents of the subsidiary Company shall be kept open for inspection at the Registered & Corporate Office of the Company. The Company will also make available copy thereof upon specific request by any Member of the Company interested in obtaining the same.

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

Besides, during the year under review your company had acquired 22000 (Twenty Two Thousand Only) equity shares of ₹ 100/- (Rupees One Hundred Only) each representing 81.48% of total paid up equity share capital of M/s Alpasara Finvest Care Advisory Private Limited and 1,00,000 (One Lakh Only) Equity shares of ₹ 10/- (Rupees Ten Only) Each representing 27.78% of total paid up equity share capital of M/s Madish Style Bar Private Limited which were partially sold subsequently on March 27, 2018 at Par in both Companies by retaining less than significant stake.

## **18. 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 Act, 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. that the Directors have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- 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.

## **19. Management Discussion and Analysis report**

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

## **20. 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 "A"** forming part of this Report.



**21. Auditors**

M/s Vasudev Pai & Co., Chartered Accountants (Firm Registration No. 004560S), Bangalore, Statutory Auditors were appointed for 5 (five) years in the 55<sup>th</sup> Annual General Meeting of the Company to hold office up to the conclusion of 60<sup>th</sup> 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.

**22. Cost Auditors:**

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 AGM. The Company has received consent from M/s. GNV & Co., 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.

**23. Secretarial Audit**

Your Company does not fall within the preview of the Provision of section 204 of the Companies Act, 2013 hence it is not required to appoint any secretarial auditor during the year under review.

**24. Auditors' report**

There are 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).

**25. Transfer to Investor Education and Protection Fund (IEPF)**

After the amendment of the erstwhile Companies Act, 1956, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. Sections 124 and 125 of the Companies Act, 2013 ('the Act'), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), applicable w.e.f. 7th September, 2016, also make similar provisions for transfer of unclaimed/ unpaid dividend to the Fund.

As per the above provisions, unclaimed/ unpaid dividend for the financial year ended 31st March, 2010 & 2011 have been transferred by the Company to the Fund and for the Subsequent year will be transferred after the expiry of 7 years to IEPF in terms of section 125 (2) (c) of the Companies Act, 2013 and IEPF Rules, as a fair part of compliance. The members/beneficial owners of shares who have so far not en-cashed their dividend warrants for the financial year 2011-12 may immediately approach to the Company for claim thereof.

In order to help Members to ascertain the status of unclaimed dividends, the Company has uploaded the information in respect of unclaimed dividends for the financial year ended 31st March, 2012 on the website of Investor Education and Protection Fund, [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor" Section on the website of the Company, [www.Kurlon.com](http://www.Kurlon.com).

**26. Particulars of 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 31<sup>st</sup> March, 2018 provided in this Annual report.

**27. 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 is 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.

**28. Risk Management System**

Your Company follows a comprehensive system of Risk Management and has adopted a procedure for risk assessment and its minimization. It ensures that all the risk are timely defined and mitigated in accordance with the Risk Management Process, including identification of elements of risk which might threaten the existence of the Company. Your Company has also constituted a Risk Management Committee which intensely monitors the Risk Management Process in the Company and the same is periodically reviewed by the Board.

**29. Vigil Mechanism/ Whistle Blower Policy**

Your company does not fall within the ambit of section 177(9) hence it's not required to formulate any policy on vigil mechanism.

**30. Corporate Social Responsibility (CSR)**

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which works under the direct supervision of Mrs. Jaya S Pai, Director, who also acts as the Chairperson of the Committee. Dr. Nitin G Khot and Sri. S Ananthnarayanan, Non-Executive, Independent Directors of the Company, are members of the Committee. The Committee manages and overviews the CSR projects and/or activities 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](http://www.kurlon.com)

A brief annual report on company's CSR activities is appended as **Annexure "D"** an integral part of this report.

**31. Audit Committee**

The Audit Committee of your Company comprises of the following Non-Executive, Independent Directors:

- |                           |   |          |
|---------------------------|---|----------|
| 1. Sri. S Ananthnarayanan | - | Chairman |
| 2. Dr. Nitin Khot         | - | Member   |
| 3. Mr. K.T Bhagath        | - | Member   |

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

**32. Internal Audit and Control**

Your Company does not fall within the ambit of section 138 of the Companies Act, 2013 read with rule 13 of Companies (Accounts) Rules, 2014 hence it's not required to formulate and implement any internal control system.

**33. 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 "E"**.

**34. Secretarial Standards**

The Company complies with all applicable Secretarial Standards.

**35. Public Deposits:**

The Company has neither accepted nor renewed deposits from public during the year under review.

**36. 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. Issue of shares (including sweat equity shares & ESOS) to employees of the Company under any scheme.
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.

However Mr. T. Sudhakar Pai, Chairman and Managing Director of your Company receive remuneration and commission from its Subsidiary Company i.e. Kurlon Enterprise Limited.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint of sexual harassment during the financial year 2017-18.

**38. Conservation of energy, technology absorption and foreign exchange earnings and outgo –**

The details of conservation of energy, technology absorption, foreign exchange earnings and out go are as follows:

**(a) Conservation of energy**

(i)	the steps taken or impact on conservation of energy	<ol style="list-style-type: none"> <li>1. Replaced the MH lamp 250 watt by the 42 watt led lights in 30 no's pole and saving of ₹ 1.77 lacs per annum</li> <li>2. Power factor from 0.92 to 0.96 and rebate to M.P.E.B bill of Rs 10000/- to Rs 15000/- and getting rebate on monthly basis</li> <li>3. Created awareness among employee about the energy saving by imparting training.</li> <li>4. More improvement in power saving for unwanted used electricity up to 80% achieved</li> <li>5. Planning to change all 30 nos MH lights ( 250Watt) to LED light (70 watt) in plant</li> <li>6. Introduced capacitors in the large capacity motors for reducing maximum demand</li> <li>7. New temperature controller introduce in the cooling tower capacity-2.2KW according to temperature requirement and saving around 4.4 units per day</li> <li>8. Introduced new PID controller in the PPPPU unit at PRS station to optimum utilization of condensate and obtain intangible profit</li> <li>9. Automatic cooling of the online pad transfer conveyor capacity 410 watt (0.41KW) of 4 no's and operating when needed</li> <li>10. Run the plant with GA 55 air compressor instead to operate GA 75 and saving around 17000 units</li> </ol>
(ii)	the steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> <li>1. 1000 KVA Solar ground fitted power plant is designed, constructed and implemented.</li> </ol>
(iii)	the capital investment on energy conservation equipment's	₹ 222.00 lakhs

**(b) Technology absorption**

(i)	the efforts made towards technology absorption	<ol style="list-style-type: none"> <li>1. PLC control Fire alarm indication boards installed in all buildings for men alert.</li> <li>2. Automatic chemical spray system introduced for bonded foam blocks production.</li> <li>3. Automatic pasting machine is introduced to increase the productivity as well as to reduce the adhesive consumption.</li> <li>4. Automatic weight monitoring system with display unit is implemented.</li> <li>5. Fire alarm indicator system installed along with sprinklers.</li> <li>6. CCTV camera's fixed all around the factories for effective monitoring and controlling.</li> </ol>
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Factory operating cost is down by ₹10.00 lacs
(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	<ul style="list-style-type: none"> <li>• Automatic mattress stitching, flipping without manual intervention.</li> <li>• Automatic mattress loading and unloading over conveyor.</li> </ul>
	(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	Around ₹20.00 lakhs.

**(c) Foreign exchange earnings and Outgo**

	(₹ in Lakhs)	
	2017-18	2016-17
Total foreign exchange inflow	-	-
Total foreign exchange outflow	1479.13	492.34

**39. Human Resources**

Your Company assigns a great deal of importance to this most precious resource. It has a full-fledged Human Resource Department that seeks to attract and recruit the best possible talent and groom it to fulfill its vision for the future. The Directors wish to acknowledge the efforts all employees in raising the performance of the Company. Industrial relations throughout the year continued to remain cordial.



**40. Acknowledgements**

Your Directors acknowledge the dedicated service of the employees of the Company during the year. They would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from bankers, financial institutions, business partners and other stakeholders.

For and on Behalf of the Board

For **Kurlon Limited.**

Date: 10.08.2018

Place: Bangalore

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

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

**Annexure-“A”****REPORT ON CORPORATE GOVERNANCE****I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

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

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

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

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

The Board of Directors, as on 31st March, 2018, comprised 9 Directors, of which 4 were Non-Executive Directors, one Managing Director, 2(Two) Non-Executive, independent & 2 ( Two) Alternate Director. The Company has an Executive Chairman, 2 Independent Directors, 3 (Three) women non-executive 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 31<sup>st</sup> March, 2018 is 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, Non-Independent	4	Yes	9	1	3
Mrs. Jaya S Pai DIN: 00030515	Non-Executive, Non-Independent	3	Yes	5	1	1
Dr. Nitin G Khot DIN: 00030613	Non-Executive, Independent	3	Yes	1	1	1
Sri.S Ananthnarayanan DIN: 00025505	Non-Executive , Independent	4	Yes	1	1	2
Sri. K .T. Bhagath DIN: 00057971	Non- Executive, Non-Independent	1	No	-	-	-
Mrs.T Deepa Pai DIN: 02825199	Non-Executive, Non-Independent	-	No	3	-	-
Mrs. Jyothi Ashish Pradhan DIN: 06733156	Non-Executive, Non-Independent	-	No	3	-	-
Mr.Jamsheed Minocher Panday, Alternate Director to Mrs. Jyothi Ashish Pradhan (w.e.f 12.05.16) DIN: 00232768	Non-Executive, Non-Independent	4	Yes	13	1	-
Mr. Narendra Kudva Alternate Director to Mrs.T. Deepa Pai. (w.e.f. 12.05.16) DIN: 07459916	Executive, Non-Independent	4	Yes	1	-	-

### 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.

	<b>Mrs. Jaya S Pai</b>
DIN	00030515
Father's/Husband Name	Mr. T. Sudhakar Pai
Date of Birth	24.09.1958
Address	# 5, Chitrakala, Ananthanagar, Manipal, Udupi-576119
Designation	Non- Executive Director
Education	B.A.
Other Companies in which hold Directorship	Metropolis Builders Pvt. Ltd. Manipal Ecommerce Limited Manipal Holding P Ltd. Kurlon Enterprise Limited Deepa Jyothi Trading & Services P Ltd.
Other Companies in which holds membership of committees	Kurlon Enterprise Limited
Shareholding in the Company (No. & %)	368491 (2.48%) 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. S Ananthnarayanan, 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. S Ananthnarayanan	Independent, Non-Executive	2	2
Sri. K T Bhagath	Non-Executive, Non-Independent	2	1
Dr. Nitin G Khot	Independent, Non-Executive	2	1

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. S. Ananthnarayanan was present at the Annual General Meeting of the Company held on 29th September, 2017.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

##### **a. Terms 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 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 of the Director	Category	No. of Meetings	
		Held during the Year	Attended
Mr. S Ananthnarayanan	Non-Executive, Independent	2	2
Dr. Nitin G. Khot	Non-Executive, Independent	2	2
Mrs. Jaya S Pai	Non- Executive, Non-Independent	2	1

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, Mr. S Ananthnarayanan was present at the Annual General Meeting of the Company held on 29th September, 2017.

#### **c. Remuneration policy:**

Nomination and remuneration Committee ("NR") has suitably framed and implemented remuneration policy of the Company to keep pace with the business environment and market linked positioning. The NR Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors and to administer and superintend the Long Term Incentive Plans such as ESOPs, if any etc.

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 Section 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 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
Mrs. Jaya S Pai	Non Independent, Non-Executive	4	3

Mr. S Ananthnarayanan acts as the chairman of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

**c. Details of investor complaints received, redressed and pending during the financial year ended 31<sup>st</sup> 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. CORPORATE SOCIAL RESPONSIBILITY 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 Corporate Social Responsibility Committee of the Board ("CSR Committee") has been constituted pursuant to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, in order to oversee the CSR Policy of the Company and recommend the amount of expenditure to be incurred on the activities mentioned in the Schedule VII of the Act.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2016-17 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 Director	Category	No. of Meetings	
		Held during the Year	attended
Mrs. Jaya S Pai	Non Independent, Non-executive	3	1
Mr. S Ananthnarayanan	Independent, Non-Executive	3	3
Dr. Nitin G Khot	Independent, Non-Executive	3	2

The CSR Committee met thrice during the year, on 21.06.2017, 21.02.2018 and 31.03.2018. Necessary Quorum was present throughout the meeting. Mrs. Jaya S Pai acts as the chairman of the meeting.

## 7. GENERAL BODY MEETINGS

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

Year	Date	Venue	Summary of special resolution(s) passed if any,	Time
2017	29.09.2017	Jalahally Camp Road, Yeshwantpur, Bangalore-560022	Alteration in MOA Adoption of New set of MOA	11:00 A.M.
2016	29.09.2016	Jalahally Camp Road, Yeshwantpur, Bangalore-560022	There was no special resolution passed in this meeting.	11:00 A.M.
2015	30.09.2015	Jalahally Camp Road, Yeshwantpur, Bangalore-560022	There was no special resolution passed in this meeting.	11:00 A.M.

All resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders.

### B. Extra Ordinary General Meeting

During the period under review, no Extra-ordinary General Meeting was held.

### 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.

## 8. 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**

Your company does not fall within the preview of section 177(12) hence there is no need to give any disclosure under this heading.

**F. Risk management Framework.**

The risk associated with company is very nominal hence there is no need to give any disclosure under this heading however your Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans to ensure that critical risks are controlled by the management.

**9. GENERAL SHAREHOLDERS INFORMATION****A. Annual General Meeting**

Day & Date	Time	Venue
Wednesday, the 26 <sup>th</sup> day of September, 2018.	11.30 A.M.	Shri T. Ramesh U. Pai Memorial Hall at Kurlon Factory, Jalahalli Camp Road, Yeshwantpur, Bangalore-560022

**B. Dates of Book Closure**

The share transfer book and register of members of the Company will remain closed from 19<sup>th</sup> September, 2018 to 26<sup>th</sup> September, 2018 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

**C. Dividend Payment Date**

The Company has not recommended/ paid any dividend for the period under review.

**D. Listing on Stock Exchanges:**

Shares of the Company are not listed in any stock exchanges.

**Payment of Depository Fees**

Annual Custody/Issuer fee for the year 2017-18 has been paid by the Company to CDSL & NSDL.

**E. Registrar and Share Transfer Agent & Share Transfer System:**

M/s. Purva Shareregistry (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
Email ID	purvashr@gmail.com

#### F. Distribution of Shareholding as on 31<sup>st</sup> March 2018

Slab of Shareholding (₹)	No. of Shareholders	% of Shareholders	Amount (in ₹)	% of Shareholding
0-5000	1794	86.54	1875090	1.26
5001-10000	96	4.63	781090	0.52
10001-20000	85	4.10	1290310	0.87
20001-30000	31	1.50	792920	0.53
30001-40000	11	0.53	371020	0.25
40001-50000	08	0.39	384300	0.26
50001-100000	28	1.35	2224430	1.49
100001 and above	20	0.96	141106890	94.81
<b>Total</b>	<b>2073</b>	<b>100.00</b>	<b>148826050</b>	<b>100.00</b>

#### G. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Promoters	5	2.67	397598
Corporate Promoter	10	91.15	13566172
IEPF	1	0.10	15585
F R I (NON-REPAT)	5	0.03	4450
F R I (REPAT)	5	0.03	7500
Bodies Corporate	28	0.53	79009
Individuals	1968	5.19	771968
Clearing Members	1	0.00	425
EMPLOYEE	19	0.03	4230
TRUST	1	0.05	7450
Hindu Undivided Family	30	0.19	28218
<b>Total</b>	<b>2073</b>	<b>100.00</b>	<b>14882605</b>

#### H. Dematerialization of Shares and Liquidity:

As on 31<sup>st</sup> March, 2018, a total of 14517320 shares of the Company, which forms 97.55% of Company's Share Capital, stands in dematerialized form. The Company has entered into agreements with National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for this purpose.

Ministry of Corporate affair ("MCA") is expected to announce plan for de-materialisation of shares in coming days for unlisted public Company, therefore members holding shares in physical form are requested to get their securities in Demat form.

**I. Factories Locations**

All factories location is mentioned on the cover page of this Annual Report.

**J. 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<br>Kurlon Limited,<br>N-301, 3 <sup>rd</sup> Floor, Front Wing,<br>North Block, Manipal Centre,<br>47, Dickenson Road,<br>Bangalore-560042<br>e-mail: <a href="mailto:secretary@kurlon.org">secretary@kurlon.org</a> | 2. M/s. Purva Sharegistry Private Limited,<br>9, Shiv Shakti Ind. Estt. J.R. Boricha Marg,<br>Lower Parel(E), Mumbai-400011<br>e-mail: <a href="mailto:purvashr@gmail.com">purvashr@gmail.com</a><br>Tel: 022-23016761/2518 |
|--|---|

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

Details regarding transfer of unclaimed/unpaid dividend amounts to IEPF are given in the Board's report.

For and on Behalf of the Board

For **Kurlon 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-I**
**STATEMENT CONTAINING SILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARY**

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

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

(₹ in Lakhs)

<b>Name of Subsidiary Company</b>	<b>Kurlon Enterprise Limited</b>	<b>Kurlon Retail Limited</b>
Issued & Subscribed Capital	1,389.37	1.00
Reporting period	31.03.2018	31.03.2018
Share capital	1,389.37	1.00
Reserves & Surplus	29928.08	2.46
Total Assets	55,744.60	699.81
Total Liabilities (Excluding Share capital & Reserve & Surplus)	24427.10	696.35
Investments	1,889.53	-
Turnover/Income from operations	110,570.37	606.09
Profit/(Loss) before Tax	13,153.81	2.70
Provision for Tax	4,713.81	1.74
Profit/(Loss) After Tax	8,440.00	0.96
Proposed Dividend	694.68	-
% of shareholding	83.93	100.00%

For and on Behalf of the Board

For **Kurlon 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

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### 1. Industry overview:

During the financial year 2017-18, the Company achieved revenue of ₹ **11,941.22 Lakhs** from its operations. This growth is expected to be higher in the coming years. The size of the Indian mattress market is pegged at ₹ 10,000 Crores comprising polyurethane (PU) foam, rubberized coir and spring mattresses. The Indian mattress market is dominated by small and unorganized players which specialize in coir, cotton and foam mattresses. The organized segment comprises of branded players who manufacture high quality mattresses by using, premium foam, spring and coir combinations. Over the past 5 years the industry has grown by 8-10% on CAGR Basis, primarily on account of rising urbanization, increase in disposable income, increase in health related issues of the Indian population and increasing awareness about sleep products. As people are becoming more health conscious and aspiring luxury lifestyle, there is an evident rise in the awareness of the relation between good sleep and a good quality mattress especially among the youth. Presently Company manufactures and sales its products to its subsidiary Company Namely Kurlon Enterprise Limited. Your Company's brand name is well suited for marketing its product.

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

As per IMF, India is expected to grow at 7.4% in FY 2018-19 and 7.8% in FY 2019-20, leaving its nearest rival China behind. Revival in rural demand, increased infrastructure spending and high optimism in domestic consumption is likely to drive India's growth, even as increasing debt, increase in crude oil prices and trade protectionism pose risks to growth. Reduction in GST rate on Foam and Spring Mattresses from 28% earlier to 18% now gives competitive advantage in pricing to organized players. Also, as the economy shifts to a more formal setup when GST and e-way system fully plays out, the organised players in the mattress industry will see very large growth. With a median age of 28 years and 62% of the 130+ Crore Indian population under 35-year age band consciousness for comfort sleeping is on the rise. By FY 2024-25, urbanization is expected to stand at 40% with nearly 75% households moving to a nuclear setup. These factors work in favour of modern mattress. Besides, There is growing awareness among the consumers about the role of sleep for Good health. This will lead to spurt in demand for good quality products for sleeping. During the year, Your Company had focused on increasing Omni-channel presence in the form of direct retail and Ecommerce through its subsidiary Company.

#### 3. Internal Control System & Adequacy:

Your Company does not fall within the ambit of section 138 of the Companies Act, 2013 read with rule 13 of Companies (Accounts) Rules, 2014 hence it's not required to formulate and implement any internal control system.

#### 4. Financial Performance:

Revenue from operations increased from ₹ **9928.61 Lakhs** in the previous year, to ₹ **11941.22 Lakhs** during 2017-18, registering a growth of **20.27 %** over the previous year. Its net profit during the year landed at ₹ **633.57 Lakhs** as compared to ₹ **585.46 Lakhs** in the previous year with positive growth **8.22%**.

On consolidated basis the group has achieved revenue of ₹ **108,645.10 Lakhs** as against ₹ **101,580.51 Lakhs**- a growth of **6.95 %**. Net Profit during the year landed at ₹ **8571.94 Lakhs** as against ₹ **6295.34 Lakhs** in the previous year- a growth of **36.16 %**

#### 5. Material Development in Human resources:

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

For and on Behalf of the Board

For **Kurlon Limited**

Date: 10.08.2018

Place: Bangalore

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

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

## FORMAT OF 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 your company 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's 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 is as under;

Mrs. Jaya S Pai	Chairman
Mr. Nitin G Khot	Member
Mr. S Ananthanarayanan	Member

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

FY 2014-15	1874.16
FY 2015-16	176.51
FY 2016-17	776.26

Average for the last three financial years ₹ **942.31 lakhs.**

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

2% of Average net profit ₹ **18.85 lakhs.**

**5. Details of CSR spent during the financial year.**

a. Total amount spent for the financial year 17-18: ₹ **29.90 Lakhs** (Inclusive of unspent amount for FY 16-17 11.05 Lakhs)

b. Amount unspent, if any : **None**

c. Manner in which the amount spent during the financial year 17-18 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
2.	Donation to the Corpus fund of Avabai Hormusdji Tata Charity Trust Bombay to promote Education and providing aids to underprivileged children.	Education & Health care	Mumbai		20.00		Through Implementing Agency
3.	Donation to the Corpus of Trust/ Society/Section 8 Companies.	Promotion of Education and providing aids to underprivileged children.	Bangalore	29.90	9.93	29.93	Partial Direct and Partial Through Implementing Agency

**6. Reason/justification for not spending Prescribed CSR expenditure: Nil**

**7. Responsibility statement**

The responsibility statement of the Corporate Social Responsibility (CSR) committee of the Board of Directors of the company is reproduced below; The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the company.

**Sd/-**  
**(T. Sudhakar Pai)**  
**Managing Director**

**Sd/-**  
**Jaya S Pai**  
**Chairman of CSR Committee**

## Annexure E

### FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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	U17214KA1962PLC001443
Registration Date	09.02.1962
Name of the Company	Kurlon Limited
Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
Address of the Registered office & contact details	N-301, Iii Floor, North Block, Front Wing, Manipal Centre, 47 Dickenson Road Bangalore- 560042 Email: <a href="mailto:secretary@kurlon.org">secretary@kurlon.org</a>
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Contact Person: Ms. Purva Shah 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 Email: busicomp@vsnl.com

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
I	Mattresses/Pillows/Foam/Sofa & furniture	31005	89.16%

#### 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
I	Kurlon Enterprise Limited	U36101MH2011PLC222657	Subsidiary	83.93	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 on 31-March-2017]				No. of Shares held at the end of the year[As on 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	282300	14620	296920	2.00%	397598	0	397598	2.67	+0.67
	0	0	0	0	0	0	0	0	0.00
b) Central Govt									
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	13515257	1601	13516858	90.82%	13564571	1601	13566172	91.25	+0.43%
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Any other	0	0	0	0	0	0	0	0	0.00
<b>Sub-Total (A)(1)</b>	<b>13797557</b>	<b>16221</b>	<b>13813778</b>	<b>92.82%</b>	<b>13962169</b>	<b>1601</b>	<b>13963770</b>	<b>93.92</b>	<b>+ 1.10%</b>
(2) Foreign									
a). NRI/Foreign individual	0	0	0	0.00	0	0	0	0	0.00
b). Bodies Corporate	0	0	0	0.00	0	0	0	0	0.00
c). Institutions	0	0	0	0.00	0	0	0	0	0.00
d). QII	0	0	0	0.00	0	0	0	0	0.00
e). any other	0	0	0	0.00	0	0	0	0	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total shareholding of promoters and promoters group (A)=(A)(1)+(A)(2)</b>	<b>13797557</b>	<b>16221</b>	<b>13813778</b>	<b>92.82%</b>	<b>13962169</b>	<b>1601</b>	<b>13963770</b>	<b>93.92</b>	<b>+ 1.10%</b>
<b>B. Public Shareholding</b>									
I. Institutions									
a) Mutual Funds	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 ("IEPF")	0	0	0	0.00	15585	0	15585	0.10	+0.10
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(I):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>15585</b>	<b>0</b>	<b>15585</b>	<b>0.10</b>	<b>+0.10</b>

<b>2. Non-Institutions</b>									
a) Bodies Corp.	320118	80	320198	2.15	64879	14130	79009	0.53	-1.62
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	190497	275576	466073	3.13%	421181	254906	676087	4.55	+1.42
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	124621	103238	227859	1.53%	28498	67383	95881	0.64%	-0.89%
c). Qualified foreign investor	0	0	0	0.00	0	0	0	0	0.00
d) Others (specify)									
Non Resident Indians	9050	0	9050	0.06%	11950	0	11950	0.08	+0.02%
Overseas /Foreign Corporate Bodies	0	0	0	0	0	0	0	0	0.00
Employees	0	9134	9134	0.06%	0	4230	4230	0.03	-0.03%
Clearing Members	0	0	0	0	425	0	425	0.00	0.00
Trusts	0	21250	21250	0.14%	0	7450	7450	0.05	-0.09%
HUF	15263	0	15263	0.10%	28218	0	28218	0.19	+0.09%
Sub-total (B)(2):-	659549	409278	1068827	7.18%	555151	348099	903250	6.08	-1.10%
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>659549</b>	<b>409278</b>	<b>1068827</b>	<b>7.18%</b>	<b>570736</b>	<b>348099</b>	<b>918835</b>	<b>6.18</b>	<b>-1.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>14449102</b>	<b>433503</b>	<b>14882605</b>	<b>100.00%</b>	<b>14532905</b>	<b>349700</b>	<b>14882605</b>	<b>100.00%</b>	<b>0.00</b>

### 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	Manipal Holdings Private Limited	7173919	48.20%	0.00	7183919	48.27%	0.00	+0.07%
2	Maha Rashtra Apex Corporation Ltd	5693020	38.25%	0.00	5693020	38.25%	0.00	0.00%
3	General Investment And Commercial Co.	487620	3.27%	0.00	487620	3.27%	0.00	0.00%
4	Jaya S Pai	282300	1.89%	0.00	368491	2.45%	0.00	+0.56%
5	Metropolis Builders Pvt Ltd	117702	0.79%	0.00	167016	1.12%	0.00	+0.33%



6	Manipal Home Finance Limited	32350	0.21%	0.00	32350	0.21%	0.00	0.00%
7	T Sudhakar Pai	29107	0.19%	0.00	29107	0.19%	0.00	0.00%
8	Sheela Pai	1860	0.01%	0.00	-	-	-	-
9	M a n g a l a Investments Limited	646	0.00%	0.00	646	0.00%	0.00	0.00%
10	Rajmahal Trade & Investments Pvt. Ltd.	501	0.00%	0.00	501	0.00%	0.00	0.00%
11	C o m m e r c i a l Corporation Of India Ltd	500	0.00%	0.00	500	0.00%	0.00	0.00%
12	Manipal Stock & Share Brokers Ltd	350	0.00%	0.00	350	0.00%	0.00	0.00%
13	Jai Bharath Mills Private Ltd	250	0.00%	0.00	250	0.00%	0.00	0.00%
14	Shanthi R Pai	200	0.00%	0.00	-	-	-	-

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	13813778	92.82%	13963770	93.82%
	Add: purchase of shares	+149992	+1.00%	+149992	+1.00%
	At the end of the year	13963770	93.82%	13963770	93.82%

**D. 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
<b>1.</b>	<b>MI LIFESTYLE MARKETING PRIVATE LTD</b>				
	At the beginning of the year	0	0	18800	0.12%
	Less: Purchased during the year	18800	+0.12		
	At the end of the year	18800	0.12%	18800	0.12%
<b>2.</b>	<b>RAMESH RAO A</b>				
	At the beginning of the year	16639	0.11%	16639	0.11%
	Add/Less: Increase / Decrease in Promoters Shareholding during the year	-			
	At the end of the year	16639	0.11%	16639	0.11%

<b>3. SUNANDA NAYAK</b>				
At the beginning of the year	0	0	16000	0.10%
Add: Purchase during the year	16000	0.10		
At the end of the year	16000	0.10%	16000	0.10%
<b>4. IEPF</b>				
At the beginning of the year	0	0	15585	0.10%
Add: Transferred during the year pursuant to IEPF Rules, 2016	15585	0.10		
At the end of the year	15585	0.10%	15585	0.10%
<b>5. PIROJSHA CONSULTANTS PVT LTD</b>				
At the beginning of the year	0	0	14000	0.09%
Add: Purchased during the year	14000	+0.09		
At the end of the year	14000	0.09%	14000	0.09%
<b>6. USHA RAO A</b>				
At the beginning of the year	13416	0.09%	13416	0.09%
Add/Less: Increase / Decrease in Promoters Shareholding during the year	-			
At the end of the year	13416	0.09%	13416	0.09%
<b>7. ATTURVASUDEVA PRABHU</b>				
At the beginning of the year	13000	0.08%	13000	0.08%
Add/Less: Increase / Decrease in Promoters Shareholding during the year	-			
At the end of the year	13000	0.08%	13000	0.08%
<b>8. T SUDHAKAR PAI (TRUSTEE OF TRUST FOUNDATION)</b>				
At the beginning of the year	0	0	12570	0.08%
Add: Purchased during the year	12570	+0.08		
At the end of the year	12570	0.08%	12570	0.08%
<b>9. A SHAILA PRABHU</b>				
At the beginning of the year	12498	0.08%	12498	0.08%
Add/Less: Increase / Decrease in Promoters Shareholding during the year	-			
At the end of the year	12498	0.08%	12498	0.08%
<b>10. AROORANUSUYA RAO</b>				
At the beginning of the year	11758	0.07%	11758	0.07%
Add/Less: Increase / Decrease in Promoters Shareholding during the year	-			
At the end of the year	11758	0.07%	11758	0.07%

**E. 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
<b>1. MR.T SUDHAKAR PAI</b>					
	At the beginning of the year	29107	0.19%	29107	0.19%
	Add/Less: Increase / Decrease in Promoters Shareholding during the year				-
	At the end of the year	29107	0.19%	29107	0.19%
<b>3. MRS. JAYA S PAI</b>					
	At the beginning of the year	282300	1.89%	368491	2.45%
	Add: Purchased during the year	86191	+0.56		
	At the end of the year	368491	2.45%	368491	2.45%
<b>4. MRS. JYOTHI ASHISH PRADHAN</b>					
	At the beginning of the year	1800	0.012%	1800	0.012%
	Add/Less: Increase / Decrease in Promoters Shareholding during the year				-
	At the end of the year	1800	0.012%	1800	0.012%

**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
<b>Indebtedness at the beginning of the financial year</b>				
<b>i) Principal Amount</b>	1,466.71	-	-	1,466.71
<b>ii) Interest due but not paid</b>	-	-	-	-
<b>iii) Interest accrued but not due</b>	-	-	-	-
<b>Total (i+ii+iii)</b>	1,466.71	-	-	1,466.71
<b>Change in Indebtedness during the financial year</b>				
<b>* Addition</b>	443.45	-	-	443.45
<b>* Reduction</b>	(59.82)	-	-	(59.82)
<b>Net Change</b>	383.63	-	-	383.63
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
<b>i) Principal Amount</b>	1850.34	-	-	1850.34
<b>ii) Interest due but not paid</b>	-	-	-	-
<b>iii) Interest accrued but not due</b>	-	-	-	-
<b>Total (i+ii+iii)</b>	1850.34	-	-	1850.34

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

<b>S.N.</b>	<b>Particulars of Remuneration</b>	<b>Mr.T Sudhakar Pai Managing Director</b>
1	Gross salary(in lakhs)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission/incentive - as % of profit - others, specify...	27.73
5	Others, please specify	-
	Total (A)	27.73
	Ceiling as per the Act	46.22

**b. Remuneration to other directors**

<b>SN.</b>	<b>Particulars of Remuneration</b>	<b>Name of Directors</b>		<b>Total Amount</b>
1	<b>Independent Directors</b>	<b>Mr. S.Ananthnarayanan</b>	<b>Dr. Nitin G Khot</b>	
	Fee for attending board & committee meetings ( inclusive of service tax and other allowances)	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	-	-	-
2	<b>Other Non-Executive Directors</b>	<b>KT Bhagath</b>	<b>Mrs. Jaya S Pai</b>	
	Fee for attending board committee meetings ((inclusive of service tax and other allowances)	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
		-	<b>Mr. Monu Kumar</b>	<b>Mr. Shambhu Kumar Bhotika</b> (w.e.f 21.02.2018)	
1	Gross salary(in lakh)	-	-		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

**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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	621A	Compounding application for violation of section 209 (1)(d) of the CA, 1956	6000/- on each applicant	NCLT, Bengaluru Bench	No
	621A	Compounding application for violation of section 211 read with Part I of Schedule VI of the CA, 1956	6000/- on each applicant	NCLT, Bengaluru Bench	No
	621A	Compounding application for violation of section 211(3A) & (3B) of the CA, 1956 read with AS-18	6000/- on each applicant	NCLT, Bengaluru Bench	No
	621A	Compounding application for violation of section 211(3A) & (3B) of the CA, 1956 read with AS-19	6000/- on each applicant	NCLT, Bengaluru Bench	No

	621A	Compounding application for violation of section 211 read with Part II of Schedule VI of the CA, 1956	6000/-	Special Court of Economics Offense, Bengaluru	No
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		-	-	-	-
Punishment		-	-	-	-
Compounding		-	-	-	-

For and on Behalf of the Board  
For **Kurlon Ltd.**

Date: 10.08.2018  
Place: Bangalore

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KURLON LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Kurlon 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 in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Standalone 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 VASUDEV PAI & CO.**

Chartered Accountants

ICAI Firm Registration Number: 004560S

Place: Bangalore  
Date : 10.08.2018

**T. VASUDEV PAI**

Proprietor

Membership Number: 020906

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT****Referred to in paragraph I under “Report on other Legal and Regulatory Requirements”  
of our Report of even date**

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

- I. In respect of the Company’s fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) 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, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
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 granted unsecured advance to the Companies covered in the register maintained under Section 189 of the Act.
  - (a) The above advances are not prima facie, prejudicial to the interest of the Company;
  - (b) There is no stipulation in respect of repayment of the above-referred advances which is payable on demand;
  - (c) There are no overdue amounts in respect of the above-referred advance.

However, the Company has not granted any loans secured or unsecured to Firms, LLPs or Other Parties covered in the register maintained under Section 189 of the Act.
4. The Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013, in respect of grant of loans, making investments and providing guarantees and securities as applicable
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. The maintenance of cost records has been specified by the Central Government under Section 148(I) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (I) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of Statutory Dues:

- i. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, 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 the Value Added Tax, Central Sales Tax, Tax Deduction at Source and other statutory dues.
- ii. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, 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, except for VAT liability of Rs. 4.89 lakhs.
- iii. Details of dues of Sales 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)
Value Added Tax, Sales Tax and Entry Tax - Various states	Value Added Tax, Sales Tax and Entry Tax - Various states	High Court	2004-05	2.81
			2005-06	29.09
		Appellate Tribunal/ Board	1990-91 & 91-92	0.17
			1997-98	29.38
			2000-01	1.73
			2004-05	1.16
			2008-09	15.78
			2010-11	70.76
		The Joint Commissioner / Dy. Commissioner/ Asst. Joint Commissioner/ Dy. Joint Commissioner - Commercial Taxes	1995-96	0.90
			1996-97	15.86
			1998-1999	4.23
			1999-2000	34.87
			2000-2001	32.40
			2003-04	0.59
			2004-05	25.78
			2005-06	43.67
			2006-07	42.11
			2007-08	194.28
			2008-09	323.43
			2009-10	258.70
			2010-11	204.85
			2011-12	1,558.24
			2012-13	1,618.73
			2013-14	367.21
			2014-15	21.51
			2015-16	27.94

\*Rs. 401.92 lakhs has been paid as advance against the demands/appeals.

8. 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.
9. The Company has not raised moneys by way of initial public offer or further public offer including debt instruments during the year. The term loans have been applied by the Company during the year for the purposes for which they were raised.
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 paid/ provided the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
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 VASUDEV PAI & CO.**

Chartered Accountants

ICAI Firm Registration Number: 004560S

Place: Bangalore

Date : 10.08.2018

**T. VASUDEV PAI**

Proprietor

Membership Number: 020906

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**ANNEXURE “B”**

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**TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KURLON 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 Limited**

We have audited the internal financial controls over financial reporting of Kurlon 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 VASUDEV PAI & CO.**

Chartered Accountants

ICAI Firm Registration Number: 004560S

Place: Bangalore

Date : 10.08.2018

**T. VASUDEV PAI**

Proprietor

Membership Number: 020906

## Standalone Balance Sheet as on ended March 31, 2018

₹ in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>A ASSETS</b>				
<b>I Non-Current Assets</b>				
(a) Property, Plant and Equipment	2	7,607.83	7,386.29	6,684.01
(b) Capital Work-in-Progress	2a	586.90	161.36	18.88
(c) Other Intangible Assets	2	0.34	0.16	0.16
(d) Financial Assets				
(i) Investments	3	4,390.05	4,437.10	3,954.35
(ii) Loans	5	2,441.70	708.89	24.53
(e) Deferred Tax Assets (net)		-	-	1.99
(f) Other Non-Current Assets	6	6,270.22	5,870.25	2,649.12
<b>Total Non - Current Assets</b>		<b>21,297.04</b>	<b>18,564.05</b>	<b>13,333.04</b>
<b>2 Current Assets</b>				
(a) Inventories	7	1,501.71	1,304.10	976.21
(b) Financial Assets				
(i) Investments	3	-	-	300.00
(ii) Trade Receivables	4	21.63	4.53	10.49
(iii) Cash and Cash Equivalents	8	235.57	118.57	247.34
(iv) Loans	5	-	0.98	-
(c) Current Tax Assets (Net)	9	962.21	1,026.70	995.96
(d) Other Current Assets	6	216.29	47.21	753.52
<b>Total Current Assets</b>		<b>2,937.41</b>	<b>2,502.09</b>	<b>3,283.52</b>
<b>Total Assets (I+2)</b>		<b>24,234.45</b>	<b>21,066.14</b>	<b>16,616.56</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>I Equity</b>				
(a) Equity Share Capital	10	1,488.26	1,488.26	1,488.26
(b) Other Equity	11	15,328.81	14,695.24	14,109.78
Equity attributable to owners of the Company (I)		<b>16,817.07</b>	<b>16,183.50</b>	<b>15,598.04</b>
<b>Total Equity (I)</b>		<b>16,817.07</b>	<b>16,183.50</b>	<b>15,598.04</b>
<b>LIABILITIES</b>				
<b>2 Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	12	5,410.03	3,856.98	446.28
(ii) Other Financial Liabilities (other than those specified in (b) below, to be specified)	14	33.95	2.00	2.00
(b) Deferred Tax Liabilities (Net)	9a	447.98	189.31	-
<b>Total Non-Current Liabilities</b>		<b>2,332.27</b>	<b>1,658.02</b>	<b>2.00</b>
<b>3 Current Liabilities</b>				
(a) Financial Liabilities				
(i) Trade Payables	13	1,042.82	341.53	475.57
(ii) Other Financial Liabilities (other than those specified in (b) below, to be specified)	14	445.75	402.78	3.28
(b) Provisions	15	1.80	2.17	2.32
(c) Other Current Liabilities	16	35.05	87.87	89.07
<b>Total Current Liabilities</b>		<b>5,085.11</b>	<b>3,224.62</b>	<b>1,016.52</b>
Liabilities associated with assets held for sale	15			
<b>Total Equity and Liabilities (I+2+3)</b>		<b>24,234.45</b>	<b>21,066.14</b>	<b>16,616.56</b>
See accompanying notes to the financial statements				

In terms of our report attached

**For Vasudev Pai and Co.**

Chartered Accountants

Firm Regn No : 004560S

**T. Vasudev Pai**

Proprietor

M No : 020906

Place : Bangalore

Date: 10.08.2018

**T. Sudhakar Pai**

Managing Director

**Shambhu Kumar Bhotika**

Chief Financial Officer

For and on behalf of the Board of Directors

**Dr. Nitin G. Khot**

Director

**Monu Kumar**

Company Secretary

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
<b>Continuing Operations</b>			
I Revenue from operations	17	11,941.22	9,928.61
II Other Income	18	1,451.12	1,089.62
<b>III Total Revenue (I + II)</b>		<b>13,392.34</b>	<b>11,018.23</b>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	19.a	9,284.27	6,959.96
Changes in Stock of Finished Goods, Work-in-Progress and Stock-in-Trade	19.b	40.87	(99.63)
Excise duty on sale of goods		276.84	1,056.30
Employee Benefit Expense	20	450.84	431.92
Finance Costs	21	251.33	107.35
Depreciation and Amortisation Expense	20.1	376.27	395.18
Other Expenses	22	1,741.83	1,393.90
<b>Total Expenses (IV)</b>		<b>12,422.25</b>	<b>10,244.98</b>
<b>V Profit/(loss) before tax (III - IV)</b>		<b>970.09</b>	<b>773.25</b>
<b>VI Tax Expense</b>			
(1) Current tax	9a	71.26	1.16
(2) Deferred tax	9a	258.67	191.30
<b>Total Tax Expense</b>		<b>329.93</b>	<b>192.46</b>
<b>VII Profit/(loss) for the period (V-VI)</b>		<b>640.16</b>	<b>580.79</b>
<b>VIII Other Comprehensive (Loss) / Income</b>			
Items that will not be recycled to profit or loss			
- Fair value of Equity Instruments		(0.10)	0.16
- Re-measurements of the defined benefit liabilities/(asset)		(4.82)	3.35
- Income tax relating to items that will not be reclassified to profit or loss	9a	(1.67)	1.16
<b>IX Total Comprehensive Income for the period (VII - VIII)</b>		<b>633.57</b>	<b>585.46</b>
<b>X Earnings per Equity Share (for continuing operation):</b>			
(1) Basic	-	4.26	3.93
(2) Diluted	-	4.26	3.93
<b>See accompanying notes to the financial statements</b>			

In terms of our report attached

**For Vasudev Pai and Co.**

Chartered Accountants

Firm Regn No : 004560S

**T. Vasudev Pai**

Proprietor

M No : 020906

Place : Bangalore

Date: 10.08.2018

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

Place : Bangalore

Date: 10.08.2018

## Standalone Cash Flow Statement as on March 31, 2018

### Cash Flow Statement - Indirect Method

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash flows from operating activities</b>			
Profit before tax for the year :	<b>PL 28</b>	<b>970.09</b>	773.25
Gain on disposal of property, plant and equipment		-	-
Insurance claim received on fixed assets		(24.34)	(128.56)
Depreciation and amortisation of non-current assets	<b>2 &amp; 5</b>	<b>376.27</b>	395.18
Interest income from deposits		(5.91)	(5.92)
Dividend Income		(463.42)	(402.82)
(Profit)/Loss on sale of Investments		(287.38)	-
(Profit)/Loss on sale of asset		0.64	3.52
Interest expenses		251.33	107.35
Sales tax subsidy		(92.64)	(367.00)
Provision for doubtful trade receivables and advances		-	-
Net foreign exchange (gain)/loss	<b>28</b>	<b>(5.52)</b>	(6.85)
		<b>719.12</b>	368.15
Movements in working capital:			
(Increase)/decrease in loans & advances		(861.14)	523.63
Increase in trade and other receivables		3.90	5.96
(Increase)/decrease in inventories		(197.61)	(327.88)
(Increase)/decrease in Short -term loans and advances		(920.90)	(568.78)
(Increase)/decrease in other assets		(7.79)	679.65
Decrease in trade and other payables		701.29	(127.12)
Increase/(decrease) in amounts due to customers under construction contracts			
Increase/(decrease) in Long term liabilities		31.95	-
Increase/(decrease) in other current liabilities		1,169.06	1,943.41
(Decrease)/increase in other liabilities			
		<b>(81.24)</b>	2,128.87
Cash generated from operations		<b>637.88</b>	2,497.02
Income taxes paid		(92.82)	(27.35)
Net cash generated by operating activities		<b>545.06</b>	2,469.67
<b>Cash flows from investing activities</b>			
Payments to acquire financial assets			
Capital expenditure on fixed assets, including capital advances		(1,437.64)	(4,753.35)
Proceeds on sale of financial assets		1.15	170.83
Interest received		5.91	5.92
Dividends received from associates		463.42	402.82
Amounts advanced to related parties			
(Purchase)/Sale of short term investments		-	300.00
(Purchase)/Sale of Long term investments		313.20	(482.75)
Placed in bank deposits not considered as cash and cash equivalents		97.72	76.95
Amount in earmarked accounts - for unpaid dividend		(2.83)	0.02
Net cash (used in)/generated by investing activities	<b>28.a 33</b>	<b>(559.07)</b>	(4,279.56)
<b>Cash flows from financing activities</b>			
Proceeds/ (repayment) of Long term borrowings		383.63	1,865.44
Interest paid		(251.33)	(107.35)
<b>Net cash used in financing activities</b>		<b>132.30</b>	1,758.09
<b>Net increase in cash and cash equivalents</b>		<b>118.29</b>	(51.80)
Cash and cash equivalents at the beginning of the year		84.49	136.29
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)		32.79	34.08
<b>Cash and cash equivalents at the end of the year</b>		<b>235.57</b>	118.57
		<b>235.57</b>	<b>118.57</b>

In terms of our report attached

**For Vasudev Pai and Co.**

Chartered Accountants

Firm Regn No : 004560S

**T. Vasudev Pai**

Proprietor

M No : 020906

Place : Bangalore

Date: 10.08.2018

**T. Sudhakar Pai**

Managing Director

**Shambhu Kumar Bhotika**

Chief Financial Officer

For and on behalf of the Board of Directors

**Dr. Nitin G. Khot**

Director

**Monu Kumar**

Company Secretary

Place : Bangalore

Date: 10.08.2018

## Notes to the Standalone Financial Statements

### a. Equity Share capital

₹ in Lakhs

Particulars	Amount
Balance as at April 1, 2016	1,488.26
Issue during the year	-
Balance as at March 31, 2017	1,488.26
Issue during the year	-
Balance as at March 31, 2018	<b>1,488.26</b>

### b. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus				
	Capital reserve	Securities premium reserve	General reserve	Retained earnings	Total
<b>Balance As at 31st March 2016</b>	970.81	293.81	3464.43	9,380.73	14,109.78
Add: Profit for the year				580.79	580.79
Other comprehensive Income for the year				4.67	4.67
Total Comprehensive Income for the year				585.46	585.46
<b>Balance as at 31st Mar 2017</b>	970.81	293.81	3,464.43	9,966.19	14,695.24
Add: Profit for the year				640.16	640.16
Other comprehensive Income for the year				(6.59)	(6.59)
Total Comprehensive Income for the year				633.57	633.57
<b>Balance as at 31st Mar 2018</b>	<b>970.81</b>	<b>293.81</b>	<b>3,464.43</b>	<b>10,599.76</b>	<b>15,328.81</b>

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

In terms of our report attached

**For Vasudev Pai and Co.**

Chartered Accountants

Firm Regn No : 004560S

**T. Vasudev Pai**

Proprietor

M No : 020906

Place : Bangalore

Date: 10.08.2018

**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

## Notes to the Standalone Financial Statements

### Accounting policies

Note	Particulars
<b>1.</b>	<p><b>Corporate information</b></p> <p>Kurlon Limited incorporated under the name and style of “Karnataka Coir Products Limited” on 09-02-1962 commenced commercial operations during October 1965. The name of the Company was changed to “Karnataka Consumer Products Limited” with effect from 09-10-1980, On 08-12-1995 the name Karnataka Consumer Products Limited changed as “KURLON LIMITED”, to fully reflect all its business activities in diverse area such as Rubberized coir, Latex Foam, Polyurethane foam, spring Mattresses, Furniture, Furnishing etc.</p>
<b>2.</b>	<p><b>Significant accounting policies</b></p>
<b>2.1</b>	<p><b>Statement of compliance</b></p> <p>In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS” notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. For periods up to and including the year ended March 31, 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act, 2013 read together with paragraph 7 of Companies Rules, 2014 (“Indian GAAP”). The date of transition to Ind AS is April 1, 2016.</p>
<b>2.2</b>	<p><b>Basis of preparation and presentation</b></p> <p>The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values and defined benefit plan - plan assets measured at fair value at the end of each reporting period, as explained in the accounting policies below:- Historical cost is generally based on the fair value of the consideration given in exchange for goods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:</p> <p><b>Level 1</b> inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;</p> <p><b>Level 2</b> inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p><b>Level 3</b> inputs are unobservable inputs for the asset or liability.</p>

## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
2.3	<p><b>Use of estimates and judgement</b></p> <p>The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.</p> <p>Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Id in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets, provision for warranty and other provisions and contingent liabilities.</p> <p><b>Useful lives of property, plant and equipment :</b></p> <p>The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.</p> <p><b>Provisions and contingent liabilities</b></p> <p>A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions ( excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.</p>
2.4	<p><b>Revenue recognition</b></p> <p>Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p><b>Sale of goods</b></p> <p>Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, and when the amount of revenue can be measured reliably. Amounts disclosed as revenue are net of Sales tax, Goods and Service tax, returns, trade allowances, rebates, and value added items.</p> <p><b>Other income</b></p> <p>Interest income is recognized as it accrues in the statement of profit and loss, using effective interest method. Dividend income is accounted for when the right to receive the payment is established. Export benefits are accounted for, in the year of exports, based on eligibility and when there is no uncertainty in receiving the same.</p>

## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
<b>2.5</b>	<p><b>Foreign currencies</b></p> <p>Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction of monetary items are recognized as income or expenses in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.</p>
<b>2.6</b>	<p><b>Leases</b></p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognized as operating lease. Operating lease payments are recognized on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the statement of profit and loss.</p>
<b>2.7</b>	<p><b>Employee benefits</b></p> <p>Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.</p> <p>Retirement benefit cost and termination benefits Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p>For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:</p> <ul style="list-style-type: none"> <li>- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);</li> <li>- net interest expense or income; and</li> <li>- remeasurement</li> </ul> <p>The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.</p> <p>The retirement benefit obligation in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p>

## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.</p> <p><b>Defined contribution plan</b></p> <p>Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.</p> <p><b>Compensated absences</b></p> <p>Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined obligation at the balance sheet date.</p>
<b>2.8</b>	<p><b>Taxation</b></p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p><b>Current tax</b></p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.</p> <p><b>Deferred tax</b></p> <p>Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p>



## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
<b>2.9</b>	<p><b>Property, Plant and Equipment</b></p> <p>Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.</p> <p>Property, Plant and Equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use as prescribed in the schedule II of the companies act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p> <p><b>Capital work in progress</b></p> <p>Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.</p> <p>The capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
<b>2.10</b>	<p><b>Investment property</b></p> <p>Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost mode. An investment property is derecognized upon disposal or the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of assets) as included in the statement of profit and loss in the period</p>



## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>For transition to Ind AS the company has elected to continue with the carrying value of investment property recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p>
<b>2.11</b>	<p><b>Intangible assets</b></p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p> <p>Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.</p> <p>The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.</p>
<b>2.12</b>	<p><b>Impairment</b></p> <p>Financial assets ( other than a fair value ) The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p><b>Non-financial assets</b></p> <p>Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.</p>
<b>2.13</b>	<p><b>Inventory</b></p> <p>Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.</p>
<b>2.14</b>	<p><b>Provisions</b></p> <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p>

## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p>
<b>2.15</b>	<p><b>Financial instruments</b></p> <p>Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p><b>A) Financial assets</b></p> <p>Cash and cash equivalents Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p><b>Financial assets at amortized cost</b></p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through other comprehensive income (FVTOCI)</p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Financial assets at fair value through profit and loss (FVTPL) Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.</p> <p><b>Foreign exchange gains and losses</b></p> <p>The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and loss.</p>

## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p><b>B) Financial liabilities and equity</b></p> <p><b>Financial liabilities at amortized cost</b></p> <p>Financial liabilities are measured at amortized cost using effective interest method.</p> <p><b>Equity instruments</b></p> <p>An equity instrument is contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.</p> <p><b>Foreign exchange gains and losses</b></p> <p>For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in other income.</p> <p>The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the profit and loss.</p>
<b>2.16</b>	<p><b>Earnings per share (EPS)</b></p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax including the post-tax effect of extraordinary items, if any as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p>
<b>2.17</b>	<p><b>Segment reporting</b></p> <p>The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The Company has only one reportable business segment, which is automobile tyre and tube valves, cores and accessories and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.</p>

## Notes to the Standalone Financial Statements

### Note 2 Significant accounting policies (Contd.)

Note	Particulars
2.18	<p><b>New Standards and interpretations and not yet adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:</b></p> <p>On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.</p> <p>Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity’s contracts with customers.</p> <p>The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.</p>

## Notes to the Standalone Financial Statements

₹ in Lakhs

### Note No. 2 - PROPERTY, PLANT AND EQUIPMENTS

Particulars	Land Freehold	Land leasehold*	Buildings	Plant & Machinery	Furnitures & Fixtures	Office Equipments	Vehicles Owned	Vehicles Financed	Computer Owned	Total	Intangible Asset	
											Computer software	Total
<b>Deemed cost</b>												
<b>As at 1st April 2016</b>	<b>446.12</b>	<b>922.16</b>	<b>4,527.36</b>	<b>2,494.83</b>	<b>245.19</b>	<b>21.39</b>	<b>82.60</b>	<b>131.32</b>	<b>27.23</b>	<b>8,898.20</b>	<b>3.04</b>	<b>3.04</b>
Additions	272.85	-	615.67	365.44	1.12	5.33	8.86	-	2.52	1,271.79	-	-
Disposals				180.69	4.44	1.84	8.72	64.34	3.43	263.46	-	-
<b>As at 31st March 2017</b>	<b>718.97</b>	<b>922.16</b>	<b>5,143.03</b>	<b>2,679.58</b>	<b>241.87</b>	<b>24.88</b>	<b>82.74</b>	<b>66.98</b>	<b>26.32</b>	<b>9,906.53</b>	<b>3.04</b>	<b>3.04</b>
Additions			242.90	266.80	1.14	1.10	17.85	65.38	4.42	599.59	0.19	0.19
Disposals							8.45			8.45	-	-
<b>As at 31st March 2018</b>	<b>718.97</b>	<b>922.16</b>	<b>5,385.93</b>	<b>2,946.38</b>	<b>243.01</b>	<b>25.98</b>	<b>92.14</b>	<b>132.36</b>	<b>30.74</b>	<b>10,497.67</b>	<b>3.23</b>	<b>3.23</b>
<b>Accumulated Depreciation</b>												
<b>As at 1st April 2016</b>	<b>-</b>	<b>41.09</b>	<b>1,123.31</b>	<b>765.15</b>	<b>133.19</b>	<b>8.28</b>	<b>82.60</b>	<b>43.39</b>	<b>17.18</b>	<b>2,214.19</b>	<b>2.88</b>	<b>2.88</b>
Additions		4.29	136.36	195.74	36.19	3.65	6.36	10.94	1.65	395.18	-	-
Disposals				32.16	4.22	1.75	8.29	39.45	3.26	89.13	-	-
<b>As at 31st March 2017</b>	<b>-</b>	<b>45.38</b>	<b>1,259.67</b>	<b>928.73</b>	<b>165.16</b>	<b>10.18</b>	<b>80.67</b>	<b>14.88</b>	<b>15.57</b>	<b>2,520.24</b>	<b>2.88</b>	<b>2.88</b>
Additions		4.06	148.79	167.40	31.15	3.71	15.10	3.25	2.80	376.26	0.01	0.01
Disposals							6.66			6.66	-	-
<b>As at 31st March 2018</b>	<b>-</b>	<b>49.44</b>	<b>1,408.46</b>	<b>1,096.13</b>	<b>196.31</b>	<b>13.89</b>	<b>89.11</b>	<b>18.13</b>	<b>18.37</b>	<b>2,889.84</b>	<b>2.89</b>	<b>2.89</b>
<b>Net carrying amount</b>												
<b>Balance as at 31st March, 2018</b>	<b>718.97</b>	<b>872.72</b>	<b>3,977.47</b>	<b>1,850.25</b>	<b>46.70</b>	<b>12.09</b>	<b>3.03</b>	<b>114.23</b>	<b>12.37</b>	<b>7,607.83</b>	<b>0.34</b>	<b>0.34</b>
Balance as at 31st March, 2017	718.97	876.78	3,883.36	1,750.85	76.71	14.70	2.07	52.10	10.75	7,386.29	0.16	0.16
Balance as at 31st March, 2016	446.12	881.07	3,404.05	1,729.68	112.00	13.11	-	87.93	10.05	6,684.01	0.16	0.16

**Note:** \*Includes Building given on Operating lease to Kurlon Enterprise Limited [Refer Note 37 (ii)]

## Notes to the Standalone Financial Statements

### Note No. 2.01 : Depreciation and amortization

₹ in Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Depreciation for the year on tangible assets	376.26	395.18	350.24
Amortization for the year on intangible assets	0.01	-	-
<b>Depreciation and amortization</b>	<b>376.27</b>	<b>395.18</b>	<b>350.24</b>

Refer Note - 12 for information on property, plant and equipments pledged as security by the Company.

### Note No. 2a : Capital Work-in-Progress

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Land	-	4.14	-
Building	-	110.51	1.93
Plant & Machinery	572.38	-	16.95
Others	14.52	46.71	-
	<b>586.90</b>	<b>161.36</b>	<b>18.88</b>

Capital work in progress includes capital investment in LMF Project (Low melt fiber project) which has been reported to be operational with effect 05.05.2018.

**Notes to the Standalone Financial Statements**

₹ in Lakhs

**Note No. 3 - Investment**

Particular	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	No. of shares	Amounts	Non Current	No. of shares	Amounts	Non Current	No. of shares	Amounts	Non Current
		Current			Current			Current	
<b>Investments Carried at:</b>									
<b>A.Designated as Fair Value Through OCI</b>									
<b>I. Quoted Investments (all fully paid)</b>									
Investments in Equity Instruments									
Industrial Development Bank of India	3,360		2.43	3,360		2.52	3,360		2.38
3,360 Equity share of Rs.10/- each									
Investments in Mutual Funds - Ambit Alpha Fund Scheme-I								300.00	
<b>Quoted investment</b>			<b>2.43</b>			<b>2.52</b>		<b>300.00</b>	<b>2.38</b>
<b>I. Unquoted Investments (all fully paid)</b>									
Investments in Equity Instruments									
- of Subsidiaries									
(i) 13523261* equity share of Rs.5/- each with a premium of Rs.31.15 each(previous year 8702850 equity shares @ 10/- each with a premium pf Rs.62.30 each) * includes bonus shares of 5159936	13,523,261		3,621.60	9,798,800	-	3,684.26	8,702,850	-	3,684.26
(ii) 9,798,800 equity share of Rs 5/- each (previous year 4,899,400 equity share of Rs. 10/- each)									
(iii) 8,702,850 equity share of Rs 5/- each with a premium of Rs. 31.15 each (Previous year 4,351,425 equity shares @ 10/- each with a premium of Rs. 62.30 each)									
Manipal E-Commerce limited									
49400 Equity share of Rs.10/- each (Previous year - Nil)	49,400		4.94	165,104		-	15,728		-
- of Others									
Investment in Bonds - Unquoted (No. of units 1,65,104) (Previous year 15,728 Units)	165,104		535.85			536.12			54.21

## Notes to the Standalone Financial Statements

₹ in Lakhs

### Note No. 3 - Investment (contd.)

Particular	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	No. of shares	Amounts		No. of shares	Amounts		No. of shares	Amounts	
		Current	Non Current		Current	Non Current		Current	Non Current
Maharashtra Apex Corporation Ltd. 7000 shares of Rs.10/- each, redeemable cumulative preference share. (Previous year- Nil)	7000		0.70	7000		0.70			
<b>A. Designated as Fair value through Profit &amp; Loss</b>									
General Investment and Commercial Corporation Ltd	25,000		23.75	25,000		23.75	25,000		23.75
25,000 shares of 10/- each at a premium of Rs 85/- each (Previous year 25,000 shares of 10/- each at a premium of Rs 85/- each)									
Jitendra Harjivandas Securities Pvt Limited	595,000		148.75	595,000		148.75	595,000		148.75
595,000 shares of Rs 10/- each at a premium of Rs 15/- each (Previous year 595,000 shares of Rs 15/- each (Previous year 595,000 shares of Rs 10/- each at a premium of Rs 15/- each)									
Commercial Corporation of India Limited	1,000,000		41.00	1,000,000		41.00	1,000,000		41.00
1,000,000 Shares of Rs 1/- each at a premium of Rs.3.10 each (Previous year 1,000,000 Shares of Rs 1/- each at a premium of Rs.3.10 each)									
Madish style Bar Pvt Ltd	60,000		6.00						
60000 equity shares of Rs.10/- each (previous year Nil)									
The Zoroastrian co operative Bank Mumbai	100		0.03						
100 Equity shares of Rs.25/- each (previous year Nil)									
Alapasara Finvest care advisory private limited	5,000		5.00						
5000 Equity shares of Rs. 100/- each (previous year Nil)									
<b>Total Unquoted Investments</b>	<b>15,433,225</b>	<b>-</b>	<b>4,387.62</b>	<b>11,590,904</b>	<b>-</b>	<b>4,434.58</b>	<b>10,338,578</b>	<b>-</b>	<b>3,951.97</b>
<b>TOTAL INVESTMENTS CARRYING VALUE (A)</b>	<b>15,433,225</b>	<b>-</b>	<b>4,390.05</b>	<b>11,590,904</b>	<b>-</b>	<b>4,437.10</b>	<b>10,338,578</b>	<b>300.00</b>	<b>3,954.35</b>
<b>Other disclosures</b>									
Aggregate amount of quoted investments	-	-	2.43	-	-	2.52	-	300.00	2.38
Aggregate amount of unquoted investments	-	-	4,387.62	-	-	4,434.58	-	-	3,951.97



## Notes to the Standalone Financial Statements

### Note No. 4 - Trade Receivables

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Current	Non Current	Current	Non Current	Current	Non Current
Trade receivables outstanding for a period of more than 6 months						
(a) considered good	0.63		4.53		10.49	-
(b) considered doubtful	0.63		4.53		10.49	-
Less: Allowance for Credit Losses	0.63		4.53		10.49	-
Other trade receivables						
(a) considered good	21.00		-	-	-	-
(b) considered doubtful	21.00		-	-	-	-
Less: Allowance for Credit Losses	21.00		-	-	-	-
<b>TOTAL</b>	<b>21.63</b>	<b>-</b>	<b>4.53</b>	<b>-</b>	<b>10.49</b>	<b>-</b>

### Note No. 5 - Loans

₹ 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
<b>(a) Security Deposits *</b>									
- Secured, considered good		146.12	146.12		110.56	110.56		21.40	21.40
- Unsecured, considered good									
- Doubtful									
Less : Allowance for bad and doubtful deposits	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	-	146.12	146.12	-	110.56	110.56	-	21.40	21.40
<b>(b) Loans to related parties</b>									
- Unsecured, considered good Corporate		780.13	780.13		594.47	594.47			
<b>(c) Loans to other than related parties **</b>									
- Secured, considered good Corporate		903.14	903.14			-		-	-
- Other		567.96	567.96						
- Unsecured, considered good Other		36.16	36.16						
Less : Allowance for bad and doubtful loans	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	-	2,287.39	2,287.39	-	594.47	594.47	-	-	-
<b>(d) Other Loans</b>									
- Secured, considered good Employees		8.19	8.19	0.98	3.86	4.84		3.13	3.13
- GST/sales tax deposit									
- Unsecured, considered good									
- Doubtful									
Less: Allowance for Credit Losses	-	-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>	-	8.19	8.19	0.98	3.86	4.84	-	3.13	3.13
<b>Grand Total</b>	-	2,441.70	2,441.70	0.98	708.89	709.87	-	24.53	24.53

\* Security Deposits includes the deposits paid for the leased premises which has been used by the ultimate Subsidiary Company.

\*\* Loans to other than related parties are secured by mortgage of land &/ or buildings with/ without possession. In the case of India Green Reality Pvt Ltd, as an additional security, the mortgaged property has been registered by way of deed of conveyance in favour of the company with an option of reconveyance/ retransfer of the said property back to the borrower on total discharge of the outstanding obligations as per the master lending agreement dated 25.04.2017.

## Notes to the Standalone Financial Statements

### Note No. 6 : Other Non-Current and 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
<b>(a) Capital advances*</b>									
(i) For land		5,671.40	5,671.40		5,377.23	5,377.23		2,077.23	2,077.23
(ii) For Building		35.50	35.50	-	35.50	35.50		35.50	35.50
(iii) For Plant & Machinery		14.66	14.66		-	-		1.91	1.91
(iv) For others		148.11			49.86	49.86		8.86	8.86
<b>(b) Advances to suppliers / Contractor</b>	91.65		91.65	6.10		6.10	54.13		54.13
<b>(c) Advances to related parties</b>			-			-			-
<b>(d) Advances to employees</b>			-			-			-
<b>(e) Balances with government authorities (other than income taxes)</b>	99.27	400.55	499.82	40.93	407.66	448.59	18.66	525.62	544.28
<b>(f) Prepayments</b>									
<b>(g) Security Deposits</b>			-			-			-
<b>(h) Others</b>			-			-			-
<b>prepaid expenses</b>	17.58		17.58	0.18		0.18	1.08		1.08
<b>Insurance claim</b>			-			-	679.65		679.65
<b>Compensate absences</b>	7.79		7.79	-		-	-		-
	216.29	6,270.22	6,338.40	47.21	5,870.25	5,917.46	753.52	2,649.12	3,402.64
<b>TOTAL</b>	216.29	6,270.22	6,338.40	47.21	5,870.25	5,917.46	753.52	2,649.12	3,402.64

\* Capital advance includes advance of Rs. 33.04 Crores paid to KIADB for purchase of Land at Dabaspet, and Rs. 23.67 Crores paid to MRAC Ltd for purchase of Land at Jalahalli Campus, Yeshawthapur, Bangalore. The properties are yet to be registered in the name of Company. However, in the opinion of the management, the market value of these properties based on the provisional valuation, is more than the purchase cost.

### Note - 7 : Inventories

₹ in Lakhs

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Raw Materials	874.85	600.29	433.23
	In transit		35.87	
(b)	Work-in-Progress	220.29	366.32	229.23
(c)	Finished and semi-finished goods	242.33	137.17	174.63
(d)	Stock-in-trade of goods acquired for trading	71.21	74.41	58.34
(e)	Packing Material	93.03	90.04	80.78
<b>Total Inventories at the lower of cost and net realisable value</b>		<b>1,501.71</b>	<b>1,304.10</b>	<b>976.21</b>

### Stock in Progress

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rubberized Coir Pads	12.92	68.09	22.85
Curled Coir		2.71	-
Polythene Foam	162.54	1.61	19.83
Others (Upholstery, finishing material & others)	44.83	293.91	186.55
<b>Total Stock in Progress</b>	<b>220.29</b>	<b>366.32</b>	<b>229.23</b>

## Notes to the Standalone Financial Statements

### Note - 8 : Cash and Cash Equivalents

₹ in Lakhs

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Current Cash and Cash Equivalents</b>				
(a)	Unrestricted Balances with Banks	202.25	84.21	135.83
(b)	Cash in hand	0.53	0.28	0.46
(c)	Others - Restricted Balance with Banks	32.79	34.08	111.05
<b>Total Cash and Cash Equivalents</b>		<b>235.57</b>	<b>118.57</b>	<b>247.34</b>

**Note** - Others includes Deposits with banks with original maturity of less than six months pledged for obtaining Letter of Credit.

### Note 9 - Current Tax Assets (Net)

₹ in Lakhs

Particulars		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Advance Income Tax ( Net of provision)		402.89	487.48	560.79
MAT Credit entitlement		559.32	539.22	435.17
<b>Total Current Tax Assets (Net)</b>		<b>962.21</b>	<b>1,026.70</b>	<b>995.96</b>

The Company has book profit u/s 115JB of the Income Tax Act 1961 (the "Act") and the minimum alternate tax (MAT) thereon is higher than the tax liability under the normal provisions of the Act. Thus, the provision towards tax liabilities has been made based on MAT. Correspondingly, the Company had also recognized credit for MAT of Rs. 20.10 lacs (PY - 104.05) under section 115JAA of the said Act, which is disclosed as MAT credit entitlement in the Statement of Profit and Loss.

### Note No. 9(a) : Defferd Tax Liability

#### Tax balances

₹ in Lakhs

Particulars		As at March 31, 2018	As at March 31, 2017
(a) Current income tax			
In respect of current year		71.26	-
(b) Deferred tax			
In respect of current year		258.67	191.30
<b>Total</b>		<b>329.93</b>	<b>191.30</b>

₹ in Lakhs

Particulars		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Deferred tax assets		(454.80)	6.82	10.61
Deferred tax liabilities		6.82	(196.13)	(8.62)
<b>Deferred tax liabilities (net)</b>		<b>(447.98)</b>	<b>(189.31)</b>	<b>1.99</b>

## Notes to the Standalone Financial Statements

₹ in Lakhs

Particulars	As on 1st April, 2017	Current Year	As on 31st March, 2018
<b>Deferred tax liability</b>			
(a) Difference between book balance and tax balances of fixed assets	(196.13)	(258.67)	(454.80)
<b>Gross Deferred Tax Liability</b>	<b>(196.13)</b>	<b>(258.67)</b>	<b>(454.80)</b>
<b>Deferred Tax Asset</b>			
(a) Disallowances under section 43B of the income tax act 1961	6.82	-	6.82
<b>Gross Deferred Tax Asset</b>	<b>6.82</b>	<b>-</b>	<b>6.82</b>
<b>Net Deferred Tax Liability</b>	<b>(189.31)</b>	<b>(258.67)</b>	<b>(447.98)</b>

₹ in Lakhs

Deferred Tax Liabilities (net)	As on 1st April, 2016	Current Year	As on 31st March, 2017
<b>Deferred Tax Liability</b>			
(a) Difference between book balance and tax balances of fixed assets	(8.62)	(187.51)	(196.13)
<b>Gross Deferred Tax Liability</b>	<b>(8.62)</b>	<b>(187.51)</b>	<b>(196.13)</b>
<b>Deferred Tax Asset</b>			
(a) Disallowances under section 43B of the income tax act 1961	10.61	(3.79)	6.82
<b>Gross Deferred Tax Asset</b>	<b>10.61</b>	<b>(3.79)</b>	<b>6.82</b>
<b>Net Deferred Tax Liability</b>	<b>1.99</b>	<b>(191.3)</b>	<b>(189.31)</b>

₹ in Lakhs

Deferred Tax Liabilities (net)	As on 1st April, 2015	Current year	As on 31st March, 2016
<b>Deferred Tax Liability</b>			
(a) Difference between book balance and tax balances of fixed assets	(731.73)	723.11	(8.62)
<b>Gross Deferred Tax Liability</b>	<b>(731.73)</b>	<b>723.11</b>	<b>(8.62)</b>
<b>Deferred Tax Asset</b>			
(c) Disallowances under section 43B of the income tax act 1961	14.32	(3.71)	10.61
(d) Mat credit entitlement			
<b>Gross Deferred Tax Asset</b>	<b>14.32</b>	<b>(3.71)</b>	<b>10.61</b>
<b>Net Deferred Tax Liability</b>	<b>(717.41)</b>	<b>719.40</b>	<b>1.99</b>

## Notes to the Standalone Financial Statements

### Note - 10: 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
<b>Authorised:</b>						
Equity shares of Rs.10/- each with voting rights	35,000,000	3,500.00	35,000,000	3,500.00	35,000,000	3,500.00
<b>Issued :</b>						
Equity shares of Rs.10/- each with voting rights	14,882,605	1,488.26	14,882,605	1,488.26	14,882,605	1,488.26
<b>Issued, Subscribed and Fully Paid:</b>						
Equity shares of Rs.10/- each with voting rights	14,882,605	1,488.26	14,882,605	1,488.26	14,882,605	1,488.26
<b>Total</b>	<b>14,882,605</b>	<b>1,488.26</b>	<b>14,882,605</b>	<b>1,488.26</b>	<b>14,882,605</b>	<b>1,488.26</b>

### Note - 10.1: Equity Share Capital (Contd.)

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

₹ in Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended March 31, 2018						
No. of Shares	1,48,82,605	-		-	-	1,48,82,605
Amount	1,488.26	-		-	-	1,488.26
Year Ended March 31, 2017						
No. of Shares	1,48,82,605		-	-	-	1,48,82,605
Amount	1,488.26	-	-	-	-	1,488.26
Year Ended April 1, 2016						
No. of Shares	1,48,82,605	-	-	-	-	1,48,82,605
Amount	1,488.26	-	-	-	-	1,488.26

#### (ii) Terms/ rights attached to equity shares

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

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

Class of shares / Name of shareholder	As at March 31, 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						
Manipal Holding Private Limited	48.20	71,83,919	48.20	71,73,919	48.20	71,73,919
Maharashtra Apex Corporation Limited	38.25	56,93,020	38.25	56,93,020	38.25	56,93,020

## Notes to the Standalone Financial Statements

### Note - 11 : Other equity

₹ in Lakhs

Particulars	Capital reserve	General reserve	Securities premium reserve	Retained earning	Equity Instrument through OCI	Other item of OCI	Total
<b>Balances as at 1st April 2015</b>	970.81	3,464.43	293.81	8,533.16			13,262.21
Add: Profit for the year				847.57			847.57
Other comprehensive Income for the year							-
Total Comprehensive Income for the year							-
Transferred to General Reserve							-
Transferred from Retained Earnings							-
<b>Balances as at 31st March 2016</b>	970.81	3,464.43	293.81	9,380.73	-	-	14,109.78
Profit for the year	970.81	3,464.43	293.81	9,380.73	-	-	14,109.78
Add: Profit for the year				585.46			585.46
Other comprehensive Income for the year							-
<b>Total Comprehensive Income for the year</b>				585.46			585.46
Transferred to General Reserve							
Transferred from Retained Earnings							
<b>Balances as at 31st March 2017</b>	970.81	3,464.43	293.81	9,966.19			14,695.24
Profit for the year				633.57			633.57
Add: Profit for the year							-
Other comprehensive Income for the year							-
<b>Total Comprehensive Income for the year</b>				633.57			633.57
Transferred to General Reserve							
Transferred from Retained Earnings							
<b>Balances as at 31st March 2018</b>	970.81	3,464.43	293.81	10,599.76	-	-	15,328.81

### Note - 12: Non Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Measured at FVTPL			
<b>A. Secured Borrowings:</b>			
(a) Term Loans	1,406.89	1,466.71	
(b) Foreign currency loans	294.49		
(c) Vehicle loans	148.96		
<b>B. Unsecured Borrowings:</b>			
(a) Kurlon Enterprise Ltd.	3,559.69	2,390.27	446.28
<b>Total Secured Borrowings</b>	<b>1,850.34</b>	<b>1,466.71</b>	-
<b>Total Unsecured Borrowings</b>	<b>3,559.69</b>	<b>2,390.27</b>	<b>446.28</b>
<b>Measured at FVTPL</b>	<b>1,850.34</b>	<b>1,466.71</b>	-
<b>Total Borrowings carried at FVTPL</b>	<b>1,850.34</b>	<b>1,466.71</b>	-
<b>Total Borrowings</b>	<b>5,410.03</b>	<b>3,856.98</b>	<b>446.28</b>

Vehicle loans are secured by Hypothecation of specific vehicles LOU for Buyers credit (sublimit of Import letter of credit - Sight/Term loan -2 new ) from DCB Bank Total outstanding as on 31.03.2018 is Rs. 294.49 lakhs Installments falling due in respect of all the above Loans upto 31.03.2018 have been grouped under "Current maturities of long-term debt" (Refer Note 14)

The loans are secured by specific fixed assets on first charge basis.

## Notes to the Standalone Financial Statements

**Note - 13 : Trade Payables**

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Current	Non Current	Current	Non Current	Current	Non Current
Dues to enterprises covered under MSMED Act, 2006	34.42		61.92		8.57	
Dues of creditors other than MSMED	722.70		279.61		467.00	
Trade payable for goods & services	206.24					
Trade payable for salaries and wages	79.46					
Liability for Cash-settled share-based payments						
Acceptances						
<b>Total trade payables</b>	<b>1,042.82</b>	<b>-</b>	<b>341.53</b>	<b>-</b>	<b>475.57</b>	<b>-</b>

**Note No. 14 - Other Financial Liabilities**

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Other Financial Liabilities Measured at Amortised Cost</b>			
<b>Non-Current</b>			
(a) Deposits Received from Dealers	-	-	-
(b) Security Deposits for Operating Leases	33.95	2.00	2.00
(c) Payables for capital supplies/services	-	-	-
	33.95	2.00	2.00
<b>Current</b>			
(a) Current Maturities of Vehicle loans	31.44	-	1.23
(b) Current Maturities of Term loans	412.79	399.96	-
(c) Interest on Trade Payable	1.52	2.82	2.05
	445.75	402.78	3.28
<b>Total Other Financial Liabilities</b>	<b>479.70</b>	<b>404.78</b>	<b>5.28</b>

## Notes to the Standalone Financial Statements

### Note - 15: Provisions

₹ in Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017			As at March 31, 2016		
	Current	Non Current	Total	Current	Non Current	Total	Current	Non Current	Total
(a) Provision for employee benefits									
(1) Compensates Absences	-		-	2.17	-	2.17	2.29	-	2.29
(2) Gratuity	1.80		1.80			-	0.03	-	0.03
(b) Other Provisions			-						
(1) Warranty			-						
(2) Other Provisions			-						
<b>Total Provisions</b>	<b>1.80</b>	<b>-</b>	<b>1.80</b>	<b>2.17</b>	<b>-</b>	<b>2.17</b>	<b>2.32</b>	<b>-</b>	<b>2.32</b>

### Note - 16 : Other Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017			As at March 31, 2016		
	Current	Non Current	Total	Current	Non Current	Total	Current	Non Current	Total
a. Advances received from customers	14.95		14.95	23.95		23.95	11.12		11.12
b. Unpaid dividend	2.09	-	2.09	3.34		3.34	4.42		4.42
c. Statutory dues									
- Taxes payable (other than income taxes)	18.01		18.01	60.58		60.58	73.53		73.53
- Employee Recoveries and Employer Contributions			-			-			-
- Compensated absences payable			-			-			-
<b>Total Other Liabilities</b>	<b>35.05</b>	<b>-</b>	<b>35.05</b>	<b>87.87</b>	<b>-</b>	<b>87.87</b>	<b>89.07</b>	<b>-</b>	<b>89.07</b>

### Note no - 17 : Revenue from Operations

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

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Revenue from sale of goods (including excise duty)	11,453.35	9,709.83
(b) Other Operating Income	487.87	218.78
<b>Total Revenue from Operations</b>	<b>11,941.22</b>	<b>9,928.61</b>

- (i) Post implementation of Goods & Service Tax (GST) with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods 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.



## Notes to the Standalone Financial Statements

### Details of Sale of Products :

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Finished goods :		
Rubberized Coir Mattresses, Cushions	3,871.99	5,032.07
Foam and Foam Products	5,930.90	2,971.70
EPE Sheet	7.73	647.70
Spring Mattresses	1,642.73	1,058.36
<b>Total Revenue from Operations</b>	<b>11,453.35</b>	<b>9,709.83</b>

### Details of Other Operating Income :

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Scrap	210.63	152.50
Others - Raw Materials	277.24	66.28
<b>Total Revenue from Operations</b>	<b>487.87</b>	<b>218.78</b>

### Note no - 18 : Other Income

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest Income		
On Financial Assets at FVTPL		
Interest from banks on deposits	5.91	5.92
Interest on loans and advances to employees	0.03	0.03
Interest Others	457.51	76.11
(b) Compensation Receipts	22.14	28.65
(c) Sales tax subsidy	92.64	367.00
(d) Fair value gain on investments (net)	287.38	-
(e) Dividend Income		
Shares	463.42	402.82
(f) Forex gain/loss	5.52	6.85
(g) Miscellaneous income	92.23	73.68
(h) Insurance claims	24.34	128.56
<b>Total Other Income</b>	<b>1,451.12</b>	<b>1,089.62</b>

## Notes to the Standalone Financial Statements

### Note 19 a : Cost of Materials Consumed

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Opening stock	726.20	433.23
Add: Purchases	9,525.95	7,252.93
	10,252.15	7,686.16
Less: Closing stock	967.88	726.20
<b>Cost of Materials Consumed</b>	<b>9,284.27</b>	<b>6,959.96</b>
Material Consumed Comprises :		
Latex	712.93	739.33
Coir	400.61	211.17
Upholstery	2410.00	983.99
Finishing Material and Others	2537.29	2064.95
Foam Chemicals	2364.96	2155.12
Springs and Related Products	185.81	178.39
Packing Materials	672.67	627.01
<b>Total Cost of Materials Consumed</b>	<b>9,284.27</b>	<b>6,959.96</b>

### Note 19 b : Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
<b>Inventories at the end of the year:</b>		
Finished goods	242.33	137.17
Work-in-progress	220.29	366.32
	462.62	503.49
<b>Inventories at the beginning of the year:</b>		
Finished goods	137.17	174.63
Work-in-progress	366.32	229.23
	503.49	403.86
<b>Net (increase) / decrease</b>	<b>40.87</b>	<b>(99.63)</b>

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Excise duty	276.84	1,037.28
<b>Total Excise duty</b>	<b>276.84</b>	<b>1,037.28</b>

## Notes to the Standalone Financial Statements

### Note no 20 : Employee Benefits Expense

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Salaries and wages, including bonus	353.65	335.45
(b) Contribution to provident and other funds	18.27	28.16
(c) Staff welfare expenses	78.92	68.31
<b>Total Employee Benefit Expense</b>	<b>450.84</b>	<b>431.92</b>

### Note no. 21: Finance Cost

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Interest expense	240.74	66.74
(b) Interest on delay payment of tax	-	22.43
(c) Other borrowing cost	6.33	2.18
(d) Other processing charges	4.26	16.00
<b>Total Finance Costs</b>	<b>251.33</b>	<b>107.35</b>

### Note no - 22 : Other Expenses

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Stores and spares consumed	105.97	59.56
(b) Power & Fuel oil consumed	246.42	218.94
(c) Freight and handling charges	0.00	0.71
(d) Rent including lease rentals	90.77	5.95
(e) Repairs and maintenance - Buildings	3.87	4.77
(f) Repairs and maintenance - Machinery	32.74	19.96
(g) Repairs and maintenance - Others	18.13	50.32
(h) Water charges	4.45	7.33
(i) Tailoring & Fabrication	715.44	620.62
(j) Rates and taxes	104.07	142.64
(k) Insurance charges	47.59	42.75
(l) Watch and ward Charges	58.27	33.99
(m) Postage & Telephone	14.37	6.13
(n) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	7.00	7.00
(ii) For Certification work	1.00	1.00
(iii) For Reimbursement of Expenses	2.83	2.00
(o) Other Expenses		
(1) Advertisement, Promotion & Selling Expenses	9.33	3.90
(2) Travelling Expenses	43.47	18.95
(3) Contribution towards CSR	29.93	5.51
(3) Printing and Stationery	29.80	25.30
(4) Legal and Professional	124.91	86.14
(5) Loss on fixed assets sold/ scrapped / written off	0.64	3.52
(6) Miscellaneous Expenses	50.83	26.91
<b>Total Other Expenses</b>	<b>1741.83</b>	<b>1393.90</b>

\* Rent includes the Lease Rents paid for the Building and Stores used by the Company and by its ultimate Subsidiary Company.

## Notes to the Standalone Financial Statements

**Note No. 23 : Earnings per share has been computed as under:**

### 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)	633.57	585.46
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer note below)	148.83	148.83
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer note below)	148.83	148.83
Earnings per share – Basic (Rs.)	4.26	3.93
Earnings per share – Diluted (Rs.)	4.26	3.93
Face Value of Equity Shares (Rs.)	10/-	10/-

### Note:

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	148.83	148.83
Add: Effect of ESOPs which are dilutive (Nos. in Lakhs)	-	-
Weighted average number of equity shares for Diluted EPS (Nos.in Lakhs)	148.83	148.83

**Note No. 24 :Value of Imported and Indigenous Raw Material, Components and spares Consumed.**

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	%	For the year ended 31 March, 2017	%
Raw Materials				
- Imported	782.48	8.43	480.38	7.59
- Indigenous	8,501.78	91.57	5,852.57	92.41
Total	9,284.26	100.00	6,332.95	100.00
Components and Spares				
- Imported	70.85	66.86	11.96	20.08
- Indigenous	35.12	33.14	47.60	79.92
Total	105.97	100.00	59.56	100.00

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Raw Materials	782.48	480.38
Stores, Spares & Components	70.85	11.96
Capital Goods	625.80	-

## Notes to the Standalone Financial Statements

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Expenditure in Foreign Currency:	3.86	-

### Note No. 25 : Leases

#### Operating lease arrangements

- (i) The company has entered into operating lease arrangements for factory buildings. The lease agreement are cancellable in nature and are further renewable based on mutual agreement of the the parties. The lease rental income recognized in the books during the year is Rs. 22.14 lakhs (Previous year Rs. 28.65 lakhs)
- (ii) Details of Buildings given on operating lease which are cancellable in nature are -

₹ in Lakhs

Gross Block	Depreciation fund	"Depreciation charge for the year 2015 - 2016"
5,385.93 (8,275.99)	1,408.46 (1,639.15)	148.79 (234.82)

Figures in ( ) relate to previous year

### Note No. 26 : Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(a) Claims against the Company not acknowledged as debt			
(i) Disputed demands under appeal not provided	-	-	-
(ii) Disputed Sales Tax/VAT	4,925.19	4,962.00	5,505.61
(iii) Disputed Income Tax	-	279.94	279.94

**Note :** (i) Contingent liabilities disclosed above represent possible obligations where possibility of cash outflow to settle the obligations is not remote.

### Note No. 27 - Commitments

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Other Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	80.48	43.50	240.01
<b>Total</b>	<b>80.48</b>	<b>43.50</b>	<b>240.01</b>

## Notes to the Standalone Financial Statements

### Note No. 28: Disclosures required under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Based on the information available with the company, there are no Micro, Small and Medium enterprises to which the company owes dues, which are outstanding for more than 45 days as at March 31, 2018. Further, no interest during the year has been paid or payable under the terms of the MSMED Act 2006.

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	34.42	61.92
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);	1.52	0.77
The amount of interest accrued and remaining unpaid at the end of accounting year	4.34	2.82
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

### Note No. 29. Corporate Social Responsibility (CSR)

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross amount required to be spent by the Company as per Section 135 of the Act	18.85	16.55
Amount spent during the year	29.93	5.51

### Note No. 30 : 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
Wholly owned ultimate subsidiary	Kurlon Retail Pvt Ltd (from 01.04.2017)
Subsidiary	Kurlon Enterprise Limited Manipal E-Commerce Limited (from 07.03.2018)
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Limited (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 Stock & Shares Brokers Limited
Key Management Personnel and their relatives	Mr.T.Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Mr. Jamshed M Panday. Mr. Monukumar, Company Secretary.

## Notes to the Standalone Financial Statements

(b) Related Party transactions										₹ in Lakhs	
Particulars	Key Management personnel and their Relatives		Wholly Owned Subsidiary / Subsidiary		Enterprises owned or significantly influenced by key Management Personnel / Directors and their relatives/ wholly owned subsidiary		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			
Transactions during the year :											
Remuneration :											
T. Sudhakar Pai	19.11	24.05	-	-	-	-	19.11	24.05			
Ashok Satyamurthy	-	5.84	-	-	-	-	-	5.84			
Professional and Other Charges :											
Kurlon Trade & Investments Ltd	-	-	-	-	16.94	66.76	16.94	66.76			
Rental/ Compensation Receipts :											
Kurlon Enterprise Limited	-	-	18.00	18.89	0.60	0.35	18.00	18.89			
Manipal Home Finance	-	-	-	-	-	3.73	0.60	0.35			
Kurlon Mattress pvt ltd	-	-	-	-	-	-	-	3.73			
Advance Received :											
General Investment & Commercial Corporation Ltd	-	-	-	-	-	-	-	-			
Maharashtra Apex Corporation Ltd	-	-	-	-	-	40.00	-	40.00			
Manipal Home Finance	-	-	-	-	-	0.69	-	0.69			
Advance Paid :											
Maharashtra Apex Corporation Ltd	-	-	-	-	290.02	40.00	290.02	40.00			
General Investment & Commercial Corporation Ltd	-	-	-	-	65.54	430.00	65.54	430.00			
Sales :											
Kurlon Enterprise Limited	-	-	11,313.22	9,796.20	-	-	11,313.22	9,796.20			
Purchases :											
Kurlon Enterprise Limited	-	-	2,800.87	1,966.85	-	-	2,800.87	1,966.85			
Investment :											
Manipal E-Commerce Limited	-	-	-	-	4.94	-	4.94	-			
Purchase of Shares :											
Metropolis Builders Private Limited	-	-	-	-	-	-	-	-			
Manipal Holdings P Ltd.	-	-	-	-	-	-	-	-			

## Notes to the Standalone Financial Statements

### (b) Related Party transactions (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/ wholly owned subsidiary		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
<b>Interest Received :</b>								
General Investment & Commercial Corporation Ltd	-	-	-	-	80.00	4.45	80.00	4.45
Manipal Stock & Shares Brokers Ltd.	-	-	-	-	60.00	-	60.00	-
<b>Outstanding as at Year end</b>								
<b>Advance Recoverable :</b>								
Maharashtra Apex Corporation Ltd	-	-	-	-	2,367.26	2,077.24	2,367.26	2,077.24
General Investment & Commercial Corporation Ltd	-	-	-	-	506.67	434.46	506.67	434.46
Manipal Stock & Shares Brokers Limited	-	-	-	-	273.47	213.47	273.47	213.47
<b>Amounts Payable :</b>								
Kurlon Enterprise Limited	-	-	3559.69	2,390.27	-	-	3,559.69	2,390.27
Manipal Holdings P Ltd.	-	-	-	-	-	0.35	-	0.35
<b>Dividend Received :</b>								
Kurlon Enterprise Limited	-	-	462.55	376.00	-	-	462.55	376.00
General Investment & Commercial Corporation Ltd	-	-	-	-	0.87	0.87	0.87	0.87

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



## Notes to the Standalone Financial Statements

### Note No. 31 : Segment Reporting

The Company is predominantly engaged in the business of manufacture, purchase and sale of coir, foam and related products and also financing activity, which constitutes multiple business segments. However, the Company has no export sales and as such there are no reportable geographical segments. The Segment information as per the requirements of Accounting Standard 17 are as follows:

Business Segments for the year ended 31st March 2018

₹ in Lakhs

Particulars	Financial Activities	Manufacturing activities	Total
Revenue from Operations	380.86	11,941.22	12,322.08
Identifiable Operating Expenses	55.06	12,367.19	12,422.25
Segment Operating Income	325.80	(425.97)	(100.17)
Operating Profit			(100.17)
Other Income			1,070.25
Profit Before Tax			970.09
Tax Expenses			(329.93)
Profit for the year			640.16
Depreciation and amortization expenses			376.27

## Notes to the Standalone Financial Statements

### Note - I 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, intangible assets and investment property.

The Company has elected to measure all its property, plant and equipment, intangible asset and investment properties at the Previous Indian GAAP carrying amount as its deemed cost on the date of transition to 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) 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.

## Notes to the Standalone Financial Statements

### 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 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 based 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. Reconciliation of comprehensive income

#### Total comprehensive income reconciliation

₹ in Lakhs

Particulars	For the year ended March 31, 2018
<b>Profit after tax as reported under the previous GAAP</b>	<b>640.16</b>
Profit after tax as per Ind AS	<b>640.16</b>
Fair valuation of investment (Refer Note (i) below)	<b>0.10</b>
Actuarial (gain) / loss on employee defined plans recognised in other Comprehensive income (Refer Note (iii) below)	<b>4.82</b>
Tax impact on the above	<b>1.67</b>
Comprehensive income	<b>6.59</b>
<b>Total comprehensive income</b>	<b>633.57</b>

## Notes to the Standalone Financial Statements

### Equity reconciliation:

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Total equity (shareholder's funds) as per previous GAAP</b>	<b>15,329.11</b>	<b>14,695.45</b>
Fair valuation of investment ( Refer Note (i) below )	<b>(0.30)</b>	<b>(0.21)</b>
<b>Total equity (shareholder's funds) as per Ind AS</b>	<b>15,328.81</b>	<b>14,695.24</b>

### Notes:

#### (i) Fair Valuation of Investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provisions for other than temporary decline in the value of such investments. Current investment were carried at lower of cost and fair value. Under IND AS, these investments are required to be measured at fair value. The resulting fair value changes of these investment have been recognised in retained earnings Rs.0.14 lakh as at 31st March 2017 (Rs.-0.35 lakh as at 1st April 2016)

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) 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.

#### (iii) 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.

#### (iv) 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.

#### (v) 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. 32 : 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. 33 : Reclassification**

The Company's principal financial liabilities, comprise of borrowings, deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include to financial statements prepared under Ind AS.

### **Note No.34 : 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 to the Standalone Financial Statements

### Foreign currency risk sensitivity

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

₹ in Lakhs

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
<b>Liabilities</b>							
<b>Trade Payables</b>							
United States Dollar	\$	1,76,311.00	115.99	1,20,966.00	81.89	56,246.00	38.25
<b>Buyer's Credit</b>							
United States Dollar	\$	451.84	294.49	-	-	-	-
<b>Advance to Vendor</b>							
United States Dollar	\$	-	-	-	-	34,909.00	23.69
Euro	€	-	-	-	-	1,969.00	1.48
<b>Net Liability (in INR)</b>		<b>1,76,762.84</b>	<b>410.48</b>	<b>1,20,966.00</b>	<b>81.89</b>	<b>93,124.00</b>	<b>63.42</b>

### Sensitivity

Impact on profit before tax and equity	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
5% Increase	1,85,600.98	1,27,014.30	97,780.20
5% Decrease	1,67,924.70	1,14,917.70	88,467.80

Note : Figures in bracket represents payables

### (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.

## Notes to the Standalone Financial Statements

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

### (ii) Financial instruments and cash & bank deposits

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

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 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
<b>Non-current assets</b>			
- Investments	4,390.05	4,437.10	3,954.35
- Loans	2,441.70	708.89	24.53
- Other non-current financial assets	-	-	-
<b>Current assets</b>			
- Investments	-	-	300.00
- Trade receivables	21.63	4.53	10.49
- Cash and cash equivalents	235.57	118.57	247.34
- Bank balances other than cash and cash equivalents	-	-	-
- Loans	-	0.98	-
- Other current financial assets	-	-	-
<b>Total</b>	<b>7,088.95</b>	<b>5,270.07</b>	<b>4,536.71</b>

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	As at March 31, 2016
Not Due	-	-	-
Due from 0 to 180 days	21.00	-	-
Due from more than 180 days	0.63	4.53	10.49
Less: Loss Allowance	-	-	-
<b>Total</b>	<b>21.63</b>	<b>4.53</b>	<b>10.49</b>

## 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:

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31 March, 2018</b>			
Borrowings non-current	5,410.03	3,559.69	1,850.34
Borrowings current	-	-	-
Trade payables	1,042.82	1,042.82	-
Other non-current financial liabilities	33.95	-	33.95
Other current financial liabilities	445.75	445.75	-
<b>Total</b>	<b>6,932.55</b>	<b>5,048.26</b>	<b>1,884.29</b>

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31 March, 2017</b>			
Borrowings non-current	3,856.98	2,390.27	1,466.71
Borrowings current	-	-	-
Trade payables	341.53	341.53	-
Other non-current financial liabilities	2.00	-	2.00
Other current financial liabilities	402.78	402.78	-
<b>Total</b>	<b>4,603.29</b>	<b>3,134.58</b>	<b>1,468.71</b>

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31 March, 2016</b>			
Borrowings non-current	446.28	446.28	-
Borrowings current	-	-	-
Trade payables	475.57	475.57	-
Other non-current financial liabilities	2.00	-	2.00
Other current financial liabilities	3.28	3.28	-
<b>Total</b>	<b>927.13</b>	<b>925.13</b>	<b>2.00</b>



## Notes to the Standalone Financial Statements

### Note No. 35 : 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	As at 31 March, 2016
<b>Financial assets</b>			
Carrying amounts/fair value:			
<b>(a) Measured at fair value though profit and loss</b>			
<b>Non-current</b>			
- Investments	4,390.05	4,437.10	3,954.35
- Loans	2,441.70	708.89	24.53
<b>Current assets</b>			
- Investments	-	-	300.00
- Trade receivables	21.63	4.53	10.49
- Cash and cash equivalents	235.57	118.57	247.34
- Loans	-	0.98	-
<b>Total</b>	<b>7,088.95</b>	<b>5,270.07</b>	<b>4,536.71</b>
<b>Financial liabilities</b>			
<b>(a) Measured at fair value though profit and loss</b>			
<b>Non-current liabilities</b>			
- Borrowings	5,410.03	3,856.98	446.28
- Other Financial Liabilities	33.95	2.00	2.00
<b>Current liabilities</b>			
- Borrowings	-	-	-
- Trade payables	1,042.82	341.53	475.57
- Other current financial liabilities	445.75	402.78	3.28
<b>Total</b>	<b>6,932.55</b>	<b>4,603.29</b>	<b>927.13</b>

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.

**Notes to the Standalone Financial Statements**

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		As at 31 March, 2016	
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
<b>(a) Measured at amortised cost</b>						
Non-current assets						
- Investments	-	-	4,390.05	-	-	-
- Loans	-	-	2,441.70	-	-	24.53
<b>Current assets</b>						
- Investments	-	-	-	-	300.00	-
- Trade receivables	-	-	21.63	-	-	10.49
- Cash and cash equivalents	-	-	235.57	-	-	247.34
- Loans	-	-	-	-	-	-
<b>Total</b>	-	-	7,088.95	-	300.00	282.36
Financial liabilities						
Carrying amounts/fair value:						
<b>(b) Measured at fair value through profit and loss</b>						
<b>Non-current liabilities</b>						
- Borrowings	-	-	5,410.03	-	-	446.28
- Other non-current financial liabilities	-	-	33.95	-	-	2.00
<b>Current liabilities</b>						
- Borrowings	-	-	-	-	-	-
- Trade payables	-	-	1,042.82	-	-	475.57
- Other current financial liabilities	-	-	445.75	-	-	3.28
<b>Total</b>	-	-	6,932.55	-	-	927.13

## Notes to the Standalone Financial Statements

### Note No. 36 - 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 ₹15.53 lakhs (Previous Year: ₹15.40 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)	15.53	15.40
Employer's contribution towards Employees State Insurance (ESI)	9.25	8.02

#### (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	28.42	22.29	40.95	29.56
Interest cost	2.17	1.61	3.06	2.26
Current Service Cost	3.84	4.14	7.85	7.72
Past Service Cost	0.54	-	-	-
Benefit Paid	-	(0.61)	(1.75)	(1.26)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	2.58	1.60	2.85	2.12
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	0.71	(0.63)	(11.28)	0.55
<b>Present value of the Defined Benefit Obligation at the end of year</b>	<b>38.26</b>	<b>28.40</b>	<b>41.68</b>	<b>40.95</b>

## Notes to the Standalone Financial Statements

### 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	3.84	4.14	7.85	7.72
Past Service Cost	0.54	-	-	-
Interest cost	2.17	1.61	3.06	2.26
Interest income on plan asset	(2.48)	(1.86)	(3.25)	(2.32)
<b>Net Defined Benefit recognized in Statement of Profit and Loss</b>	<b>4.07</b>	<b>3.89</b>	<b>7.66</b>	<b>7.66</b>

### 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	2.58	1.60	2.85	2.12
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	0.71	(0.63)	(11.28)	0.55
Return on plan assets	0.21	0.01	0.11	(0.30)
Net actuarial Loss	3.50	0.98	(8.32)	2.37

### 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, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present value of the Defined Benefit Obligation at the end of year	38.25	28.42	41.68	40.95
(a) Impact due to increase of 0.50%	36.26	26.94	39.66	38.97
(b) Impact due to decrease of 0.50%	40.41	30.02	43.86	43.09

## Notes to the Standalone Financial Statements

### (b) Impact of the change in the salary increase

₹ 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 the Defined Benefit Obligation at the end of year	38.25	28.42	41.68	40.95
(a) Impact due to increase of 0.50%	40.34	29.86	42.47	41.72
(b) Impact due to decrease of 0.50%	36.31	27.07	40.90	40.19

\* 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, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
0 to 1 year	1.98	1.55	2.24	2.35
1 to 2 Year	1.87	1.46	2.12	2.21
2 to 3 Year	1.77	1.37	2.00	2.08
3 to 4 Year	1.68	1.29	1.90	1.95
4 to 5 Year	1.84	1.21	2.39	1.84
5 to 6 Year	1.49	1.32	1.67	2.19
6 Year onwards	5.60	5.39	8.16	8.53

### 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	3.84	4.15	7.85	7.72
Net Interest Cost	(0.31)	(0.26)	(0.19)	(0.06)
Expected Expense for the next annual reporting period	4.63	3.88	NA	NA

## Notes to the Standalone Financial Statements

### 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	7.63%	7.31%	7.63%	7.31%
Salary Escalation	7.00%	6.00%	7.00%	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	7.63%	7.31%	7.63%	7.31%

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KURLON LIMITED

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Kurlon 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 Consolidated Ind AS Financial Statements

#### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with and other accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 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 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' internal control 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 VASUDEV PAI & CO.**

Chartered Accountants

ICAI Firm Registration Number: 004560S

Place: Bangalore

Date: 27.08.2018

**T VASUDEV PAI**

Proprietor

Membership Number: 020906



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT****Referred to in paragraph I under “Report on other Legal and Regulatory Requirements” of our Report of even date**

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

**I. In respect of the Company’s fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) 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, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

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 granted unsecured advance to the Companies covered in the register maintained u/s. 189 of the Act.

- (a) The above advances are not prima facie, prejudicial to the interest of the Company;
- (b) There is no stipulation in respect of repayment of the above-referred advances which is payable on demand;
- (c) There are no overdue amounts in respect of the above-referred advance.

However, the Company has not granted any loans secured or unsecured to Firms, LLPs or Other Parties covered in the register maintained under Section 189 of the Act.

4. The Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013, in respect of grant of loans, making investments and providing guarantees and securities as applicable
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. The maintenance of cost records has been specified by the Central Government under section 148(I) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (I) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of Statutory Dues:

- i. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, 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 the Value Added Tax, Central Sales Tax, Tax Deduction at Source and other statutory dues.
- ii. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, 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, except for VAT liability of Rs. 4.89 lakhs.
- iii. Details of dues of Sales 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)
Value Added Tax, Sales Tax and Entry Tax - Various states	Value Added Tax, Sales Tax and Entry Tax - Various states	High Court	2004-05	2.81
			2005-06	29.09
		Appellate Tribunal/ Board	1990-91 & 91-92	0.17
			1997-98	29.38
			2000-01	1.73
			2004-05	1.16
			2008-09	15.78
			2010-11	70.76
		The Joint Commissioner / Dy. Commissioner/ Asst. Joint Commissioner/ Dy. Joint Commissioner - Commercial Taxes	1995-96	0.90
			1996-97	15.86
			1998-1999	4.23
			1999-2000	34.87
			2000-2001	32.40
			2003-04	0.59
			2004-05	25.78
			2005-06	43.67
			2006-07	42.11
			2007-08	194.28
			2008-09	323.43
			2009-10	258.70
			2010-11	204.85
			2011-12	1,558.24
			2012-13	1,618.73
			2013-14	367.21
			2014-15	21.51
			2015-16	27.94

\* Rs. 401.92 lakhs has been paid as advance against the demands/appeals.

5. 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.
6. The Company has not raised moneys by way of initial public offer or further public offer including debt instruments during the year. The term loans have been applied by the Company during the year for the purposes for which they were raised.
7. No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
8. The Company has paid/ provided the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
9. The Company is not a Nidhi Company and therefore the provisions of Para 3(xii) of the Order is not applicable to the Company.
10. 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.
11. 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.
12. 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.
13. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

**For VASUDEV PAI & CO.**

Chartered Accountants

ICAI Firm Registration Number: 004560S

Place: Bangalore

Date: 27.08.2018

**T VASUDEV PAI**

Proprietor

Membership Number: 020906

**ANNEXURE “B”****TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KURLON 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 Limited**

We have audited the internal financial controls over financial reporting of Kurlon 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 VASUDEV PAI & CO.**

Chartered Accountants

ICAI Firm Registration Number: 004560S

Place: Bangalore

Date: 27.08.2018

**T VASUDEV PAI**

Proprietor

Membership Number: 020906

## Consolidated Balance Sheet as at ended March 31, 2018

₹ in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipment	3a	25,673.51	22,578.06	20,079.34
(b) Capital work-in-progress	5	1,174.33	549.57	196.88
(c) Other Intangible assets	3b	557.44	565.38	83.35
(d) Financial Assets				
(i) Investments	5	768.45	752.84	270.09
(ii) Loans	7	3,245.18	1,161.28	435.46
(f) Other non-current assets	8	7,692.48	7,269.71	5,524.28
<b>Total Non - Current Assets</b>		<b>39,111.39</b>	<b>32,876.84</b>	<b>26,589.40</b>
<b>Current Assets</b>				
(a) Inventories	9	11,550.86	9,926.19	7,877.87
(b) Financial Assets				
(i) Investments	5	1,889.53	316.85	700.62
(ii) Trade receivables	6	12,015.88	8,152.87	6,525.03
(iii) Cash and cash equivalents	10	4,560.83	3,267.65	2,950.74
(iv) Loans	7	-	0.98	-
(c) Current Tax Assets (Net)	12	-	-	147.19
(d) Other current assets	8	2,282.64	3,051.92	2,097.95
<b>Total Current Assets</b>		<b>32,299.74</b>	<b>24,716.46</b>	<b>20,299.40</b>
<b>Total Assets</b>		<b>71,411.13</b>	<b>57,593.30</b>	<b>46,888.80</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	11	1,488.26	1,488.26	1,488.26
(b) Other Equity	12	40,099.83	33,044.25	27,908.21
Equity attributable to owners of the Company		41,588.09	34,532.51	29,396.47
(c) Non-controlling interests		2,917.49	1,550.28	515.83
<b>Total equity</b>		<b>44,505.57</b>	<b>36,082.79</b>	<b>29,912.30</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	13	1,850.34	1,466.71	11.25
(ii) Other financial liabilities	16	5,672.30	5,001.51	4,707.40
(b) Provisions	15	409.42	516.63	584.51
(c) Deferred tax liabilities (Net)	19	1,838.26	1,119.72	833.94
<b>Total Non - Current Liabilities</b>		<b>9,770.32</b>	<b>8,104.57</b>	<b>6,137.10</b>
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	17	5,086.00	2,820.70	569.57
(ii) Trade payables	14	9,443.60	7,940.03	8,506.05
(iii) Other financial liabilities	16	446.28	432.22	23.73
(b) Provisions	15	411.22	304.38	188.32
(c) Current Tax Liabilities (Net)	12	1,255.98	386.09	-
(d) Other current liabilities	18	492.16	1,522.52	1,551.74
<b>Total Current Liabilities</b>		<b>17,135.24</b>	<b>13,405.94</b>	<b>10,839.40</b>
<b>Total Equity and Liabilities</b>		<b>71,411.13</b>	<b>57,593.30</b>	<b>46,888.80</b>
<b>See accompanying notes forming part of the financial statements</b>				

In terms of our report attached

**For Vasudev Pai and Co.**  
Chartered Accountants  
Firm Regn No : 004560S

**T. Vasudev Pai**  
Proprietor  
M No : 020906

Place : Bangalore  
Date: 27.08.2018

**T. Sudhakar Pai**  
Managing Director

**Shambhu Kumar Bhotika**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Dr. Nitin G. Khot**  
Director

**Monu Kumar**  
Company Secretary

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	for the Year ended March 31, 2017
<b>INCOME</b>			
Revenue from operations	20	108,645.10	101,580.51
Other Income	21	2,215.27	1,162.24
<b>Total Revenue</b>		<b>110,860.37</b>	<b>102,742.75</b>
<b>EXPENSES</b>			
Cost of materials consumed	22.a	52,115.85	48,345.84
Purchases of traded goods	22.b	3,147.35	1,359.64
Changes in inventories of finished goods and work-in-progress	22.c	(1,164.48)	(1,180.55)
Excise duty on sale of goods	23	1,607.42	6,832.92
Employee benefit expense	24	6,588.23	5,694.33
Finance costs	25	660.89	483.42
Depreciation and amortisation expense	26	1,815.23	1,606.28
Other expenses	27	32,425.82	30,100.68
<b>Total Expenses</b>		<b>97,196.31</b>	<b>93,242.56</b>
<b>Profit before tax</b>		<b>13,664.06</b>	<b>9,500.19</b>
<b>Tax Expense</b>			
Current tax	28	4,332.74	2,851.54
		(0.51)	-
		(0.29)	-
Deferred tax	28	739.15	389.83
		<b>5,071.09</b>	<b>3,241.37</b>
<b>Profit for the year</b>		<b>8,592.97</b>	<b>6,258.82</b>
<b>Other comprehensive income</b>			
(i) Items that will not be recycled to profit or loss			
- Fair value of Equity Instruments		(0.10)	0.16
- Re-measurements of the defined benefit plans		(26.91)	52.06
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.98	(15.70)
<b>Total other comprehensive income</b>		<b>(21.03)</b>	<b>36.52</b>
<b>Total comprehensive income for the year</b>		<b>8,571.94</b>	<b>6,295.34</b>
<b>Earnings per equity share :</b>			
(1) Basic	29	57.60	42.30
(2) Diluted	29	57.60	42.30
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached

For and on behalf of the Board of Directors

**For Vasudev Pai and Co.**

Chartered Accountants  
Firm Regn No : 004560S

**T. Sudhakar Pai**

Managing Director

**Dr. Nitin G. Khot**

Director

**T. Vasudev Pai**

Proprietor  
M No : 020906

**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

	for the Year ended March 31, 2018	for the Year ended March 31, 2017
<b>A. Cash flows from operating activities</b>		
Profit before tax for the year	13,664.06	9,500.19
Gain on disposal of property, plant and equipment	3.23	40.85
Insurance claim received on fixed assets	(636.96)	(128.56)
Depreciation and amortisation of non-current assets	1,815.26	1,606.42
Interest income from deposit	(60.24)	(20.70)
Dividend Income	(470.36)	(559.09)
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)
(Profit)/Loss on sale of Investments	(287.38)	-
(Profit)/Loss on sale of asset	0.64	3.52
Interest expenses	655.96	483.42
Provision for Taxation	0.51	(5.15)
Mat Credit	(0.51)	-
Sales tax subsidy	(92.64)	(367.00)
Provision for doubtful trade receivables and advances	55.47	10.17
Net foreign exchange (gain)/loss	7.16	(94.54)
	14,623.70	10,517.36
Movements in working capital:		
(Increase)/decrease in loans & advances	(1,241.07)	496.03
Increase in trade and other receivables	(3,894.86)	(1,635.08)
(Increase)/decrease in inventories	(1,615.05)	(2,055.10)
(Increase)/decrease in Short-term loans and advances	(3,060.25)	(3,734.83)
(Increase)/decrease in other assets	823.01	246.87
Decrease in trade and other payables	3,210.27	1,451.57
Increase/(decrease) in Long term provisions	(107.22)	186.01
Increase/(decrease) in Long term liabilities	615.12	72.65
Increase/(decrease) in other current liabilities	593.03	1,947.80
Increase/(decrease) in Short-term provisions	107.21	278.39
	(4,569.81)	(2,745.69)
<b>Cash generated from operations</b>	<b>10,053.89</b>	<b>7,771.67</b>
Income tax paid	(3,560.76)	(2,691.57)
<b>Net cash flow from operating activities (A)</b>	<b>6,493.13</b>	<b>5,080.10</b>
<b>B. Cash flows from investing activities</b>		
Proceeds on sale of financial assets	474.41	181.76
Capital expenditure on fixed assets, including capital advances	(1,437.64)	(4,753.35)
Interest received	60.24	21.66
Other dividends received	6.94	156.27
Dividend received from associates	463.42	402.82
(Purchase)/Sale of short term investments	(1,573.68)	383.77
(Purchase)/Sale of Long term investments	313.20	(482.75)
Placed in bank deposits not considered as cash and cash equivalents	101.21	35.28
Proceeds from disposal of property, plant and equipment	(4,329.12)	(2,316.59)
Amount in earmarked accounts - for unaid dividend	(2.83)	0.02
<b>Net cash flow from / (used in) generated by investing activities (B)</b>	<b>(5,923.85)</b>	<b>(6,371.11)</b>
<b>Cash flows from financing activities</b>		
Proceeds/ (repayment) of Long term borrowings	383.63	1,854.19
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	(531.01)	(388.65)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>243.38</b>	<b>1,277.80</b>
Net increase / decrease in cash and cash equivalents (A+B+C)	812.66	(13.21)
Cash and cash equivalents at the beginning of the year	3,019.95	2,667.74
<b>Cash and cash equivalents at the end of the year</b>	<b>3,832.61</b>	<b>2,654.53</b>
<b>Reconciliation of Cash &amp; cash equivalents with the Balance Sheet</b>		
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)	265.68	251.65
<b>Cash and cash equivalents as per the Balance Sheet (Refer note 10)</b>	<b>4,098.29</b>	<b>2,906.18</b>

**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 Vasudev Pai and Co.**  
Chartered Accountants  
Firm Regn No : 004560S

**T. Vasudev Pai**  
Proprietor  
M No : 020906

Place : Bangalore  
Date: 27.08.2018

**T. Sudhakar Pai**  
Managing Director

**Shambhu Kumar Bhotika**  
Chief Financial Officer

**For and on behalf of the Board of Directors**  
**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
<b>Balance as at April 1, 2016</b>	<b>1,488.26</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2017</b>	<b>1,488.26</b>
Changes in equity share capital during the year	
Issue of bonus equity shares	
<b>Balance as at March 31, 2018</b>	<b>1,488.26</b>

### b. Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus					Items of other comprehensive income	Total
	Capital reserve	Securities premium	Share option outstanding account	General reserve	Retained earnings	Remeasurement of defined benefits plan	
<b>Balance as at April 1, 2016</b>	970.81	9,154.21	435.58	3,997.67	13,349.94	-	27,908.21
Transferred to general reserve		-	-	607.90	(607.90)	-	-
Profit for the year		-	-	-	6,258.82	-	6,258.82
Other comprehensive income net of tax		-	-	-	-	36.52	36.52
Share in profit of Non Controlling Interests					(1,075.59)		(1,075.59)
Tax on dividends		-	-	-	(83.71)	-	(83.71)
<b>Balance as at March 31, 2017</b>	<b>970.81</b>	<b>9,154.21</b>	<b>435.58</b>	<b>4,605.57</b>	<b>17,841.56</b>	<b>36.52</b>	<b>33,044.25</b>
Transferred to general reserve		-	-	840.18	(840.18)	-	-
Add: Profit on acquisition (KRL)					1.50		1.50
Profit for the year		-	-	-	8,592.97	-	8,592.97
Other comprehensive income net of tax		-	-	-	-	(21.03)	(21.03)
Profit arising on Sale of shares by parent company		-					
Share in profit of Non Controlling Interests					(1,442.25)		(1,442.25)
Tax on dividends		-	-	-	(114.40)	-	(114.40)
Utilized during the year for issue of bonus share		-	-	(265.46)	-	-	(265.46)
<b>Balance as at March 31, 2018</b>	<b>970.81</b>	<b>9,154.21</b>	<b>435.58</b>	<b>5,180.29</b>	<b>24,039.20</b>	<b>15.49</b>	<b>40,099.83</b>

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

In terms of our report attached

**For and on behalf of the Board of Directors**

**For Vasudev Pai and Co.**

Chartered Accountants  
Firm Regn No : 0045605

**T. Sudhakar Pai**  
Managing Director

**Dr. Nitin G. Khot**  
Director

**T. Vasudev Pai**  
Proprietor  
M No : 020906

**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
<b>1.</b>	<p><b>Corporate information</b></p> <p>Kurlon Limited incorporated under the name and style of “Karnataka Coir Products Limited” on 09-02-1962 commenced Company was changed to “Karnataka Consumer Products Limited” with effect from 09-10-1980, On 08-12-1995 the name Karnataka Consumer Products Limited changed as “KURLON LIMITED”, to fully reflect all its business activities in diverse area such as Rubberized coir, Latex Foam, Polyurethane foam, spring Mattresses, Furniture, Furnishing etc.</p> <p>The accompanying Consolidated Financial Statements relate to Kurlon Limited (“the Holding Company”), its Subsidiary Kurlon Enterprise Limited and Kurlon Retail Limited which is wholly owned subsidiary of Kurlon Enterprise Limited ( together reffered as “the Group”)</p>
<b>2.</b>	<p><b>Significant accounting policies</b></p>
<b>2.1</b>	<p><b>Basis Of Consolidation</b></p> <p>The Consolidated Financial Statements have been prepared on the following basis:-</p> <p><b>Basis of Accounting:</b></p> <ul style="list-style-type: none"> <li>(i) The financial statements of the Subsidiary Company are drawn up to the same reporting date as of the Holding Company.</li> <li>(ii) The consolidated financial statements have been prepared in accordance with Indian Accounting Standard - 110 on “Consolidated Financial Statements”.</li> </ul> <p>The Company has for the first time prepared the Consolidated financial statements for the year ended March 31, 2018 and hence corresponding figures for the previous year has not been given.</p> <p><b>Principles of Consolidation:</b></p> <ul style="list-style-type: none"> <li>(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”.</li> <li>(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.</li> <li>(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.</li> <li>(iv) Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.</li> </ul>

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars		
	The Consolidated Financial Statements of the Holding Company includes the results of following entities		
	<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Proportion (%) of Shareholding as on 31.03.2018</b>
	<u>Subsidiary Company</u>		
	Kurlon Enterprise Limited	India	83.93%
	Kurlon Retail Limited (Wholly owned subsidiary of Kurlon Enterprise Limited)	India	100%

#### 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 forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
2.3	<p><b>Use of estimates and judgement</b></p> <p>The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of 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 financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.</p> <p>Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Id in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets, provision for warranty and other provisions and contingent liabilities.</p> <p><b>Useful lives of property, plant and equipment</b></p> <p>The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.</p> <p><b>Provisions and contingent liabilities</b></p> <p>A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions ( excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.</p>
2.4	<p><b>Revenue recognition</b></p> <p>Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p><b>Sale of goods</b></p> <p>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 &amp; Service Tax.</p> <p><b>Other income</b></p> <p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p>

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
<b>2.5</b>	<p><b>Foreign currencies</b></p> <p>The functional currency of the Group is Indian Rupees.</p> <p>Transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at rates prevailing at the year-end. The net loss or gain arising out of such restatement is dealt with in the Statement of Profit and Loss.</p> <p>Transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at rates prevailing at the year-end. The net loss or gain arising out of such restatement is dealt with in the Statement of Profit and Loss.</p>
<b>2.6</b>	<p><b>Leases</b></p> <p>Assets taken on finance lease are capitalized, while lease charges on assets taken on operating lease are expensed.</p>
<b>2.7</b>	<p><b>Employee benefits</b></p> <p>Employee benefits include contribution to provident fund, superannuation fund, gratuity fund, compensated absences and employee state insurance scheme.</p> <p><b>Retirement benefit cost and termination benefits</b></p> <p>Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p>Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:</p> <ul style="list-style-type: none"> <li>- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);</li> <li>- net interest expense or income; and</li> <li>- Remeasurement</li> </ul> <p>The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.</p>

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p> <p>A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.</p> <p><b>Defined contribution plan</b></p> <p>Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.</p> <p><b>Compensated absences</b></p> <p>Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.</p>
<b>2.8</b>	<p><b>Taxation</b></p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.</p> <p><b>Current tax</b></p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.</p> <p><b>Deferred tax</b></p> <p>"Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p>

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p> <p>Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized."</p>
<b>2.9</b>	<p><b>Property, plant and equipment</b></p> <p>Property, plant and equipment are stated at costs less accumulated depreciation (other than freehold land) and impairment loss, if any.</p>
<b>2.10</b>	<p><b>Intangible assets</b></p> <p>The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Lease rentals and premium for lease hold are amortized over the primary lease period.</p> <p>Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.</p> <p><b>Capital work in progress</b></p> <p>Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.</p> <p>The capital work- in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
<b>2.10</b>	<p><b>Intangible Assets</b></p> <p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p> <p>“Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.”</p>
<b>2.11</b>	<p><b>Impairment</b></p> <p><b>Financial assets (other than a fair value)</b></p> <p>The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.</p> <p><b>Non-financial assets</b></p> <p>“Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.”</p>
<b>2.12</b>	<p><b>Inventory</b></p> <p>Items of inventory are valued at lower of cost and net realizable value. Cost of raw materials, stores and spares, packing material and traded goods is determined on weighted average basis. In case of work-in-process and finished goods, cost includes an appropriate proportion of cost of conversion. The value of finished goods includes excise duty as applicable.</p>
<b>2.13</b>	<p><b>Provisions</b></p> <p>Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p>



## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>“When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provision for warranty is based on past technical experience on estimated basis.”</p>
<b>2.14</b>	<p><b>Investment in Subsidiaries</b></p> <p>Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment Depreciation on investment property, is provided on a pro-rate basis on written down value basis, over the useful life of the property estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The property's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.</p>
<b>2.15</b>	<p><b>Financial instruments</b></p> <p>Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.</p> <p><b>A) Financial assets</b></p> <p><b>Cash and cash equivalents</b></p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p><b>Financial Assets at Amortized Cost</b></p> <p>Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p><b>Financial assets at fair value through other comprehensive income (FVTOCI)</b></p> <p>Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p>

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

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

## Notes forming part of the Consolidated Financial Statements

### Note 2 Significant accounting policies (contd.)

Note	Particulars
	<p>Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.”</p>
<b>2.17</b>	<p><b>Segment reporting</b></p> <p>“The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The Group has only one reportable business segment, which is manufacturing of mattresses and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the Group’s single business segment.”</p>
<b>2.18</b>	<p><b>New standards and interpretations not yet adopted</b></p> <p>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 financial statements.</p> <p>Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity’s contracts with customers.</p> <p>The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after 1 April 2018. The Group is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.</p>

## Notes forming part of the Consolidated Financial Statements

### 3. Property, Plant and Equipments

#### a) Tangible Assets

₹ in Lakhs

#### (b) Intangible assets

Particulars	Land Freehold	Land leasehold*	"Buildings "	Plant & Machinery	Furniture & Fixtures	Office Equipments	"Vehicles Owned"	"Vehicles Financed"	"Computer Owned"	"Computer Leased"	Total	Computer software	Total
<b>Deemed Cost</b>													
As at April 1, 2016	541.14	1,764.66	7,632.62	15,570.29	1,633.81	374.00	307.92	155.84	575.09	21.04	28,576.41	215.87	215.87
Additions	1,136.38	-	643.37	2,010.95	252.69	119.18	80.63	-	65.57	-	4,308.77	509.90	509.90
Disposals	-	-	-	251.99	106.85	92.05	42.29	64.34	298.59	21.04	877.15	-	-
As at March 31, 2017	1,677.52	1,764.66	8,275.99	17,329.25	1,779.65	401.13	346.26	91.50	342.07	-	32,008.03	725.77	725.77
Additions on first time adoption (KRPL)	-	-	-	-	-	0.26	5.13	-	0.14	-	5.53	-	-
Disposals	15.63	-	667.85	2,792.51	1,077.21	62.53	25.11	65.38	104.29	-	4,810.51	109.06	109.06
As at March 31, 2018	1,693.15	1,764.66	8,943.84	20,121.76	2,856.86	463.92	340.26	156.88	445.82	-	36,787.15	834.83	834.83
<b>Accumulated Depreciation</b>													
As at April 1, 2016	-	41.09	1,404.32	5,419.36	812.17	199.62	94.77	46.67	458.03	21.04	8,497.07	132.52	132.52
Additions	-	4.29	234.82	1,018.35	162.64	59.56	39.04	13.85	45.86	-	1,578.41	27.87	27.87
Disposals	-	-	-	99.90	101.32	87.40	13.51	39.45	282.89	21.04	645.51	-	-
As at March 31, 2017	-	45.38	1,639.14	6,337.81	873.49	171.78	120.30	21.07	221.00	-	9,429.97	160.39	160.39
Additions on first time adoption (KRPL)	-	-	-	-	-	0.04	0.09	-	0.01	-	0.14	-	-
Disposals	-	4.06	249.43	1,042.68	213.53	66.27	45.71	6.16	70.39	-	1,698.23	117.00	117.00
As at March 31, 2018	-	49.44	1,888.57	7,380.49	1,087.02	238.09	151.90	27.23	290.90	-	11,113.64	277.39	277.39
<b>Net carrying amount</b>													
Balance as at March 31, 2018	1,693.15	1,715.22	7,055.27	12,741.27	1,769.84	225.83	188.36	129.65	154.92	-	25,673.51	557.44	557.44
Balance as at March 31, 2017	1,677.52	1,719.28	6,636.85	10,991.44	906.16	229.35	225.96	70.43	121.07	-	22,578.06	565.38	565.38
Balance as at April 1, 2016	541.14	1,723.57	6,228.30	10,150.93	821.64	174.38	213.15	109.17	117.06	-	20,079.34	83.35	83.35

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	As at March 31, 2017	As at April 1, 2016
Land	0.86	225.14	-
Building	474.15	254.97	1.93
Plant & Machinery	661.02	14.77	108.34
Others	38.30	54.69	86.61
	<b>1,174.33</b>	<b>549.57</b>	<b>196.88</b>

## Notes forming part of the Consolidated Financial Statements

₹ in Lakhs

### Note No. 5 - Investment

Particular	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Nos.	Amounts		Nos.	Amounts		Nos.	Amounts	
		Current	Non Current		Current	Non Current		Current	Non Current
<b>A. Fair Value Through Profit and Loss</b>									
<b>I. Quoted investments</b>									
Investments in Equity Instruments									
Industrial Development Bank of India									
3,360 Equity share of Rs.10/- each (PY 3360 Shares)	3,360		2.43	3,360		2.52	3,360		2.38
Investments in Mutual funds									
Ambit Alpha Fund Scheme-I								300.00	
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	-
<b>Total Aggregate Quoted Investments (A)</b>		1,889.53	2.43		316.85	2.52		700.62	2.38
I. Unquoted Investments (all fully paid)									
A.Designated at cost									
Investments in Equity Instruments									
Investment in Bonds - Unquoted (No. of units 1,65,104) (Previous year 15,728 Units)	1,65,104		535.85	1,65,104		536.12	15,728		54.21
Maharashtra Apex Corporation Ltd.									
7000 shares of Rs.10/- each, redeemable cumulative preference share, (Previous year- Nil)	7,000		0.70	7,000		0.70	7,000		

## Notes forming part of the Consolidated Financial Statements

₹ in Lakhs

### Note No. 5 - Investment Continued

Particular	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Nos.	Amounts Current	Non Current	Nos.	Amounts Current	Non Current	Nos.	Amounts Current	Non Current
<b>A.Designated as Fair value through profit &amp; loss</b>									
General Investment & Commercial Corporation Ltd	25,000		23.75	25,000		23.75	25,000		23.75
25,000 shares of 10/- each at a premium of Rs 85/- each (Previous year 25,000 shares of 10/- each at a premium of Rs 85/- each)									
Jitendra Harijandas Securities Pvt Limited	5,95,000		148.75	5,95,000		148.75	5,95,000		148.75
595,000 shares of Rs 10/- each at a premium of Rs 15/- each (Previous year 595,000 shares of Rs 10/- each at a premium of Rs 15/- each)									
Commercial Corporation of India Limited	10,00,000		41.00	10,00,000		41.00	10,00,000		41.00
1,00,00,000 Shares of Rs 1/- each at a premium of Rs.3.10 each (Previous year 1,00,00,000 Shares of Rs 1/- each at a premium of Rs.3.10 each)									
Madish style Bar Pvt Ltd	60,000		6.00						
<b>60000 equity shares of Rs.10/- each (previous year Nil)</b>									
The Zoroastrain co operative Bank Mumbai	100		0.03						
100 Equity shares of Rs.25/- each ( previous year Nil)									
Alapasara Finvest care advisory private limited	5,000		5.00						
5000 Equity shares of Rs.100/- each ( previous year Nil)									
<b>Total Aggregate Un Quoted Investments(B)</b>	<b>94,79,861</b>	<b>1,889.53</b>	<b>761.08</b>	<b>36,05,477</b>	<b>316.85</b>	<b>750.32</b>	<b>117,07,257</b>	<b>700.62</b>	<b>267.71</b>
<b>TOTAL INVESTMENTS CARRYING VALUE (A) + (B)</b>	<b>94,89,861</b>	<b>1,889.53</b>	<b>763.51</b>	<b>36,05,477</b>	<b>316.85</b>	<b>752.84</b>	<b>117,07,257</b>	<b>700.62</b>	<b>270.09</b>
<b>Other disclosures</b>									
Aggregate amount of quoted investments	-	<b>1,889.53</b>	<b>2.43</b>	-	<b>316.85</b>	<b>2.52</b>	-	<b>700.62</b>	<b>2.38</b>
Aggregate amount of unquoted investments	-	-	<b>761.08</b>	-	-	<b>750.32</b>	-	-	<b>267.71</b>

## Notes forming part of the Consolidated 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	417.03	117.85	114.00
(b) considered doubtful	543.67	489.85	479.68
	960.70	607.70	593.68
Less: Allowance for Credit Losses	543.67	489.85	479.68
	417.03	117.85	114.00
Other trade receivables			
(a) considered good	11,598.85	8,035.02	6,411.03
<b>TOTAL</b>	<b>12,015.88</b>	<b>8,152.87</b>	<b>6,525.03</b>

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

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 1, 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		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
a) Security Deposits									
- Secured, considered good	-	893.97	893.97	-	517.57	517.57	-	400.81	400.81
- Unsecured, considered good		49.60	49.60						
<b>TOTAL (A)</b>	-	943.57	943.57	-	517.57	517.57	-	400.81	400.81
b) Loans to related parties									
- Secured, considered good									
Corporate	-	780.13	780.13	-	594.47	594.47	-		
Others			-			-			
c) Loans to other than related parties**									
- Secured, considered good	-	903.14	903.14	-			-		
Corporate	-	567.96	567.96	-			-		
Other									
- Unsecured, considered good									
Other	-	36.16	36.16	-			-		
- Doubtful	-	-	-	-			-		
Less : Allowance for bad and doubtful loans									
<b>TOTAL (B)</b>	-	2,287.39	2,287.39	-	594.47	594.47	-	-	-
c) Other Loans									
Advance to Employees	-	14.22	14.22	0.98	49.24	50.22	-	34.65	34.65
<b>TOTAL (C)</b>	-	14.22	14.22	0.98	49.24	50.22	-	34.65	34.65
<b>GRAND TOTAL</b>	-	3,245.18	3,245.18	0.98	1,161.28	1,162.26	-	435.46	435.46

## Notes forming part of the Consolidated Financial Statements

### Note No. 8 - Other Non-Current and 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	-	7,068.86	7,068.86	-	6,774.69	6,774.69	-	4,638.01	4,638.01
(ii) For Building	-	57.83	57.83	-	35.50	35.50	-	35.50	35.50
(iii) For Plant & Machinery	-	14.66	14.66	-	-	-	-	311.51	311.51
(iv) Others	-	148.11	148.11	-	49.86	49.86	-	8.86	8.86
(b) Advances to suppliers	503.23	-	503.23	540.17	-	540.17	313.30	-	313.30
(c) Advances to related parties	-	-	-	-	-	-	-	-	-
Kurlon Retail Limited							11.27		
Metropolis 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)	1,101.95	400.55	1,502.50	491.57	407.66	899.23	291.19	525.62	816.81
(f) Others	-	-	-	-	-	-	-	-	-
Prepaid expenses	287.21	1.00	288.21	376.75	2.00	378.75	263.19	3.00	266.19
Prepaid rent	110.15	-	110.15	68.36	-	68.36	78.56	-	78.56
Insurance claim	-	-	-	830.80	-	830.80	1,075.22	-	1,075.22
Gratuity fund	53.52	-	53.52	40.42	-	40.42	19.83	-	19.83
Compensate absences	7.79	-	7.79	-	-	-	-	-	-
GST/sales tax deposit	-	1.47	1.47	-	-	-	-	1.78	1.78
<b>TOTAL</b>	<b>2,282.64</b>	<b>7,692.48</b>	<b>9,975.12</b>	<b>3,051.92</b>	<b>7,269.71</b>	<b>10,321.63</b>	<b>2,097.95</b>	<b>5,524.28</b>	<b>7,610.96</b>

\* Capital advance includes advance of Rs. 33.04 Crores paid to KIADB for purchase of Land at Dabaspet, and Rs. 23.67 Crores paid to MRAC Ltd for purchase of Land at Jalahalli Campus, Yeshawthapur, Bangalore. The properties are yet to be registered in the name of Company. However, in the opinion of the management, the market value of these properties based on the provisional valuation, is more than the purchase cost.

### 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	4,659.47	4,245.91	3,520.58
	-	35.87	-
(b) Work-in-progress	1,567.69	1,446.06	1,002.18
(c) Finished and semi-finished goods	3,336.82	3,092.08	2,383.66
(d) Stock-in-trade of goods acquired for trading	1,091.99	540.96	496.65
(e) Stores and spares	431.44	475.26	394.02
(f) Traded goods	253.51	-	0
(g) Goods in Transit	116.91	0	0
(h) Packing material	93.03	90.04	80.78
<b>Total Inventories at the lower of cost and net realisable value</b>	<b>11,550.86</b>	<b>9,926.19</b>	<b>7,877.87</b>



## Notes forming part of the Consolidated 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
<b>Current Cash and Bank Balances</b>			
(a) Balances with Banks	2,353.39	1,359.80	2,301.40
(b) Cheques, drafts on hand	1951.21	1644.32	348.74
(c) Cash in hand	18.25	15.83	17.60
(d) Others			
In deposit Accounts (refer note below)	242.92	247.7	283
<b>Total Cash and cash equivalent</b>	<b>4565.77</b>	<b>3267.65</b>	<b>2950.74</b>

**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
<b>Authorised:</b>						
Equity shares of Rs.10/- each with voting rights	350,00,000	3,500.00	350,00,000	3,500.00	350,00,000	3,500.00
<b>Issued :</b>						
Equity shares of Rs.10/- each with voting rights	148,82,605	1,488.26	148,82,605	1,488.26	148,82,605	1,488.26
<b>Issued, Subscribed and fully Paid:</b>						
Equity shares of Rs.10/- each with voting rights	148,82,605	1,488.26	148,82,605	1,488.26	148,82,605	1,488.26
<b>Total</b>	<b>148,82,605</b>	<b>1,488.26</b>	<b>148,82,605</b>	<b>1,488.26</b>	<b>148,82,605</b>	<b>1,488.26</b>

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

₹ in Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Closing Balance
<b>(a) Equity Shares with Voting rights*</b>					
<b>Year Ended March 31, 2018</b>					
No. of Shares	148,82,605	-		-	148,82,605
Amount	1,488.26	-		-	1,488.26
<b>Year Ended March 31, 2017</b>					
No. of Shares	148,82,605		-	-	148,82,605
Amount	1,488.26	-	-	-	1,488.26
<b>Year Ended April 1, 2016</b>					
No. of Shares	148,82,605	-	-	-	148,82,605
Amount	1,488.26	-	-	-	1,488.26

## Notes forming part of the Consolidated Financial Statements

### Note No. 12 - Other equity

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Amount	Amount	Amount
Securities premium account	9,154.21	9,154.21	9,154.21
Shares option outstanding account			
Opening balances	435.58	435.58	-
Add: amount recorded on grants during year	-	-	435.58
<b>Closing balance</b>	<b>435.58</b>	<b>435.58</b>	<b>435.58</b>
<b>Capital reserve</b>	<b>970.81</b>	<b>970.81</b>	<b>970.81</b>
<b>General reserve</b>			
Balance at the beginning of the year	4,605.57	3,997.67	3,628.98
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	-	-
<b>Closing balance</b>	<b>5,180.29</b>	<b>4,605.57</b>	<b>3,997.67</b>
<b>Retained earnings</b>	<b>24,358.94</b>	<b>17,878.08</b>	<b>13,349.94</b>
<b>Total</b>	<b>40,099.83</b>	<b>33,044.25</b>	<b>27,908.21</b>

### Note No. 13 - Non Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Amount	Amount	Amount
<b>Measured at FVTPL</b>			
<b>Term Loans, Secured:</b>			
(a) Term Loans	1,406.89	1,466.71	
(b) Foreign currency loans	294.49	-	
(c) Vehicle loans	148.96	-	11.25
<b>Total Secured Borrowings carried at FVTPL</b>	<b>1,850.34</b>	<b>1,466.71</b>	<b>11.25</b>

**Note :** The term loan are secured by first charge on Specific Fixed assets. Vehicle loans are secured by Hypothecation of specific vehicles

LOU for Buyers credit (sublimit of Import letter of credit - Sight/Term loan -2 new ) from DCB Bank Total outstanding as on 31.03.2018 is Rs. 294.49 lakhs

Installments falling due in respect of all the above Loans upto 31.03.2018 have been grouped under "Current maturities of long-term debt" (Refer Note 14)

### 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	176.48	166.44	102.16
Dues of creditors other than MSMED	786.06	279.61	467.00
Trade payable for goods & services	10,924.37	9,346.25	7,614.62
Trade payable for salaries and wages	1,139.05	538.00	768.56
<b>Total trade payables</b>	<b>13,025.96</b>	<b>10,330.30</b>	<b>8,952.33</b>

## Notes forming part of the Consolidated 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
Compensates Absences	-	-	2.17	-	2.29	-
Gratuity	1.80	-	-	-	0.03	-
(b) Other Provisions						
Warranty	409.42	409.42	302.21	516.63	186.00	330.63
<b>Total Provisions</b>	<b>411.22</b>	<b>409.42</b>	<b>304.38</b>	<b>516.63</b>	<b>188.32</b>	<b>584.51</b>

#### (i) Details of movement in other provisions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balance as at beginning of the year</b>	<b>818.84</b>	516.63
Additional provisions recognised	-	818.84
Unused amounts reversed during the period	-	516.63
<b>Balance as at end of the year</b>	<b>818.84</b>	<b>818.84</b>

### Note No. 16 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Other Financial Liabilities Measured at Amortised Cost</b>			
<b>Non-Current</b>			
Deposits received from Dealers	5,582.68	4,999.51	4,672.98
Security Deposits for operating leases	33.95	2.00	2.00
Payables for capital supplies/services	55.67	-	32.42
	<b>5,672.30</b>	<b>5,001.51</b>	<b>4,707.40</b>
<b>Current</b>			
Current maturities of finance lease obligations	-	11.25	11.10
Interest accrued and due on borrowings	0.53	18.19	9.35
Current Maturities of Vehicle loans	31.44	-	1.23
Current Maturities of Term loans	412.79	399.96	-
Interest - on Trade Payable	1.52	2.82	2.05
	<b>446.28</b>	<b>432.22</b>	<b>23.73</b>
<b>Total Other Financial Liabilities</b>	<b>6,118.58</b>	<b>5,433.73</b>	<b>4,731.13</b>

## Notes forming part of the Consolidated Financial Statements

### Note No. 17 - Current Borrowings

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. Secured Borrowings			
(a) Loans repayable on demand			
From Banks	-	430.43	123.29
Buyers credit	377.75	-	-
<b>Total Secured Borrowings</b>	<b>377.75</b>	<b>430.43</b>	<b>123.29</b>
B. Unsecured Borrowings			
(a) Loans from related parties	1,125.89	-	-
(b) Due towards purchases	-	-	-
<b>Total Unsecured Borrowings</b>	<b>1,125.89</b>	<b>-</b>	<b>-</b>
<b>Total Current Borrowings</b>	<b>1,503.64</b>	<b>430.43</b>	<b>123.29</b>

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

### 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	166.26	223.11	195.03
b. unpaid dividend	2.09	3.34	4.42
c. Statutory dues			
- taxes payable (other than income taxes)	274.57	1,254.19	1,219.82
- Employee Recoveries and Employer Contributions	39.62	38.69	40.00
- Compensated absences payable	9.62	3.19	92.47
<b>Total Other Liabilities</b>	<b>492.16</b>	<b>1,522.52</b>	<b>1,551.74</b>

### Note No. 19 - Deferred Tax liabilities

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax assets	16.74	459.74	355.42
Mat credit	559.83	539.22	435.17
Deferred tax liabilities	(2,414.83)	(2,118.68)	(1,624.53)
Deferred tax liabilities (net)	(1,838.26)	(1,119.72)	(833.94)

## Notes forming part of the Consolidated Financial Statements

### Note No. 19 - Deferred Tax liabilities Continued

₹ in Lakh

Deferred tax liabilities (net)	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax liability			
Depreciation and amortisation	(2,874.42)	(2,118.68)	(1,624.53)
Gross deferred tax liability	(2,874.42)	(2,118.68)	(1,624.53)
Deferred tax asset			
a) Employee benefits	283.39	283.39	178.80
b) Provision for doubtful debts	188.15	169.53	168.00
c) Disallowance u/s 43B	4.79	6.82	8.62
d) Mat Credit	559.83	539.22	435.17
<b>Gross deferred tax asset</b>	<b>1,036.16</b>	<b>998.96</b>	<b>790.59</b>
<b>Net deferred tax liability</b>	<b>(1,838.26)</b>	<b>(1,119.72)</b>	<b>(833.94)</b>

### Note No. 20 - Revenue from Operations

₹ in Lakh

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))	1,07,222.67	1,00,803.69
Other operating income (refer note (ii) & (iii))	1,422.43	776.82
<b>Total Revenue from Operations</b>	<b>1,08,645.10</b>	<b>1,01,580.5</b>

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.

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	35,097.05	33,536.04
Foam and Foam Products	33,436.68	27,534.79
EPE Sheet	7.73	647.70
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	13,264.60	12,457.58
<b>Total - Sale of manufactured goods</b>	<b>102,526.45</b>	<b>91,622.33</b>

## Notes forming part of the Consolidated Financial Statements

### Note No. 20 - Revenue from Operations Continued

₹ in Lakh

Traded goods		
Polyfibre Goods	704.27	282.79
Mattresses & Cushions	634.94	7,769.70
EPE Sheet & Foam, others	739.92	-
Soft Furnishing	1,559.10	1,128.87
Others(includes solar parts)	1,057.99	-
<b>Total - Sale of traded goods</b>	<b>4,696.22</b>	<b>9,181.36</b>
<b>Total - Sale of products</b>	<b>107,222.67</b>	<b>100,803.69</b>

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(ii) Other operating revenues:		
Sale of scrap	435.42	334.17
Raw Materials	938.71	442.65
Others	48.30	-
<b>Total - Other Operating Revenues</b>	<b>1,422.43</b>	<b>776.82</b>

### Note No. 21 - Other Income

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest Income, On Financial Assets at FVTPL		
Interest from banks on deposits	61.08	21.66
Interest on loans and advances to employees	1.66	3.80
Interest Others	603.41	103.63
(b) Dividend Income on mutual fund	6.94	156.27
(c) Compensation receipts	22.14	28.65
(d) Sales tax subsidy	92.64	367.00
(e) Fair value gain on investments (net)	287.38	-
(f) Dividend income on Shares	0.88	32.79
(g) Forex gain/loss	217.22	94.54
(h) Miscellaneous income	119.34	225.34
(i) Insurance claims	802.58	128.56
<b>Total Other Income</b>	<b>2,215.27</b>	<b>1,162.24</b>

## Notes forming part of the Consolidated Financial Statements

### Note No. 22. a – Cost of Materials Consumed

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	3,663.84	2,927.11
Add: Purchases	52,631.17	49,082.57
	56,295.01	52,009.68
Less: Closing stock	4,179.16	3,663.84
<b>Cost of materials consumed</b>	<b>52,115.85</b>	<b>48,345.84</b>
Material consumed comprises:		
Latex	4,942.12	4,254.37
Coir	1,837.75	1,217.16
Upholstery	7,337.19	6,130.46
Chemical & Clay	844.71	736.66
Finishing Material and Others	2,537.29	2,064.95
Foam Chemicals	27,117.27	25,975.33
Springs and Related Products	1,957.61	1,894.36
Furniture & Sofa	1,588.80	1,607.64
Packing Materials	3,077.94	3,393.26
Others	875.17	1,071.65
	<b>52,115.85</b>	<b>48,345.84</b>

### Note No. 22. b – Purchase of Traded Goods

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Poly Fibre Goods	754.23	646.46
Traded Mattresses	1,107.31	-
Furnishing Textiles & others	1,285.81	713.18
Furniture		
<b>Total</b>	<b>3,147.35</b>	<b>1,359.64</b>

### Note No. 22. c – Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹ in Lakh

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Inventories at the end of the year:		
Finished goods	3336.82	3092.08
Traded goods	253.51	9.02
Work-in-progress	1567.69	1446.06
Stock-in-trade	1020.78	466.56
	<b>6,178.80</b>	<b>5,014.32</b>
Inventories at the beginning of the year:		
Finished goods	3092.08	2383.66
Traded goods	9.62	-
Work-in-progress	1446.06	1002.18
Stock-in-trade	466.56	438.31
	<b>5,014.32</b>	<b>3,824.15</b>
Net (increase) / decrease	<b>(1,164.48)</b>	<b>(1,180.55)</b>

## Notes forming part of the Consolidated Financial Statements

### Note No. 23 – Excise duty

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Excise duty on sale of goods	1,607.42	6,832.92
<b>Total</b>	<b>1,607.42</b>	<b>6,832.92</b>

### Note No. 24 – Employee Benefits Expense

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages, including bonus	5,864.50	4,904.54
(b) Contribution to provident and other funds	200.40	312.70
(c) Staff welfare expenses	523.33	477.09
<b>Total Employee Benefit Expense</b>	<b>6,588.23</b>	<b>5,694.33</b>

### Note No. 25 – Finance Cost

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest expense	353.78	114.87
(b) Interest on delay payment of tax	223.09	279.38
(c) Other borrowing cost	79.76	73.17
(d) Other Processing Charges	4.26	16.00
<b>Total finance costs</b>	<b>660.89</b>	<b>483.42</b>

### Note No. 26 – Depreciation and Amortisation Expense

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation for the year on tangible assets	1,698.23	1,578.41
Amortization for the year on intangible assets	117.00	27.87
<b>Depreciation and amortization</b>	<b>1,815.23</b>	<b>1,606.28</b>

### Note No. 27 – Other Expenses

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores and spares consumed	639.59	579.23
Excise duty paid on Stock Transfer	-	290.90
Power & Fuel oil consumed	1,350.87	978.36
Freight and handling charges	5,932.42	5,736.30
Rent including lease rentals	1,439.03	880.38
Repairs and maintenance - Buildings	63.30	20.13
Repairs and maintenance - Machinery	195.80	244.21
Repairs and maintenance - Others	238.42	168.27
Water charges	24.71	28.28
Tailoring & Fabrication	3,431.86	2,928.48



## Notes forming part of the Consolidated Financial Statements

### Note No. 27 – Other Expenses Continued

₹ in Lakh

Expenditure on corporate social responsibility (CSR)	122.37	141.52
Insurance charges	332.63	310.03
Watch and ward Charges	594.67	460.81
Donation Expenses	0.25	0.50
Postage & Telephone	198.28	209.49
Payment to Auditor (Refer note below)	46.33	45.00
Other expenses		
Advertisement, Promotion & Selling Expenses	13,155.20	12,578.78
Travelling Expenses	1,099.54	912.87
Printing and stationery	98.13	141.81
Legal and professional	1,454.94	1,495.30
Director Sitting Fees	1.29	1.12
Less on fixed assets sold/ scrapped / written off	3.87	44.37
Purchase of solar parts	1,057.99	-
Bad trade receivables/Advance written off	56.19	10.17
Provision for warranty	29.93	302.21
Miscellaneous expenses	399.86	262.18
<b>Total Other Expenses</b>	<b>32,425.82</b>	<b>30,100.68</b>

### Note

₹ in Lakh

Payment to Auditor	For the year ended March 31, 2018	For the year ended March 31, 2017
As Auditor:		
-For Statutory audit	43.33	42.00
-For Tax audit	3.00	3.00
	<b>46.33</b>	<b>45.00</b>

### Note No. 28 – Tax Balances

₹ in Lakh

#### a) Tax Reconciliation

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	13,664.06	9,500.19
Income tax calculated @34.61%	4,728.45	3,288.02
Disallowance u/s 37(1) for interest on delayed payment of taxes	77.20	88.93
Amount of interest inadmissible under section 23 (MSME)	0.18	-
Disallowance of donation	0.09	-
Disallowance of CSR expenses	45.99	46.20
Effect of 80IC claim	(101.70)	(86.28)
Other disallowance	(2.40)	-
Changes in recognised deductible temporary differences	324.09	(95.49)
<b>Income Tax recognised in Statement of Profit and Loss</b>	<b>5,071.90</b>	<b>3,241.38</b>

## Notes forming part of the Consolidated Financial Statements

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

₹ in Lakh

#### Earnings per share

Particulars	As at March 31, 2018	As at March 31, 2017
Profit after Tax (Rs.in Lakhs)	8,571.94	6,295.34
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer note below)	148.83	148.83
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer note below)	148.83	148.83
Earnings per share – Basic (Rs.)	57.60	42.30
Earnings per share – Diluted (Rs.)	57.60	42.30
Face Value of Equity Shares (Rs.)	10/-	10/-

#### Note:

Particulars	As at March 31, 2018	As at March 31, 2017
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	426.70	373.61
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	430.42	378.30

### Note No. 30 – Leases

- \* 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

₹ in Lakh

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*	5052.22	4993.11	5546.15
ii) Disputed Income Tax	0	279.94	279.94
<b>Total</b>	<b>5052.22</b>	<b>4993.11</b>	<b>5546.15</b>

- \* 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 forming part of the Consolidated 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	99.6	424.46	383.97
<b>Total</b>	<b>99.6</b>	<b>424.46</b>	<b>383.97</b>

### 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	348,462	300	-
	98,250	426	80	120,402	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	-	-	-	276,658	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 forming part of the Consolidated 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-18
Net Profit as reported (Rs. In Lakhs)	8571.94	6295.34
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)	8,500.51	6,223.91
Basic earnings per share as reported (In Rs.)	20.09	16.85
Proforma basic earnings per share (In Rs.)	19.92	16.66
Diluted earnings per share as reported (In Rs.)	19.92	16.64
Proforma diluted earnings per share (In Rs.)	19.75	16.45

\* 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.

## Notes forming part of the Consolidated Financial Statements

### Note No. 34 -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	141.29	77.86
Amount spent during the year	152.30	141.52

### Note No. 35

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
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 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"		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
<b>Transactions during the year:</b>										
Remuneration :										
T.Sudhakar Pai	505.85	391.61	-	-	-	-	-	-	505.85	391.61
<b>Shambhu Kumar Bhotika</b>	15.37	-	-	-	-	-	-	-	15.37	-
<b>Monu Kumar</b>	5.00	4.16	-	-	-	-	-	-	5.00	4.16
Ashok Satyamurthy	-	5.84	-	-	-	-	-	-	-	-
Rent Paid :										
<b>Jayamahar Trade &amp; Investments PLtd</b>	-	-	-	-	-	-	23.42	21.79	23.42	21.79
Metropolis Builders	-	-	-	-	-	-	26.17	23.82	26.17	23.82
Maharashtra Apex Corporation Ltd.	-	-	-	-	-	-	2.70	-	-	-
<b>Maharashtra Apex Corporation Ltd. (GST)</b>	-	-	-	-	-	-	0.49	-	-	-
Rent Receipts										
Manipal Home Finance	-	-	-	-	-	-	0.60	0.35	-	-
Kurlon Mattress Private Ltd.	-	-	-	-	-	-	-	3.73	-	-
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	-	-	-	-	-	-	302.88	232.06	302.88	232.06
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 Received										
General Investment & Commercial Corporation Ltd.	-	-	-	-	-	-	0.87	0.87	0.87	0.87
Advertisement Expenses										
Manipal Advertising Services (P)Ltd	-	-	-	-	-	-	-	-	-	-
Interest Paid on Unsecured Loan :										
Jaya S Pai	12.65	-	-	-	-	-	1,811.13	2,711.14	1,811.13	2,711.14
Interest Received										
General Investment & Commercial Corporation Ltd.	-	-	-	-	-	-	-	-	12.65	-
<b>Advances Received :</b>										
Kurlon Trade & Investments	-	-	-	-	-	-	-	0.02	-	0.02
Maharashtra Apex Corporation Ltd	-	-	-	-	-	-	-	40.00	-	-

## 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"		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
<b>Manipal Home Finance</b>										
Advances Paid :										
Metropolis Builders	-	-	-	-	-	-	-	500.00	-	500.00
Maharashtra Apex Corporation Ltd							290.32	40.00		
General Investment & Commercial Corporation Ltd.							65.54	430.00		
Sales										
Kurlon Retail Limited						367.82				367.82
Loan taken									1,475.00	
Jaya S Pai	1,475.00									
Repayment of Loan										
Metropolis Builders							501.88		501.88	
Jaya S Pai	350.00								350.00	
Investment							4.94		4.94	
Manipal E-Commerce Limited										
<b>Outstanding as at Year end:</b>										
Advance recoverable :										
Maharashtra Apex Corporation Ltd							3,590.13	3,300.11	3,590.13	3,300.11
Metro Polis Builders								512.45		512.45
Kurlon Trade & Investment Ltd							0.86		0.86	
General Investment & Commercial Corporation Ltd							506.67	434.97	506.67	434.97
Manipal Advertising Services (P)Ltd								367.93		367.93
Manipal Stock & Shares Brokers Limited							273.47	213.47	273.47	213.47
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										
Jamsheed M Pandey	501.13						0.88		501.13	
Maharashtra Apex Corporation Ltd							0.32		0.32	
Manipal Holdings Pvt. Ltd								0.35		0.35
Unsecured Loans payable :										
Jaya S Pai										
T.Sudhakar Pai	1,124.88						1.00		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

## Notes forming part of the Consolidated Financial Statements

### Note No. 37 - Financial Instruments

#### A. Capital Management

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

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	44,505.57	36,082.79	29,912.30
As a percentage of total capital	93%	95%	100%
Current borrowings	1,503.64	430.43	123.29
Non-current borrowings	1,850.34	1,466.71	11.25
Total borrowings	3,353.98	1,897.14	134.54
As a percentage of total capital	7%	5%	0%
<b>Total Capital</b>	<b>47,859.55</b>	<b>37,979.93</b>	<b>30,046.84</b>

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, 2017	As at 31 March, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2016
<b>Financial assets</b>						
<b>a) Measured at fair value though profit and loss</b>						
Non-current assets						
- Investments	763.51	752.84	270.09	763.51	752.84	270.09
- Loans	3,245.18	1,161.28	435.46	3,245.18	1,161.28	435.46
Current assets						
- Investments	1,889.53	316.85	700.62	1,889.53	316.85	700.62
- Trade receivables	12,015.88	8,152.87	6,525.02	12,015.88	8,152.87	6,525.02
- Cash and cash equivalents	4,565.77	3,267.65	2,950.74	4,565.77	3,267.65	2,950.74
- Loans	-	0.98	-	-	0.98	-
<b>Total</b>	<b>22,479.87</b>	<b>13,652.47</b>	<b>10,881.93</b>	<b>22,479.87</b>	<b>13,652.47</b>	<b>10,881.93</b>
<b>Financial liabilities</b>						
<b>a) Measured at fair value though profit and loss</b>						
Non-current liabilities						
- Borrowings	1,850.34	1,466.71	11.25	1,850.34	1,466.71	11.25
- Other financial liabilities	5,672.30	5,001.51	4,707.40	5,672.30	5,001.51	4,707.40
Current liabilities						
- Borrowings	1,503.64	430.43	123.29	1,503.64	430.43	123.29
- Trade payables	13,025.96	10,330.30	8,952.33	13,025.96	10,330.30	8,952.33
- Other current financial liabilities	446.28	432.22	23.73	446.28	432.22	23.73
<b>Total</b>	<b>22,498.52</b>	<b>17,661.17</b>	<b>13,818.00</b>	<b>22,498.52</b>	<b>17,661.17</b>	<b>13,818.00</b>



## 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		As at 31 March, 2018		As at 31 March, 2018	
		FC	INR	FC	INR	FC	INR
<b>Liabilities</b>							
<b>Trade Payables</b>							
United States Dollar	\$	16,90,627	1,111.35	18,99,991	1,291.25	12,55,286	856.75
Euro	€	1,848	1.50	36,828.00	27.39	29,766.00	18.23
<b>Buyer's Credit</b>							
United States Dollar	\$	5,74,657	657.98	-	-	-	-
<b>Assets</b>							
<b>Advance to Vendor</b>							
United States Dollar	\$	6,47,448.76	419.43	1,21,371	81.05	3,70,276	245.70
Euro	€	18,339	14.71	63,650.00	47.38	1,38,925	104.05
NOK		-	-	24,620.00	1.83	24,620.00	1.83
<b>Net Liability (in INR)</b>			<b>2,204.97</b>		<b>1,448.90</b>		<b>1,226.56</b>

#### Sensitivity

Impact on profit before tax and equity	As at 31 March, 2018	As at 31 March, 2017
5% Increase	2,157.92	1,393.58
5% Decrease	2,252.02	1,504.22

#### (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.

## Notes forming part of the Consolidated Financial Statements

### Note No. 37 - Financial Instruments (Contd.)

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	As at 31 March, 2016
<b>Non-Current Assets</b>			
- Investments	763.51	752.84	270.09
- Loans	3,245.18	1,161.28	435.46
- Other non-current financial assets	-	-	-
<b>Current Assets</b>			
- Investments	1,889.53	316.85	700.62
- Trade receivables	12,015.88	8,152.87	6,525.02
- Cash and cash equivalents	4,565.77	3,267.65	2,950.74
- Bank Balances other than cash & cash equivalents	-	-	-
- Loans	-	0.98	-
- Other current financial assets	-	-	-
<b>Total</b>	<b>22,479.87</b>	<b>13,652.47</b>	<b>10,881.93</b>

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 31 March, 2018	As at 31 March, 2017	As at 31 March, 2016
<b>Not Due</b>	-	-	-
Due from 0 to 180 days	11,600.98	8,035.02	6,411.03
Due from more than 180 days	958.58	607.70	593.68
Less: Loss Allowance	(543.67)	(489.85)	(479.68)
<b>Total</b>	<b>12,015.89</b>	<b>8,152.87</b>	<b>6,525.03</b>

## Notes forming part of the Consolidated Financial Statements

### Note No. 37 - Financial Instruments (Contd.)

#### (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:

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31 March, 2018</b>			
Non - Current Borrowings	1,850.34		1,850.34
Current Borrowings	1,503.64	1,503.64	-
Trade payables	13,025.96	13,025.96	
Other non-current financial liabilities	5,672.30	-	5,672.30
Other current financial liabilities	446.28	446.28	-
<b>Total</b>	<b>22,498.52</b>	<b>14,975.88</b>	<b>7,522.64</b>

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31 March, 2018</b>			
Non - Current Borrowings	1,466.71		1,466.71
Current Borrowings	430.43	430.43	-
Trade payables	10,330.30	10,330.30	
Other non-current financial liabilities	5,001.51		5,001.51
Other current financial liabilities	432.22	432.22	-
<b>Total</b>	<b>17,661.17</b>	<b>11,192.95</b>	<b>6,468.22</b>

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31 March, 2018</b>			
Non - Current Borrowings	11.25		11.25
Current Borrowings	123.29	123.29	-
Trade payables	8,952.33	8,952.33	
Other non-current financial liabilities	4,707.40		4,707.40
Other current financial liabilities	23.73	23.73	-
<b>Total</b>	<b>13,818.00</b>	<b>9,099.35</b>	<b>4,718.65</b>

#### D. Fair value hierarchy

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

### 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
<b>Financial assets</b>									
<b>Measured at fair value through Profit and loss</b>									
Non-current assets									
- Investments	-	-	763.51	-	-	752.84	-	-	-
- Loans	-	-	3,245.18	-	-	1,161.28	-	-	435.46
- Other non-current financial assets	-	-	-	-	-	-	-	-	-
Current assets									
- Investments	-	-	1,889.53	-	-	316.85	-	-	970.71
- Trade receivables	-	-	12,015.88	-	-	8,152.87	-	-	6,525.03
- Cash and cash equivalents	-	-	4,565.77	-	-	3,267.65	-	-	2,950.74
- Loans	-	-	-	-	-	0.98	-	-	-
<b>Total</b>	-	-	22,479.87	-	-	13,652.47	-	-	10,881.94
<b>Financial liabilities</b>									
<b>Measured at fair value through profit and loss</b>									
Non-current liabilities									
- Borrowings	-	-	1,850.34	-	-	1,466.71	-	-	11.25
- Other non-current financial liabilities	-	-	5,672.30	-	-	5,001.51	-	-	4,707.40
Current liabilities									
- Borrowings	-	-	1,503.64	-	-	430.43	-	-	123.29
- Trade payables	-	-	13,025.96	-	-	10,330.30	-	-	8,952.34
- Other current financial liabilities	-	-	446.28	-	-	432.22	-	-	23.73
<b>Total</b>	-	-	22,498.52	-	-	17,661.17	-	-	13,818.01

## 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:

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	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Employer's contribution towards Provident Fund (PF)	166.78	154.80
Employer's contribution to Superannuation Fund	62.22	68.89

#### (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	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Present Value of Defined Benefit Obligation at the beginning of year	382.74	346.63	651.73	518.03
Interest cost	28.29	24.02	47.62	38.88
Current Service Cost	37.31	31.60	93.24	198.09
Past Service Cost	1.26	-	-	-
Benefit Paid	(20.49)	(36.11)	(49.27)	(41.63)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(4.58)	13.45	17.15	2.12
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	(22.83)	3.13	27.21	(63.77)
Present value of the Defined Benefit Obligation at the end of year	401.70	382.72	787.68	651.72

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

Particulars	Gratuity		Leave Encashment	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Current Service Cost	37.31	31.60	93.24	198.09
Past Service Cost	1.26	-	-	-
Interest cost	28.29	24.02	47.62	38.88
Interest income on plan asset	(29.88)	(29.89)	(57.27)	(51.36)
Net Defined Benefit recognized in Statement of Profit and Loss	36.98	25.73	83.59	185.61

## 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	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(4.58)	13.45	17.15	2.12
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	(22.83)	3.13	27.21	(63.77)
Net actuarial Loss	(27.41)	16.58	44.36	(61.65)

#### iv. Sensitivity Analysis\*

##### (a) Impact of the change in the discount rate

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Present value of the Defined Benefit Obligation at the end of year	401.70	382.72	787.68	651.72
a) Impact due to increase of 0.50%	387.29	369.64	755.22	626.02
b) Impact due to decrease of 0.50%	417.12	396.76	822.81	679.49

##### (b) Impact of the change in the salary increase

Particulars	Gratuity		Leave Encashment	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Present value of the Defined Benefit Obligation at the end of year	401.70	382.72	787.68	651.72
a) Impact due to increase of 0.50%	416.85	396.16	801.37	662.86
b) Impact due to decrease of 0.50%	387.43	369.99	774.20	640.79

\* 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	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
0 to 1 year	36.05	44.28	65.49	60.42
1 to 2 Year	38.3	28.88	63.51	50.42
2 to 3 Year	26.33	32.11	48.6	46.67
3 to 4 Year	28.69	20.26	49.89	37.47
4 to 5 Year	27.2	24.39	42.07	38.67
5 to 6 Year	34.41	23.41	51.3	31.56
6 Year onwards	100.14	99.19	151.53	168.84

## 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	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017
Service Cost	37.31	31.61	93.24	198.09
Net Interest Cost	-3.86	-3.76	-12.8	2.7
Expected Expense for the next annual reporting period	34.86	37.23	NA	NA

#### vii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

₹ in Lakhs

Particulars	Gratuity		Leave Encashment	
	for the Year ended 31 March, 2018	for the Year ended 31 March, 2017	for the Year ended 31 March, 2018	for the 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 forming part of the Consolidated Financial Statements

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

#### (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) Reconciliation of comprehensive income

#### (ii) Reconciliation of Equity

₹ in Lakhs

Particulars	For the year ended March 31, 2017
Profit after tax as reported under the previous GAAP	6,257.95
Fair valuation of Financial assets / liabilities (Refer Note (ii) below)	0.87
Profit after tax as per Ind AS	6,258.82
Actuarial (gain) / loss on employee defined plans recognised in other Comprehensive income (Refer Note (v) below)	(52.06)
Tax impact on the above ( Refer Note (iii) below)	15.70
Other comprehensive income	(36.36)
Total comprehensive income	6,222.46

## Notes forming part of the Consolidated Financial Statements

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

Particulars	As at March 31, 2017	As at April 1, 2017
Total equity (shareholder's funds) as per previous GAAP	24080.42	17506.51
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 / liabilities (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	23583.55	17998.52

#### 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 / liabilities - 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 financial statements 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

#### (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.

## Notes forming part of the Consolidated Financial Statements

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

#### (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 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.

### 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 Limited	34.94	16,817.07	7.07	640.16	31.33	(6.59)
Subsidiary Kurlon Enterprises Limited	65.05	31,307.14	92.92	8,414.39	68.66	(14.44)
Subsidiary Kurlon Retail Limited	0.01	3.46	0.01	0.96	0.01	-
		<b>48,127.67</b>		<b>9,055.51</b>		<b>(21.03)</b>

### 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

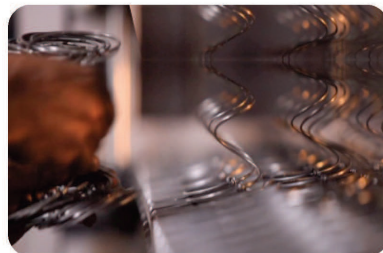
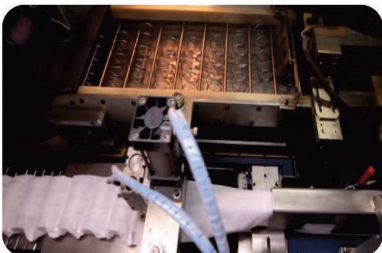
**Dr. Nitin G. Khot**  
Director

**Shambhu Kumar Bhotika**  
Chief Financial Officer

**Monu Kumar**  
Company Secretary

Place : Bangalore  
Date: 10.08.2018

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## *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 L I M I T E D

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