



Kurl-on[®]
THE MATTRESS OF INDIA

Registered Office :

#1002/1006, The Avenue, International Airport Road,
Opp. Hotel Leela, Andheri (East) Mumbai - 400 059.

Corporate Office :

N 301, 3rd Floor, North Block, Manipal Centre, 47 Dickenson Road,
Bangalore - 560 042. Tel. No.: +91 80 40313131 Fax No.: +91 80 25587189
Email id: secretary@kurlon.com Website : www.kurlon.com



www.kurlon.com

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THE MATTRESS OF INDIA



ANNUAL REPORT
2020-21

Corporate information

Founder

Late. T. Ramesh U. Pai (1962-2005)

Managing Director

Sri. T. Sudhakar Pai

Non-Executive Non Independent Director

Mrs. Jaya S. Pai

Nominee Director

Mr. Vishal Tulsyan

Independent Director

Sri. H. N. Shrinivas
Sri. Sivaramakrishnan Nagarajan

Chief Executive Officer

Mrs. Jyothi Ashish Pradhan

Chief Financial Officer

Mr. Ritesh Shroff

Company Secretary

Mr. Monu Kumar

Statutory Auditor

M/s Deloitte Haskins & Sells

Internal Auditor

KD Practice Consulting Private Limited - CA Pooja Dharewa

Cost Auditor

M/s. GNV & Associates, Cost Accountants

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Corporate Identity Number

U36101MH2011PLC222657

Share Transfer Agent

Purva Sharegistry (India) Private Limited
(Unit: Kurlon Enterprise Limited)
g, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel (E), Mumbai - 400 011.
Tel. No.: +91-022-2301-6761/2518
Email id: support@purvashare.com Website: www.purvashare.com

Table of content

Page No.

Corporate Snapshot	004 - 021
Letter from the Desk of Managing Director	023
Financial Highlights	024- 025
Director's Report	026 - 067
Report on Corporate Governance	041 - 049
Management Discussion and Analysis Report	050 - 053
Auditor's Report on Standalone Financial Statements	068 - 075
Standalone Financial Statements	076 - 120
Auditor's Report on Consolidated Financial Statements	121 - 126
Consolidated Financial Statements	127 - 165

About Kurl-on

Established in 1962, Kurlon is an innovator of Rubberized Coir mattress in India and also one of the oldest mattress company in India which offers a wide range of home comfort solutions ranging from mattresses (RC mattress, spring mattress & foam mattress), polyurethane foam, home furniture & furnishing products under the brand name "Kurl-on" for retail as well as institutional customers such as Hotels, Hospitals and Hostels who prefer premium and high quality branded mattresses with flame retardant, anti-bacterial fabrics.

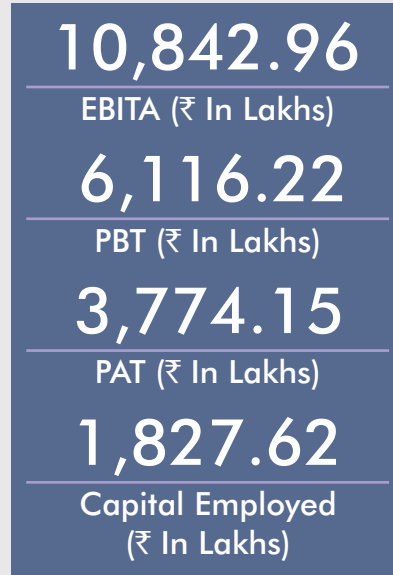
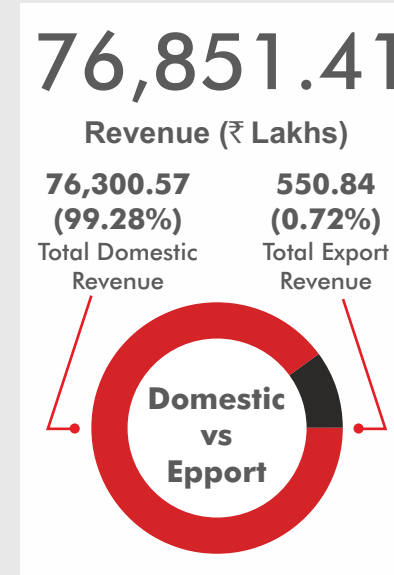
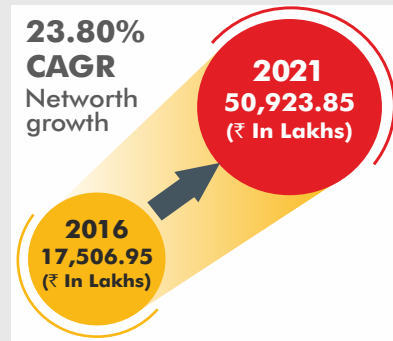
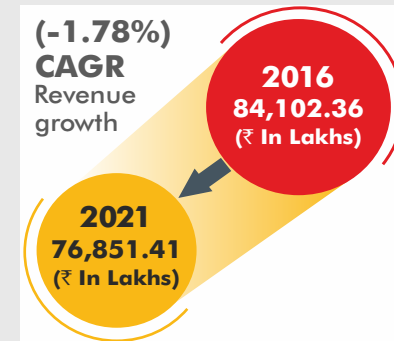
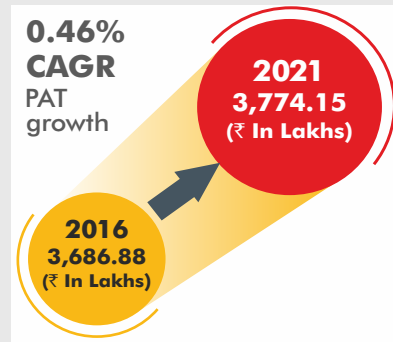
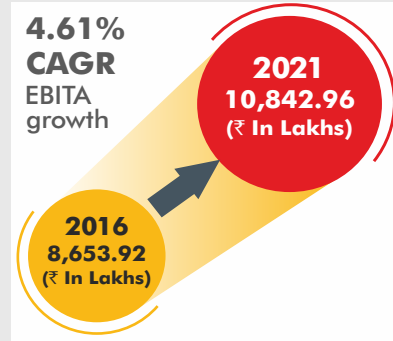
Currently the Company exports its products to Asian countries like Sri Lanka and Nepal.

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

KL is the holding company, which promoted a subsidiary company in the name and style of Kurlon Enterprise Ltd. (KEL) in the year 2011. Consequent upon the Business Transfer Agreement between KL and its subsidiary, the business of Rubberized Coir, Latex Foam, Polyurethane Foam, Pillows, Spring Mattresses, Furniture, Furnishing, and related products were transferred to the subsidiary company effective 1st April, 2014. Headquartered in Bengaluru, KEL is now the operating company. Both the

Companies are closely held, unlisted public Ltd Company.

Accredited with latest technology and ground-breaking innovations, Kurlon Enterprise Limited now manufacture products in 135 different configurations, Pan-India and having a retail reach out of more than 10000 counters, 72 distribution centre and 12 strategically located manufacturing facilities across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujarat that anticipate and change with our customers' evolving needs and provide them with absolute comfort, convenience, good health and growth.



Our Vision & Mission

VISION

Kurlon, will sustain brand leadership with highest consumer delight, through:

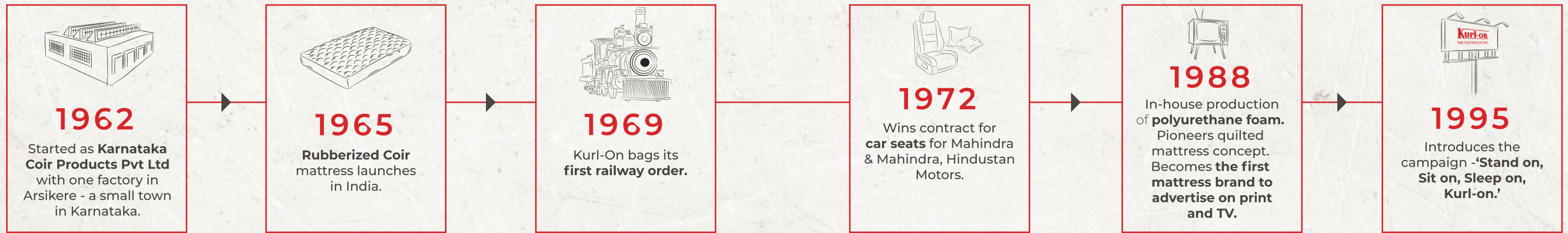
- ▶ World-class manufacturing processes
- ▶ Innovation
- ▶ Making it the best place to work

Thereby delivering, exponential growth & maximized wealth, for channel & stake holders, in a socially responsible way.

Award And Recognition

Our never ending quest to provide healthy sleep solutions for India has led to an array of products that continue to raise benchmarks. It gives us great pride when our efforts are recognized. That's why we're honoured to receive "49th National Safety day award" conducted by the Government of Karnataka, under the category of 5TPH process boilers.

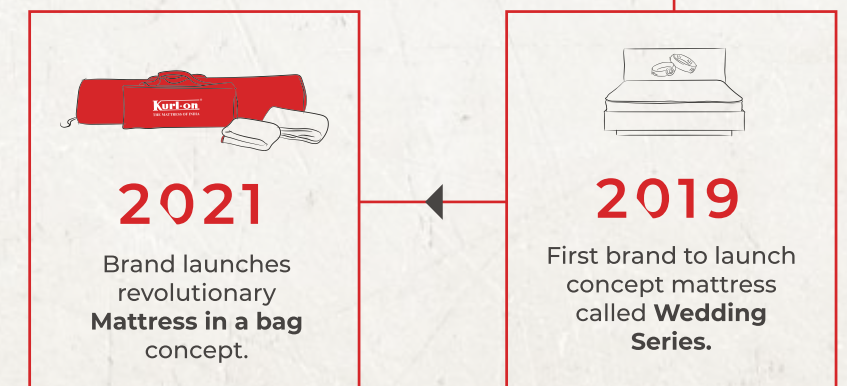




Kurl-On : The journey so far

T Ramesh U Pai

Entrepreneur, Leader, Visionary.
 Formed Karnataka Coir Products Ltd.,
 and introduced coir husk to the Indian market.



 Kurl-on, Jhagadia.

FIVE DECADES OF THE BEST SLEEP SOLUTIONS

Kurl-on has evolved and expanded its manufacturing prowess to currently manufacture mattresses in more than 135 different configurations in nine strategically located manufacturing facilities across Karnataka, Orissa, Madhya Pradesh, Uttarakhand and Gujarat. The company's state-of-the-art technology and constant research & development is for the single objective of improving standards of sleep.

Five decades on, Kurl-on Enterprises Limited has become synonymous with premium mattresses across India with Kurl-on even becoming a generic name for mattresses. Along with the coir and rubberised mattress, the brand



Key Differentiators



Strong Brand Value : Kurlon is one of the oldest and most trusted brand in India which always committed to fulfil and deliver soulful rest to its end consumers and serve as partner in their journey of growth.



Customer - Oriented : dedicated CDT team guides our customers to choose a suitable products based on their needs; appries them on the latest technology and benefits; and provides strong after sales support, adding value to their lives and enhancing their experience.



World Class Manufacturing Facilities at Multi Location : 12 strategically located manufacturing units across India helps us to fulfil our promise for quality, speedy delivery and better customer reach.



Diversified Product Range in Premium Category: Kurlon Manufactured entire range of home comforts solution ranging from mattresses, PU Foam, furniture & high-end soft furnishings products in the rich and premium category.



Vertical Integrated manufacturing : Kurlon is the only player in the industry which makes rubberized Coir Mattress, Spring Mattress, Foam and rebounded foam which give us the complete Control in the highest and premium Quality.



Research & Development : As technology leaders, we continuously add value to our existing products and formulate differentiated, more qualitative and comforting range through dedicated separate products development team.



Widest Sales and Distribution Network: Kurlon have retail reach out of more than 10000 counters, 72 distribution centers across India.



Environment and Sustainability : This is also very important taking care part of Planet and community. Kurlon did this through rain harvesting, using solar energy and Zero Carbon emission.

Product Portfolio



OPEN UP TO A WHOLE NEW WORLD



THE REVOLUTIONARY NEW KURL-ON MATTRESS.

Easy-to-use, Easy-to-carry and Unbelievably Comfortable.

INTRODUCE
YOURSELF TO
A WORLD OF
COMFORT.

A one-stop solution for those sleep lovers who do not like to compromise on their comfort. Offered in different levels to promote pressure relief for a night or day of blissful sleep.



BRING HOME
COMFORT THAT
MATCHES YOUR
STYLE.

Add an aesthetic element that delivers style and comfort to your home. A range of sofas crafted to give you that cozy feeling to work from home or sip your daily cuppa. Also qualifies for the best partner for lush interiors and luxury homes.



CREATE THE
PERFECT
HOMESPACE
TO INSPIRE
YOUR IDEAS

Looking for something to spruce up your home experience? What better than products that are aesthetically curated to provide convenience and comfort while blending well with your interiors.

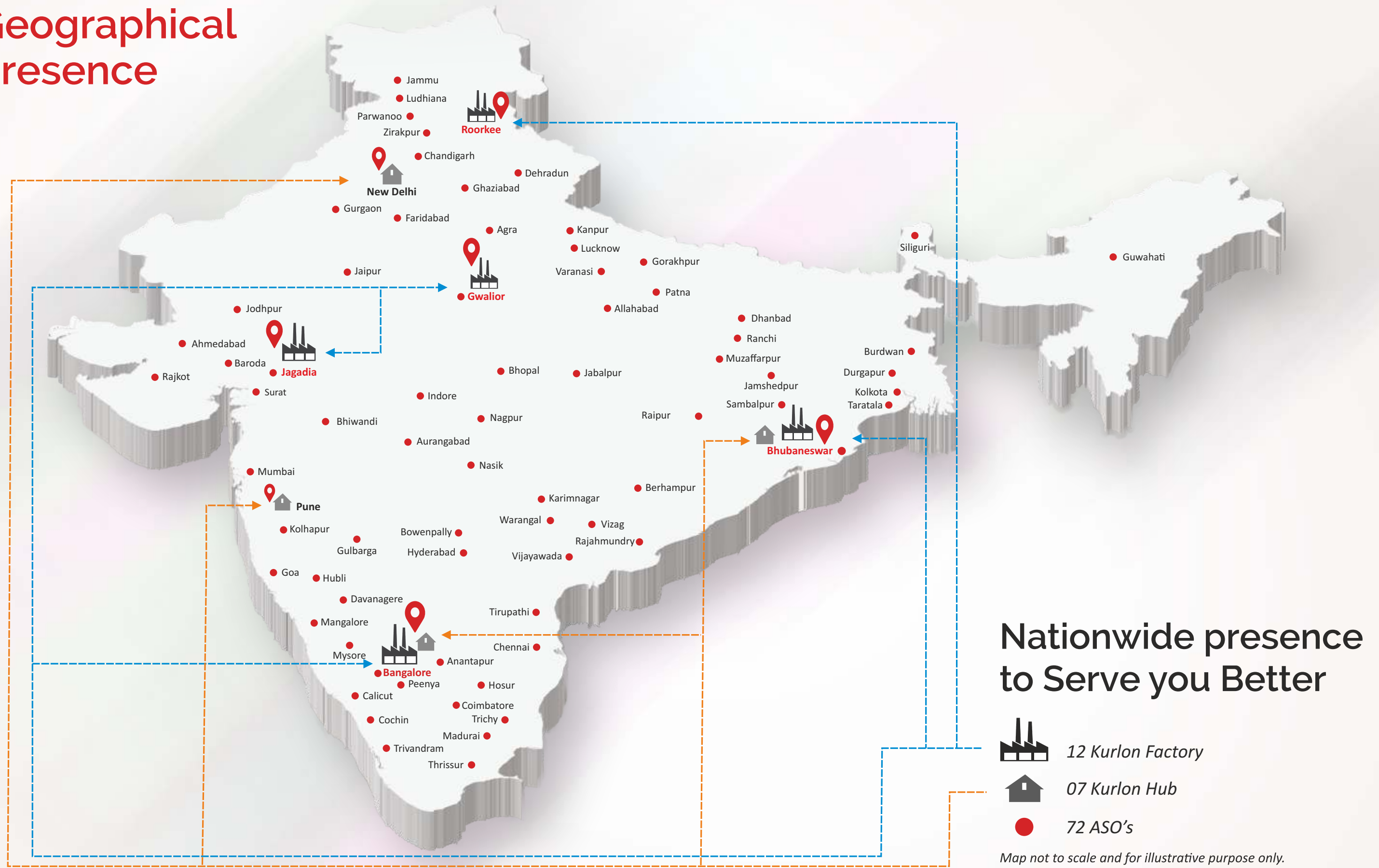


YOUR PATH TO THE SWEETEST OF DREAMS.

Unwind after a long, tiring day with the ultimate de-stressing companion. Our premium collection of pillows is just what you need for a sense of peace and the sweetest dreams.



Geographical Presence



From the desk of Managing Director

Dear Shareholders,

It gives me immense pleasure to place before you the 10th Integrated Annual Report of Kurlon Enterprise Limited for FY 2020-21. We are in the midst of improving transparency, ensuring sustainability, and promoting inclusive growth.

I am addressing you at a time when India which has registered a remarkable recovery from the economic and social abyss caused by the untamed spread of COVID-19 virus in 2020 and faced a more aggressive and widespread second wave of the pandemic. It's a formidable battle that our passionate healthcare community, frontline warriors are engaged in and I express my deepest respect for their gallant efforts. The swiftness and intensity of the second and now third waves have overwhelmed health systems, devastated lives and livelihoods. It is a health crisis of the kind we have not seen in generations. My heart goes out to everyone out there who has suffered the loss of loved ones. Given the scientific progress we have made over the past year, I am confident we will eventually get the pandemic under control. Until then, I urge you to stay safe, follow Covid discipline, and get vaccinated if you are eligible.

FY21 was an extremely challenging and difficult year for all of us. You are aware that the COVID-19 pandemic raged across the world. In India, we saw the fiscal beginning on a cautious note as the country was under a lockdown. This saw mass exodus of the migrant population from

the cities. The other issue related to the lockdown (and specially the first quarter of the fiscal) was the plummeting demand for our products in the market. It was an extremely tough quarter for us as well and we reported a quarterly loss of on the operational front, something that we have not seen in a long time.

For your Company Kurlon too, it was a challenging year. When the lockdown was announced, we did not panic. We did not take any knee jerk reaction. We did what most others had done - reducing costs, keeping our operations lean and optimizing working capital requirements - and we did it well. During lockdown, the Company's key focus areas were:- securing the safety of our employees, vendors, customers and securing the health of the business through a laser focus on cash flows. This helped us navigate the crisis well. We did not let up on our commitments towards our customers. Our people ensured that supplies to customers continued even as we adhered to all Government protocols. This has built considerable respect for the Kurlon brand as a reliable all-weather partner.

Gradually, as demand started coming back from the second quarter of last year but it was too late and the Company saw a decline of 67.98 % in its Q1 numbers. While the industry did see demand revival in the subsequent quarters, it still could not avoid a contraction in the numbers and posted a 19.86 % decline in the top line for FY21 over its previous year. The net

profit of the company stood at ₹ 3,776.22 Lakhs and posted a 55.06 % decline over its previous year. Despite practically no operations in the first couple of months in FY21, we were able to manage our topline at ₹ 76851.42 Lakhs. The Company is on the lookout for opportunities to scale up both organic and inorganic in India and internationally.

The Second wave of Covid-19 which is inflicting a deeper impact on India - in terms of lives, livelihoods and economic deceleration. As such, our business operations and performance could also be impacted in FY22. I hereby ensure that we will continue to work diligently in our efforts towards turning headwinds into tailwinds taking us a few notches higher.

I would like to state that we are consciously moving towards ESG: use of clean technologies which accelerates sustainability and also enables traceability and transparency

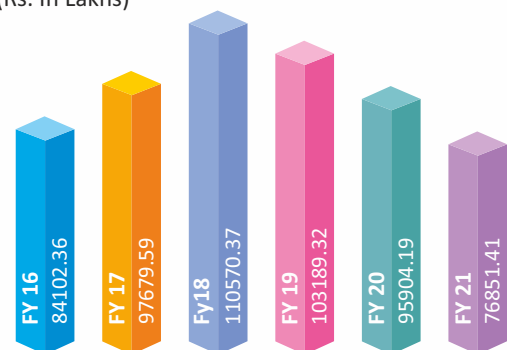
In closing, I take this opportunity to thank each one of you for continuing to believe in our vision and work. Equally I like to acknowledge the contribution of all our employees, network and business partners and customers for reposing faith in Kurlon and actively working for our combined success.

We solicit your support in our future endeavours. Stay Safe.

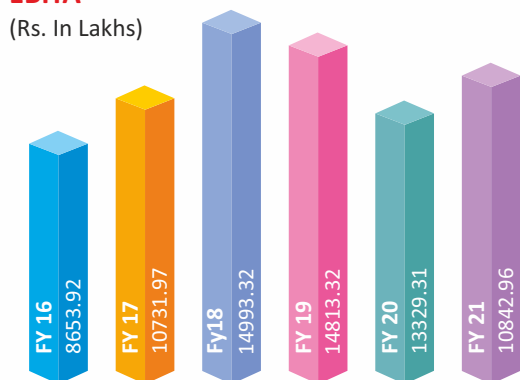
Regards
T. Sudhakar Pai
Managing Director

Company's challenging progress through Covid time. We are moving towards ESG and use of clean technologies. I thank you all for believing in our vision and work.

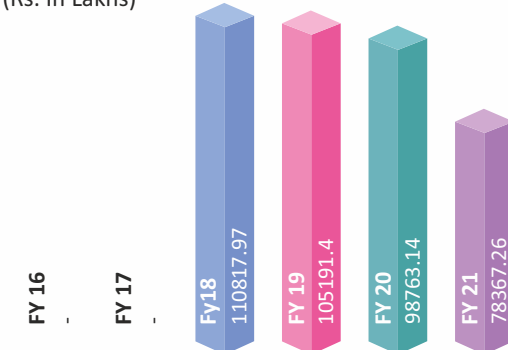
Operating Revenue (Rs. In Lakhs)



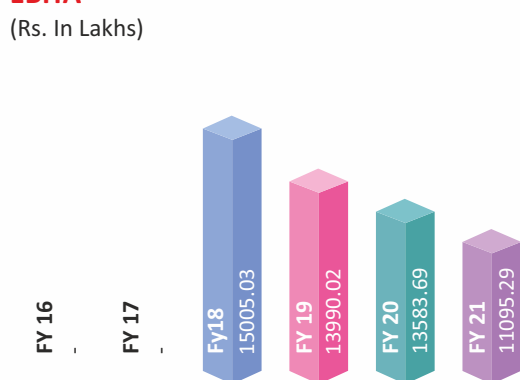
EBITA (Rs. In Lakhs)



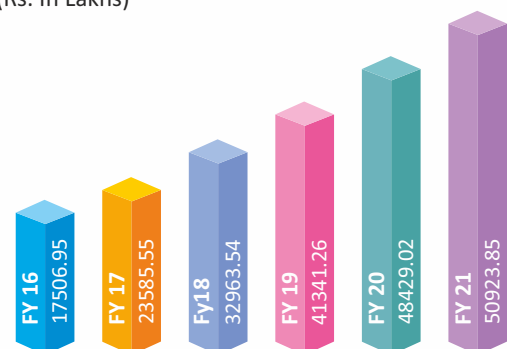
Operating Revenue (Rs. In Lakhs)



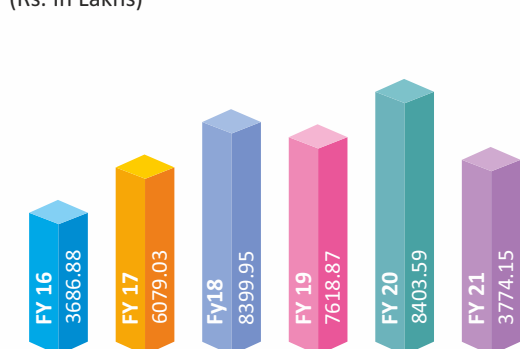
EBITA (Rs. In Lakhs)



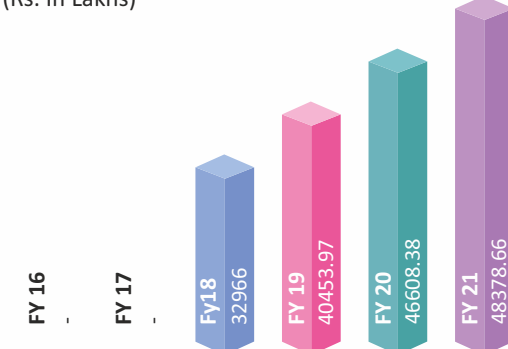
Networth (Rs. In Lakhs)



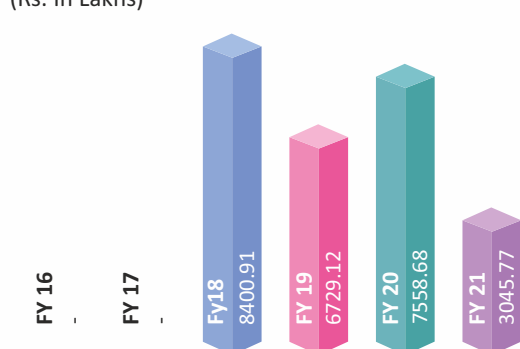
Net Profit (Rs. In Lakhs)



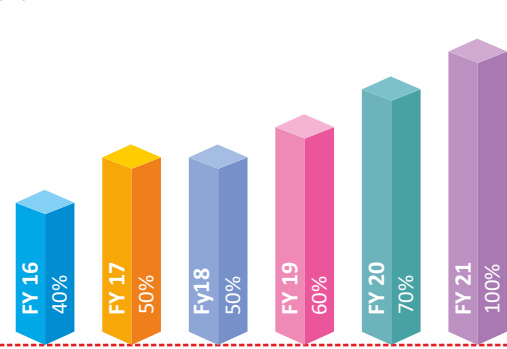
Networth (Rs. In Lakhs)



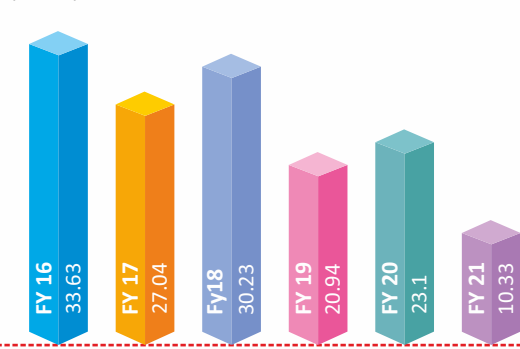
Net Profit (Rs. In Lakhs)



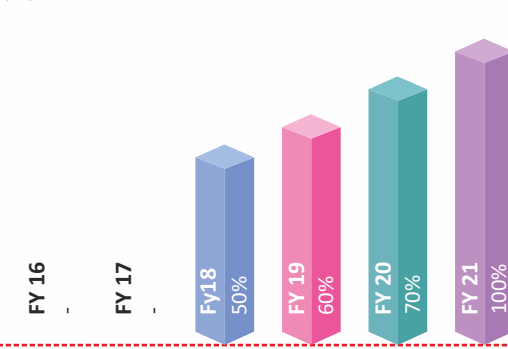
Dividend Payout (%)



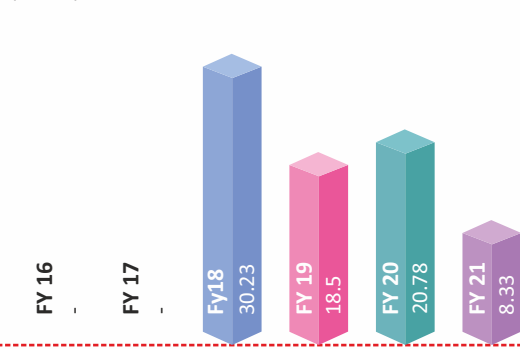
Earning per share (In Rs.)



Dividend Payout (%)



Earning per share (In Rs.)



DIRECTOR'S Report

Dear Members,

The Board of Directors are pleased to present the Company's 10th Integrated Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2021.

1. Financial highlights of the Company

The Company's financial performance (standalone and consolidated) for the year ended March 31, 2021 is summarized below:

Particulars	Standalone		Consolidated	
	2020-2021	2019-2020	2020-2021	2019-2020
Revenue from operations	76,851.41	95,904.19	78,367.26	98,763.14
Profit Before Financial charges, tax and Depreciation	10,842.96	13,329.31	11,095.29	13,583.69
Less: Finance Charges	229.93	577.10	526.99	941.37
EBDT	10,613.03	12,752.21	10,568.30	12,642.32
Less: Depreciation	2,478.14	2,609.61	3,176.03	3,330.45
Profit Before Tax	8,134.90	10,142.60	7,392.28	9,311.87
Less: Exceptional Items	2,018.68	-	2,018.68	-
Net Profit Before Tax	6,116.22	10,142.60	5,373.60	9,311.87
Less: Current tax	1,622.00	2,650.42	1,622.00	2,664.04
Add/Less: Tax credit of earlier years	-	(244.39)	0.11	(244.39)
Add/Less: Deferred tax	774.28	(632.86)	762.07	(632.31)
Profit after tax	3,719.94	8,369.43	2,989.42	7,524.53
Other comprehensive income	54.22	34.15	56.35	34.15
Total comprehensive income for the year	3,774.15	8,403.59	3,045.77	7,558.68
Transfer to General reserve	-	-	-	-
Proposed Dividend on Equity Shares	1827.61	1279.33	1827.61	1279.33
Tax on proposed Dividend	-	-	-	-
Surplus in statement of P & L carried to Balance Sheet	32,949.64	30,454.81	30,342.39	28,563.17
Earnings per share (EPS).	10.33	23.10	8.33	20.78

Performance review and the state of Company's affairs:

During the Financial Year (FY) 2020-21, the Company has achieved an operating revenue of Rs. 76,851.41 Lakhs as compared to Rs 95,904.19 Lakhs in FY 2019-20. The operating revenue decreased as the first two months of the year were completely washed out due to impact of COVID-19 and the subsequent lockdown. Sales started picking slowly from July 2020. The profit before tax for FY 21 stood at Rs. 6,116.22 Lakhs compared to Rs. 10,142.60 Lakhs achieved in FY 20. The net profit after tax and other comprehensive income stood at Rs. 3,774.15 Lakhs for FY 21 as compared to Rs 8,403.59 Lakhs for the previous year. The decrease in the PBT and PAT are due to mainly lower sales in the first quarter, increase in the raw material prices and written off of investment held by the Company in the commercial papers of Cox and Kings Ltd amounting to Rs. 2018.68 Lakhs.

The Company's consolidated revenue for FY 2020-21 was

Rs 78,367.26 Lakhs as compared to Rs. 98,763.14 Lakhs for the previous year. During the year under review, the consolidated net profit after tax and other comprehensive income stood at Rs. 3,045.77 Lakhs as compared to Rs. 7,558.68 Lakhs for the previous year.

2. Dividend

Your Directors are pleased to recommend a Dividend of Rs 5/- (i.e. 100%) per equity share of Rs. 5/- each fully paid up as final dividend for the financial year ended March 31, 2021 (Rs. 3.5/- (i.e. 70% previous year), payable to those Shareholders whose names appear in the Register of Members as on the Record Date. The dividend on Equity Shares is subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM) of the Company and if approved, the dividend would result in a cash outflow of Rs. 1827.61 Lakhs (Rs. 1279.33 Lakhs Previous year). The dividend payout of the Company since

last three financial years has increased significantly.

Pursuant to the Finance Act, 2020, effective April 1, 2020, Dividend Distribution Tax has been abolished and dividend income will be taxable in the hands of the shareholders. The Company is required to deduct Tax at source from the dividend Paid to the shareholders at prescribed rates as per the Income Tax Act, 1961.

3. Transfer to Reserves

The Board of Directors have decided to retain the profit after distribution of dividend for the Financial Year 2020-21 in the Statement of Profit and Loss hence no amount is being recommended to transfer to General reserve.

4. Consolidated Financial Statement;

In accordance with the provisions of the Companies Act, 2013 and the applicable Accounting Standards on the Consolidated Financial Statements, your Directors have attached the consolidated financial statements of the Company together with the Auditors' Report which form a part of this Annual Report.

In accordance with Section 136 of the Act, the audited financial statements, including the CFS and related information of the Company and the financial statements of each of the subsidiary companies, are available on our website, www.kurlon.com.

5. Change in the nature of business;

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

6. Material changes and Commitments effecting the financial position of the Company between the end of the Financial Year and date of this report.

6.1. COVID-19 Impact

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Operations and revenue have been impacted due to COVID-19.

Over past year, the COVID-19 pandemic has disrupted the lives and livelihood of many people across the world and changed the functional aspect of the Company. As a responsible and people-friendly organization, Kurlon has kept human safety above everything else. We have been pro-active in our measures to combat the challenge presented by the situation and acted in best interest of our people across all domestic and international locations.

The COVID-19 protocols as laid down by the state authorities have been strictly followed across all our manufacturing units, offices, stores and distribution areas to safeguard human health. Work from home was encouraged, wherever possible, and virtual connect was established to enhance safety amongst our employees. All employees were also covered under medical and health insurance to lend them the required financial security during their hour of need. Knowing well the significance of vaccination and to ensure the safety of our

employees, Kurlon applied for vaccinations too, for its entire workforce, as and when available.

The substantive economic package announced by Prime Minister during FY 21 could revive the downturn to a great extent. The COVID-19 impact remains a serious concern for governments and businesses. After lockdown, the Company as a responsible and people friendly organization, has implemented Standard Operating Procedures at workplace to ensure social distancing norms and also sanitized its offices, factories, stores and distribution areas to contain the spread of corona virus.

6.2. Written off investment held in Cox and Kings Ltd

The Board of directors at their meeting held on July 27, 2021 had unanimously approved to write off entire investment held in the commercial papers of Cox and Kings Ltd amounting to Rs. 2018.68 Lakhs.

7. Merger & Amalgamation

Your Company completed the merger of Spring Air Bedding Company (India) Ltd. ("Spring Air" or "Transferor Company") on 18.06.2020 (date of on which the certified true copy of order of Hon'ble NCLT Mumbai was filed to ROC). The merger is in line with Company's strategy to build a sustainable and profitable business in India. The Transferor Company has the requisite expertise for conducting business in the sector of manufacturing of mattress and also holds the Indian License of US based International "SPRING AIR" brand. This merger will bolster your Company's focus to build a profitable and sustainable Mattress business in India. It is expected post amalgamation having increased turnover, operational synergies and better utilization of resources can meet the market and customer needs with greater flexibilities and thus, it may further strengthen the Company's position in the domestic and international market.

8. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with the latest Indian Accounting Standard ("Ind AS")

9. Share capital

The authorized share capital of the Company as at March 31, 2021 is Rs. 75,30,00,000/- (Rupees Seventy Five Crores Thirty Lakhs Only) divided into 15,06,00,000 (Fifteen Crores Six Lakhs) Equity shares of Rs. 5/- (Rupees Five) each. The increase in authorized share capital was mainly due to merger of Spring Air Bedding Company (India) Limited with the Company.

The paid-up share capital of your Company increased by Rs. 8.49 Lakhs to Rs. 1827.61 Lakhs during the year under review. The Company has made an allotment of 1,69,868 Equity Shares of Rs. 5/- face value each fully paid up at par, to the shareholders of Spring Air Bedding Company (India) Limited, pursuant to the scheme of merger. Besides, there was no public issue, rights issue, bonus issue or preferential issue made by the Company during the year under review. The Company has not issued shares with

differential voting rights or sweat equity shares. The Company has not bought back any of its securities during the year under review

10. Directors and Key Managerial Personnel

Following are the directors and KMPs of the Company as on date of this report;

DIN/PAN	Directors and Key Managerial Personnel	Designation
00043298	Sri T Sudhakar Pai	Managing Director (KMP)
00030515	Mrs. Jaya S Pai	Director
00139754	Mr. Vishal Tulsyan	Nominee Director
03060429	Sri. Sivaramakrishnan Nagarajan *	Non-Executive Independent Director
07178853	Sri. Holebasavanahalli Nagaraj Shrinivas *	Non-Executive Independent Director
ADCPP5162H	Mrs. Jyothi Ashish Pradhan	Chief Executive Officer (KMP)
ALGPS1199D	Mr. Ritesh Shroff	Chief Financial Officer (KMP)
BMYPK6724N	Mr. Monu Kumar	Company Secretary (KMP)

*appointed in intermittent vacancy caused due to retirement of Dr. Nitin G Khot and Sri. S. Ananthnarayanan w.e.f. May 7, 2021.

None of the directors of the Company are disqualified under section 164 of the Companies Act, 2013.

At the 9th Annual General Meeting of the Company held on October 20, 2020, Mrs. Jaya S Pai (DIN: 00030515) has been reappointed as Non-Executive Director of the Company, liable to be retire by rotation.

During the year under review, Shri S. Ananthnarayanan and Dr. Nitin G Khot voluntarily retired as an Independent Directors of the Company w.e.f. 21.03.2021. After completion of long stint association with the Company, the Board places on record its appreciation and gratitude for their wise-counselling and valuable guidance over all these years.

Based on the recommendations of Nomination and Remuneration Committee, Sri Sivaramakrishnan Nagarajan and Sri. H.N. Shrinivas have been appointed as Non-Executive Independent Directors in the intermittent vacancy caused due to retirement of Sri. S. Ananthnarayanan and Dr. Nitin G Khot for a period of upto which Sri. S. Ananthnarayanan and Dr. Nitin G Khot would have held office if it had not been vacated i.e. till the conclusion of 13th Annual General Meeting of the Company to be held in the year of 2024. The said appointment is subject to your approval at the ensuing Annual General Meeting of the Company.

The aforesaid Independent Directors have given declarations that they meet the criteria of independence as contemplated under Section 149(6) read with Schedule IV to the Act and the same were taken on record by the Board. There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year the Board of Directors promoted Mrs. Jyothi Ashish Pradhan to CEO of the Company w.e.f 01/10/2020 at a remuneration as determined by the Board of Directors on the recommendation of Nomination and Remuneration Committee at their meeting held on March 21, 2021.

As per the provisions of the Companies Act, 2013, Mrs. Jaya S Pai will retire by rotation at the ensuing Annual General

Meeting (AGM) of the Company and being eligible, seek re-appointment. The Board has, on the recommendation of Nomination and Remuneration Committee ("NRC"), recommended her reappointment.

11. Declaration by Independent Director;

The Independent Directors have given declarations that they meet the criteria of independence as contemplated under Section 149(6) read with Schedule IV to the Act and the same were taken on record by the Board.

The Ministry of Corporate Affairs vide its circular dated 22 October 2019 further amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by requiring an independent director to apply online, within September 30, 2020, to the Indian Institute of Corporate Affairs for inclusion of his/her name in the data bank for such period till he/she continues to hold office of an Independent Director in any Company. The new Independent Directors have confirmed to the Company that they have registered themselves with the data bank of Indian Institute of Corporate Affairs and are independent to the Management of the Company.

12. Familiarization Programme for Independent Directors

The Company has put in place a Familiarization Program for Independent Directors to familiarize them with the Company, its businesses, their roles, rights, responsibilities & nature of industry in which Company operates. Directors are regularly updated on performance of the business of the Company, business strategy going forward and new initiative being taken/proposed to be taken by the Company through presentation by head of the Departments.

13. Deposit from Public

The Company has not accepted any deposits from the public within the meanings of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

14. Board and Committee Meetings

During the year under review, 9 (Nine) Board Meetings, 7 (Seven) Audit Committee Meetings were convened and held

apart from other Committee's meetings of the Company. The details of all the meetings including committee's meeting are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The calendar of Board and Committee Meetings were prepared and circulated in advance to the Directors.

15. Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee

Banking Committee formed by the Board earlier, has been discontinued Due to no significant outstanding loans from the Bank and financial institution. Your Company has not applied for any loans from the banking sector for the last 3 years except working capital facilities. Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Annual Report. During the year under review, all recommendations made by the various committees have been accepted by the Board.

16. Disclosure about receipt of Commission or Remuneration by Managing Director

In terms of the provisions of section 197(14) of the Act, Mr. T Sudhakar Pai receives remuneration and commission in its holding Company Viz. Kurlon Limited., apart from the Remuneration and Commission received from Kurlon Enterprise Limited. During the year, Total commission payable to Managing director from Kurlon Enterprise Limited is Rs. 183.49 Lakhs (which is 3% of net profit) whereas the managing director has waived his commission to be received from its holding Company Viz. Kurlon Limited for the year ended March 31, 2021.

Sl. No.	Name and address of the Company	CIN/GLN	Subsidiary/JV/Associate
1	Kurlon Retail Limited	U36104KA2012PLC065664	Wholly Owned Subsidiary
2	Komfort Universe Products and Services Limited*	U52520KA2021PLC143244	Wholly Owned Subsidiary
3	Belvedere International Limited**	U52520KA2020PLC142418	Wholly Owned Subsidiary
4	Starship Value Chain and Manufacturing (P) Limited (formerly known as Starship Manufacturing & Services (P) Limited)***	U36900KA2020PTC139535	Wholly Owned Subsidiary
5	Kanvas Concepts Private Limited***	U74999KA2020PTC138867	Wholly Owned Subsidiary
6	Sirar Solar Energies (P) Ltd	U40106KA2016PTC097367	Subsidiary
7	Sevalal Solar (P) Ltd	U40106KA2016PTC094328	Subsidiary
8	Sirar Dhotre Solar (P) Ltd	U40300KA2016PTC097314	Subsidiary

*w.e.f. 18.01.2021 **w.e.f. 21.12.2020 ***w.e.f. 21.03.2021

Annual Evaluation of Board and its Committees

Your Company believes that it is the collective effectiveness of the Board that impacts the Company's performance and thus, the primary evaluation platform is that of collective performance of the Board.

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

As per laid down procedure, the Independent Directors would hold a separate meeting whenever necessary, to review the performance of the Chairperson of the board of the Company, after taking into account the views of Executive and Non-Executive Directors. The substantial contribution of the Chairperson in the growth of the Company has been highly commended. The Independent Directors also reviewed the performance of all Executive and Non-Executive Directors 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.

17. Policy on Directors' Appointment and Remuneration :

The Board has, on the recommendation of the Nomination & Remuneration Committee framed and adopted a policy, inter alia, for remuneration and appointment of Directors, senior management and key managerial personnel of the Company. The details of Nomination and Remuneration Policy is stated in the Corporate Governance Report.

18. Details of Subsidiary/Joint Ventures/Associate Companies

During the year, The Company has 8 subsidiaries. There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

Details of Subsidiaries are as follows.

During the year under review, your Company has incorporated two (2) Wholly Owned Subsidiaries i.e. Komfort Universe Products and Services Limited (“KU”) and Belvedere International Limited (“BIL”) vide Certificate of Incorporation dated January 18, 2021 and December 21, 2020 issued by the Registrar of Karnataka. The main object of KU is to carry on the retail business and trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India whereas the main object of “BIL” is to carry on retail business of mattresses, Pillows, Furniture and other related Products and Services of International Brands on retail and B2B basis in India.

On March 21, 2021, the Board of directors of the Company unanimously resolved to purchase entire (100%) shares of M/s Kanvas Concepts Private Limited and M/s Starship Value Chain and Private Limited (formerly known as Starship Manufacturing & Services Private Limited) [“Starship”] from the existing shareholders of the these Companies at par. M/s Kanvas Concepts Private Limited is formed to engage in the business of Home Interior décor, wherein the Company can explore its entire products including furniture items to increase its overall revenue and profitability. Further, In order to gain the momentum in the market and to increase the market shares and profitability of the Company, the management, during Pandemic, explored to offer a contactless delivery service to the end consumers of the Company, which needed to be rationalize, restructure and modernize with value chain of logistics therefore sought an opportunity to enter into the logistics cum value chain space with more experienced and skilled team. Since government offices were operating at minimal levels/staffs, during pandemic, hence management decided to form an LLP called Starship Global VCT LLP (SGVCT) in equal partnership between Mr. T Sudhakar Pai and Mr. Ashish Vilas Pradhan, with the clear intent to fold back the outfit to KEL. SGVCT has taken over the Company’s warehouses, modernizing them with cameras, implementing FIFO, enabling technology to track last mile delivery for all channel as well online orders and providing FOFO counters with the convenience of having mattresses delivered directly to the end consumers. The Board at their meeting held on March 21, 2021 decided to shift the logistic business from LLP to a 100% subsidiary of Kurlon Enterprise Limited i.e. M/s Starship Value Chain and Private Limited (formerly known as Starship Manufacturing & Services Private Limited) [“Starship”] which can run the logistic/supply chain business under the “STARSHIP”.

Pursuant to Section 129(3) of the Companies Act 2013 read with Rule 5 of Companies (Accounts) Rules 2014 a statement containing salient features of financial statements of WOS and its Subsidiaries Companies are

provided as Annexure “A” in form AOC-1 and therefore not repeated to avoid duplication.

19. 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:

- That in the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures and the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013.
- 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, 2021 and of the Profit of your Company for the Financial Year ended March 31, 2021.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- That the annual accounts for the Financial Year ended March 31, 2021 have been prepared on a going concern basis;
- 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.

20. Management Discussion and Analysis Report.

Management’s Discussion and Analysis report for the year under review are attached as Annexure “C” forming part of this report.

21. Report on Corporate Governance.

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance practice as set out in the Act. The Company is also committed to benchmarking itself with global standards for providing good Corporate Governance. A Report on Corporate Governance is disclosed as Annexure “B” forming part of this Report.

22. Auditors and Auditors’ report

Statutory Audit:

M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration Number 008072S) have also been Statutory Auditors of Kurlon Ltd. (the Holding Company) and have served as the statutory Auditors for the maximum period of 10 Years. In order to align the holding Co. with your Company for the purpose of facilitation of consolidation of accounts and there is a need to have a single auditor for

both the Companies. Therefore, M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration Number 008072S) has resigned from your company vide their letter dated 28.10.2021 from the position of statutory auditors resulting into a casual vacancy in the office of the statutory auditors of the Company as envisaged in section 139(8) of the Companies Act, 2013.

Based on the recommendation of the Audit Committee, The Board of directors at its meeting held on October 28, 2021 have appointed M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004) as the statutory auditors of the Company to fill the casual vacancy caused due to resignation of M/s Delloitte Haskins & Sells, Chartered Accountant, (Firm Registration No.: 008072S), to hold office till the conclusion of this Annual General Meeting subject to the approval of the members in pursuant to the provisions of section 139(8) of the Act.

Further, pursuant to recommendation of Audit Committee, Board also approved appointment of M/s. S. R. Batliboi & Associates, LLP, as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of this AGM till the conclusion of the 15th Annual General Meeting to be held in year 2026 subject to your approval in this AGM.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004), for such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made thereunder.

Audit reports

The notes on financial statement referred to in the auditors’ report are self-explanatory and do not call for any further comments. The Statutory Auditor’s report does not contain any other qualifications, reservations, adverse remarks or disclaimers.

Secretarial Audit:

Your Board has appointed Mr. Deepak Sadhu, Practicing Company Secretary, Bangalore, as Secretarial Auditor of the Company for the financial year 2020-21 and secretarial audit report for the financial year ended 31st March, 2021 is enclosed as Annexure-D. The report contains the following observations;

The observation with respect to the FCGPR compliance pursuant to issue of Bonus shares remains the same.

Your directors are of the opinion that the reply to aforesaid

observation is already given in the Boards’ report for FY 20 which stand same and do not call for further explanation as the Company yet to receive requisite documents from concern shareholders.

Cost Audit:

In terms of the Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records pertaining to manufacture of PU Foam and foam products/business. The stipulated cost records pertaining to the said products/business are maintained.

M/s. GNV & Associates, Cost Accountants, Bangalore, were appointed as Cost Accountants of the Company for conducting the cost audit for the financial year 2020-21 at a remuneration of Rs. 2,50,000/- plus tax as applicable and re-imbursment of out-of-pocket expenses and the same was ratified by you at the 9th annual general meeting of the Company held on October 20, 2020.

The Board after considering the recommendations of its Audit Committee, appointed the aforesaid firm as cost auditors for the financial year 2021-22 and appropriate resolutions in this connection has been included in the notice calling the ensuing Annual General Meeting of the Company for ratification purpose. Cost audit report for the financial year ended 31st March, 2020 was filed with the Central Government on December 30, 2020.

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

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), dividends of a Company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (“IEPF”).

In terms of the foregoing provisions of the Act, there is no dividend which require to be transferred to the IEPF by the Company during the year ended 31st March 2021.

24. Particulars of Loans, Guarantees and Investments

The particulars of Loans given, investments made, guarantees given and securities provided in accordance with the provisions of Section 186(4) of the Companies Act, 2013 during the year under review are as follows;

Category	Date of Loan/ Investment/ Security/ Guarantee	Details of Loan/ investment/ Security/Guarantee	Name of the Company in which Investment/ Loan/Guarantee is made/given	Purpose of which the loan/guarantee/security is proposed to be utilized by the recipient	Amount (In Lakhs)
Investment	21.03.2021	Investment in the Equity shares	Kanvas Concepts Private Limited	NA	1.00

Category	Date of Loan/ Investment/ Security/ Guarantee	Details of Loan/ investment/ Security/Guarantee	Name of the Company in which Investment/ Loan/Guarantee is made/given	Purpose of which the loan/guarantee/security is proposed to be utilized by the recipient	Amount (In Lakhs)
Investment	21.03.2021	Investment in the Equity shares	Starship Value Chain and Manufacturing Private Limited (Formerly Known as Starship Manufacturing and Services Private Limited)	N.A.	0.50
Investment	20.11.2020	Investment in the Equity shares	Belvedere International Limited	N.A.	5.00
Investment	20.11.2020	Investment in the Equity shares	Komfort Universe Products and Services Limited	N.A.	5.00
Investment	09.05.2020	Additional Investment in the Equity shares	Sevalal Solar Private Limited	N.A.	4.00
Investment	20.04.2020	Additional Investment in the Equity shares	Sirar Solar Energies Private Limited	N.A.	4.00
Investment	20.04.2020	Additional Investment in the Equity shares	Sirar Dhotre Solar Private Limited	N.A.	4.00
Loan/ advances	29.03.2021	Loan repayable on demand	Kanvas Concepts Private Limited	For operating expenses	85.00
Loan/ advances	Multiple date	Loan repayable on demand	Sevalal Solar Private Limited	For operating expenses	2.46
Security and Guarantee	NIL	NIL	NIL	NIL	NIL

Total additional Investments made in the Mutual Funds during the year is Rs. 1656.11 Lakhs

25. Particulars of Contracts or Arrangements with related parties

Related party transactions entered during the financial year under review are disclosed in Notes to the financial statements of the Company for the financial year ended 31st March, 2021. These transactions entered were at an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions with the Company's promoters, directors, management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions are given elsewhere in this report and the same forms part of this report.

26. Risk Management System

As a diversified enterprise, your Company believes that, periodic review of various risks which have a bearing on the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment so that it can limit the negative impact and capitalize on opportunities.

Keeping the above in view, your Company has formulated a Risk Management Policy duly reviewed by the Board of

Directors. The policy includes risk identification, analysis and prioritization of risk and development of risk mitigation plans. The Company has constituted a Risk Management Committee to look into the risk involved with the Company and its Mitigation.

27. Safety, Health and Environment

The Safety & Health of the employees are accorded the highest priority and safety is considered as one of the most important key performance indicators (KPI's) of the Company. The management is committed to ensure zero harm to its employees and to all persons within the Company premises. Safety and occupational health responsibilities are integral to the Company's business processes, as spelt out in the Company's Safety, Health and Environment Policies and procedures.

To ensure smooth operations and health of employees during COVID-19 pandemic various initiatives were implemented such as sanitization at all workplace, seating arrangement with a distance of 2 meters, Health and Travel declaration form, thermal scanning at gate entry to capture temperature of individual and generate alert in case of any abnormality.

The Company has substantially reduced the number of on-site injuries with its strong emphasis on improving health and safety parameters, reducing risks through people engagement, capability building, and its strengthening health and safety management systems and processes.

The Company is also committed to minimizing the environmental impact of its operations, through adoption of sustainable practices. The Company integrates the consideration of environmental concerns and impacts into its decision making and activities by promoting environmental awareness among our employees and encouraging them to work in an environmentally responsible manner & communicate our environmental commitment to clients, customers, the public and encourage them to support it. It also strives to continually improve its environmental performance by minimizing the social impact and damage by periodically reviewing the policy in light of its current and planned future activities.

The Company stands ahead of its peers for its management of natural resources, energy management, carbon emissions reduction, conservation of water resources and biodiversity and management of waste and is committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimizing our potential impact on the environment. Your Company under "KURLON 2.0" is moving towards digital transformation which would certainly help the Company to increase its productivity, workflow, culture, system/process and profitability.

The Company operates in compliance with all relevant environmental legislation and we will strive to use pollution prevention and environmental best practices.

In addition to complying with all applicable environmental laws and regulations, the Company is committed to:

- Proper management of Hazardous waste & solid waste.
- Maintain 'Zero' discharge pattern by installation of Effluent Treatment Plant & Sewage Treatment Plant.
- Regular compliance of environmental Rules & Regulation.
- Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environment and sustainability issues.

The Company gives a lot of emphasis on inculcating safety in the lives of its employees. Employees, including contractors, are provided safety training regularly. The Company's factories are certified with OHSAS:18001 standard.

28. Vigil Mechanism/ Whistle Blower Policy

The Company has a vigil mechanism for Directors and

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

29. Corporate Social Responsibility (CSR)

Your Company being a responsible Corporate Citizen and an early adopter of CSR initiatives, works primarily through various Trusts/societies, School and Colleges, towards supporting projects in the areas of promotion of health, Education and development; rehabilitation, enhancing vocational skills; promoting healthcare including preventive health care and rural development. The Company's CSR Policy is available on the website of the Company at www.kurlon.com. The CSR Policy of the Company is amended vide Board resolution dated May 7, 2021 to incorporate amendments brought about to the provisions of section 135 of the Act and rules vide notification dated 22nd January, 2021 issued by MCA. A report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as Annexure – E. The Board of Directors of the Company at their meeting held on May 7, 2021 have also reconstituted its CSR Committee comprising 4 (four) Directors with majority of independent Directors.

The Board of directors of your Company at their meeting held on May 7, 2021 had unanimously resolved to form a public charitable trust in the name of Kurlon Kares Trust (KKT), a non-profit entity, to support initiatives that benefit the society at large without any distinction of place, nationality or creed, for the advancement of learning and research, the relief of distress and other charitable purposes without any profit motive. The Trust would be undertaking various CSR activities like Promotion of Health and Education, Stray animal's welfare, Natural Resource Management and Rural Livelihoods, Media Art and Culture, Urban Poverty and Livelihoods, Civil Society etc. in more controlled, effective, systematic and transparent manner.

30. Business Responsibility Report

Kurlon as a responsible citizen has adopted and committed to maintain ethical business standards to promote inclusive growth and sustainable development of business, ensuring that all aspects within the ambit of the ESG components are adequately covered. This is in line with Company's philosophy of 'to deliver exponential growth and maximized wealth for channel and stakeholders in a socially responsible way.

At Kurlon, we commit ourselves to operate our business in a sustainable manner. We ensure that prime focus is given to enhance sustainable business operations, based

on the National Voluntary Guidelines (NVG). This includes our initiatives towards Employee Wellbeing, Environmental Responsibility and Community Wellness. The Business Responsibility Report (BRR) even though not mandatory for the company, is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs.

Our Principle Wise Performance are as follows;

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

This covers the Company, subsidiaries and group companies

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The company has not received any complaints during the year from shareholders. However, the Consumer Complaints are being attended by a dedicated customer delight team (CDT) and are resolved expeditiously. During the year there have been 11679 cases in consumer forum out of which 3606 have been settled.

No.	Category	No of Complaints Filed during the Financial year	No of Complaints Pending as on end of the Financial year
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees 90%
- (b) Permanent Women Employees 100%
- (c) Casual/Temporary/Contractual Employees-100 %
- (d) Employees with Disabilities- Not Applicable

Principle 3 : Businesses should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

Principle 2 : Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total number of employees as on 31st March 2021 were 716.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Out of the total Employees, 12 were on contractual basis.

3. Please indicate the Number of permanent women employees.

The number of women employees as on 31st March 2021 was 17.

4. Please indicate the Number of permanent employees with disabilities.

Number of permanent employees with disabilities as on 31st March 2021 were ZERO.

5. Do you have an employee association that is recognized by management.

No

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

This covers the Company, subsidiaries and group companies

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received by the Company on Human rights issue

Principle 4 : Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

Confederation of Indian Industry (CII)

All India Manufactures Organization (AIMO) and

All India Coir Mattress Manufactures Association (AICMMA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies,

Yes, all of the above.

Principle 5 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

As on 31 March, 2021 Company has around 69.1% of total consumer complaints pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

Yes

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There was no case filed for unfair trade practice, irresponsible advertising or anti-competitive behavior over the last 5 years.

4. Did your company carry out any consumer survey/consumer satisfaction trends?

Yes but for satisfaction and better improvement.

Principle 6 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) The company recycles the scrap foam to rebonded foam and does not dispose any to the environment.

(b) the rubberized coir cuts are reused back to the mattress avoiding additional coir requirement or land fill.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) The reduction in foam scrap has increased the Yield reducing the requirement of raw material

(b) the coir cuts were otherwise used as fuel / land fill which has been avoided

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Company believes in sustainable sourcing and logistic solutions, today about roughly 10 % of our raw material are sourced in bulk. This eliminates wastage of packaging material and disposal concern.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. In terms of support, the Company is giving business to the small vendors and local communities in which the company operates. The Company is also spending on CSR projects specially focusing in the area in which local and small vendor communities are present and also closest to the production unit located across India.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Company does have a mechanism to recycle waste/scrap. Some scrap products of the Company like foam is converted into rebonded/ chip foam and also coir trim waste is effectively used for production of Coir Mattresses. EPE trim waste is recycled for production of fresh EPE products. The total percentage of recycling of the products and waste is 12%.

Principle 7 : Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company CSR team provides and promotes skill development and education to under privileged children. The Company has recently initiated the CSR project "Vidhya Ratna" to support the government schools going children under the age of 18 age to promote education and overall development.

Principle 8 : Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 8 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

It extends to the Subsidiaries and group companies.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has installed Solar power plants at its factories for conserving energy. In addition the Company has 3 Subsidiaries Viz. Sirar Solar Energies Private Limited, Sirar Dhotre Solar Private Limited and Sevalal Solar Private Limited which produces clean energy addressing in its own small way global environmental issue of climate change and global warming. For more details on conservation of energy Please refer the directors report.

3. Does the company identify and assess potential environmental risks?

Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Same as point 2 above.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Same as point 2 above.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No

Principle 9 : Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 9? If yes details thereof

Yes. The programs are mostly implemented through the CSR arm of the Company. These include awareness programs, Swachh Bharat Campaigns, Skill Development Programs, Education to under privileged children program etc.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

As of now "in house CSR team" of the Company, monitors and coordinates with external NGOs/Trust/other organizations to undertake such programmes/projects. The Company has recently formed "KURLON KARE FOUNDATION" to implement this going forward.

3. Have you done any impact assessment of your initiative?

Not Applicable as per CSR Rules.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

The Company and its CSR team has incurred a sum of Rs. 2,59, 81, 946/- Lakhs on CSR projects comprising of health, Education, skill development and livelihood during the year.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

The Company and its CSR team encourages all communities to adopt the development programs and it is observed that such programs are well received by community and supported throughout in a sustainable way.

31. Internal Financial Controls and Audit

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

The Company's internal control framework focus on strong governance, vigilant finance function and independent internal reviews. Risk evaluation exercise priorities risks facing the business, on the basis of which strategies are formulated. The Audit Committee periodically reviews and takes suitable actions for any

deviation, observation or recommendation suggested by the internal auditor. The Company strives to follow the best practices in corporate governance. Well documented policies and procedures enable it to strictly adhere to all applicable procedures, laws, rules and statutes. However, during the audit, the auditors has observed weakness in IT Control. Accounting Standards are strictly followed while recording transactions. A host of strategies are devised in addition to robust MIS systems, for real-time reporting, so as to control expenses. Any variance from budgetary allocation is promptly reported and corrected to ensure strict compliance.

32. Annual Return

The Annual Return of the Company as on March 31, 2021 is available on the Company's website and can be accessed at

<http://cdn.kurlon.com/pdf/annualreturn2021.pdf>.

33. Significant and Material Orders

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

34. Secretarial Standards

The Company is in compliance with the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2)

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

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A policy on Prevention of Sexual Harassment at Workplace has been released by the Company. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. Three member Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority. The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

No complaints pertaining to sexual harassment was reported during the year.

36. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure "F" to the Board's report.

37. Human resources and industrial relations

The Company believes that the quality of employees is the key to its success. In view of this, it is committed to equip them with skills, enabling them to evolve with technological advancements.

During the year, the Company organized various training programmes for its employees PAN INDIA on safety and awareness, inspection and quality control measures, preventive & predictive Maintenance, waste management, NPD, IR & HR Related, quality awareness, process control, Automation, ERT, customer orientation and skills.

The HR department of the Company was continuously in touch with employees to guide and solve problems. It created awareness regarding COVID-19 and educated employees about precautions. The Company conducted all interviews through telephone and video calls in reference to the need for social distancing. The Company prepared a systematic operating plan to address COVID-19 after the lockdown is lifted. The Company's permanent employee strength stood at 716 as on 31st March, 2021

38. Acknowledgements

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, auditors, government authorities, customers and vendors during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers. The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the Management.

The Directors deeply regret the loss of life caused due to the outbreak of COVID-19 and are grateful to every person who risked their life and safety to fight this pandemic.

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

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

**Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853**

Date : 28-10-2021 Place : Bangalore.

Form AOC-2

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

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

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

2. Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2021 are as follows;

Name of related party	Nature of relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board approval	Rs. in Lakhs
Kurlon Limited	Holding Company	Trade Recoverable	Ongoing	as per BTA	19.05.2020 21.03.2021	1249.14
Kurlon Limited	Holding Company	Sale & Purchase of Goods	Ongoing	as per BTA	19.05.2020 21.03.2021	8462.90*
Mrs. Jyothi A Pradhan	Holding Office or Place of profit	Remuneration	Ongoing	as per members resolution	22.09.2020	44.67
Mr. T Sudhakar Pai	Managing Director	Remuneration	Ongoing	as per members resolution	27.09.2017	259.65
Manipal Advertising Services (P) Ltd	Entity Significantly influenced by Director(s)	Advertisement Expenses	Ongoing	as per PO	19.05.2020 21.03.2021	1187.33
Kurlon Limited	Holding Company	Capital Advance	1 Year	as per agreement	21.03.2021	1250.00
Starship Global VCT LLP	Entity significantly Influenced by Director(s) and his relatives	Trade recoverable	Ongoing	as per MOU	21.03.2021	180.18
Kanvas Concepts (P) Limited	WOS	Loan/Advances	1 year	Loan repayment on demand unless Board Decide otherwise	21.03.2021	85.00
Kurlon Retail Limited	WOS	Sale of goods	Ongoing	as per MOU	19.05.2021 21.03.2021	934.25
Kurlon Retail Limited	WOS	Scheme related Expenses	Ongoing	as per MOU	19.05.2021 21.03.2021	734.50
Starship Global VCT LLP	Entity Significantly Influenced by Director(s) and Relatives	End to end Logistics Services	Ongoing	as per MOU	21.03.2021	1834.08

***Excluding of Rate Difference on purchase.**

Note : Transactions like payment of remuneration and Dividend are as per the terms approved by the shareholders. Transactions pertaining to advertisement expenses, purchases and sales are also entered in the ordinary course of business at an arm's length basis as per business requirements of the Company.

FORM AOC - 1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A : Subsidiaries

(Information in respect of each subsidiary are presented with amounts in Lakhs).

Sl. No.	Particulars	Subsidiary 1	Subsidiary 2
1	Name of Subsidiary	KURLON RETAIL LIMITED	KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
2	Date of Incorporation	31/08/2012	18/01/2021
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	18.01.2021 to 31.03.2021
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA
5	Share capital	763.33	5.00
6	Reserves & Surplus	(1361.52)	(0.15)
7	Total Assets	4723.72	5.02
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	5321.91	0.17
9	Investments	-	-
10	Turnover/Income from operations	2390.33	-
11	Profit/(Loss)before Tax	(787.12)	(0.15)
12	Provision for Taxation	(12.80)	-
13	Profit/(Loss) After Tax	(774.32)	(0.15)
14	Proposed Dividend	-	-
15	% of shareholding	100%	100%

Sl. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
1	Name of Subsidiary	BELVEDORE INTERNATIONAL LIMITED	KANVAS CONCEPTS PRIVATE LIMITED	STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED
2	Date of Incorporation	21/12/2020	22/09/2020	09/10/2020
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	21.12.2020 to 31.03.2021	22.09.2020 to 31.03.2021	09.10.2020 to 31.03.2021
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share capital	5.00	1.00	0.50
6	Reserves & Surplus	(0.14)	(20.52)	(0.17)
7	Total Assets	5.03	100.94	0.43
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	0.17	120.46	0.10

Sl. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
9	Investments	-	-	-
10	Turnover / Income from operations	-	15.62	-
11	Profit / (Loss) before Tax	(0.15)	(19.82)	(0.17)
12	Provision for Taxation	-	0.70	-
13	Profit / (Loss) After Tax	(0.15)	(20.52)	(0.17)
14	Proposed Dividend	-	-	-
15	% of shareholding	100%	100%	100%

Sl. No.	Particulars	Subsidiary 6	Subsidiary 7	Subsidiary 8
1	Name of Subsidiary	SIRAR SOLAR ENERGIES PRIVATE LIMITED	SIRAR DHOTRE SOLAR PRIVATE LIMITED	SEVALAL SOLAR PRIVATE LIMITED
2	Date of Incorporation	25/10/2016	21/10/2016	22/06/2016
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share capital	5.00	5.00	5.00
6	Reserves & Surplus	14.63	16.53	(28.48)
7	Total Assets	304.79	300.90	53.81
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	285.16	279.37	77.29
9	Investments	-	-	-
10	Turnover/Income from operations	47.51	46.55	-
11	Profit/(Loss) before Tax	(7.73)	(5.14)	(26.18)
12	Provision for Taxation	-	-	-
13	Profit/(Loss) After Tax	(7.73)	(5.14)	(26.18)
14	Proposed Dividend	-	-	-
15	% of shareholding	93.80%	93.80%	93.80%

Notes:

- Names of subsidiaries which are yet to commence operations – BELVEDORE INTERNATIONAL LIMITED
- Names of subsidiaries which have been liquidated or sold during the year – SPRING AIR BEDDING COMPANY (INDIA) LIMITED (by virtue of Amalgamation)

Part "B": Associates and Joint Ventures - NOT APPLICABLE

For and on Behalf of the Board For Kurlon Enterprise Limited

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

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Date : 28-10-2021
Place : Bangalore.

REPORT ON CORPORATE GOVERNANCE**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Kurlon Enterprise Limited (hereinafter "Company") believes that good corporate governance is process in directing and controlling the affairs of the Company in a systematic and efficient manner and helps in achieving the goal of maximizing value of Company's stakeholders in a sustainable manner. Company's Governance framework is built on transparency, integrity, ethics, honesty and accountability as core values, and the management believes that practice of each of these creates the right corporate culture fulfilling the purpose of Corporate Governance. 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.

Our corporate governance is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

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. 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 comprises with highly qualified members possessing required skills, expertise and competence in making effective contributions towards the growth of the company.

The Board of Kurlon Enterprise Limited consists of eminent persons with optimum balance of Executive, Non-Executive and Independent Directors, having professional expertise and valuable experience in their respective areas of specialization and bring a wide range of skills and experience to the Board.

The Chairman of the Board is the Executive Director and provides vision and leadership for achieving the approved strategic plan and business objectives with support of other board members and Chief Executive Officer ("CEO"). The Managing Director presides over the Board and the Shareholders' meetings. The Board further confirms that in its opinion, the independent directors fulfil the conditions specified in the Companies Act, 2013 and are independent from management.

While appointing new Directors on the Board, the Nomination and Remuneration Committee of the Board considers the qualifications, positive attributes and independence as per the criteria laid down in that behalf and makes its recommendation to the Board for its consideration.

As on the date of this report the Board comprises of 5 (Five) Directors, which include 2 (Two) Non-Executive Independent Directors, 1 (One) Executive Director, 1(One) Non-Executive Women Director and 1 (One) nominee Director.

The Board, inter-alia, provides leadership, strategic guidance, objective and independent view / judgment to the Company's management. The Board meets at regular intervals for planning, assessing and evaluating all important business. The Board members are updated from time to time, on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.

None of the Board of Directors of the Company is a member on more than 10 committees or Chairman of more than 5 committees, across all the listed / public limited Companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

II. Attendance at the Board meeting, last Annual General meeting and number of other Directorships

Name of Director Designation/Category	No of Board Meetings attended during the F.Y. 2020-2021	Whether attended AGM held on 20.10.2020	No. of Directorships held in other Companies*	No. of Membership / Chairmanship in other Board Committee(s)**	
				Chairman	Member
Mr. T Sudhakar Pai Managing Director Executive	9	Yes	8	-	2
Mrs. Jaya S Pai Non-Executive Director	9	No	4	2	4
Dr. Nitin G Khot*** Non-Executive Independent Director	6	No	1	2	6
Sri. S. Ananthnarayanan*** Non-Executive Independent Director	8	No	1	4	4
Mr. Vishal Tulsyan Nominee Director, Non-Executive	3	No	3	-	3

* Directorships held in Private Limited have been excluded. Directorship in all Public Limited entities including Kurlon Enterprise Limited are Shown.

** Memberships / chairpersonships of Audit Committee, CSR, NRC and Stakeholders' Relationship Committee in all public limited Companies including Kurlon Enterprise Limited have been considered.

*** Ceased to be Independent Directors w.e.f. 21st March, 2021 due to voluntarily retirement.

III. Meetings

Nine (9) Board Meetings were held during the year ended 31st March, 2021 i.e. on 19.05.2020, 12.06.2020, 19.08.2020, 22.09.2020, 19.10.2020, 05.01.2021, 03.02.2021, 12.02.2021 and 21.03.2021 respectively.

The gap between any two meetings did not exceed one hundred and twenty days. In view of Covid-19 pandemic some of the board meetings were held through video conferencing / other audio-visual means mode as allowed by the MCA vide its Circular No.20/2020 dated 5th May, 2020.

A meeting of the Independent Directors was held on 19.05.2020 and inter-alia, discussed on matters pertaining to performance review of the Board, Chairman and Non-Independent Directors.

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

Details of directors seeking appointment/reappointment at the ensuing annual general meeting are provided in Annexure "A" annexed to the notice of AGM.

and chairmanships/ memberships of committees of each Director in various Companies.

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the financial year ended 31st March, 2021 are as follows:-

3. Audit Committee

a. Terms of Reference

The Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with Section 177 of the Act and is reviewed from time to time.

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

- 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.
- To discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- To review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- To 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.
- To hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- To 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.
- To review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- To review with the management, performance of the statutory and internal auditors.
- To 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.
- To evaluate internal financial controls and risk management systems.
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- To discuss any significant findings with internal auditors and follow-up thereon.

- To 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.
- To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To approve transactions, including any subsequent modifications, of the Company with related parties.
- To review and monitor the statement of use and application of funds raised through public offers and related matters.
- To review the functioning of the Whistle Blower/Vigil mechanism.
- To review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- To approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

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

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

Name of the Member	Designation	No. of meetings during the year 2020-21	
		Held	Attended
Dr. Nitin G Khot*	Non-Executive Independent Director	7	4
Sri. S Ananthnarayanan*	Non-Executive Independent Director	7	7
Mr. T. Sudhakar Pai	Managing Director, Executive	7	7
Mr. Vishal Tulsyan	Nominee Director, Non-Executive	7	1

* Voluntarily retired w.e.f. March 21, 2021.

Seven (7) Audit Committee Meetings were held during the year ended 31st March, 2021, i.e., on 19.05.2020, 19.08.2020, 22.09.2020, 19.10.2020, 03.02.2021, 12.02.2021 and 21.03.2021. The gap between any two meetings did not exceed one hundred and twenty days and necessary quorum was present at all meetings. In view of Covid19 pandemic exists throughout the year, some of these Committee meetings were held through video conference or other audio visual means mode as allowed by MCA vide its Circular No.20/2020 dated 5th May, 2020.

The Committee relies on the expertise and knowledge of the management, the internal auditor and the statutory auditor, in carrying out its oversight responsibilities. It also uses external expertise, if required. The management is responsible for the preparation, presentation and integrity of the Company's financial statements, including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal controls.

The Chairperson of the Audit Committee attended the last Annual General Meeting of the Company held on 20th October, 2020. The Company Secretary acts as secretary to the meeting.

4. Nomination And Remuneration Committee

a. Term of reference;

Name of the Member	Designation	No. of meetings during the year 2020-21	
		Held	Attended
Dr. Nitin G Khot* Chairman	Non-Executive Independent Director	4	3
Sri. S Ananthnarayanan* Member	Non-Executive Independent Director	4	4
Mrs. Jaya S Pai Member	Non-Executive Director	4	4
Mr. Vishal Tulsyan Member	Nominee Director, Non-Executive	4	1

* Voluntarily retired w.e.f. March 21, 2021.

The constitution and composition of the Committee thus satisfy the requirements of Section 178 of the Act. The Committee during the financial year 2020-21, met on 19.05.2020, 22.09.2020, 05.10.2020 and 21.03.2021. The Chairman of the Nomination and Remuneration Committee has attended last Annual General Meeting of the Company held on 20th October, 2020. The Company Secretary acts as secretary to the meeting.

The terms of reference of the Committee broadly cover the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee has been entrusted with the following responsibilities;

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and

Recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other senior management;

- Formulation of criteria for evaluation of performance of independent directors and the board of directors;

- To carry out evaluation of every Director's performance;

- To devise policy on Board diversity;

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

The Composition of the said Committee and details of meetings attended by the Directors are given below:

c. Remuneration policy

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

industry while fixing appropriate remuneration packages for Directors, Key managerial personnel and Senior Management which are designed based on the following set of principles:

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

Remuneration paid to Executive Directors & KMP(s)

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

At the Board meeting, only the Non-Executive and Independent Directors vote 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, 198 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites if any and Allowances, Contribution to Provident Fund and

Name of the Member	Designation	No. of meetings during the year 2020-21	
		Held	Attended
Mr. S Ananthnarayanan* Chairperson	Non-Executive Independent Director	3	3
Dr. Nitin G Khot* Member	Non-Executive Independent Director	3	-
Mr. T Sudhakar Pai Member	Managing Director, Executive	3	3

* Voluntarily retired w.e.f. March 21, 2021.

c. Details of investor complaints received, redressed and pending during the financial year ended 31st March, 2021

Opening Balance	Received	Resolved	Closing balance
Nil	Nil	Nil	Nil

other funds as per company policy. The term of appointment of Executive Directors is 5 (five) years.

5. Shareholders' / Investors Grievance Committee Or Stakeholders' Relationship Committee

A. Terms Of Reference

The Committee, inter-alia, approves issuance of duplicate share certificates as well as oversees and reviews all matters connected with the securities transfer, transmission, nomination, dematerialization and rematerialization including redressing grievances related thereto, allotment of shares and to review from time to time overall working of the secretarial department/RTA of the Company relating to the shares/securities. The Committee also considers redressing of shareholder's complaints relating to non-receipt of notices/annual reports and dividends etc.

b. Composition and Attendance during the year;

During the financial year ended 31st March, 2021 the Committee met 3 times on 19.05.2020, 22.09.2020 and 03.02.2021 and the necessary quorum was present at all meetings. The Company Secretary of the Company acts as the secretary to the meeting. The Chairman of the Committee has attended last Annual General Meeting of the Company held on 20th October, 2020. The constitution of the Committee is in compliance with section 178 of the Act.

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

6. Corporate Social Responsibility Committee ("CSR" Committee)

a. Term of reference

The terms of reference of the CSR Committee cover the matters specified for CSR Committees under Section 135 of the Companies Act, 2013 read with read with Companies (Corporate Social Responsibility) Rules, 2014 which includes to Formulate and recommend to the Board, a Policy on CSR, indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act, to recommend the amount to be spent on the CSR activities or Monitor the Company's CSR Policy periodically or to oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible

corporate citizen and such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The Annual Report on CSR activities for the year 2020-21 is annexed as an Annexure E forms a part of the Board's Report.

b. Composition and Attendance during the year;

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

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

Name of the Member	Designation	No. of meetings during the year 2020-21	
		Held	Attended
Mrs. Jaya S Pai Chairperson	Non-Executive, Director	5	5
Dr. Nitin G Khot Member	Non-Executive, Independent Director	5	1
Sri. S. Ananthanarayanan Member	Non-Executive, Independent Director	5	5
Mr. Vishal Tulsyan Member	Nominee Director, Non-Executive	5	1

The CSR Committee met 5 (Five) times during the FY 2020-21 as at 19.05.2020, 12.06.2020, 19.10.2020, 22.09.2020 & 12.02.2021 respectively. Mrs. Jaya S Pai acts as the Chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

7. Risk Management Committee ("RMC")

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

a. Term of reference

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

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

b. Composition and Attendance during the year

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

Name	Designation	No. of meetings	
		Held during the Year	Attended
Mr. T Sudhakar Pai Chairperson	Managing Director, Executive	2	2
Sri. S. Ananthanarayanan Member	Non- Executive, Independent Director	2	2
Mr. Ritesh Shroff Member	Chief Financial officer ("CFO")	2	2

The RMC Committee met twice during the year, on 19.05.2020 & 05.01.2021 respectively. Necessary Quorum was present throughout the meetings and Mr. T Sudhakar Pai acts as the chairperson to the meeting and Company Secretary acts as secretary to the meeting.

8. General Body Meetings

A. The particulars of day, date, time, venue special resolutions passed, if any, in last three Annual General Meetings of the Company are given below:

Year	Particulars	Day, Date and Time of the AGM	Venue	Summary of special resolution(s) passed if any,
2020	9TH AGM	Tuesday 20.10.2020 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	No Special Resolution
2019	8th AGM	Friday 27.09.2019 3.00 P.M.	"GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian oil Nagar on link road, Andheri (West) Mumbai-400053.	Reappointment of Sri S Ananthanarayanan as Non- Executive, Independent Director of the Company Reappointment of Dr. Nitin G Khot as Non-Executive, Independent Director of the Company
2018	7th AGM	Thursday 20.09.2018 4.00 P.M.	"GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian oil Nagar, on link road, Andheri (West) Mumbai-400053	To issue of Bonus shares

All resolutions moved at the last Annual General Meeting held on 20.10.2010 were passed by the requisite majority of shareholders through Ordinary resolution.

B. Extra ordinary General Meeting

There was No EoGM held during the year.

C. Postal Ballot

The Company during the financial year ended 31st March, 2021 did not conduct any postal ballot hence, passing of special resolution through postal ballot did not arise.

9. Reconciliation of Share Capital Audit

As stipulated by Companies Amendment Act, a qualified Practicing Company Secretaries/ Chartered Accountants carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried

out every half yearly and the report thereon is submitted to the Registrar of Companies Mumbai.

10. Disclosures

A. Related Party Transactions

During the financial year ended 31st March, 2021 there are no materially significant related party transactions, which have potential conflict with the interest of Company at large. Related party transactions entered during the financial year under review are disclosed in the notes to the audited financial statements of the company for the financial year ended 31st March, 2021. These transactions entered were at an arm's length basis and were in the ordinary course of business.

B. Disclosure of accounting treatment in preparation of Financial Statements

In the financial statements for the year ended 31 March, 2021, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

C. Management Discussion and Analysis Report.

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

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

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

E. Whistle-Blower Policy/Vigil Mechanism

The Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of

the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

F. Risk management Framework.

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

1. General Shareholders Information**A. Annual General Meeting**

Day & Date	Time	Venue
Thursday, 25.11.2021	11.30 A.M.	Venue : E - Meeting, through video Conference (VC) or other Audio visual Means (OAVM). Registered office shall be deemed venue for AGM

B. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 18.11.2021 to 25.11.2021(both days inclusive) for the purpose of the Annual General Meeting of the Company.

C. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on October 28, 2021 has recommended final dividend of Rs. 5.00 (i.e 100 %) {Previous year Rs. 3.50 (i.e. 70%), the total outflow towards dividend on equity shares for the year would be Rs. 1827.61 Lakhs (Previous year Rs. 1279.33 Lakhs). The dividend payout is subject to the approval of shareholders at the ensuing annual general meeting and shall be subject to deduction of income tax at source at applicable rates. The dividend once approved, shall be paid to those shareholders whose name appear on the register of members of the Company on November 5, 2021 within the stipulated time frame as prescribed under Companies Act, 2013

D. Listing on Stock Exchanges:

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

Payment of Depository Fees

Annual Custody/Issuer fee for the year 2020-21 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 Shareregistry (India) Private Limited
Contact Person	Mrs. Purva Shah/ Mr. Rajesh Shah
Address	9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai - 400011
Phone Nos.	+91-022-2301-6761/2518
Email ID	support@purvashare.com

F. Distribution of Shareholding as on 31st March 2021:

Slab of Shareholding (Rs.)	No. of Shareholders	% of total (in Rs.)	Nominal Value	% of Shareholding
0-5000	1230	83.05	1561110	0.85
5001-10000	111	7.49	783905	0.43
10001-20000	53	3.58	728585	0.40
20001-30000	28	1.89	709405	0.39
30001-40000	23	1.55	789705	0.43
40001-50000	9	0.61	404010	0.22
50001-100000	13	0.88	873645	0.48
100001 and above	14	0.95	176910940	96.80
Total	1481	100.00	182761305	100.00

G. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Individual Promoters	2	0.00	694
Corporate Promoter	1	84.67	30949615
N.R.I	45	0.83	303137
Bodies Corporate	33	0.15	53947
Clearing Members	2	0.01	3740
LLP	7	0.06	22823
Individuals	1330	4.14	1508762
Foreign Bodies Corporate	1	6.44	2354086
Trust	2	3.62	1324457
Hindu Undivided Family	58	0.08	31000
Total	1481	100.00	36552261

H. Dematerialization of shares and liquidity:

Percentage of shares held in physical and dematerialized form as on 31st March, 2021:

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

I. Factories Locations

All factories location is mentioned somewhere in this Report.

J. Address for Correspondence:

Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrants, loss of share certificates etc., and related grievances may be addressed to Purva Shareregistry (India) Private Limited (PURVA), Unit: Kurlon Enterprise Limited or to the Company at.

1. The Company Secretary

Kurlon Enterprise Limited, N-301, 3rd Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, Bangalore-560042.
e-mail: secretary@kurlon.org. Tel No. : 08040313131
To know more about the Company, you are welcome to visit us at: www.kurlon.com

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

Adhering to the various requirements as set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company would transfer to the IEPF Authority, as and when required, unclaimed dividend and/or shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more within the time frame as stipulated in IEPF Rules 2016. Details of unclaimed dividend or shares, if any, so far would be made available on the website of the Company at www.kurlon.com.

The Members who are yet to encash the earlier dividend(s) or dividend(s) warrants, if any, are advised to send requests to the Company at secretary@kurlon.com, in case they have not received/ not encashed the Dividend or dividend Warrants for earlier financial years.

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

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

**Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853**

Date : 28-10-2021 Place : Bangalore.

Management Discussion And Analysis Report

Economic Scenario And Outlook

Global Economy

The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on youth, the poor, the informally employed, and those who work in contact-intensive sectors. While ensuing lockdowns announced by all major economies played a critical role in saving lives, they resulted in severe damage to economic activities, thereby plunging the world economy into a recession. As per the International Monetary Fund (IMF), the global growth contraction for 2020 is estimated at -3.3 percent vis-à-vis 2.8% growth registered in 2019.

Global economy rebounded from the collapse triggered by COVID-19 pandemic with Global growth for 2021 and 2022 Projected stronger than in 2020 as per World Economic Outlook (WEO). The upward revision reflects additional fiscal support in a few large economies and further boost by recent additional COVID-19 vaccine approvals and large-scale vaccinations across the globe. Although vaccination have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook.

As the global markets slowly start to take an upward trajectory, it is expected that global activity would remain well below the pre-COVID projections of January 2020. The strength of the projected recovery rates would vary across countries, depending on the severity of the health crisis, the extent of the domestic disruptions to activity and the effectiveness of the policy support that the governments have rolled out to stabilize their respective economies.

The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

One of the legacies of the COVID pandemic could be a generational shift towards higher government spending, as fiscal policymakers adjust to the new reality of rising demands for government support while interest rates remain low. The shock of the COVID pandemic has pushed governments to increase spending to record levels, with over USD 10 trillion being allocated around the world. Much of this effort has been financed by additional borrowing, adding to the already large debt piles that governments had accumulated before the pandemic began. However, as interest rates have also fallen around

the world – the cost of servicing that debt has remained low, which could mean that some of the extra spending may remain until the crisis period of the pandemic has passed.

Indian Economy

In its January 2021 update of World Economic Outlook, the International Monetary Fund (IMF) projected India's growth at 11.5% in 2021 that would moderate down to 6.8% in 2022. The IMF has highlighted that India, along with China are the two major countries from the group of emerging market and developing markets that would register positive growth in 2021 but due to the implementation of some of the harshest lockdowns across the Country, a 23.9% contraction in GDP during Q1 of FY 2020-21 was anticipated. Since the relaxations, there has been tremendous industrial and commercial activities that has not only reached pre-pandemic levels but has also surpassed previous year levels. Prolonged lockdown exacerbated existing vulnerabilities of the country including the weakened financial sector, private investments, liquidity constraints and consumption demand. Mobility restrictions and social distancing led to unparalleled supply-chain disruptions and consumer demand fallout. The Economic Survey also highlighted the resilience shown by the manufacturing sector and a shift in consumers' mode of spending that led to a boom in digital transactions. Amid coronavirus pandemic, India's gross domestic product (GDP) grew at 1.6 per cent in Q4 of fiscal year 2020-21, but witnessed a contraction of 7.3 per cent for the entire fiscal year (8.0 per cent as compared to 4.0 per cent growth in FY 2019-20, as per WEO April 2021).

The Economic Survey 2020-21, presented by the Union Minister for Finance and Corporate Affairs, highlighted a V-shaped economic recovery for India due to the mega vaccination drive, robust recovery in the services sector, along with significant growth in consumer spending and investments. The economic recovery is also expected to be boosted by the resurgence in power demand, rail freight, GST collection, steel consumption, etc. As per IMF, India is set to become the fastest-growing economy in the next two years. A positive outlook coupled with the gradual scaling down of the lockdowns, along with support of "Atmanirbhar Bharat Mission" has placed the economy firmly on the path of recovery.

The government re-opened the economy in a phased manner since June 2020 with strict standard operating procedures. Despite the challenges posed by the pandemic in FY 2020-21, the outlook for FY 2021-22 seems promising. This is largely attributed to mass vaccination drives, normalizing business activities, the government's thrust on reviving infrastructure sector,

revival in housing demand backed by historically low-interest rates, improving banking balance sheet and India's increasing prominence in the global supply chain. (Source: an article in business today)

During the unlock phase, there were numerous measures undertaken to ramp up India's fiscal spending. A favorable monetary policy by the Government of India ensured the abundant availability of liquidity and brought immediate relief to debtors such as a special comprehensive package of Rs. 20 lakh crore, equivalent to 10% of India's GDP under 'Self-reliant India' movement to revive the country's languishing economic activity. The Union Budget 2021-22 has focused on several investments focused spending programmes like the National Infrastructure Pipeline, demand-driven capex, and the Centre's Production-Linked Incentive (PLI) scheme on the monetary side, the Reserve Bank of India (RBI) continued with the accommodative monetary stance by bringing key repo rate and reverse repo rate to 4% and 3.35% respectively to provide monetary stimulus and trigger economic growth back to the earlier trajectory. Backed by strong fiscal and quasi-fiscal measures, India's GDP growth is likely to rebound sharply to 12.5% in FY 2021-22 (Source: as per World Economic Outlook, April 2021)

India recognized the impacts of the pandemic both on the supply and demand in the economy. The government rolled out a slew of reforms to ensure that the supply-side disruptions, which were inevitable during the lockdown, are minimized to a great extent in the long run. The demand-side policy focused on ensuring that all essential commodities were taken care of, which included direct benefit transfers to the vulnerable segments of the society and the world's largest food subsidy program targeting 80.96 crore beneficiaries. The Government of India also launched Emergency Credit Line Guarantee Scheme to provide much needed relief to stressed sectors by helping entities sustain employment and meet liabilities.

Market Overview

Rise in income levels and health consciousness and growth in the real estate and hospitality sectors are major factors that accelerated the growth of the Indian mattress market. A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product. In line with the changing times, mattress manufacturing companies that include both offline and online retailers, have adopted innovative strategies to ensure customer satisfaction. It is expected to witness several new trends emerging in the mattress industry. The demand for customized and luxury mattresses is expected to increase, whereas companies

may come up with new techniques to utilize their resources and technologies better. Mattresses are no longer considered as mere consumer durables, they are an indicator of the quality of life. The growth in the mattress market is largely led by factors, such as increased income levels and infrastructural developments, in terms of the increased number of residential units and hotels in the country. Demand for construction in both residential and institutional is growing in India, with the rising awareness regarding mattress types and brands. Among various sizes available, king size mattresses are the most preferred one, and comfort is the most important factor for their dominance in the market.

Indian market is fragmented with large number of branded and non-branded players present in the market selling variety of the mattresses with local distribution channels. The report covers major players operating in the Indian mattress market. The Indian mattress market is also dominated by the unorganized sector. This sector includes a street-side shop and the local ginner. Mattresses from this unorganized sector usually use cotton filler, as it is the cheapest of the many options that are now available. However, the organized sector is now growing with the rising demand for good quality mattresses among Indian consumers. Indian consumers even prefer buying from international brands, whenever they think of high-quality and contemporary products. Organized players sell mattresses through two mediums, one is offline and the other is online. The offline mattress market consists of retail sales of mattresses from dealers/distributors or owns franchised stores. On the other hand, the online mattress market consists of sales, which occur through e-commerce.

Growing residential units are creating a demand for mattresses all over the country. Additionally, every new hotel and hospitals requires hundreds of beds and mattresses, and this particular industry appears to be thriving, owing to growth in the construction, real estate, and tourism and hospitality sectors.

Our Business

Kurlon is the Mattress of India. Every minute, about 5 homes in India buy a Kurlon Mattress. Our motto is to have more and more people enjoying a happy and healthy life by using a Kurlon product.

The Company is a leading mattress manufacturing company in India and with its recent acquisition of Spring Air Bedding Company (India) Limited ("SAI") its portfolio of licenced international brands include Spring Air Englander and Chattm and Wells With 12 manufacturing plants across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujarat and 78 ASOs/ Branches, and

over 6000 dealers, Kurlon has geographical presence across all cities in India (PAN INDIA) reaching consumers directly through various channels such as Exclusive counters (Company owned Company Operated Stores (COCO) and Franchisees (FOFO), Multi Brand Outlets, Large format retail outlets, etc. to millions of consumers every year and the numbers are growing. Kurlon supplies high ended premium quality products to its customers across India

The Online segment is a key focus for the Company. With COVID 19 pandemic, this segment has attained great significance and its potential has multiplied. Kurlon is targeting this segment through its own website i.e. www.kurlon.com as well as through e-marketplace partners.

During the year the company has formed two wholly owned subsidiaries (WOS) namely Komfort Universe Products and Services Limited to carry out "Foam Business" under separate segment and Belvedere International Limited to house International brands of recently acquired Spring Air.

Customer Experience continues to be another focus area and in order to continue improving the customer experience, Kurlon has increased its COCO retail outlets, housed under its wholly owned subsidiary M/s Kurlon Retail Ltd, to 86 during the year. These COCO stores are expected to contribute significantly to its growth in the coming years

Your Company's distribution network and brand name is recognized. Mattress requires high consultative selling; the dealer has a very high influence on converting the customer to our brand. By reaching out to such dealers, training them on the features of each of the mattress, creating high quality speak about the product & improving the customer experience, we target upgrading the customer to better products from the Company's stable and increasing their satisfaction. Company has also taken several measures to sensitize its distribution network partners about the dangers from COVID 19, keep in regular contact with them and extend help as necessary to ensure the health and safety of all its partners.

The main orientation of the company is to focus on being the Growth Facilitator of India's Mattress Industry in such to Shift product preferences (i.e. demand for comfortable products that align to health benefits), Increased awareness of quality mattresses (such as right quality mattresses for enhancing sleep experience is fuelling the demand for quality mattresses), Demand for innovative products (quality and customized products),

Growing awareness of branded products (boosting housing and institutional sector demand) etc.

Vision & Mission

Kurl-on will sustain Brand leadership with highest Consumer delight through our World class Manufacturing Processes, Innovation and making it the best place to work thereby delivering, exponential Growth and Maximized wealth, for channel and stakeholders in a socially responsible way.

Financial Overview

For FY21, the Company's revenue (standalone) was pegged at ₹ 76,851.41 Lakhs, a decline of 19.86% against last year due to the impact of COVID-19 and subsequent lockdown during the first quarter (Q1) of FY 21 and net Profit after Tax and other comprehensive Income for FY 21 stood at ₹ 3,774.15 Lakhs with a decline of 55.08% over the previous year.

On a Consolidated basis, the Company's revenue was pegged at ₹ 78,367.26 Lakhs, a decline of 20.65% against last year and net Profit after Tax and other comprehensive income for FY 21 stood at ₹ 3,045.77 Lakhs a decline of 59.70% over the previous year.

Outlook On Future Prospects, Opportunities, Threats, Risks And Concerns :-

With the onset of the COVID-19 pandemic across the globe, new ways and methods of working are the key to ensure every organization emerges out stronger after this pandemic.

Future Prospects & Opportunities.

- a) We are exploring organic and inorganic method to increase the market share of our products and also our presence in Asian and nearby countries.
- b) We are consciously moving towards ESG: use of clean technologies which accelerates sustainability and also enables traceability and transparency.
- c) The Company plans to be more progressive to get into furniture and home furnishing segment.
- d) The online segment is expected to experience significant growth due to thrust on online mode of purchasing by customers. The Company is targeting this segment through its own website www.kurlon.com and also exploring various e marketplace partners to showcase products line up and attracts more sales in the future with higher e-commerce penetration.

Threats, Risks & Concerns.

- a) The Entry barrier in this industry is very high. There is a risk of new entrance from organized and unorganized sector. The number of players operating in the industry

has been growing significantly with increasing number of the organized mattress market players resulting in a tough competition. However, your Company has established itself as the "Mattress of India" being a super brand. The Company also strives to augment its research activities and continues to develop new technologies for bringing premium, customized and high quality products.

b) Production is dependent on supply of raw materials mainly TDI and Polyol, any disruption in the supply of raw materials may cause hamper in the production. A large portion of raw materials is being imported, currency and exchange rate fluctuations, may affect the profitability of the Company. However, the Company is good relationship with its suppliers and bulk purchases may help striking the balance between import and local procurement of raw materials.

c) Failure to address consumer complaints on product's quality issues may result in the lack of consumer trust, loss in sales and severe impairment to the brand name. To mitigate this, your Company has a dedicated Consumer Delight Team (CDT) to address the consumer's complaints promptly to avoid loss of sales and delight the customers.

d) The risk of subsequent variants of COVID-19 may result in further lockdown which may interrupt our production and supply chain. However, Your Company has fully vaccinated its employees and sanitized its factories and distribution channels.

Internal Control System & Adequacy :

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

CSR Initiatives

Kurlon, since beginning, has been determined to focus on holistic development, including the growth of society as a whole, particularly in the region of its operations. This is done with the aim to establish social license to operate and maintain a harmonious relationship with local stakeholders. For last two years, more focus has been given on expanding the CSR footprint in our operational areas along with meeting the expectations of the people. In doing so, our Major NGO partners, play a pivotal role in strategically planning and systematically executing our CSR initiatives. For more details on Corporate Social Responsibility at Kurlon, refer director's report.

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 company has put in place a feedback mechanism wherein each and every employee of the company can provide constructive feedback on their views on any activities pertaining to the company. The industrial relations continued to remain cordial throughout the year.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's intent, expectations or predictions may be "forward looking statements" within the meaning of applicable laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations, tax laws, natural calamities including critically of Pandemic Corona virus (Covid 19), litigation and industrial relations, monsoon, economic developments within the country and other factors. The Company bears no obligations to update any such forward looking statement.

For and on Behalf of the Board For Kurlon Enterprise Limited

Date : 28-10-2021
Place : Bangalore.

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

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Form No. MR-3

SECRETARIAL AUDIT REPORT**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies****(Appointment and Remuneration of Managerial Personnel) Rules, 2014]****FOR THE FINANCIAL YEAR ENDED: 31.03.2021**

To,

The Members,

KURLON ENTERPRISE LIMITED,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KURLON ENTERPRISE LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2021 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED during the audit period for the financial year ended on 31.03.2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment Overseas Direct Investment and External Commercial Borrowings;

v. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies the following laws / acts are also inter alia, applicable to the Company:

- a. The Environment (Protection) Act, 1986
- b. Water (Prevention and Control of Pollution), Act, 1974
- c. The Legal Metrology Act, 2009
- d. Air (Prevention and Control of Pollution), Act, 1981
- e. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Following observations were made during the audit:

1. The observation with respect to the FCGPR compliance pursuant to issue of Bonus shares remains the same.

I have not examined compliance by the Company with:

- a. Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that:

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

Appointment of Sri Sivaramakrishnan Nagarajan having DIN 03060429 as Non-Executive Independent Director of the Company in vacancy caused by retirement of Dr. Nitin G Khot who voluntarily retired from the independent Directorship of the Company w.e.f. March 21, 2021 and appointment of H. N. Shrinivas having DIN 07178853 as Non-Executive Independent Director of the Company in vacancy caused by voluntary retirement of Sri S Ananthnarayanan vide his letter dated March 17, 2021 from the post of Independent directorship of the Company due to his age related health issue via board meeting held during 07th May 2021. The appointment of Independent Directors was held well in compliance accordance with provision of section 161(4), section 149

read with Schedule IV of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

- a. The Amalgamation of Spring Air Bedding Company (India) Limited (Transferor Company) with Kurlon

Annexure to the Secretarial Audit Report

To

The Members,

KURLON ENTERPRISE LIMITED

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

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed, provide are as on able basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the

Enterprise Limited (Transferee Company) has been approved by NCLT, Mumbai bench pursuant to section 230-232 and other applicable provisions of the Companies Act, 2013. E-form INC-28 was filed on 19/06/2020 vide certified order copy dated 20/05/2020.

b. There was no other event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**For DEEPAK SADHU & CO,
COMPANY SECRETARIES**

**Sd/- DEEPAK SADHU)
Authorized Signatory
ACS: 39541; CP No: 14992
Bangalore
Date: 03rd September, 2021
UDIN: A039541C000893394**

responsibility of the Management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For DEEPAK SADHU & CO,
COMPANY SECRETARIES**

**Sd/- DEEPAK SADHU)
Authorized Signatory
ACS: 39541; CP No: 14992
Bangalore
Date: 03rd September, 2021
UDIN: A039541C000893394**

Annexure - E

1. A Brief Outline On CSR Policy Of The Company

At Kurlon, CSR is no mere acronym, is an integral part of the Company's culture imbibed by one and all involved in the working of the Company. Our vision is to actively contribute to the social and economic development of the communities in which we operate. By doing so will build a better and sustainable way of life for the weaker sections of the society and help raise the country's human Development Index. The company in today's context is working in the areas of preventive healthcare, education, environment and other focus areas under sustainable development goals.

2. Journey Towards Social Change And Impactful Business

On April 1, 2014, India became the first country to legally mandate corporate social responsibility. The new rules in Section 135 of India's Companies Act make it mandatory for companies of a certain turnover and profitability to spend two percent of their average net profit for the past three years on CSR. Kurlon Enterprise Limited setup a CSR Committee and defined the organization CSR policy approved by Board of Director to focus on CSR Activity locally in the area where a company is present, for that Kurlon have set up a dedicated CSR Department in the organization looking for overall CSR Strategy and implementation as per new.

Vision: Connecting people changing lives

Mission: We empower local communities to alleviate poverty by creating opportunities and a sustainable environment thereby bringing joy and comfort.



CORPORATE SOCIAL RESPONSIBILITY

Our Value Proposition

1. We care
2. We connect
3. We share
4. We respect

3. Our Focus And Community Led Development

Building inclusive models that sustain across geographies and sectors, rural and urban.

1. Health & WASH
2. Livelihood
3. Education
4. Environment
5. Employee Volunteering



Our Spotlights Of The Year

Kurlon & Art of living joined hands to support community in Bangalore rural and urban areas Kurlon always believes in spreading the healthy life message across community and creating awareness on Sleeping, We found that Millions of Ashram Savak, Volunteers and people reaching Art of living in search of peace & to live life to its fullest, We decided to provide Comfort Sleep through our CSR initiative impacting 5000 lives of children, women, poor & needy those are under the projects of Sri Sri Ashram schools / Hospital/ Colleges through Vyakti Vikas Kendra India the trust executed by Shromani Sri Sri Pandit Ravishankar. Under this we supported them in mattress, bedsheets, towels, coolers.



Kurlon associated with SOS Children Villages of India to support 1000 parentless and abandoned children. Under our CSR project comfort sleep initiative we distributed mattress, coolers, and pillows,



Sheets, gas stoves to SOS projects in Bhubaneswar, Nagapatinam, & Bengaluru. This project supported under 18 parentless children and their caregivers.



Kurlon supported the Grass root Ngo in Bihar, Bhartiya Jan Uthhan Parishad We reached seven slums areas of Bihar Sharif and supporting more than 120 Children in need of care and protection. They are poor children & families who have never ever slept on mattress and mostly of them belongs to backward Community, and these community is considered as the weakest sections of Bihar. Our support reached in the form of mattress for all family members of these children. Honorable MP, Shri Kausendra Kumar, team Kurlon with its implementing agency BJUP distributed support to community in Bihar.



Kurlon has support Magic bus learning and development centre, Mumbai. This centre is place where these poor children come and learn with the support of various interventions. As Magic bus approached us with requirement of mattress and sleeping material for poor children those are coming and staying at residential hostel. We committed to provide assistance in establishing the centre which has impacted 1000 children from poor background visiting these centres every year.



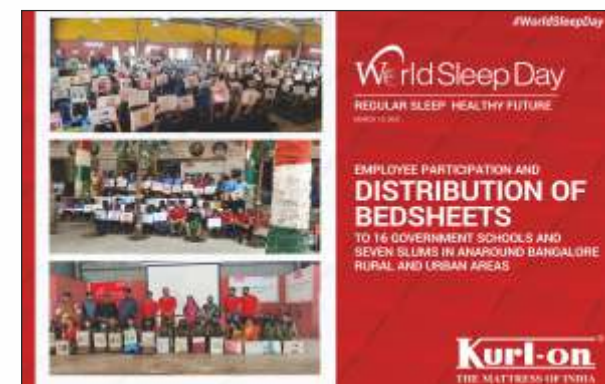


Kurlon associated with local NGO She Hope Society for Women Entrepreneurs to support communities in Border areas of J&K. The project was conceived with the idea that the quality of life of people living in those areas is improved. Although, people manage two square meals, their overall quality of life is pathetic. They do not have the necessities to stay warm or even saving themselves from falling sick due to intense cold. The project considered the remote far-off isolated areas of the territorial limits of the UT of Jammu and Kashmir, with main focus on people with disabilities and underprivileged population. The Project was titled as "Project Sahuliyat – To Ease Lives" and was supported by Kurlon Enterprise Ltd. The intervention was in the five districts of the Union Territory of Jammu and Kashmir with two districts in the Jammu division and three in the Kashmir division. The districts that we intervened in included Poonch and Rajouri in the Jammu division and Baramulla, Ganderbal, and Kupwara in Kashmir division. We provided mattress, comforters, pillows, & bedsheets to more than 1000 people under this project.

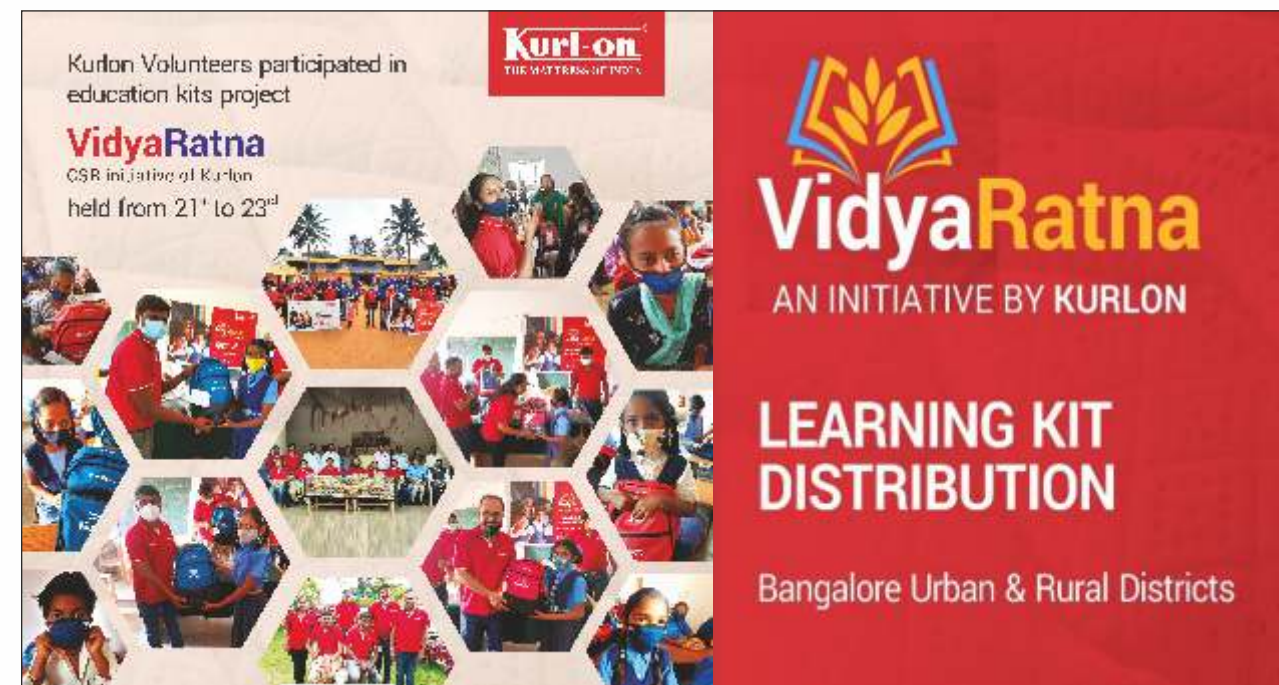


Kurlon associated with Red FM and Child Fund - We along with redfmbengaluru decided to spread the warmth! We reached out to the homeless and needy on the streets of Bengaluru to gift them a blanket of warmth! This project impacted more than 2000 poor people sleeping on stress every day during cold month of January. The project is implemented with our implementing agency Child Fund and Our partner for event Red Fm.

Kurlon in partnership with Sun Bird Trust started Computer Aided Learning and Digital Literacy Program in 2020 to train children and mentor teachers in effective use of technology for improving the quality of classroom teaching and getting access to computers labs which was never there at the schools in Manipur District. Kurlon have supported the Digital Equalizer since 2020 to provide more than 800 underserved rural children and more than 20 teachers with access to technology and empower them with 21st century skills in North Eastern part of country. Kurlon has reached the untouched communities in insurgency affected areas of North East India with implementing agency Sun Bird Trust. Sun bird is potential implementing agency works with the objective of Peace through Education in insurgency affected areas of North East India.



On 19th March Kurlon celebrated **World Sleep Day** with more 16 government school & seven slums in an around Bangalore urban and rural district. During this occasion Kurlon team visited school and distributed bedsheets to each and every child. Team Kurlon also sensitized small and young children on healthy sleeping habits and insomnia awareness. In this month Kurlon team also celebrated **International Women's day** on 09th March with more than 1000 girls in different institutions with a theme 'Choose to Challenge' - helping women emerge out of their forced shells and challenge. A challenged world is an alert world and from challenge comes change, also we with our implementing agency child fund organized several session in Karnataka government school for young girls and on topics like gender equality.



Kurlon in association of Child Fund our implementing agency started project VidyaRatna under this we identified that the COVID-19 pandemic has posed various challenges among all sections of the society, especially the socio-economically weaker sections. Their household level livelihood is severely affected along with food insecurity, ill-health and meeting educational needs of their children As per the government decision, government high schools have re-opened and children have started attending the school. However, given the pandemic situation and parents' economic condition, there is a negative impact on children for continuing their education because of lack of access to purchase required educational learning kits and day-to-day academic requirements. By this Kurlon decided to equip

2200 children with required learning kits to continue their education and reduction of dropouts at school in an around Bangalore this is directly impacting 8800 families members. The major outcome of the project is that 95% of children studying in government schools will continue their education through project support of Learning Kits and also Parents of 2200 children will not be overburdened in buying the education materials



4. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Jaya S Pai	Chairperson, Non-independent Non-Executive Director	5	5
2	Dr. Nitin G Khot (upto March 21, 2021)*	Member, Independent, Non-Executive Director	5	1
3	Sri. Ananthanarayanan (upto March 21, 2021)*	Member, Independent, Non-Executive Director	5	5
4	Mr. Vishal Tulsyan	Member, Nominee Non-Executive Director	5	1

* Sri. Sivaramakrishnan Nagarajan and Sri H.N. Shrinivas have been appointed as Non-Executive Independent Directors of the Company w.e.f. May 7, 2021 in the vacancy caused due to retirement of Dr. Nitin G Khot and Sri. S.Ananthnarayanan and also inducted as member of CSR Committee.

5. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company at www.kurlon.com

6. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

7. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any are as follows;

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
1	2020-21	-	21,99,592
	Total	-	21,99,592

8. Average Net Profit of the Company as per section 135(5),

Year	Amount (in Lakhs)
2017-2018	13153.81
2018-2019	12377.12
2019-2020	10142.60
Average	11891.18

9. Prescribed CSR Expenditure for FY 2021-22

Particulars	Amount (in Lakhs)
a). Two percent of average net profit of the company as per section 135(5)	237.82
b). Surplus arising out of the CSR projects or programs or activities of the previous financial years.	-
c). Amount required to be set off for the financial year, if any	-
Total CSR obligation for the financial year (7a+7b-7c).	237.82

10. a). CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2, 59, 81, 946	-	-	-	-	-

b). Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project. State. District.	Project Duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation Direct (Yes/No).	Mode of Implementation - Through Implementing Agency
-	-	-	-	-	-	-	-	-	-	-

c). Details of CSR amount spent against other than ongoing projects for the financial year;

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area	Location of the project.	Amount spent for the project (in Rs.).	Mode of Implementation-	Mode of Implementation - Through Implementing Agency

Annexure - E

			(Yes/No)	State.	District.		Direct (Yes/No)	Name	CSR registration Number.
1	Donation to the corpus of Trust	Clause I & II of Schedule VII	No	Karnataka	Bangalore	30,000	Yes	NA	NA
2.	Promotion of Health Care	Clause I of Schedule VII	No	Karnataka	Bangalore	20,768	Yes	NA	NA
3.	Support & Development	Clause I & II of Schedule VII	No	Karnataka	Bangalore	9,97,799	Yes	NA	NA
4	Rehabilitation	Clause I & II of Schedule VII	No	West Bengal	Kolkata	3,78,744	Yes	NA	NA
5	Promotion of Health & Education	Clause I & II of Schedule VII	No	Nagaland	Dimapur	9,31,055	Yes	NA	NA
6	Education & Development	Clause II of Schedule VII	No	Karnataka	Bangalore	81,77,996	Yes	NA	NA
7	Education & Development	Clause II of Schedule VII	No	Karnataka	Uttar Kannada	8,17,440	Yes	NA	NA
8	Promotion of health & education	Clause I & II of Schedule VII	No	Karnataka	Bangalore	18,60,638	Yes	NA	NA
9	Promotion of health & education	Clause I & II of Schedule VII	No	Orissa	Bhubaneswar	1,71,689	Yes	NA	NA
10	Promotion of health & Education	Clause I & II of Schedule VII	No	Andhra Pradesh	Bangarpet	15,53,082	Yes	NA	NA
11	Promotion of health & Education	Clause I & II of Schedule VII	No	Tamil Nadu	Nagapattinam	1,73,569	Yes	NA	NA
12	Education & Development	Clause II of Schedule VII	No	Karnataka	Bangalore	2,06,669	Yes	NA	NA
13	Education-distribution of	Clause II of Schedule VII	No	Karnataka	Bangalore	22,06,200	Yes	NA	NA

	learning kits for school children								
14	Promotion of Health and education / Migrant workers	Clause I & II of Schedule VII	No	Karnataka	Bangalore	50,000	Yes	NA	NA
15	Education & Development	Clause II of Schedule VII	No	Manipur	Manipur	4,69,040	Yes	NA	NA
16	Promotion of Education Kurlon Digital Literacy project	Clause II of Schedule VII	No	Manipur	Noth East-Manipur	7,79,142	Yes	NA	NA
17	Promotion of Education	Clause II of Schedule VII	No	Bihar	-	5,43,924	Yes	NA	NA
18	Promotion of Health-Kurlon Comfort sleep initiative	Clause I of Schedule VII	No	J&K	Kashmir	8,14,132	Yes	NA	NA
19	Promotion of Health-Kurlon Comfort sleep initiative	Clause I of Schedule VII	No	Gujarat	-	2,15,766	Yes	NA	NA
20	Promotion of Health-Kurlon Comfort sleep initiative	Clause I of Schedule VII	Yes	Maharashtra	Mumbai	3,15,482	Yes	NA	NA
21	Donation to the corpus of Trust	Clause 1 & II of Schedule VII	Yes	Maharashtra	Mumbai	46,00,000	Yes	NA	NA
22	Donation to the	Clause I& II of Schedule VII	No	Karnataka	Bangalore	6,68,810	Yes	NA	NA

corpus of Trust								
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d). Amount spent in Administrative Overheads: **NA**

e). Amount spent on Impact Assessment, if applicable: **NA**

f). Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. **2,59,81,946/-**

g). Excess amount for set off, if any: **Rs. 21, 99, 592/-**

Particulars	Amount (in Rs.)
(i). Two percent of average net profit of the company as per section 135(5)	2,37,82,353
(ii). Total amount spent for the Financial Year	2,59,81,946
(iii). Excess amount spent for the financial year [(ii)-(i)]	21,99,592
(iv). Surplus arising out of the CSR projects or programmes or activities of the previous financial years	-
(v). Amount available for set off in succeeding financial years [(iii)-(iv)]	21,99,592

11. a). Details of Unspent CSR amount for the preceding three financial years: **None**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding Financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of Transfer	
-	-	-	-	-	-	-	-

b). Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **None**

Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
-	-	-	-	-	-	-	-	-

12. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset-wise details). **NOT APPLICABLE**

(i). Date of creation or acquisition of the capital asset(s).	-
(ii). Amount of CSR spent for creation or acquisition of capital asset.	-
(iii). Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-
(iv). Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	-

13. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

Sd/-
(T. Sudhakar Pai)
Managing Director

Sd/-
Jaya S Pai
Chairman of CSR Committee

	<ul style="list-style-type: none"> Locally, designed and developed mixer head spare parts such as Stirrer, Stirrer PINS and BUSH, Stirrer spindle, chamber and cone instead of procuring the same from M/s. Laader berg, Norway. <p>At YPR unit</p> <ul style="list-style-type: none"> With the conversion of the boiler, the energy cost is reduced, maintenance cost is reduced, the steam cost is reduced to 2.5/kg, With batch foam machine automation the chemical is sequentially poured with safety and the pour time is tracked and monitored for different densities of foam, different sizes of foam. With automation of the peeling machine, the peeled foam is of uniform thickness and the gear changing system is eliminated. Batch Foam yield is improved from 85 % (2019-20) to 88% (2020-21).
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	<p>Dabaspert Foam unit,</p> <ul style="list-style-type: none"> Ladder Berg Machine (Foam Machine) Mixer Parts are imported from Ladder Berg Company, Norway. <p>UTL unit,</p> <ul style="list-style-type: none"> ESUN, PU foam sheet/block pressing machine from china. <p>YPR unit,</p> <ul style="list-style-type: none"> Energy-efficient heat exchangers imported from Armstrong international ltd, Canada SA330 quilting machine CPU from Foshan Yuantian Mattress Machinery Co., Ltd, China.
(a) The details of technology imported	<p>Dabaspert Foam unit,</p> <ul style="list-style-type: none"> Ladder berg machine spare parts are Frame for 37KW Mixer Motor, Mixer Outlet, Mixer Stirrer and Spindle <p>UTL unit,</p> <ul style="list-style-type: none"> PU foam machine pressing machine consists of Pneumatic cylinder, heater coil and conveyor unit. <p>YPR unit,</p> <ul style="list-style-type: none"> 2 nos. of heat exchangers with working pressure 3kg. Servo drives control unit for SA330 quilting machine.
(b) The year of import;	<p>Dabaspert Foam unit,</p> <ul style="list-style-type: none"> Ladder berg spares imported in the year 2020 <p>UTL unit,</p> <ul style="list-style-type: none"> PU foam pressing machine imported in the year 2019 <p>YPR unit,</p> <ul style="list-style-type: none"> Heat exchanger imported in the year 2019 Control unit imported in the year 2021
(c) Whether the technology been fully absorbed	<p>Dabaspert foam unit,</p> <ul style="list-style-type: none"> YES, ladder berg spares have been replaced. <p>UTL unit,</p> <ul style="list-style-type: none"> YES, PU Foam pressing is used in foam production and curing. <p>YPR unit</p> <ul style="list-style-type: none"> YES, the heat exchangers have been installed at the tunnel drier. YES, the CPU is installed on the yuantian quilting machine.
(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	NIL
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C. Foreign Exchange Earnings and Outgo

	(Amount in Rs. Lacs)	
	2020-2021	2019-2020
Total foreign exchange inflow	46.96	39.33
Total foreign exchange outflow	132.37	2496.75

For and on Behalf of the Board
For Kurlon Enterprise Limited

Date : 28-10-2021
Place : Bangalore.

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

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control

relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on

March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such

controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 30 to the financial statements.

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

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

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

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Kurlon Enterprise Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Date : 28-10-2021
Place : Bangalore.

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

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN : 21206920AAAAMB3314

company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2021, 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.

Date : 28-10-2021
Place : Bangalore.

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

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN : 21206920AAAAMB3314

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However owing to COVID-19 pandemic, the physical verification that was due to be carried out during the year has been deferred to the next fiscal year.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of land and buildings that have been taken on lease on which buildings have been constructed and disclosed as "Right of Use" assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified by the management during the year and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed

examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Excise Duty, Value Added Tax and Sales Tax and which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount* involved (Rs. In lakhs)
Central Excise Act, 1944	Excise duty	Central Excise and Service Tax Appellate Tribunal	2011-14	1,440.18
Value Added Tax, Sales Tax and Entry Tax - Various states Value Added Tax, Sales Tax and Entry Tax - Various states		The Joint Commissioner - Commercial Taxes	2013-14	24.97
			2014-15	3,419.26
			2015-16	320.91
			2016-17	386.13
			2017-18	101.30
			2019-20	42.23

*Net of Rs. 168.75 lakhs has been paid as advance against the demands/appeals.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company does not have any borrowings from the government and has not issued any debentures during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order

is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of the Holding Company, subsidiary or associated company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Date : 28-10-2021
Place : Bangalore.

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

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN : 21206920AAAAMB3314

FINANCIAL Statements

Kurlon Enterprise Limited

Standalone Balance Sheet as at March 31, 2021

Particulars	Note No.	₹ in Lakh	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3a	20,409.73	21,045.65
(b) Right of Use assets	4a	1,529.21	2,428.45
(c) Capital work-in-progress	4b	701.18	578.35
(d) Goodwill	3b	2,103.16	2,103.16
(e) Other intangible assets	3c	397.77	538.95
(f) Financial Assets			
(i) Investments	5	1,785.57	1,762.07
(ii) Security Deposits	7a	638.86	906.67
(iii) Loans	7b	2,290.75	
(g) Non-Current Tax Assets (Net)	18b	649.42	1,135.52
(h) Other Non-Current Assets	8	2,059.30	1,511.85
Total Non - Current Assets		32,564.95	32,010.65
Current assets			
(a) Inventories	9	11,105.10	11,676.07
(b) Financial Assets			
(i) Investments	5	11,131.71	11,477.67
(ii) Trade Receivables	6	4,923.52	6,779.68
(iii) Cash and Cash equivalents	10	3,980.98	1,246.70
(iv) Bank Balances other than (iii) above	10	147.63	141.29
(v) Security Deposits	7a	265.78	36.18
(c) Other Current Assets	8	6,533.29	9,538.80
Total Current Assets		38,088.01	40,894.31
Total Assets		70,652.96	72,904.97
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	1,827.61	1,819.12
(b) Other Equity	12	49,096.24	46,609.90
Total equity		50,923.85	48,429.02
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	15a	271.73	655.59
(ii) Other Financial Liabilities	15b	5,478.53	5,802.27
(b) Provisions	14	656.40	409.42
(c) Deferred tax liabilities (Net)	18.a	2,383.62	1,609.34
Total Non - Current Liabilities		8,790.65	8,476.62
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,187.25	2,389.02
(ii) Lease Liabilities	15a	174.40	626.62
(iii) Trade payables	13		
(A) Total outstanding dues of micro enterprises and small enterprises	13	306.00	582.72
(B) Total outstanding dues of creditors other than micro enterprises & small enterprises	13	8,828.72	11,781.33
(iv) Other financial Liabilities	15b	83.29	68.87
(b) Provisions	14	142.67	409.42
(c) Other Current Liabilities	17	216.73	141.35
Total Current Liabilities		10,939.06	15,999.34
Total Equity and Liabilities		70,652.96	72,904.98
Summary of Significant Accounting Policies	2.1		
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

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

Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai Managing Director
DIN - 00043298
Jyothi Pradhan Chief Executive Officer
Place : Bengaluru
Date : October 28, 2021

H. N. Shrinivas Director
DIN - 07178853
Ritesh Shroff Chief Financial Officer
Monu Kumar Company Secretary

Kurlon Enterprise Limited

Statement of Profit & Loss for the Year Ended March 31, 2021

Particulars	Note No.	₹ in Lakh	
		Year ended March 31, 2021	Year ended March 31, 2020
I Revenue from operations	19	76,851.41	95,904.19
II Other Income	20	892.64	899.00
III Total Income (I+II)		77,744.50	96,803.19
IV Expenses			
Cost of materials consumed	21.a	34,056.35	39,810.49
Purchases of stock in trade	21.b	7,416.54	11,032.12
Changes in inventories of finished goods, stock in trade and work-in-progress	21.c	1,266.13	(724.32)
Employee benefits expense	22	6,053.57	7,675.96
Finance costs	23	229.93	577.10
Depreciation and amortisation expense	24	2,478.14	2,609.61
Other expenses	25	18,108.49	25,679.63
Total Expenses (IV)		69,609.15	86,660.60
V Profit before Exceptional Items and tax (III-IV)		8,134.90	10,142.60
VI Exceptional Item (Refer Note-5(ii))		2,018.68	
		6,116.22	10,142.60
VII Tax Expense			
Current tax	27	1,622.00	2,650.42
Tax credit of earlier years		-	(244.39)
Deferred tax	27	774.28	(632.86)
		2,396.28	1,773.17
VIII Profit for the year (V+VI+VII)		3,719.94	8,369.43
Other comprehensive income			
(I) Items that will not be reclassified to profit or loss			
(a) Re-measurements of the defined benefit plans [gain/ (loss)]		72.45	45.64
(ii) Income tax relating to items that will not be reclassified to profit or loss		(18.23)	(11.49)
IX Total other comprehensive income		54.22	34.15
X Total comprehensive income for the year (VIII+IX)		3,774.15	8,403.59
Earnings per equity share :			
Equity shares of par value Rs 5 each			
(1) Basic (Rs)	28	10.33	23.10
(2) Diluted (Rs)	28	10.33	22.99
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

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

Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai Managing Director
DIN - 00043298
Jyothi Pradhan Chief Executive Officer
Place : Bengaluru
Date : October 28, 2021

H. N. Shrinivas Director
DIN - 07178853
Ritesh Shroff Chief Financial Officer
Monu Kumar Company Secretary

Standalone Cash Flow Statement for the Period Ended March 31, 2021

Particulars	(₹ in Lakh)	
	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flows from Operating Activities		
Profit for the year	3,719.94	8,369.43
Adjustments for:		
Exceptional Item	2,018.68	
Income tax expense recognised in profit or loss	2,396.28	1,773.17
Net (Gain)/ Loss on disposal of Property, Plant and Equipment	252.72	34.54
Insurance claim received on Property, Plant and Equipment	-	(56.71)
Advance written back	-	-
Liability written back	-	(36.44)
Bad debts written off	1.35	2.32
Depreciation and amortisation expense	2,478.14	2,609.61
Interest Income recognised in profit or loss	(251.39)	(183.04)
Notional/Actual Income recognised in profit or loss on Mutual Fund Investments	(458.90)	(292.84)
Finance costs recognised in profit or loss	229.93	577.10
Allowance for expected Credit losses	250.97	567.22
Net foreign exchange (gain)/loss	-	-
	10,637.71	13,364.36
Movements in working capital:		
(Increase)/Decrease in Loans	38.21	(38.21)
(Increase)/Decrease in Trade Receivables	1,603.84	4,595.33
(Increase)/Decrease in Inventories	570.97	(762.34)
(Increase)/Decrease in Other Current Assets	3,077.96	(409.41)
(Increase)/Decrease in Other Non-Current Assets	351.79	(1,139.47)
(Increase)/Decrease in Other Financial Assets	(2,290.75)	
Increase/(Decrease) in Trade Payables	(3,229.33)	(30.43)
Increase/(Decrease) in Non-Current Provisions	246.75	-
Increase/(decrease) in Other Current Financial Liabilities	(437.80)	646.04
Increase/(Decrease) in Other Non-Current Financial Liabilities	(707.60)	364.23
Increase/(Decrease) in Other Current Liabilities	75.38	(744.94)
Increase/(Decrease) in Current Provisions	(266.75)	-
	(967.33)	2,480.81
Cash Flows generated from Operating Activities	9,670.37	15,845.19
Income tax paid	(1,154.13)	(3,114.95)
Net cash flow from operating activities (A)	8,516.24	12,730.24
B. Cash flows from Investing Activities		
Proceeds on sale of Property, Plant and Equipment	149.89	47.14
Insurance claim received	-	56.71
Interest received	251.39	183.03
Other Dividends Received	458.90	292.84
(Purchase)/Sale of Investments	320.39	(8,750.95)
Placed in Bank Deposits not considered as Cash and Cash Equivalents	(6.34)	(8.63)
Investments Written Off	(2,018.68)	-
Capital Expenditure on Property, Plant & Equipment including capital advance	(2,226.48)	(4,439.52)
Net cash flow from / (used in) Investing Activities (B)	(3,070.92)	(12,619.38)
C. Cash flows from Financing Activities		
Proceeds/ (Repayment) of Short term borrowings	(1,201.77)	150.96
Tax on Distributed Profits	-	(224.36)
Dividends paid to owners of the Company	(1,279.33)	(1,091.47)
Interest paid	(229.93)	(577.10)
Net cash flow from / (used in) financing activities (C)	(2,711.03)	(1,741.97)
Net increase / decrease in cash and cash equivalents (A+B+C)	2,734.28	(1,631.11)
Cash and cash equivalents at the beginning of the year	1,246.70	2,877.82
Cash and cash equivalents at the end of the year	3,980.98	1,246.71
Reconciliation of Cash & cash equivalents with the Balance Sheet		
Add-Bank Balance held as margin money or security against borrowing, guarantees & other commitments(*)	147.63	141.29
Cash and cash equivalents as per the Balance Sheet (Refer note 10)	4,128.61	1,387.99

"Notes : (*) These earmarked account balances with banks can be utilised only for the specific identified purposes." The accompanying notes form an integral part of the financial statements in terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)
Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited
T. Sudhakar Pai
Managing Director
DIN - 00043298
Jyothi Pradhan
Chief Executive Officer
Place : Bengaluru
Date : October 28, 2021
H. N. Shrinivas
Director
DIN - 07178853
Ritesh Shroff
Chief Financial Officer
Monu Kumar
Company Secretary

Statement of Standalone Changes in Equity for the Period Ended March 31, 2021

Particulars	(₹ in Lakh)					
	Amount					
Balance as at March 31, 2020	1,819.12					
Changes in equity share capital during the year	-					
Issue of Equity Shares	8.49					
Issue of Bonus Equity Shares	-					
Balance as at March 31, 2021	1,827.61					
b. Other Equity						
	(₹ in Lakh)					
Particulars	Other Equity					Total
	Monies pending allotment (Refer Note 1B)	Securities premium	Share option outstanding account	General reserve	Retained earnings	
Balance as at April 1, 2019	3,249.40	11,619.58	435.58	1,286.11	22,931.47	39,522.14
Profit for the year	-	-	-	-	8,369.43	8,369.43
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	-	34.15	34.15
Dividends	-	-	-	-	(1,091.47)	(1,091.47)
Tax on dividends	-	-	-	-	(224.36)	(224.36)
Transfer from Shares Option Outstanding Account*	-	-	(435.58)	-	435.58	-
Balance as at March 31, 2020	3,249.40	11,619.58	-	1,286.11	30,454.81	46,609.90
Profit for the period	-	-	-	-	3,719.94	3,719.94
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	-	54.22	54.22
Dividends**	-	-	-	-	(1,279.33)	(1,279.33)
Transfer to Securities premium account on allotment of shares	(3,240.91)	3,240.91	-	-	-	-
Transfer to Equity Share Capital on Allotment of shares	(8.49)	-	-	-	-	(8.49)
Balance as at March 31, 2021	0.00	14,860.49	-	1,286.11	32,956.71	49,096.24

* On July 14, 2015, the company had granted 468,864 options to certain employees. These options vest with the employees over a period of three years and exercisable over a period of four years. In accordance with the scheme, the options got fully vested with the employees in 2018-2019. The company has recognized the cost (difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to ₹ 435.58 Lakhs, as an expense in earlier years. However during 2019-2020, since the Holding company has issued shares to the said employees, the options of the company cannot be exercised. Hence the above amount has been transferred to Retained Earnings.

** In the Annual General Meeting held on 20th October 2020, the shareholders of the company had declared a dividend of Rs. 3.50/share aggregating to Rs. 1279.33 lakhs

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

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)
Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : October 28, 2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited
T. Sudhakar Pai
Managing Director
DIN - 00043298
Jyothi Pradhan
Chief Executive Officer
Place : Bengaluru
Date : October 28, 2021
H. N. Shrinivas
Director
DIN - 07178853
Ritesh Shroff
Chief Financial Officer
Monu Kumar
Company Secretary

Notes forming part of standalone financial statements for the period ended March 31, 2021

Accounting Policies

1 Corporate information

Kurlon Enterprise Limited was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/ trading in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Bonded Foam, Pillows, Spring Mattresses, Furniture, Furnishings, Sofas etc.

2 Significant accounting policies

2.1 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. Further Defined Benefit Plans and Plan Assets are measured at fair value at the end of each reporting period, as explained in the accounting policies below:-

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability and the assumptions the market participants would consider when pricing the asset or liability at the measurement date, assuming that market participants act in their best economic interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are unobservable for the asset or liability.

2.2 Use of estimates and judgement

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

Key source of estimation uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year in respect of useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets/liabilities, Impairment of non-financial assets and provisions and contingent liabilities.

Useful lives of property, plant and equipment.

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

Provision for income tax and valuation of Deferred Tax.

The Company's tax jurisdictions is India. Judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets, Investments & Loans.

Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit ("Value in Use" from continuing operations) is less than its carrying value. The calculation which is based on discounted cash flow model involves use of significant estimates, business assumptions and valuation assumptions such as turnover, Gross Margin, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Impairment of Investments & Loans and Advances.

Investments, Loans & Advances are tested for impairment at least annually and when events occur or changes in circumstances indicate that the value in use from continuing operations of the investee companies are less than the carrying amount of the investment and loans and advances. The calculation which is based on discounted cash flow model involves use of significant estimates, business assumptions and valuation assumptions such as turnover, Gross Margin, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Provisions and Contingent Liabilities.

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

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods.

Revenue from the sale of goods is recognised when (i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items. Revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Other income

Interest income- Interest income is recognised using effective interest rate method. The effective interest rate is rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend Income- Dividend income is accounted for when the right to receive is established.

2.4 Foreign currencies.

The functional currency of the Company is Indian Rupees.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognised in the Statement of Profit and Loss. Non-monetary items of the Company are carried at historical cost.

2.5 Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense over the lease term.

2.6 Employee benefits

Employee benefits include contribution to provident fund, gratuity fund and employee state insurance scheme.

Retirement benefit cost and termination benefits.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using

Notes forming part of standalone financial statements for the period ended March 31, 2021

the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized at an actuarially determined liability at the present value of the defined benefit obligation as at the balance sheet date. Liabilities for gratuity funded in terms of a scheme administered by the life insurance corporation of India are determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost

is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years (Temporary Differences) and items that are never taxable or deductible (Permanent Differences). The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

2.8 Property, plant and equipment

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

The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance

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

Lease rentals and premium for lease hold are amortized over the primary lease period.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

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

2.9 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

"Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.

The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any."

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from Derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised/disposed.

2.10 Impairment

Financial assets (other than at 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.

Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.11 Inventory

Items of inventory are valued at lower of cost and net realizable value. Cost of raw materials, stores and spares, packing material and traded goods is determined on weighted average basis. In case of work-in-process and finished goods, cost includes an appropriate proportion of cost of conversion to bring the goods to its present condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes forming part of standalone financial statements for the period ended March 31, 2021

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for warranty is estimated on the basis of past technical experience.

2.13 Investment in Subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment. Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.

2.14 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A) Financial assets

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject

to insignificant risk of changes in value.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit and loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.

Foreign exchange gains and losses

The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and loss.

B) Financial liabilities and Equity

Financial liabilities at amortized cost

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

Equity instruments

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in "Other income"

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is

recognized in the profit and loss.

2.15 Earnings per share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Segment reporting

The chief operating decision maker (CODM) identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.

2.17 Research and development

All revenue expenditure related to research and development are charged to the respective heads on the Statement of Profit and Loss. Capital expenditure incurred on research and development is capitalised as property, plant and equipment and depreciated in accordance with the depreciation policy of the Company.

2.18 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is

reasonable to expect ultimate collection.

2.19 Impact on COVID

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Company. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, intangibles and goodwill. The Company does not anticipate any material impact on the recoverability of the carrying value of the aforesaid assets. However, considering the nature of the pandemic, the eventual impact may differ from that considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. The Company has resumed its business activities by reopening its factories on a gradual basis in line with the guidelines issued by the Government authorities.

2.20 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Notes forming part of standalone financial statements

3. Property, Plant and Equipment

(₹ in Lakh)

a) Tangible Assets								b) Goodwill		c) Intangible assets	
	Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Computer Owned	Total	Goodwill	Computer software
Gross carrying value											
As at March 31, 2020	991.42	8,048.45	19,188.45	3,041.54	549.71	323.90	532.09	32,675.56	2,103.16	1,072.09	
Additions/ Adjustments	-	464.30	903.50	93.08	66.96	136.80	27.95	1,692.59		0.75	
Disposals		58.85	165.53	300.84	2.97	110.38	24.82	663.39			
As at March 31, 2021	991.42	8,453.90	19,926.42	2,833.78	613.70	350.32	535.22	33,704.76	2,103.16	1,072.84	
Accumulated Depreciation											
As at March 31, 2020	-	757.61	8,652.93	1,344.64	372.01	78.94	423.77	11,629.90	-	533.15	
Additions		256.40	1,364.85	142.74	66.43	44.99	50.51	1,925.92		141.93	
Disposals		1.26	95.47	94.47	2.80	43.37	23.41	260.78		-	
As at March 31, 2021	-	1,012.75	9,922.31	1,392.91	435.64	80.56	450.87	13,295.05	-	675.08	
Net carrying value											
Balance as at March 31, 2021	991.42	7,441.15	10,004.11	1,440.88	178.06	269.75	84.35	20,409.71	2,103.16	397.77	
Balance as at March 31, 2020	991.42	7,290.84	10,535.52	1,696.90	177.70	244.96	108.32	21,045.65	2,103.16	538.95	

Goodwill is tested for impairment at least annually. Impairment is recognised, if present value of future cash flows is less than the carrying value of goodwill. Future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, Gross Margins, Earnings before interest and taxes and working capital requirement. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

Assumptions	As at 31-Mar-21	As at 31-Mar-20
Terminal growth rate (%)	5%	5%
Discount rate (%)	12%	12%

As at 31 March 2021 and 31 March 2020 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment needs to be recognized.

(₹ in Lakh)

4a. Right of Use Assets			
Particulars	Land	Buildings	Total
Gross carrying value			
As at March 31, 2020			
Impact of adoption of Ind AS 116 (Refer Note 29)	1,145.27	1,994.20	3,139.47
Additions/Adjustments	-	90.32	90.32
Disposals/ Adjustments	-	929.02	929.02
As at March 31, 2021	1,145.27	1,155.50	2,300.77
Accumulated Depreciation			
As at March 31, 2020			
Impact of adoption of Ind AS 116 (Refer Note 29)	19.46	691.56	711.02
Additions	19.46	390.83	410.29
Disposals	-	349.75	349.75
As at March 31, 2021	38.92	732.64	771.56
Net carrying value			
Balance as at March 31, 2021	1,106.35	422.86	1,529.21
Balance as at March 31, 2020	1,125.81	1,302.64	2,428.45

4b. Capital work in progress

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Building	645.37	205.14
Plant & Machinery	43.47	283.30
Others	12.38	89.90
	701.22	578.35

Notes forming part of the standalone financial statements

Notes forming part of the standalone financial statements

5. Investments

Particulars	(₹ in Lakh)					
	As at March 31, 2021			As at March 31, 2020		
	Nos.	Amount in Lakhs	Amount in Lakhs	Nos.	Amount in Lakhs	Amount in Lakhs
	Current	Non Current	Current	Non Current	Non Current	
A. Cost						
I. Investments in Equity Instruments of subsidiary (all fully paid) (Unquoted)						
Investments in Equity Instruments of subsidiary						
Kurlon Retail Limited (Formerly Kurlon Retail Private Limited) (shares of Rs. 5/- each fully paid up) (refer note 5(ii) below)"	1,52,65,466	-	1,760.00	1,52,65,466	-	1,760.00
Sirar Solar Energies Private Ltd (shares of Rs. 100/- each fully paid up)	4,690	-	4.69	690	0.69	-
Sevalal Solar Private Ltd (shares of Rs. 100/- each fully paid up)	4,690	-	4.69	690	0.69	-
Sirar Dhotre Solar Private Ltd (shares of Rs. 100/- each fully paid up)	4,690	-	4.69	690	0.69	-
Belvedere International Ltd (Shares of Rs. 10/- each fully paid)	50,000	-	5.00			
Komfort Universe Products and Services Limited (Shares of Rs. 10/- each fully paid)	50,000	-	5.00			
Starship Value chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited) (Shares of Rs. 10/- each fully paid)	5,000	-	0.50			
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000	-	1.00			
II. Investment in Commercial Papers (at amortised cost) (Unquoted)						
Cox and Kings Limited (refer note 5(i) below)	-	-	-	400	2,000.00	-
Total Unquoted Investments	1,53,94,536	-	1,785.57	1,52,67,936	2,002.07	1,760.00
B. Fair Value Through Profit and Loss						
I. Investments in Mutual funds (Quoted)						
Franklin India Banking & PSU Fund-Direct-Growth	-	-	1,94,79,860	3,295.78	-	-
HSBC Ultra Short Duration Fund Direct Growth	-	-	30,833	311.20	-	-
Tata Banking & PSU Debt Fund Direct Growth	-	-	49,59,639	515.44	-	-
ABSL Floating Rate Fund-Direct-Growth	2,03,278	550.24	-	2,03,278	512.86	-
AXIS Short Term Fund-Direct-Growth	24,25,648	616.16	-	39,42,706	921.62	-
Axis Banking & PSU Debt Fund-Direct Growth	48,070	1,008.41	-	26,104	506.68	-
Canara Robeco Short Duration Fund - Direct Growth	-	-	-	12,78,301	255.61	-
Kotak Savings Fund-Regular-Growth	-	-	-	6,39,002	205.08	-
Kotak Bond Short Term Fund-Direct-Growth	10,30,669	448.12	-	10,30,669	413.44	-
Kotak Corporate Bond Fund-Direct-Growth	17,573	524.48	-	7,456	205.80	-
Kotak BANKING AND PSU DEBT FUND-Direct-Growth	20,22,554	1,042.09	-	8,53,190	406.52	-
Kotak BANKING AND PSU DEBT FUND-Regular-Growth	4,35,533	219.14	-	-	-	-
L & T Banking & PSU Fund-Regular-Growth	22,84,679	443.33	-	22,84,679	410.89	-

Particulars	(₹ in Lakh)					
	As at March 31, 2021			As at March 31, 2020		
	Nos.	Amount in Lakhs	Amount in Lakhs	Nos.	Amount in Lakhs	Amount in Lakhs
	Current	Non Current	Current	Non Current	Non Current	
Sundaram Money Market Fund-Direct-Growth	-	-	-	54,87,966	614.77	-
ICICI Prudential Banking & PSU Debt Fund-Direct-Growth	40,76,232	1,044.18	-	16,88,533	399.23	-
LICMF Banking & PSU Debt Fund-Direct-Growth	16,42,874	474.95	-	11,14,132	300.56	-
LICMF Banking & PSU Debt Fund-Regular-Growth	7,78,062	213.29	-	7,78,062	200.12	-
Canara Robeco Corporate Bond Fund - Direct Growth	5,57,890	100.89	-	-	-	-
DSP Banking and PSU Debt Fund-Direct Growth	37,20,875	713.81	-	-	-	-
DSP Corporate Bond Fund Direct Growth	23,58,987	301.97	-	-	-	-
DSP Low Duration Fund- Direct Growth	12,70,326	201.02	-	-	-	-
HDFC Corporate Bond Fund Regular Growth	12,05,252	300.44	-	-	-	-
HSBC Corporate Bond Fund Direct Growth	9,88,347	100.50	-	-	-	-
Aditya Birla Sun life Banking & PSU Debt Fund-Direct-Growth	1,04,494	302.74	-	-	-	-
ICICI Prudential Bond Fund - Direct Plan - Growth	3,14,599	100.67	-	-	-	-
ICICI Prudential Corporate Bond Fund - Direct - Growth	17,21,136	404.58	-	-	-	-
Kotak Low duration Fund Direct Growth	3,622	100.46	-	-	-	-
SBI Banking & PSU Fund Direct Growth	31,504	804.62	-	-	-	-
SBI Corporate Bond Fund-Direct-Growth	41,08,446	501.81	-	-	-	-
Sundaram Banking and PSU Debt Fund-Direct Growth	17,95,790	613.80	-	-	-	-
Total Aggregate Quoted Investments	3,31,46,439	11,131.71	-	4,38,04,409	9,475.60	-
TOTAL INVESTMENTS CARRYING VALUE (A)		11,131.71	1,785.57		11,475.60	1,762.07
Other Disclosures						
Aggregate amount of Quoted Investments & market value thereof	-	11,131.71	-	-	9,475.60	-
Aggregate amount of Unquoted Investments	-	-	1,785.57	-	2,000.00	1,762.07

Note No. 5 (i) : The Company had made an investment of Rs. 2,000 Lakhs in Commercial Paper (CP) issued by COX and Kings Limited ("C&K") in four Commercial Papers between June 14, 2019 and June 26, 2019. The amounts were due for maturity/redemption in 40-45 days from date of investment. The maturity dates for the four tranches commenced on 29 July 2019 and ended on August 6, 2019.

At the time of making the investment, the CP was rated as A1+ by Credit Rating agency 'CARE'. This rating indicates highest level of safety. Subsequent to making the investment, C&K defaulted in repayment of borrowings to its bankers from June 28, 2019 onwards, till date.

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring, encumbering, alienating or disposing off" of any assets belonging to Cox & Kings effective from October 22, 2019. The bench has appointed an interim resolution professional (IRP) who is overseeing the affairs of the entity. Considering the ongoing insolvency proceedings against C&K, the company is of the opinion that the probability of recovery is remote and hence has written off the same in the books of accounts, and has disclosed the same as an "Exceptional item" in the Statement of Profit and Loss.

Note No. 5(ii) : The company during the previous year invested Rs. 1,000 Lakhs in 66,666 Equity Shares of Rs. 5 each at a premium of Rs. 1495 per Equity Share of Kurlon Retail Limited, based on a valuation carried out by an independent valuer. Further the company has so far given interest free loans aggregating to Rs. 2016.28 lakhs. The net worth of the subsidiary as on 31st March'21 is fully eroded. However, the management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and profitability, the company is of the opinion that presently there is no impairment in the carrying value of the above investment and the loans so far granted to it. In estimating the value in use, the management considered the following assumptions

(i) Weighted Average Cost of Capital(WACC)-12%

(ii) Terminal Growth-1%

Notes forming part of the standalone financial statements

6 Trade Receivables

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables (Unsecured)		
(a) Considered good	4,923.52	6,779.68
(b) which have significant increase in Credit Risk	1,045.17	997.08
	5,968.69	7,776.76
Less: Allowance for Doubtful trade receivables	1,045.17	997.08
TOTAL	4,923.52	6,779.68

6a Movement in the Allowance for Doubtful trade receivables

(Rs. in Lakh)

Particulars	FY 2020-21	FY 2019-20
Balance at beginning of the year	997.08	688.89
Impairment losses recognised in the year based on 12 Month Expected Credit Loss		
On Receivables originated in the year	250.97	569.54
Amounts written off during the year as uncollectible	1.35	
Amounts Recovered/Written Off During the year	(204.23)	(261.35)
Balance at end of the year	1,045.17	997.08

7a Security Deposits

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Unsecured, considered good		
a) Security Deposits- (Carried at amortised cost)	202.35	129.98
b) Deposits with Sales Tax authorities- Under Protest (Carried at amortised cost)	168.75	88.27
c) Deposit Rent-(At Fair Value)	267.76	688.42
TOTAL	638.86	906.67
Current (Carried at amortised cost)		
a) Deposits-Rent- Unsecured, considered good	265.78	-
b) Security Deposits-Secured, Considered Good		36.18
	265.78	36.18

7b Other financial assets

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Other Non Current assets(Carried at amortised cost)		
Loans		
-Related Parties(Note 5(ii) &35)	2,217.60	
-Others	73.15	
	2,290.75	

Notes forming part of the standalone financial statements

8. Other Non-current and Current Assets

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
(a) Capital Advances		
(i) For land-(Refer Note Below)	1,408.64	1,510.23
(ii) For Building(Refer Note 35)	622.07	-
(iii) For Others	27.62	
(b) Balances with government authorities	0.97	1.62
TOTAL	2,059.30	1,511.85
Current		
(a) Advances to suppliers		
- Related Parties-(Refer Note 35)	5,517.17	4,788.22
- Others	583.83	872.14
(b) Advances to Related Parties		2,781.89
(c) Advances to employees	24.56	33.92
(d) Balances with government authorities	7.26	170.90
(e) Others		
Other Loans and Advances	-	386.77
Prepaid expenses	299.06	324.57
Insurance Claim	-	28.64
Gratuity fund	-	85.22
Leave Encashment Fund	101.41	66.52
TOTAL	6,533.29	9,538.80

Note (i) :

Represents advance paid to Holding Company , Kurlon Limited towards acquisition of 3 manufacturing premises in and around Bengaluru, detailed below

Location /Address	WDV value as on 28.02.2021 (In Indian Rupees)
Karnataka - No. 49, 3rd Phase, Peenya Industrial Area, Bangalore - 560 058	45.99
Karnataka - No. 7, Survey No-106/107, KIADB Industrial Area, Yedehalli Village, Dobbaspeta, Bangalore - 562 211-Sofa Unit	341.04
Karnataka - No.22 & 23 KIADB Indl Area, Dobbaspeta, Bangalore - 562 211	235.04
Total	622.07

Note (ii) :

During the year 2013-2014, the Company's Holding Company Kurlon Limited had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited(MACL)(a related Party) for purchase of Land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated 08th October 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated 20 April 2012 accorded its consent for the sale of land to Kurlon Limited. Hence the advance is considered

Notes forming part of the standalone financial statements

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
9. Inventories*		
(a) Raw materials	4,487.83	3,735.56
- Goods in transit	-	10.75
(b) Work-in-progress	1,786.98	1,601.56
© Finished goods	3,691.76	4,717.68
- Goods in transit	30.70	61.44
(d) Stock-in-trade	584.06	978.95
(e) Stores and spares	523.77	570.13
Total Inventories at lower of Cost and Net Realisable Value (NRV)	11,105.10	11,676.07

* The carrying value of Inventories as reflected above is net of provision for aged/slow moving stock of Rs. 839.69 Lakhs (Rs. 512.69 Lakhs during FY 19-20).

Particulars	(Rs. in Lakh)	
	As at March 31, 2021	As at March 31, 2020
10. Cash and Bank Balances		
Cash and Cash Equivalents		
(a) Balances with Banks	36.67	327.60
(b) Cheques, Drafts on hand	-	140.10
(c) Cash on Hand	3.14	34.58
(d) Others		
In deposit Accounts	3,941.17	744.42
TOTAL	3,980.98	1,246.70
Other Bank Balance		
(a) Earmarked balances with banks (refer note below)	140.20	140.49
(b) Unpaid dividend	7.43	0.80
TOTAL	147.63	141.29

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

Notes forming part of the standalone financial statements

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
11. Equity Share Capital				
Authorised*:				
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	3,80,00,000	1,900.00
Issued, Subscribed and fully Paid:				
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.61	3,63,82,393	1,819.12

*Increase in Authorised Share Capital by virtue of merger of Spring Air Bedding Co India Ltd into Kurlon Enterprise Limited.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Equity Shares				
At the beginning of the year	3,63,82,393	1,819.12	3,63,82,393	1,819.12
Fully paid shares allotted during the year	1,69,868	8.49		
Bonus issue (refer note : v)	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.61	3,63,82,393	1,819.12

(ii) Terms/Rights attached to Equity Shares

a. The company has only one class of equity shares having a par value of ₹5/- each (March 31,2020- ₹5/- each) per share. Each holder of equity shares is entitled to one vote per share.

b. In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Limited				
Equity shares of Rs. 5/- each with voting rights	3,09,49,615	84.67	3,09,46,755	85.06

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of Rs. 5/- each with voting rights				
Kurlon Limited	3,09,49,615	84.67	3,09,46,755	85.06
Indian Business Excellence Fund II A	23,54,086	6.44	23,54,086	6.47

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

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	Equity Shares with Voting rights				
Fully paid up Bonus Shares (Nos)	-	-	85,95,013	53,09,120	-

Notes forming part of the standalone financial statements

12. Other equity

(₹ in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
Securities Premium	14,860.49		11,619.58	
Amounts received (on issue of shares) excluding the par value has been classified as securities premium.				
Monies Pending Allotment (Refer note 1B)	-		3,249.40	
Share supenses/Share Premium on issue of shares 121,735 equity shares and 48,135 equity shares of Rs. 5 each fully paid up to be issued to erstwhile SABCIL, pursuant to a scheme of a business combination (more fully described in Note 1B), without payment being received in cash.				
Shares option outstanding Account				
Balance at the beginning of the year			435.58	
Add: amount recorded on grants during year	-		-	
Less: Amount transferred to Retained Earnings			435.58	
Closing balance	-		-	
Any profit or loss arising on difference between fair value and exercise price on Employee Stock options is transferred to Share option outstanding account.				
General Reserve				
Balance at the beginning of the year	1,286.11		1,286.11	
Add: Transfer from the Statement of Profit & Loss	-		-	
Less : Utilised during the year for issuing bonus shares	-		-	
Closing balance	1,286.11		1,286.11	
This represents appropriation of profit by the Company.				
Retained Earnings				
Balance at the beginning of the year	30,454.81		22,931.48	
Add: Transfer from the Statement of Profit & Loss	3,719.94		8,369.43	
Add: Transfer from Other Comprehensive Income (OCI)	54.22		34.15	
Less: Dividend Paid	1,279.33		1,091.47	
Less: Tax on dividend			224.36	
Add: Transfer from Shares Option Outstanding Account	-		435.58	
Closing balance	32,949.64		30,454.82	
TOTAL	49,096.24		46,609.90	

Notes forming part of the standalone financial statements

13. Trade Payables

(₹ in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
Total outstanding dues of micro enterprises and small enterprises (Refer Note 33)		306.00		582.72
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,828.72		11,781.33
TOTAL		9,134.72		12,364.05

14. Provisions

(₹ in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non- Current	Current	Non- Current
	Provisions for Warranty (refer note (i) below)	142.67	676.17	409.42
TOTAL	142.67	676.17	409.42	409.42

13. Trade Payables

(₹ in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
Balance as at Beginning of the year		818.84		818.84
Additional provisions recognised		97.18		353.91
Amounts utilised during the year		117.18		353.91
Balance as at end of the year		798.84		818.84

Notes forming part of the standalone financial statements

15a. Lease Liabilities

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Non-Current		
Lease Liabilities	271.73	655.59
TOTAL	271.73	655.59
Current		
Lease Liabilities	174.40	626.62
TOTAL	174.40	626.62

15b. Other Financial Liabilities

Particulars	(Rs. in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	5,423.27	5,733.02
Deposits received from C & F Agent	46.01	57.00
Deposits-Transporters	9.25	12.25
Payables for capital supplies/services	-	-
TOTAL	5,478.53	5,802.27
Current		
Interest accrued on micro enterprises and small enterprises (Refer Note 33)	8.96	4.23
Unpaid dividend account	7.29	0.80
Gratuity Payable	17.22	
Others	49.82	63.84
TOTAL	83.29	68.87

16. Current Borrowings

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
A. Secured Borrowings		
(a) Loans repayable on demand		
From Banks	510.95	1,216.90
From Other	-	495.82
TOTAL	510.95	1,712.72
B. Unsecured Borrowings		
(a) Loans from related parties		
	676.30	676.30
TOTAL	1,187.25	2,389.02

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

Reconciliation of liabilities arising from financing activities

Particulars	Non-cash changes			as at March 31, 2021
	As at April 1, 2020	Financing Cash Flow	Foreign exchange movement	
Repayments to bank	1,216.90	(705.95)	-	510.95
Borrowings from Other Financial Institutions	495.82	(495.82)	-	-
Loans from related parties	676.30	-	-	676.30
Total Borrowings	2,389.02	(1,201.77)	-	1,187.25

17. Other Liabilities

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
a. Advances received from customers	24.61	15.74
b. Statutory dues	-	-
- taxes payable (other than income taxes)	192.12	15.91
- Other payable	-	109.71
Total Other Liabilities	216.73	141.35

Notes forming part of the standalone financial statements

18.a Deferred Tax liabilities

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	396.15	822.44
Deferred tax liabilities	(2,779.77)	(2,431.78)
Deferred tax liabilities (net)	(2,383.62)	(1,609.34)

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Deferred tax liability		
Depreciation and amortisation	(1,774.95)	(2,103.91)
Right to Use Asset	(384.90)	(327.87)
Goodwill	(529.37)	
MTM on Mutual Fund Investment	(90.55)	
Gross deferred tax liability	(2,779.77)	(2,431.78)
Deferred tax asset		
a) Provision for doubtful debts	263.07	250.97
b) Provision for Warranty	0.00	206.10
c) 43B Disallowance	0.00	21.65
d) 35DD Income Tax Disallowance on Amalgamation expenses	20.79	20.99
e) Lease Liability-INDAS-116	112.29	322.73
Gross deferred tax asset	396.15	822.44
Net deferred tax liability	(2,383.62)	(1,609.34)

18.b Current Tax Liabilities (net)

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Advance tax	12,045.44	12,459.91
Provision for Taxation	(11,396.02)	(11,324.39)
	(649.42)	(1,135.52)

c) Tax reconciliation

Particulars	(Rs. in Lakh)	
	2020-2021	2019-2020
Profit before Tax (a)	6,116.22	10,142.60
Tax Expense (b)	2,396.28	1,773.17
Tax rate as a % of PBT (b)/(a)	39.18%	17.48%

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax as per statement of profit and loss	6,116.22	10,142.60
Income Tax calculated @ 25.17% (PY - 25.17%)	1,539.45	2,552.89
Tax credit of earlier years	-	(244.39)
Variance on account of change in tax rate	-	(627.15)
Add: Tax on Permanent Differences		
Disallowance of CSR expenses	65.39	60.75
Others	32.54	12.09
Add: Deferred Tax Adjustment		
Goodwill	529.37	
Warranty	227.75	
Less: Deductions from total income		
Effect of 80IC claim	-	-
Effect of 80JJA claim	-	(6.47)
Effect of 80G Claim	-	(4.09)
Changes in recognised deductible other temporary differences	-	29.54
Income Tax recognised in Statement of Profit and Loss	2,396.28	1,773.17

Notes forming part of the standalone financial statements

Notes forming part of the standalone financial statements

19. Revenue from Operations

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products (refer note (I))	80,754.93	1,02,737.11
Other operating revenue (refer note (ii))	1,068.44	1,519.83
Less: Schemes & Rebates	(4,971.96)	(8,352.75)
Total Revenue from Operations	76,851.41	95,904.19

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Sale of products		
Manufactured goods		
Rubberized Coir Mattresses, Cushions	14,438.87	25,191.08
Foam and Foam Products	23,172.17	21,182.30
Sofa	1,693.36	2,370.08
Polyfibre Goods	3,024.07	2,645.09
Furniture	451.42	860.87
Foam Mattresses	20,731.43	24,838.41
Spring Mattresses	7,338.06	12,725.16
Total - Sale of manufactured goods	70,849.39	89,812.99
Traded Goods		
Polyfibre Goods	448.91	830.16
Mattresses & Cushions	7,149.21	9,553.88
EPE Sheet & Foam, others	448.77	362.67
Soft Furnishing	474.54	995.56
Others	1,384.11	1,181.85
Total - Sale of Traded Goods	9,905.54	12,924.12
Total - Sale of Products	80,754.93	1,02,737.11

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(ii) Other operating revenues:		
Sale of scrap	178.32	213.58
Others - Raw Materials	890.12	1,306.25
Total - Other Operating Revenues	1,068.44	1,519.83

iii) Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer.

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

20. Other Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income, On Financial Assets at Amortised Cost		
Interest from banks on deposits	142.33	115.50
Interest on loans and advances to employees	0.46	66.29
Interest Others	108.60	1.23
(b) Gain on Fair Valuation of Current Investments	458.90	292.84
(c) Other non operating income		
Forex gain (Net)	2.77	-
Rental income	2.50	122.27
Miscellaneous Income	177.08	207.72
Liabilities no longer required, written back		36.44
Insurance claims	-	56.71
Total Other Income	892.64	899.00

Notes forming part of the standalone financial statements

21.a Cost of Materials Consumed

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	3,735.56	3,770.10
Add: Purchases	34,808.62	39,775.95
	38,544.18	43,546.05
Less: Closing stock	4,487.83	3,735.56
Cost of Materials Consumed	34,056.35	39,810.49
Material consumed comprises:		
Latex	2,070.13	3,703.68
Coir	1,965.43	1,321.39
Spring chasis, foam, cloth	-	956.11
Upholstery	3,810.49	5,405.01
Chemical & Clay	756.71	603.22
Foam Chemicals	20,279.40	20,215.43
Springs and Related Products	1,446.63	2,823.80
Furniture & Sofa	1,066.81	1,858.30
Packing Materials	1,589.43	2,749.80
Others	1,071.30	173.75
	34,056.35	39,810.49

21.b Purchase of stock-in-trade

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Poly Fibre Goods	360.17	830.16
Traded Mattresses	6,836.81	9,206.40
Furnishing Textiles & others	219.56	995.56
Furniture	-	-
	7,416.54	11,032.12

21.c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	4779.12	4,376.64
Work-in-progress	1601.56	1,321.21
Stock-in-trade	978.95	937.46
	7,359.63	6,635.31
Inventories at the end of the year:		
Finished goods	3722.46	4,779.12
Work-in-progress	1786.98	1,601.56
Stock-in-trade	584.06	978.95
	6,093.50	7,359.63
Net (increase) / decrease	1,266.13	(724.32)

Notes forming part of the standalone financial statements

22. Employee Benefits Expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages	5,456.16	6855.48
(b) Contribution to provident and other funds	423.62	427.41
(c) Staff welfare expenses	173.79	393.07
Total	6,053.57	7,675.96

23. Finance Cost

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest expense	57.42	150.39
(b) Interest under INDAS-116	49.83	121.40
(c) Customer Financing Cost	90.78	187.52
(d) Other borrowing cost	31.90	117.79
Total	229.93	577.10

24. Depreciation and Amortisation Expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation for the year on property, plant and equipment	1,925.92	1,760.01
Amortization for the year on intangible assets	141.93	138.58
Amortisation of ROU Assets	410.29	711.02
Total	2,478.14	2,609.61

Notes forming part of the standalone financial statements

25. Other Expenses

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores and spares consumed	262.12	484.21
Power & Fuel oil consumed	703.99	1,165.98
Freight and handling charges	4,691.61	7,226.96
Rent including lease rentals	599.82	799.13
Repairs and maintenance - Buildings	15.51	51.51
Repairs and maintenance - Machinery	127.91	121.59
Repairs and maintenance - Others	277.75	219.49
Water charges	15.96	23.12
Tailoring & Fabrication	2,936.50	3,739.50
Rates and taxes	186.39	217.90
Expenditure on corporate social responsibility (CSR) (refer note 34)	259.82	241.34
Insurance charges	297.75	289.79
Foreign Exchange loss (Net)	-	58.78
Watch and ward Charges	573.60	612.75
Donations	-	2.48
Postage & Telephone	70.04	175.80
Payment to Auditor (Refer note below)	52.00	58.97
Advertisement, Promotion & Selling Expenses	3,444.31	5,192.06
Travelling Expenses	305.14	1,208.14
Printing and stationery	14.59	84.73
Legal and professional	2,508.90	2,295.37
Director Sitting Fees	2.58	2.99
Loss on Property, Plant & Equipment Sold	252.72	34.54
Sundry Creditors written off	13.14	-
Bad Trade Receivables written off	1.35	2.32
Deposits written off	22.75	-
Provision for doubtful trade receivables (Net of write back)	250.97	567.22
Provision for Warranty	97.18	353.91
Miscellaneous Expenses	124.10	449.05
Total Other Expenses	18,108.49	25,679.63

Note - 26

(Rs. in Lakh)

Payment to Auditor	For the year ended March 31, 2021	For the year ended March 31, 2020
As Auditor:		
- For Statutory audit	49.00	54.00
- For Tax audit	3.00	3.00
- For Reimbursement of expenses	-	1.97
	52.00	58.97

27. Tax Expense

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Current income tax		
In respect of current year	1,622.00	2,650.42
In respect of earlier years	-	(244.39)
b) Deferred tax		
In respect of current year	774.28	(632.86)
Total	2,396.28	1,773.17

Notes forming part of the standalone financial statements

28 Earnings per share has been computed as under:

Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after Tax (₹ in Lakhs)	3,774.15	8,403.59
Weighted average number of Equity shares outstanding - Basic (Nos. in Lakhs) (Refer Note below)	365.52	363.82
Weighted average number of Equity shares outstanding - Diluted (Nos. in Lakhs) (Refer Note below)	365.52	365.52
Earnings per share - Basic (₹)	10.33	23.10
Earnings per share - Diluted (₹)	10.33	22.99
Face Value of Equity Shares (₹)	5/-	5/-

Note :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	365.52	363.82
Add: Effect of Shares to be issued pursuant to approved scheme (Refer Note 38) (Nos. in Lakhs)	-	1.70
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	365.52	365.52

29 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach and accordingly, the comparative information has not been restated.

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".

The Company has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than Rs. NA in value)

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2020, which is 8.00% for measuring the lease liability.

The company's leases have remaining lease terms of 0 to 12 years, some of which include options to extend the lease or terminate the lease.

Amounts recognized in profit and loss were as follows

Notes forming part of the standalone financial statements

Amounts recognized in profit and loss were as follows

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation Expenditure (Amount In INR)	410.29	711.02
Finance Cost on Lease Liabilities (Amount In INR)	49.83	121.40
Impact on the statement of profit and loss for the year ended March 31, 2021	460.12	832.42

As a lessor

The company had sublet certain office premises on a cancellable basis in the previous year which were further renewable at the option of the Company. The total lease income in respect of such leases recognized in the statement

of profit and loss for the period is NIL. (March-20 ₹ 122.27 Lakhs).

The company does not have any non-cancellable leases as at March 31, 2021, hence the disclosure of the non-cancellable leases is not provided.

30 Contingent Liabilities

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
a) Claims against the Company not acknowledged as debt		
i. Disputed demands under appeal not provided - Sales Tax matter*	4,434.94	716.94
Total	4,434.94	716.94

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

ii. The Company has received a demand on 09 December 2014 for ₹ 2212.12 lakhs, against which ₹ 771.94 Lakhs (PY ₹ 771.94 Lakhs) has been paid under protest, and Personal

Penalty of ₹ 200.00 lakhs on Mr. T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014, towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. The Company has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow in this regard.

31 Commitments

Particulars	(₹ in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Capital commitments (net of Advances)	225.42	71.00
Total	225.42	71.00

32 Segment Reporting

Operating Segment:

a) The Company is predominantly engaged in the business of manufacture, purchase and sale of Mattress, foam and related products ('Mattress and Foam'). Considering the manner of review by the CODM in respect of i) Resources to be allocated to the segment and ii) Segment financial

performance, 'Mattress and Foam' has been identified as the single operating segment.

b) The revenue from major products and services of the Company are as in Note 19(I) to the financial statements.

c) Geographical segment information: Separate geographical segment information has not been disclosed as more than 99% of the Revenue is in the domestic market.

Notes forming part of the standalone financial statements

33 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro,

Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2021 and March 31, 2020 has been made in the financial statements based on information received and available with the Company.

Particulars	(Rs. in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(I) The principal amount remaining unpaid to any supplier at the end of each accounting year.	306.00	547.32
(ii) The interest due thereon remaining unpaid to any supplier at the end of each accounting year.	8.96	39.64
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

34 Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and

culture, healthcare, destitute care and rehabilitation, environments sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per requirement of the companies act, 2013.

Particulars	(Rs. in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross Amount required to be spent by the company as per Section 135 of the act	237.82	238.43
Amount spent during the year		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	259.82	241.34

Notes forming part of the standalone financial statements

Notes forming part of the standalone financial statements

35. Related party disclosures

List of Related Parties and Relationships

Relationship	Related Parties
Holding Company	Kurlon Limited
	Kurlon Retail Limited
Wholly Owned Subsidiaries	Komfort Universe Products & Services Limited (w.e.f January 18,2021)
	Belvedere International Limited (w.e.f December 21,2020)
	Kanvas Concepts Private Limited (w.e.f from March 21,2021)
Subsidiary Companies	Starship Value chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited) (w.e.f from March 21,2021)
Fellow Subsidiary	Sevalal Solar Pvt Limited
	Sirar Solar Energies Private Limited
	Sirar Dhotre Solar Private Limited
	Manipal Software & E-Commerce Pvt Limited (w.e.f March 25, 2021)
Enterprises owned or significantly influenced by key management personnel / Directors and their relatives (Where transactions have taken place during the year)	Maha Rashtra Apex Corporation Ltd
	Jayamahar Trade and Investments Private Limited
	Manipal Advertising Services Private Limited
	Metropolis Builders Private Limited
	Jai Bharath Mills Private Limited
	Starship Global VCT LLP
	Home Komfort Retail LLP
	Manipal Travels Pvt Ltd
Key Management Personnel	Mr. T. Sudhakar Pai, Managing Director
	Ms. Jaya S Pai, Director
	Ms. Jyothi Pradhan, Chief Executive Officer
	Mr. Ritesh Shroff, Chief Financial Officer
	Mr. Monu Kumar, Company Secretary

b) Related Party transactions

(₹ in Lakh)

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Wholly Owned Subsidiary		Subsidiary		Enterprises owned or significantly influenced by Key Management Personnel / Directors and their relatives		Total	
	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
Transactions during the year:												
Remuneration												
T. Sudhakar Pai	261.71	405.83	-	-	-	-	-	-	-	-	261.71	405.83
Shambhu Kumar Bhotika	-	9.09	-	-	-	-	-	-	-	-	-	9.09
Jyothi Pradhan	44.67	-	-	-	-	-	-	-	-	-	44.67	-
Ritesh Shroff	48.05	37.60	-	-	-	-	-	-	-	-	48.05	37.60
Monu Kumar	10.33	6.54	-	-	-	-	-	-	-	-	10.33	6.54
Sitting Fee paid												
Nitin G Khot	0.65	0.92	-	-	-	-	-	-	-	-	0.65	0.92
S Ananthanarayanan	0.91	1.18	-	-	-	-	-	-	-	-	0.91	1.18
Jaya S Pai	1.02	0.89	-	-	-	-	-	-	-	-	1.02	0.89
Rent Paid												
Jayamahar Trade and Investments Private Limited	-	-	-	-	-	-	-	-	18.25	24.65	18.25	24.65
Kurlon Limited	-	-	18.00	18.00	-	-	-	-	-	-	18.00	18.00
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	-	-	23.57	25.42	23.57	25.42
Jai Bharat Mills Private Limited	-	-	-	-	-	-	-	6.00	6.00	6.00	6.00	-
Scheme Expenses												
Kurlon Retail Limited	-	-	-	-	734.50	-	-	-	-	-	734.50	-
Professional and Other Expenses/Charges												
Kurlon Retail Limited	-	-	-	-	-	2.67	-	-	-	-	-	2.67
Kurlon Limited	-	-	-	-	-	-	-	-	-	-	-	-
SGVCT LLP	-	-	-	-	-	-	-	-	1,834.08	-	1,834.08	-
Home Komfort Retail LLP	-	-	-	-	-	-	-	-	178.00	-	178.00	-
Manipal Software & E-Commerce Pvt Ltd	-	-	-	-	-	-	-	-	25.36	-	25.36	-
Other Expense (Rate Difference on purchase)												
Kurlon Limited	-	-	465.00	-	-	-	-	-	-	-	465.00	-
Other Income (Special Discount)												
Kurlon Limited	-	-	-	596.44	-	-	-	-	-	-	-	596.44
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-
Kurlon Retail Limited	-	-	-	-	197.38	109.80	-	-	-	-	197.38	109.80
Other Income												
Maha Rashtra Apex Corporation Limited	-	-	-	-	-	-	-	-	-	4.75	-	4.75
Kurlon Retail Limited	-	-	-	-	-	0.37	-	-	-	-	-	0.37
Kurlon Limited	-	-	-	0.86	-	-	-	-	-	-	-	0.86
SGVCT LLP	-	-	-	-	-	-	-	-	3.05	-	3.05	-
Dividend Paid												
Kurlon Limited	-	-	1,084.99	928.40	-	-	-	-	-	-	1,084.99	928.40
Advertisement Expenses												
Manipal Advertising Services Private Limited	-	-	-	-	-	-	-	-	1,187.33	1,497.33	1,187.33	1,497.33
Travelling Expenses												
Manipal Travels (India) Private Limited	-	-	-	-	-	-	-	-	38.82	141.59	38.82	141.59
Interest Paid on Unsecured Loan												
Jaya S Pai	55.80	65.37	-	-	-	-	-	-	-	-	55.80	65.37
Advances Paid												
Kurlon Retail Limited	-	-	-	-	-	202.21	-	-	-	-	-	202.21
Capital Advance Paid	-	-	-	-	-	-	-	-	-	-	-	-
Kurlon Limited	-	-	622.07	-	-	-	-	-	-	-	622.07	-

Notes forming part of the standalone financial statements

b) Related Party transactions

(₹ in Lakh)

Particulars	Key Management personnel and their Relatives		Ultimate Holding Company		Wholly Owned Subsidiary		Subsidiary		Enterprises owned or significantly influenced by Key Management Personnel / Directors and their relatives		Total	
	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
Sales												
Kurlon Limited	-	-	1,345.15	2,730.01	-	-	-	-	-	-	1,345.15	2,730.01
Kurlon Retail Limited	-	-	-	-	941.29	2,064.15	-	-	-	-	941.29	2,064.15
Kanvas Concepts Private Limited	-	-	-	-	1.29	-	-	-	-	-	1.29	-
Home Komfort Retail LLP	-	-	-	-	-	-	-	-	741.01	-	741.01	-
Sales-Building												
Kurlon Limited	-	-	42.04	-	-	-	-	-	-	-	42.04	-
Purchases												
Kurlon Limited	-	-	7,117.75	11,928.56	-	-	-	-	-	-	7,117.75	11,928.56
Kurlon Retail Limited	-	-	-	-	75.74	-	-	-	-	-	75.74	-
Repayment of Loan												
Jaya S Pai	-	20.00	-	-	-	-	-	-	-	-	-	20.00
Investment												
Kurlon Retail Limited	-	-	-	-	1,760.00	1,760.00	-	-	-	-	1,760.00	1,760.00
Sevalal Solar Private Limited	-	-	-	-	-	-	4.69	0.69	-	-	4.69	0.69
Sirar Dhotre Solar Private Limited	-	-	-	-	-	-	4.69	0.69	-	-	4.69	0.69
Sirar Solar Energies Private Limited	-	-	-	-	-	-	4.69	0.69	-	-	4.69	0.69
Komfort Universe Products & Services Limited	-	-	-	-	5	-	-	-	-	-	5.00	-
Belvedere International Limited	-	-	-	-	5	-	-	-	-	-	5.00	-
Kanvas Concepts Private Limited	-	-	-	-	1	-	-	-	-	-	1.00	-
Starship Manufacturing and Services Private Limited	-	-	-	-	0.5	-	-	-	-	-	0.50	-
Outstanding as at Year end:												
Amounts recoverable												
Maha Rashtra Apex Corporation Limited	-	-	-	-	-	-	-	-	1,222.76	1,222.76	1,222.76	1,222.76
Jayamahar Trade and Investments Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Kurlon Limited	-	-	5,773.86	4,523.86	-	-	-	-	-	-	5,773.86	4,523.86
Kurlon Retail Limited	-	-	-	-	2,016.28	2,378.56	-	-	-	-	2,016.28	2,378.56
Manipal Advertising Services Private Limited	-	-	-	-	-	-	-	-	348.32	-	348.32	-
Sevalal Solar Private Limited	-	-	-	-	-	-	43.73	41.27	-	-	43.73	41.27
Sirar Dhotre Solar Private Limited	-	-	-	-	-	-	76.07	83.66	-	-	76.07	83.66
Sirar Solar Energies Private Limited	-	-	-	-	-	-	81.51	87.42	-	-	81.51	87.42
Kanvas Concepts Private Limited	-	-	-	-	85.00	-	-	-	-	-	85.00	-
SGVCT LLP	-	-	-	-	-	-	-	-	180.18	-	180.18	-
Home Komfort Retail LLP	-	-	-	-	-	-	-	-	76.53	-	76.53	-
Amounts Payable												
Jayamahar Trade and Investments Private Limited	-	-	-	-	-	-	-	-	-	1.88	-	1.88
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	-	-	-	2.32	-	2.32
Jai Bharat Mills Private Limited	-	-	-	-	-	-	-	-	15.85	12.90	15.85	12.90
Manipal Travels (India) Private Limited	-	-	-	-	-	-	-	-	6.09	3.71	6.09	3.71
Kurlon Retail Limited	-	-	-	-	19.00	-	-	-	-	-	19.00	-
Manipal Advertising Services Private Limited	-	-	-	-	-	-	-	-	45.03	-	45.03	-
Manipal Software & E-Commerce Pvt Ltd	-	-	-	-	-	-	-	-	25.36	-	25.36	-
Unsecured Loans payable												
Jaya S Pai	676.30	676.30	-	-	-	-	-	-	-	-	676.30	676.30
Rent Deposit												
Metropolis Builders Pvt Ltd	-	-	-	-	-	-	-	-	30.00	30.00	30.00	30.00
Jayamahar Trade and Investments Private Limited	-	-	-	-	-	-	-	-	9.00	9.00	9.00	9.00
Jai Bharat Mills Private Limited	-	-	-	-	-	-	-	-	30.00	30.00	30.00	30.00

Notes forming part of the standalone financial statements

36 Financial Instruments

A) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as

well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

(₹ in Lakh)

Particulars	As at 31-03-2021	As at 31-03-2020
Total equity attributable to the equity shareholders of the company	50,923.85	48,429.02
As a percentage of total capital	98%	95%
Current borrowings	1,187.25	2,389.02
Non-current borrowings	-	-
Total borrowings	1,187.25	2,389.02
As a percentage of total capital	2%	5%
Total Capital	52,111.10	50,818.04

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

B) Categories of financial instruments

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

(₹ in Lakh)

Particulars	Carrying Amount		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets				
a) Measured at fair value through Profit and Loss				
Current assets				
- Investments	11,131.71	9,475.60	11,131.71	9,475.60
Non Current assets				
- Deposit Rent	267.76	688.42	267.76	688.42
b) Measured at Amortised Cost				
Non-current assets				
- Investments	1,785.57	1,762.07	1,785.57	1,762.07
- Security Deposits	371.10	218.25	371.10	218.25
- Loans	-	2,290.75	-	2,290.75
Current assets				
- Investments	-	2,000.00	-	2,000.00
- Trade receivables	4,923.52	6,779.68	4,923.52	6,779.68
- Cash and cash equivalents	3,980.98	1,246.70	3,980.98	1,246.70
- Other Bank Balances	147.63	141.29	147.63	141.29
- Security Deposit	265.78	36.18	265.78	36.18
Total	25,164.80	22,348.19	25,164.80	22,348.19

Notes forming part of the standalone financial statements

The carrying amounts and fair values of the financial instruments by class are as follows: (₹ in Lakh)

Particulars	Carrying Amount		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial Liabilities				
a) Measured at fair value through Profit and Loss				
Non Current liabilities				
- Lease Liabilities	271.73	655.59	271.73	655.59
Current liabilities				
- Lease Liabilities	174.40	626.62	174.40	626.62
b) Measured at Amortised Cost				
Non Current liabilities				
- Other Financials liabilities	5,478.53	5,802.27	5,478.53	5,802.27
Current liabilities				
- Borrowings	1,187.25	2,389.02	1,187.25	2,389.02
- Trade payables	9,134.72	12,364.05	9,134.72	12,364.05
- Other financial liabilities	83.29	68.87	83.29	68.87
Total	16,329.92	21,906.42	16,329.92	21,906.42

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

1. The Company has disclosed financial instruments which 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 into the account for the expected losses of these receivables.

c) Financial Risk Management

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

The main purpose of these financial liabilities is to finance

the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

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

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

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

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

Notes forming part of the standalone financial statements

(a) Market Risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analysis in the

following sections relate to the position as at March 31, 2021. The analysis 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, 2021.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Company evaluates exchange rate exposure arising from foreign currency

transactions and follows established risk management policies.

Foreign currency risk sensitivity

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

Foreign Currency (FC)	Currency Symbol	As at March 31, 2021		As at March 31, 2020	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	3,49,115.60	258.64	1,69,791.90	124.26
Euro	€	29,996.68	24.84	3,000.00	1.49
CHFCHF		5,555.56	4.37		
Advances from Customers					
United States Dollar	\$	30,358.67	21.82		
Assets					
Advance to Vendor					
United States Dollar	\$	22,209.30	16.13	81,573.79	59.70
Euro	€	39,809.70	32.49	26,415.60	20.62
Trade Receivables-United States Dollar	\$	57,224.26	40.06	34,911.54	24.39
Net Liability (in INR)			216.62		25.40

Notes forming part of the standalone financial statements

Sensitivity	(₹ in Lakh)			
	Particulars	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity
		31-03-2021	31-03-2020	31-03-2021
5% Increase in all the foreign currencies	10.83	(1.27)	8.10	(0.95)
5% Decrease in all the foreign currencies	(10.83)	1.27	(8.10)	0.95

ii) Interest Rate Risk

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

Interest rate risk management

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

Particulars	(₹ in Lakh)	
	As at 31-03-2021	As at 31-03-2020
Fixed-rate instruments		
Financial assets		
Balance with banks held in deposit account	4,081.37	884.91
Financial liabilities		
Borrowings from other parties	-	495.82
Borrowings from related parties	676.30	676.30
Variable-rate instruments		
Financial liabilities		
Borrowings from bank & other parties	510.95	1,216.90

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit will be Rs. 5.11 Lakhs (Previous year: Rs.0.24 Lakhs) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk:

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its

operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade Receivables

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

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit

Notes forming part of the standalone financial statements

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, 2020 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.

Particulars	(₹ in Lakh)	
	As at 31-03-2021	As at 31-03-2020
Non-current assets		
- Investments	1,785.57	1,762.07
- Security Deposits	371.10	218.27
- Deposit Rent	267.76	688.42
- Loans	2,290.75	
Current assets		
- Investments	11,131.71	11,475.60
- Trade receivables	4,923.52	6,779.68
- Cash and cash equivalents	3,980.98	1,246.70
- Other Bank Balances	147.63	141.29
- Security Deposit	265.78	36.18
Total	25,164.80	22,348.21

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

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

Particulars	(₹ in Lakh)	
	As at 31-03-2021	As at 31-03-2020
Not Due		
Due from 0 to 180 days	4,919.52	6,540.00
Due for more than 180 days	1,049.17	1,236.76
Less: Loss Allowance	(1,045.17)	(997.08)
Total	4,923.52	6,779.68

(C) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management

system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

Notes forming part of the standalone financial statements

Maturity profile of financial liabilities

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

Particulars	Carrying Value	(₹ in Lakh)	
		Less than 1 year	1 to 5 years
As at March 31, 2021			
Borrowings	1,187.25	1,187.25	-
Lease Liabilities	446.13	174.40	271.73
Trade payables	9,134.72	9,134.72	-
Other non-current financial liabilities	5,478.53	-	5,478.53
Other current financial liabilities	83.29	83.29	-
Total	16,329.92	10,579.66	5,750.26

Particulars	Carrying Value	(Rs. in Lakh)	
		Less than 1 year	1 to 5 years
As at March 31, 2020			
Borrowings	2,389.02	2,389.02	-
Lease Liabilities	1,282.21	626.62	655.59
Trade payables	12,364.05	12,364.05	-
Other non-current financial liabilities	5,802.27	-	5,802.27
Other current financial liabilities	68.87	68.87	-
Total	21,906.42	15,448.56	6,457.86

D) Fair value hierarchy

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

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

Level 2 : other techniques for which all inputs that have a

significant effect on the recorded fair value are observable, either directly or indirectly.

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

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

Particulars	Carrying amount/Fair value					
	As at March 31, 2021			As at March 31, 2020		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
a) Measured at fair value through Profit and loss/ Other Comprehensive income						
Current assets						
- Investments	11,131.71	-	-	9,475.60	-	-
Non Current assets						
- Deposit Rent	-	267.76	-	-	688.42	-
b) Measured at Amortised Cost						
Non Current Assets						
- Investments	-	-	1,785.57	-	-	1,762.07
- Security Deposits	-	-	371.10	-	-	218.25
- Loans	-	-	2,290.75	-	-	-
Current assets						
- Investments	-	-	-	-	-	2,000.00
- Trade receivables	-	-	4,923.52	-	-	6,779.68
- Cash and cash equivalents	-	-	4,128.61	-	-	1,387.99
- Security Deposit	-	-	265.78	-	-	36.18
Total	11,131.71	267.76	13,765.33	9,475.60	688.42	12,184.18

Notes forming part of the standalone financial statements

(₹ in Lakh)

Particulars	Carrying amount/Fair value					
	As at March 31, 2021			As at March 31, 2020		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial liabilities						
Carrying amounts/fair value:						
a) Measured at fair value through profit & loss						
Non Current liabilities						
- Lease Liabilities	-	-	271.73	-	-	655.59
Current liabilities						
- Lease Liabilities	-	-	174.40	-	-	626.62
b) Measured at Amortised Cost						
Non Current liabilities						
- Other Financials liabilities	-	-	5,478.53	-	-	5,802.27
Current liabilities						
- Borrowings	-	-	1,187.25	-	-	2,389.02
- Trade payables	-	-	9,134.72	-	-	12,364.05
- Other current financial liabilities	-	-	83.29	-	-	68.87
Total	-	-	16,329.92	-	-	21,906.42

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

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values.

Particulars	(₹ in Lakh)			
	March 31, 2021		March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,187.25	1,187.25	2,389.02	2,389.02

Notes forming part of the standalone financial statements

37 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. This policy has since been removed w.e.f 01st April 2021. Hence, there would be no future payoff's that would fall due under this policy.

(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 ₹ 235.17 lakhs (Previous Year: ₹ 282.33 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	(₹ in Lakh)	
	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution towards Provident Fund (PF)	235.17	282.33
Employer's contribution towards Labour Welfare Fund	0.19	0.25
Employer's contribution to Superannuation Fund	(0.02)	1.63

(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 Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present Value of Defined Benefit Obligation at the beginning of year	577.39	490.79	-	544.76
Interest cost	31.15	31.51	-	33.17
Current Service Cost	50.26	62.45	-	139.89
Past Service Cost	-	-	-	-
Benefit Paid	(185.53)	(13.05)	-	(68.99)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	9.38	-	18.37
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(0.79)	14.52	-	24.40
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	51.00	(18.22)	-	192.99
Present value of the Defined Benefit Obligation at the end of year	523.48	577.39	-	884.59

ii. Net Defined Benefit recognized in the Statement of Profit and Loss. (₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Current Service Cost	50.26	62.45	-	139.89
Past Service Cost	-	-	-	-
Interest cost	31.15	31.51	-	33.17
Interest income on plan asset	(37.60)	(37.80)	-	(57.43)
Net Defined Benefit recognized in Statement of Profit and Loss	43.81	56.16	-	115.63

Notes forming part of the standalone financial statements

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

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present value of Defined Benefit obligation at the end of the year	523.48	577.39	-	884.59
Fair value of plan assets	506.26	662.61	-	951.12
Net Defined Benefit recognized in the Balance Sheet	(17.23)	85.21	-	66.53

iv. Recognized in Other Comprehensive Income (₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	9.38	-	18.37
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(0.79)	14.52	-	24.40
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	51.00	(18.22)	-	192.99
Return on Plan Assets (Greater)/Less than Discount rate	22.24	39.96	-	25.14
Net actuarial Loss	72.45	45.64	-	260.89

v. Sensitivity Analysis*

a) Impact of the change in the discount rate (₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present value of the Defined Benefit Obligation at the end of year	523.48	577.39	-	884.59
a) Impact due to increase of 1% (PY-0.50%)	486.86	534.83	-	813.45
b) Impact due to decrease of 1% (PY-0.50%)	565.37	626.36	-	967.93

b) Impact of the change in the salary increase (₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present value of the Defined Benefit Obligation at the end of year	523.48	577.39	-	884.59
a) Impact due to increase of 1% (PY-0.50%)	561.96	625.50	-	963.59
b) Impact due to decrease of 1% (PY-0.50%)	489.39	534.93	-	816.16

*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.

Notes forming part of the standalone financial statements

vi. Maturity Profile

(₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
0 to 1 year	52.66	32.55	-	133.68
1 to 2 Year	32.61	51.38	-	80.80
2 to 3 Year	38.60	38.17	-	67.57
3 to 4 Year	40.68	39.56	-	64.60
4 to 5 Year	39.91	42.29	-	55.74
5 to 6 Year	145.05	43.89	-	56.71
6 Year onwards	173.96	329.55	-	425.49

vii. Expected contribution for the next Annual reporting period

(₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Service Cost	50.26	62.45	-	139.89
Net Interest Cost	-6.46	-6.29	-	-24.26
Expected Expense for the next annual reporting period	56.65	32.55	-	133.68

viii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

(₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Method used	Projected unit credit method		Projected unit credit method	
Discount rate	6.52%	6.50%		6.50%
Salary Escalation	5.00%	5.00%		5.00%
Mortality Rate	IALM (2012-14)	IALM (2012-14)		IALM (2012-14)
Withdrawal rate up to 30/44 and above 44 years	10%	10%		10%
Rate of return on plan assets	6.52%	6.50%		6.50%

Notes forming part of the standalone financial statements

Notes forming part of the Standalone financial statements

Accounting Policies

38 Business Combination accounted for in financial year 2019-2020.

The Board of Directors, at their meeting held on August 5, 2019 had approved a scheme of amalgamation ("the Scheme") of Spring Air Bedding Company (India) Limited ("SABCIL" of "Transferor Company") with Kurlon Enterprise Limited ("the Company" or "Transferee Company") with an appointed date of April 01, 2018. The Company then had filed an application of the Scheme with the National Company Law Tribunal ("NCLT"), Mumbai and NCLT Delhi. The Scheme was approved by the NCLT Mumbai and NCLT Delhi, vide their orders dated March 12, 2020 and May 05, 2020, respectively, and the aforesaid orders were filed with the Registrar of Companies on June 18, 2020.

In consideration of the Ministry of Corporate Affairs ("MCA") General Circular Ref. 09/2019 dated August 21, 2019 as regards the treatment of 'appointed date' as the 'acquisition date' under Indian Accounting Standard 103 ("Ind AS 103") – Business Combinations, the Management has considered the approvals of the NCLT's and filing of the same with the Registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date of April 01, 2018, which is also the earliest date of the periods presented in these financial statements.

In accordance with the scheme sanctioned, all assets and liabilities of SABCIL, as at the appointed date April 1, 2018, was transferred to, and vested with the Company at their respective fair values.

Pursuant to the Scheme, in consideration for the transfer and vesting of all the assets and liabilities.

i) The equity Shareholders of erstwhile SABCIL were issued 1 equity share of the Company of Rs. 5 each fully paid up, for every 331 equity shares of Rs. 10 each fully paid up, held by them in SABCIL. Accordingly 169,868 equity shares of Rs. 5 each fully paid up (aggregating to Rs. 8.49 Lakhs) were issued to the shareholders of the erstwhile SABCIL. Further, the erstwhile SABCIL during 2018-19 had issued 15,930,000 equity shares of Rs. 10 each fully paid up to its shareholders. Accordingly, 48,127 equity shares of the Company of Rs. 5 each fully paid up (aggregating to Rs. 2.41 Lakhs) were issued to the shareholders of erstwhile SABCIL. The above mentioned Shares which were disclosed under Monies pending allotment as at 31 Marchj 2021 under Other Equity have been allotted during the FY 2020-2021.

ii) The above mentioned Shares which were disclosed under Monies pending allotment in the previous year under Other Equity have been allotted during the FY 2020-21.

iii) The amalgamation was accounted under the "Acquisition Method" as specified in Ind AS 103 and other accounting principles generally accepted in India in line with the approved Scheme. Accordingly the assets and liabilities as at April 1, 2018, of SABCIL have been taken over at their respective fair values.

The difference, aggregating to Rs. 2,103.16 Lakhs, between the fair values of net identifiable assets acquired as at the appointed date April 1, 2018, and the consideration for the acquisition has been recognized as goodwill, in accordance with the Scheme. The goodwill on acquisition of SABCIL has been determined as below.

Particulars	(₹ in Lakh)
Property, plant & equipment	306.26
Intangibles - Gross block	6.29
Other current assets	137.84
Deferred Tax Assets	1,846.38
Inventories	470.23
Trade Receivables	825.54
Cash and cash equivalents	5.00
Current financial assets - Loans	53.37
Total Assets taken over on Amalgamation (A)	3,650.91
Short term Borrowings	914.61
Trade Payables	2,622.38
Current Provisions	15.50
Other current liabilities	545.19
Total Liabilities Taken over on Amalgamation (B)	4,097.68
Less: Consideration in respect of shares outstanding in SABCIL as at April 1, 2018 (C)	1,656.39
Goodwill on Amalgamation (D) = (C) + (B) - (A)	2,103.16

SABCIL is engaged in manufacturing/ trading in diverse area such as Pillows, Spring & Foam Mattresses, Furnishing etc.

Notes forming part of the standalone financial statements

39. From April 1, 2019 onwards, the company has opted to pay income taxes under the concessional tax regime as prescribed under Section 115BAA of the Income Tax Act, 1961. Accordingly, Current tax Liability for the year ended March 31, 2020 and thereafter has been determined and recognized at the concessional rate. The impact arising from restating the deferred tax balances at the reduced rate has been recognised during the previous year.

40. Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

For and on behalf of the Board of Directors

T. Sudhakar Pai
Managing Director
DIN - 00043298

Jyothi Pradhan
Chief Executive Officer

Ritesh Shroff
Chief Financial Officer

Place : Bengaluru
Date : October 28, 2021

H.N. Shrinivas
Director
DIN - 07178853

Monu Kumar
Company Secretary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kurlon Enterprise Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (Sas). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We

believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and annexures to the Director's Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial

Report on the Audit of the Consolidated Financial Statements

performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of Rs. 5,470.21 Lakhs as at March 31, 2021, total revenues of

Rs. 2,484.98 Lakhs and net cash flows amounting to Rs. 13.77 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other

Report on the Audit of the Consolidated Financial Statements

Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies. Our report expresses an unmodified opinion on the adequacy operating effectiveness of internal financial controls over financial reporting of those companies.

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

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

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

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.

ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

Date : 28-10-2021
Place : Bangalore.

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

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN : 21206920AAAAMB3314

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Kurlon Enterprise Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section

143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Report on the Audit of the Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on

the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(l) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to eight subsidiary companies, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

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

Sathya P. Koushik
Partner
(Membership No. 206920)
UDIN : 21206920AAAAMB3314

Date : 28-10-2021
Place : Bangalore.

Kurlon Enterprise Limited

Consolidated Balance Sheet as at March 31, 2021

Particulars	Note No.	(₹ in Lakh)	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3a	21,312.50	21,989.91
(b) Right of Use assets	4a	4,387.94	5,954.89
(c) Capital work-in-progress	4b	719.15	578.35
(d) Goodwill	3b	2,103.16	2,103.16
(e) Other Intangible assets	3c	405.14	543.50
(f) Financial Assets			
(i) Security Deposits	7a	1,003.26	1,204.98
(ii) Trade Receivable	6	1.52	-
(iii) Other financial assets	7b	395.13	278.68
(g) Non-Current Tax Assets (Net)	18b	629.63	1,113.58
(h) Other Non-Current Assets	8	2,080.19	1,511.85
Total Non - Current Assets		33,037.62	35,278.90
Current assets			
(a) Inventories	9	11,664.93	12,289.92
(b) Financial Assets			
(i) Investments	5	11,131.71	11,475.60
(ii) Trade Receivables	6	4,929.64	6,705.36
(iii) Cash and Cash equivalents	10	4,037.60	1,289.53
(iv) Bank Balances other than (iii) above	10	150.68	141.29
(v) Security Deposits	7a	265.78	36.18
(c) Other Current Assets	8	6,627.92	7,465.01
Total Current Assets		38,808.26	39,402.89
Total Assets		71,845.88	74,681.79
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	1,827.61	1,819.12
(b) Other Equity	12	46,549.95	44,775.40
(c) Non-controlling Interest		1.10	13.86
Total equity		48,378.66	46,608.38
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	44.95	-
(ii) Lease Liabilities	15a	3,673.04	4,533.28
(iii) Other Financial Liabilities	15b	5,478.53	5,802.27
(iv) Trade Payable	13	17.96	-
(b) Provisions	14	656.17	409.42
(c) Deferred tax liabilities (Net)	18.a	2,381.86	1,619.79
(d) Other non-current liabilities	17	1.06	-
Total Non - Current Liabilities		12,253.57	12,364.76
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,194.50	2,389.02
(ii) Lease Liabilities	15a	210.40	662.62
(iii) Trade payables			
(A) Total outstanding dues to Micro, small and Medium Enterprises	13	306.00	582.72
(B) Total outstanding dues of creditors other than Micro, small and Medium Enterprises	13	8,990.90	11,365.62
(iv) Other financial Liabilities	15b	83.29	68.87
(b) Provisions	14	142.67	413.80
(c) Other Current Liabilities	17	285.89	226.01
Total Current Liabilities		11,213.65	15,708.65
Total Equity and Liabilities		71,845.88	74,681.79
Summary of Significant Accounting Policies	2.1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)
Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : 28.10.2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited
T. Sudhakar Pai
Managing Director
DIN - 00043298
Jyothi Pradhan
Chief Executive Officer
Place : Bengaluru
Date : 28.10.2021
H. N. Shrinivas
Director
DIN - 07178853
Ritesh Shroff
Chief Financial Officer
Monu Kumar
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2021

		(₹ in Lakh)	
Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	Revenue from operations	78,367.26	98,763.14
II	Other Income	893.23	793.38
III	Total Income (I+II)	79,260.49	99,556.52
IV	Expenses		
	Cost of materials consumed	34,045.74	41,891.10
	Purchases of stock in trade	7,441.12	11,054.65
	Changes in inventories of finished goods, stock in trade and work-in-progress	1,320.15	(532.56)
	Employee benefits expense	6,539.39	8,309.88
	Finance costs	526.99	941.37
	Depreciation and amortisation expense	3,176.03	3,330.45
	Other expenses	18,818.79	25,249.76
	Total Expenses (IV)	71,868.21	90,244.66
V	Profit before Exceptional Items and tax (III-IV)	7,392.28	9,311.87
VI	Exceptional Items(Refer Note-5(i))	2,018.68	9,311.87
VII	Tax Expense		
	Current tax	1,622.00	2,664.04
	Tax credit of earlier years	0.11	(244.39)
	Deferred tax	762.07	(632.31)
		2,384.18	1,787.34
VIII	Profit for the year(V-VI-VII)	2,989.42	7,524.53
	Profit/(Loss) from continuing operations for the period attributable to:		
	Owners of the Company	2,991.84	7,537.27
	Non controlling interests	(2.42)	(12.74)
		2,989.42	7,524.53
	Other comprehensive income		
	(i) Items that will not be reclassified to profit or loss		
	(a) Re-measurements of the defined benefit plans [gain/ (loss)]	75.30	45.64
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(18.95)	(11.49)
IX	Total other comprehensive income	56.35	34.15
X	Total comprehensive income for the year(VIII+IX)	3,045.77	7,558.68
	Total comprehensive income for the period attributable to:		
	Owners of the Company	3,048.19	7,571.42
	Non controlling interests	(2.42)	(12.74)
	Earnings per equity share :		
	Equity shares of par value Rs 5 each		
	(1) Basic (Rs)	8.33	20.78
	(2) Diluted (Rs)	8.33	20.68

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)

Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : 28-10-2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai
Managing Director
DIN - 00043298

Jyothi Pradhan
Chief Executive Officer
Place : Bengaluru
Date : 28-10-2021

H. N. Shrinivas
Director
DIN - 07178853

Ritesh Shroff
Chief Financial Officer

Monu Kumar
Company Secretary

		(₹ in Lakh)	
Particulars	Year ended March 31, 2021	Year ended March 31, 2020	
A. Cash flows from Operating Activities			
Profit for the year	2,991.84	7,537.27	
Adjustments for:			
Exceptional Item	2,018.68		
Income tax expense recognised in profit or loss	2,384.18	1,787.34	
Net (Gain)/ Loss on disposal of Property, Plant and Equipment	294.39		
Insurance claim received on Property, Plant and Equipment	-	(56.71)	
Liability written back	-	(36.44)	
Bad debts written off	17.68	5.08	
Depreciation and amortisation expense	3,176.03	3,330.45	
Interest Income recognised in profit or loss	(251.49)	(186.38)	
Dividend Income recognised in profit or loss	(458.90)	(292.84)	
Finance costs recognised in profit or loss	526.99	941.37	
Allowance for expected Credit losses	250.97	568.86	
	10,950.36	13,598.00	
Movements in working capital:			
(Increase)/Decrease in Loans	(27.88)	(52.35)	
(Increase)/Decrease in Trade Receivables	1,505.55	4,683.38	
(Increase)/Decrease in Inventories	624.99	(560.68)	
(Increase)/Decrease in Other Current Assets	912.38	82.12	
(Increase)/Decrease in Other Non-Current Assets	998.61	(4,838.11)	
(Increase)/Decrease in Other Other Financial Assets	(116.45)		
Increase/(Decrease) in Trade Payables	(2,633.48)	(962.93)	
Increase/(decrease) in Other Current Financial Liabilities	(437.80)	682.04	
Increase/(Decrease) in Other Non-Current Financial Liabilities	(1,182.92)	3,963.25	
Increase/(Decrease) in Other Current Liabilities	59.88	(742.14)	
Increase/(Decrease) in Current Provisions	(24.38)	4.38	
	(321.50)	2,258.96	
Cash Flows generated from Operating Activities	10,628.86	15,856.95	
Income tax paid(Net of Refund)	(1,157.11)	(3,105.86)	
Net cash flow from operating activities (A)	9,471.76	12,751.09	
B. Cash flows from Investing Activities			
Proceeds on sale of Property, Plant and Equipment	149.89	47.14	
Insurance claim received	-	56.71	
Interest received	251.49	186.39	
Other Dividends Received	458.90	292.84	
(Purchase)/Sale of Investments	343.89	(7,748.91)	
Placed in Bank Deposits not considered as Cash and Cash Equivalents	(9.39)	(8.63)	
Investments Written Off	(2,018.68)		
Capital Expenditure on Property, Plant & Equipment including capital advance	(2,945.34)	(5,185.09)	
Net cash flow from / (used in) Investing Activities (B)	(3,769.22)	(12,359.56)	
C. Cash flows from Financing Activities			
Proceeds/ (Repayment) of Short term borrowings	(1,149.57)	150.96	
Adjustment on account of Consolidation/Non Controlling Interest	1.42	71.01	
Tax on Distributed Profits	-	(224.36)	
Dividends paid to owners of the Company	(1,279.33)	(1,091.47)	
Interest paid	(526.99)	(941.37)	
Net cash flow from / (used in) financing activities (C)	(2,954.47)	(2,035.23)	
Net increase / decrease in cash and cash equivalents (A+B+C)	2,748.06	(1,643.70)	
Cash and cash equivalents at the beginning of the year	1,289.53	2,933.23	
Cash and cash equivalents at the end of the year	4,037.59	1,289.53	
Reconciliation of Cash & cash equivalents with the Balance Sheet			
Add-Bank Balance held as margin money or security against borrowing, guarantees and other commitments(*)	150.68	141.29	
Cash and cash equivalents as per the Balance Sheet (Refer note 10)	4,188.28	1,430.82	

"Notes: (*) These earmarked account balances with banks can be utilised only for the specific identified purposes. The accompanying notes form an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)

Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : 28-10-2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai
Managing Director
DIN - 00043298
Jyothi Pradhan
Chief Executive Officer

H. N. Shrinivas
Director
DIN - 07178853
Ritesh Shroff
Chief Financial Officer

Monu Kumar
Company Secretary
Place : Bengaluru
Date : 28-10-2021

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2021

A. Equity Share Capital

Particulars	(₹ in Lakh)
Balance as at March 31, 2020	1,819.12
Changes in equity share capital during the year	-
Issue of Equity Shares	8.49
Issue of Bonus Equity Shares	-
Balance as at March 31, 2021	1,827.61

B. Other equity

Particulars	Other Equity					Total
	Monies pending allotment (Refer Note 38)	"Capital Reserve arising on consolidation"	Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2019	3,249.40	-	11,619.58	1,286.11	22,044.18	38,634.85
Transferred to general reserve	-	-	-	-	-	-
Profit for the year	-	-	-	-	7,537.27	7,537.27
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	-	34.15	34.15
Retained earnings on RTU of previous year	-	-	-	-	(172.19)	(172.19)
Dividends Paid	-	-	-	-	(1,091.47)	(1,091.47)
Tax on dividends	-	-	-	-	(224.36)	(224.36)
Capital Reserve arising on consolidation	-	57.14	-	-	-	57.14
Shares to be issued pursuant to approved Scheme (Refer Note 1B)	-	-	-	-	-	-
Transfer from Shares Option Outstanding Account*	-	-	-	-	435.58	435.58
Utilized during the year for issue of bonus share	-	-	-	-	-	-
Balance as at March 31, 2020	3,249.40	57.14	11,619.58	1,286.11	28,563.17	44,775.40
Profit for the period	-	-	-	-	2,991.85	2,991.85
Remeasurement of Defined Benefits Plan (net of tax)	-	-	-	-	56.35	56.35
Dividends paid**	-	-	-	-	(1,279.33)	(1,279.33)
Tax on dividends	-	-	-	-	-	-
Transfer to Securities premium account on allotment of shares	(3,240.91)	-	3,240.91	-	-	-
Capital Reserve arising on consolidation	-	3.83	-	-	-	3.83
Adjustments on Consolidation	-	-	-	-	10.34	10.34
Utilized during the year for issue of bonus share	-	-	-	-	-	-
Transfer to Equity Share Capital on Allotment of shares	(8.49)	-	-	-	-	(8.49)
Balance as at March 31, 2021	0.00	60.97	14,860.49	1,286.11	30,342.39	46,549.95

* On July 14, 2015, the company had granted 468,864 options to certain employees. These options vest with the employees over a period of three years and exercisable over a period of four years. In accordance with the scheme, the options got fully vested with the employees in 2018-2019. The company has recognized the cost (difference between the fair price of the equity share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense aggregating to ₹ 435.58 Lakhs, as an expense in earlier years. However during 2019-2020, since the Holding company has issued shares to the said employees, the options of the company cannot be exercised. Hence the above amount has been transferred to Retained Earnings.

** In the Annual General Meeting held on 20th October 2020, the shareholders of the company had declared a dividend of Rs. 3.50/share aggregating to Rs. 1279.33 lakhs

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

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 0080725)

Sathya P. Koushik
Partner
Membership No. 206920
Place : Bengaluru
Date : 28-10-2021

For and on behalf of the Board of Directors of Kurlon Enterprise Limited

T. Sudhakar Pai
Managing Director
DIN - 00043298

Jyothi Pradhan
Chief Executive Officer
Place : Bengaluru
Date : 28-10-2021

H. N. Shrinivas
Director
DIN - 07178853

Ritesh Shroff
Chief Financial Officer

Monu Kumar
Company Secretary

3. Property, Plant and Equipment

a) Tangible Assets

Particulars	Freehold land	Buildings	Leasehold Land	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Computer Owned	Total	b) Goodwill	c) Intangible assets
										Goodwill	Computer software
Gross carrying value											
As at March 31, 2019	974.18	842.50	3,704.25	17,983.21	3,503.82	524.10	347.61	503.94	28,383.61	2,103.16	1,036.18
Additions	17.24	302.77	4,344.20	1,209.33	575.49	52.02	138.18	62.09	6,701.32	-	45.06
Disposals	-	-	-	4.10	0.17	0.64	161.89	3.48	170.27	-	-
Reclassified to Right of Use Assets	-	1,145.27	-	-	-	-	-	-	1,145.27	-	-
As at March 31, 2020	991.42	-	8,048.45	19,188.45	4,079.14	575.48	323.90	562.55	33,769.40	2,103.16	1,081.24
Additions/Adjustments	-	-	464.30	903.52	198.77	68.78	136.80	34.38	1,806.54	-	6.43
Disposals	-	-	58.85	165.53	341.28	4.19	110.38	24.82	705.05	-	-
As at March 31, 2021	991.42	-	8,453.90	19,926.44	3,936.63	640.07	350.32	572.11	34,870.89	2,103.16	1,087.67
Accumulated Depreciation											
As at March 31, 2019	-	-	595.98	7,475.92	1,118.40	299.56	111.71	350.40	9,951.97	-	396.67
Additions	-	-	161.63	1,180.10	320.42	77.05	45.29	83.92	1,868.41	-	141.08
Disposals	-	-	-	3.09	-	0.21	79.37	1.18	83.85	-	-
As at March 31, 2020	-	-	757.61	8,652.93	1,475.82	378.43	78.94	435.75	11,779.48	-	537.75
Additions/Adjustments	-	-	256.40	1,364.85	240.88	71.39	44.99	61.18	2,039.68	-	144.78
Disposals	-	-	1.26	95.47	94.47	2.80	43.37	23.41	260.78	-	-
As at March 31, 2021	-	-	1,012.75	9,922.31	1,622.23	447.02	80.56	473.52	13,558.39	-	682.53
Net carrying value											
Balance as at March 31, 2021	991.42	-	7,441.15	10,004.12	2,314.40	193.05	269.75	98.59	21,312.50	2,103.16	405.14
Balance as at March 31, 2020	991.42	-	7,290.84	10,535.52	2,603.32	197.05	244.96	126.79	21,989.91	2,103.16	543.50

Goodwill is tested for impairment at least annually. Impairment is recognised, if present value of future cash flows is less than the carrying value of goodwill. Future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, Gross Margins, Earnings before interest and taxes and working capital requirement. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

Assumptions	As at	As at
	31-Mar-21	31-Mar-20
Terminal growth rate (%)	5%	5%
Discount rate (%)	12%	12%

As at 31 March 2021 and 31 March 2020 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment needs to be recognized.

Notes forming part of the Consolidated financial statements

4a. Right of Use Assets

Particulars	₹ in Lakhs		
	Land	Buildings	Total
Gross carrying value			
As at March 31, 2020	1,145.27	6,130.58	7,275.85
Op Bal Impact of adoption of Ind AS 116 (Refer Note 29)	-	90.32	90.32
Additions/Adjustments	-	1,030.59	1,030.59
Disposals/ Adjustments	1,145.27	5,190.31	6,335.58
As at March 31, 2021			
Accumulated Depreciation			
As at March 31, 2020	19.46	1,301.50	1,320.96
Op Bal Impact of adoption of Ind AS 116 (Refer Note 29)	19.46	956.97	976.43
Additions	-	349.75	349.75
Disposals	38.92	1,908.72	1,947.64
As at March 31, 2021			
Net carrying value	1,106.35	3,281.59	4,387.94
Balance as at March 31, 2021	1,125.81	4,829.08	5,954.89
Balance as at March 31, 2020			

4b. Capital work in progress

Particulars	₹ in Lakhs	
	As at March 31 2021	As at March 31 2020
Land	-	-
Building	645.37	205.14
Plant & Machinery	43.47	283.30
Others	30.30	89.90
	719.14	578.35

Notes forming part of the Consolidated Financial Statements

5. Investments

Particulars	As at March 31, 2021			As at March 31, 2020		
	Nos.	Amount in Lakhs		Nos.	Amount in Lakhs	
		Current	Non Current		Current	Non Current
A. Cost						
I. Investment in Commercial Papers (at amortised cost)(Unquoted)						
Cox and Kings Limited (refer note 5(i) below)	-	-	-	400	2,000.00	-
Total Unquoted Investments	1,53,94,536	-	-	400	2,000.00	-
B. Fair Value Through Profit and Loss						
I. Investments in Mutual funds (Quoted)						
Franklin India Banking & PSU Fund-Direct-Growth		-	-	1,94,79,860	3,295.78	-
HSBC Ultra Short Duration Fund Direct Growth		-	-	30,833	311.20	-
Tata Banking & PSU Debt Fund Direct Growth		-	-	49,59,639	515.44	-
ABSL Floating Rate Fund-Direct-Growth	2,03,278	550.24	-	2,03,278	512.86	-
AXIS Short Term Fund-Direct-Growth	24,25,648	616.16	-	39,42,706	921.62	-
Axis Banking & PSU Debt Fund-Direct Growth	48,070	1,008.41	-	26,104	506.68	-
Canara Robeco Short Duration Fund - Direct Growth		-	-	12,78,301	255.61	-
Kotak Savings Fund-Regular-Growth		-	-	6,39,002	205.08	-
Kotak Bond Short Term Fund-Direct-Growth	10,30,669	448.12	-	10,30,669	413.44	-
Kotak Corporate Bond Fund-Direct-Growth	17,573	524.48	-	7,456	205.80	-
Kotak BANKING AND PSU DEBT FUND-Direct-Growth	20,22,554	1,042.09	-	8,53,190	406.52	-
Kotak BANKING AND PSU DEBT FUND-Regular-Growth	4,35,533	219.14	-			
L & T Banking & PSU Fund-Regular-Growth	22,84,679	443.33	-	22,84,679	410.89	-
Sundaram Money Market Fund-Direct-Growth		-	-	54,87,966	614.77	-
ICICI Prudential Banking & PSU Debt Fund-Direct-Growth	40,76,232	1,044.18	-	16,88,533	399.23	-
LICMF Banking & PSU Debt Fund-Direct-Growth	16,42,874	474.95	-	11,14,132	300.56	-
LICMF Banking & PSU Debt Fund-Regular-Growth	7,78,062	213.29	-	7,78,062	200.12	-
Canara Robeco Corporate Bond Fund - Direct Growth	5,57,890	100.89	-			
DSP Banking and PSU Debt Fund-Direct Growth	37,20,875	713.81	-			
DSP Corporate Bond fund Direct Growth	23,58,987	301.97	-			
DSP Low Duration Fund- Direct Growth	12,70,326	201.02	-			
HDFC Corporate Bond Fund Regular Growth	12,05,252	300.44	-			
HSBC Corporate Bond Fund Direct Growth	9,88,347	100.50	-			
Aditya Birla Sun life Banking & PSU Debt Fund-Direct-Growth	1,04,494	302.74	-			
ICICI Prudential Bond Fund - Direct Plan - Growth	3,14,599	100.67	-	-	-	-
ICICI Prudential Corporate Bond Fund - Direct - Growth	17,21,136	404.58	-	-	-	-
Kotak Low duration Fund Direct Growth	3,622	100.46	-	-	-	-
SBI Banking & PSU Fund Direct Growth	31,504	804.62	-			
SBI Corporate Bond Fund-Direct-Growth	41,08,446	501.81	-			
Sundaram Banking and PSU Debt Fund-Direct Growth	17,95,790	613.80	-	-	-	-
Total Aggregate Quoted Investments	3,31,46,439	11,131.71	-	4,38,04,409	9,475.60	-
TOTAL INVESTMENTS CARRYING VALUE (A)		11,131.71	-		11,475.60	-
Other Disclosures						
Aggregate amount of Quoted Investments & market value thereof	-	11,131.71	-	-	9,475.60	-
Aggregate amount of Unquoted Investments	-	-	-	-	2,000.00	-

Note No. 5(i):

"The Group had made an investment of Rs. 2,000 Lakhs in Commercial Paper (CP) issued by COX and Kings Limited ("C&K") in four Commercial Papers between June 14, 2019 and June 26, 2019. The amounts were due for maturity/redemption in 40-45 days from date of investment. The maturity dates for the four tranches commenced on 29 July 2019 and ended on August 6, 2019.

At the time of making the investment, the CP was rated as A1+ by Credit Rating agency 'CARE'. This rating indicated highest level of safety. Subsequent to making the investment, C&K defaulted in repayment of borrowings to its bankers from June 28, 2019 onwards, till date.

On October 22, 2019, the National Company Law Tribunal, Mumbai (NCLT) admitted an insolvency petition against C&K, after which it imposed a moratorium on "transferring, encumbering, alienating or disposing off" of any assets belonging to Cox & Kings effective from October 22, 2019. The bench has appointed an interim resolution professional (IRP) who is overseeing the affairs of the entity. Considering the ongoing insolvency proceedings against C&K, the company is of the opinion that the probability of recovery is remote and hence has written off the same in the books of accounts, and has disclosed the same as an (Exceptional item) in the Statement of Profit and Loss.

Notes forming part of the Consolidated Financial Statements

6. Trade Receivables

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Trade Receivables (Unsecured)		
(a) Considered good	4,929.64	6,705.36
(b) which have significant increase in Credit Risk	1,045.17	997.08
	5,974.81	7,702.44
Less: Allowance for Doubtful trade receivables	1,045.17	997.08
TOTAL	4,929.64	6,705.36
Trade Receivables (Non Current)		
b) Which have significant increase in Credit Risk	1.52	
	1.52	

6a. Movement in the Allowance for Doubtful trade receivables

Particulars	₹ in Lakhs	
	FY 2020-21	FY 2019-20
Balance at beginning of the year	997.08	688.89
Impairment losses recognised in the year based on 12 Month Expected Credit Loss		
On Receivables originated in the year	250.94	569.54
Amounts written off during the year as uncollectible	1.35	
Amounts Recovered/Written Off During the year	(204.20)	(261.35)
Balance at end of the year	1,045.19	997.08

7a. Security Deposits

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Non-Current		
(Carried at amortised cost)		
a) Security Deposits- (Carried at amortised cost)	551.75	129.98
b) Deposit Rent-(At Fair Value)	267.76	688.42
c) Related Parties	15.00	15.00
d) Deposits with Sales Tax authorities- Under Protest (Carried at amortised cost)	168.75	88.27
e) Others		283.31
TOTAL	1,003.26	1,204.98
Current (Carried at amortised cost)		
a) Security Deposits- Secured, considered good		36.18
b) Deposits-Rent- Unsecured, considered good	265.78	

7b. Other financial assets

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
a) Other Loans - unsecured, considered good	321.98	
Loans to Employees		
b) Loans to Others	73.15	278.68
	395.13	278.68

Notes forming part of the Consolidated Financial Statements

8. Other Non-current and Current Assets

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Non-Current		
(a) Capital Advances		
(i) For land-(Refer Note(ii) Below & Note 35)	1,408.64	1,510.23
(ii) For Building(Refer Note(i) below)	622.07	-
(iii) For Others	27.62	
(b) Balances with government authorities	0.97	1.62
(c) Loans		-
-Others	20.89	
TOTAL	2,080.19	1,511.85
Current		
(a) Advances to suppliers		
-Related Parties-(Refer Note 35)	5,433.03	4,788.22
- Others	588.68	678.85
(b) Advances to Related Parties		348.32
(c) Advances to employees	26.04	36.51
(d) Balances with government authorities	178.80	508.07
(e) Others		
Other Loans and Advances		599.12
Prepaid expenses	299.96	325.53
Insurance Claim	-	28.64
Gratuity fund	-	85.22
Leave Encashment Fund	101.42	66.52
TOTAL	6,627.92	7,465.00

Note-(i)

Represents advance paid to Holding Company, Kurlon Limited towards acquisition of 3 manufacturing premises in and around Bengaluru, detailed below

Location /Address	Location /Address
Karnataka - No.49, 3rd Phase, Peenya Industrial Area,Bangalore-560058	
Karnataka - No.7,Survey No-106/107, KIADB Industrial Area, Yedehalli Village, Dobbaspeta, Bangalore - 562 211-Sofa Unit	45.99
Karnataka - No.22 & 23 KIADB Indl Area, Dobbaspeta, Bangalore - 562 211	341.04
	235.04
Total	622.07

Note -(ii)

During the year 2013-2014, the Company's Holding Company Kurlon Limited had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited(MA-CL)(a related Party) for purchase of Land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated 08th October 2004 had stated that sale of land can be carried out only with its permission. Subsequently, the court vide its order dated 20 April 2012 accorded its consent for the sale of land to Kurlon Limited. Hence the advance is considered good and recoverable. During the year 2014-2015, the advance was transferred by Kurlon Limited to the Company and has been carried in the books till date.

9. Inventories*

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
(a) Raw materials	4,487.83	3,735.56
- Goods in transit	-	10.75
(b) Work-in-progress	1,786.98	1,601.56
(c) Finished goods	3,694.84	4,438.22
- Goods in transit	30.70	61.44
(d) Stock-in-trade	1,140.81	1,872.26
- Goods in transit	-	-
(e) Stores and spares	523.77	570.13
Total Inventories at lower of Cost and Net Realisable Value (NRV)	11,664.93	12,289.92

* The carrying value of Inventories as reflected above is net of provision for aged/slow moving stock of Rs. 839.69 Lakhs (Rs. 512.69 Lakhs during FY 19-20)

10. Cash and Bank Balances

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Cash and Cash Equivalents		
(a) Balances with Banks	77.91	359.96
(b) Cheques, Drafts on hand	-	140.09
(c) Cash on Hand	9.47	45.05
(d) Others		
In deposit Accounts	3,950.22	744.43
TOTAL	4,037.60	1,289.53
Other Bank Balance		
(a) Earmarked balances with banks (refer note below)	143.25	140.49
(b) Unpaid dividend	7.43	0.80
TOTAL	150.68	141.29

Note - Deposits receipts pledged with banks for obtaining Letter of Credit, Bank guarantee facilities and Corporate Credit card facilities.

11. Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Authorised*:				
Equity shares of ₹ 5/- each with voting rights	15,06,00,000	7,530.00	3,80,00,000	1,900.00
Issued, Subscribed and fully Paid:				
Equity shares of Rs.10/- each with voting rights		(0.00)	-	-
Equity shares of ₹ 5/- each with voting rights	3,65,52,261	1,827.61	3,63,82,393	1,819.12

*Increase in Authorised Share Capital by virtue of merger of Spring Air Bedding Co India Ltd into Kurlon Enterprise Limited(Refer Note-38)

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value (₹ in Lakhs)	No. of shares	Value (₹ in Lakhs)
Equity Shares				
At the beginning of the year	3,63,82,393	1,819.12	3,63,82,393	1,819.12
Fully paid shares allotted during the year	1,69,868	8.49	-	-
Bonus issue (refer note : v)	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.61	3,63,82,393	1,819.12

(ii) Terms/Rights attached to Equity Shares

a. The company has only one class of equity shares having a par value of ₹ 5/- each (March 31,2020- ₹ 5/- each) per share. Each holder of equity shares is entitled to one vote per share.

b. In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Limited				
Equity shares of ₹ 5/- each with voting rights	3,09,49,615	84.67	3,09,46,755	85.06

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

Class of shares / Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of ₹ 5/- each with voting rights				
Kurlon Limited	3,09,49,615	84.67	3,09,46,755	85.06
Indian Business Excellence Fund II A	23,54,086	6.44	23,54,086	6.47

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

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	Equity Shares with Voting rights				
Fully paid up Bonus Shares (Nos)	-	-	85,95,013	53,09,120	-

Notes forming part of the Consolidated Financial Statements

12. Other equity

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Securities Premium	14,860.49	11,619.58
Amounts received (on issue of shares) excluding the par value has been classified as securities premium.		
Monies Pending Allotment (Refer note 38)	-	3,249.40
121,735 equity shares and 48,135 equity shares of Rs.5 each fully paid up to be issued to erstwhile SABCIL, pursuant to a scheme of a business combination (more fully described in Note 38), without payment being received in cash.		
Shares option outstanding Account		
Balance at the beginning of the year		435.58
Add: amount recorded on grants during year	-	-
Less: Amount transferred to Retained Earnings		435.58
Closing balance	-	-
General Reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add: Transfer from the Statement of Profit & Loss	-	-
Less : Utilised during the year for issuing bonus shares	-	-
Closing balance	1,286.11	1,286.11
This represents appropriation of profit by the Company.		
Retained Earnings		
Balance at the beginning of the year	28,563.17	22,044.18
Add: Transfer from the Statement of Profit & Loss	2,991.85	7,537.27
Add: Transfer from Other Comprehensive Income (OCI)	56.35	34.15
Less: Transfer to general reserve		
Less: Dividend Paid	1,279.33	1,091.47
Less: Tax on dividend	-	224.36
Add: Transfer from Shares Option Outstanding Account	-	435.58
Less: Retained earnings on RTU of previous year		172.19
Add: Adjustments on Consolidation	10.34	
Closing balance	30,342.39	28,563.17
Capital Reserve arising on Consolidation	60.97	57.14
TOTAL	46,549.95	44,775.40

Notes forming part of the Consolidated Financial Statements

13. Trade Payables

Particulars	As at March 31, 2021		As at March 31, 2020
	Current	Non- Current	Current
Total outstanding dues of micro enterprises and small enterprises (Refer Note 33)	306.00		582.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,990.90	17.96	11,365.62
TOTAL	9,296.90	17.96	11,948.34

14. Provisions

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non- Current	Current	Non- Current
Provisions for Warranty (refer note (i) below)	142.67	656.17	409.42	409.42
Provision others			4.38	
TOTAL	142.67	656.17	413.80	409.42

(i) Movement in Provisions for warranty

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Balance as at Beginning of the year	818.84	818.84
Additional provisions recognised	97.18	353.91
Amounts utilised during the year	117.18	353.91
Balance as at end of the year	798.84	818.84

Notes forming part of the Consolidated Financial Statements

15. Borrowings			₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020	
Non-Current			
Borrowings-Kurlon Limited	44.95		
TOTAL	44.95	-	
15a. Lease Liabilities			₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020	
Non-Current			
Lease Liabilities	3,673.04	4,533.28	
TOTAL	3,673.04	4,533.28	
Current			
Lease Liabilities	210.40	626.62	
TOTAL	210.40	626.62	
15b. Other Financial Liabilities			₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020	
Other Financial Liabilities Measured at Amortised Cost			
Non-Current			
Deposits received from Dealers	5,423.27	5,733.02	
Deposits received from C & F Agent	46.01	57.00	
Deposits-Transporters	9.25	12.25	
TOTAL	5,478.53	5,802.27	
Current			
Interest accrued on micro enterprises and small enterprises (Refer Note 33)	8.96	4.23	
Unpaid dividend account	7.29	0.80	
Gratuity Payable	17.22		
Others	49.82	63.84	
TOTAL	83.29	68.87	
16. Current Borrowings			₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020	
A. Secured Borrowings			
(a) Loans repayable on demand			
From Banks	510.95	1,216.90	
From Other		495.82	
From Union Bank of India	7.25		
TOTAL	518.20	1,712.72	
B. Unsecured Borrowings			
(a) Loans from related parties	676.30	676.30	
TOTAL	1,194.50	2,389.02	

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

Notes forming part of the Consolidated Financial Statements

Reconciliation of liabilities arising from financing activities				₹ in Lakhs
Particulars	Non-cash changes			As at March 31, 2021
	As at April 1, 2020	Financing Cash Flow	Foreign exchange movement	
Repayments to bank	1,216.90	(705.95)	-	510.95
Borrowing from bank		7.25		7.25
Borrowings from Other Financial Institutions	495.82	(495.82)	-	-
Loans from related parties	676.30	676.30	-	676.30
Total Borrowings	2,389.02	(1,194.52)	-	1,194.50
17. Other Liabilities				₹ in Lakhs
Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non- Current		
a. Advances received from customers	64.77	1.06	64.07	
b. Other Payables	6.22			
c. Rent Deposit Received	0.35			
d. Statutory dues	-	-	-	
- taxes payable (other than income taxes)	214.55	-	51.89	
- Other payable		-	110.06	
Total Other Liabilities	285.89	1.06	226.01	
18.a Deferred Tax liabilities				₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020		
Deferred tax assets	396.15	822.44		
Deferred tax liabilities	(2,778.01)	(2,442.23)		
Deferred tax liabilities (net)	(2,381.86)	(1,619.79)		
Deferred tax liabilities (net)				₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020		
Deferred tax liability				
Depreciation and amortisation	(1,772.49)	(2,114.36)		
Right to Use Asset	(384.90)	(327.87)		
Goodwill	(529.37)	-		
MTM on Mutual Fund Investment	(90.55)	-		
Others	(0.70)	-		
Gross deferred tax liability	(2,778.01)	(2,442.23)		
Deferred tax asset				
a) Provision for doubtful debts	263.07	250.97		
b) Provision for Warranty	0.00	206.10		
c) 43B Disallowance	0.00	21.65		
d) 35DD Income Tax Disallowance on Amalgamation expenses	20.79	20.99		
e) Lease Liability-INDAS-116	112.29	322.73		
f) Unabsorbed losses	-	-		
Gross deferred tax asset	396.15	822.44		
Net deferred tax liability	(2,381.86)	(1,619.79)		
18.b Non-Current Tax Assets (net)				₹ in Lakhs
Particulars	As at March 31, 2021	As at March 31, 2020		
Advance tax	12,049.85	12,461.96		
Mat Credit Entitlement	0.51			
Provision for Taxation	(11,420.73)	(11,348.38)		
	629.63	1,113.58		

19. Revenue from Operations

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products (refer note (i))	81,397.70	1,05,507.82
Other operating revenue (refer note (ii))	1,207.05	1,608.05
Less: Schemes & Rebates	(4,237.49)	(8,352.75)
Total Revenue from Operations	78,367.26	98,763.14

Deferred tax liabilities (net)	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Sale of products		
Manufactured goods		
Rubberized Coir Mattresses, Cushions	14,438.88	27,409.54
Foam and Foam Products	23,172.17	21,182.30
Sofa	1,693.36	2,370.08
Polyfibre Goods	3,024.07	2,645.09
Furniture	451.42	860.87
Foam Mattresses	20,731.43	24,838.41
Spring Mattresses	7,338.06	12,725.16
Total - Sale of manufactured goods	70,849.40	92,031.45
Traded goods		
Polyfibre Goods	465.61	744.55
Mattresses, Cushions & Others	7,621.90	10,326.15
EPE Sheet & Foam, others	448.77	353.79
Furniture	78.44	
Soft Furnishing	549.47	1,090.86
Others	1,384.10	961.02
Total - Sale of Traded Goods	10,548.30	13,476.37
Total - Sale of Products	81,397.70	1,05,507.82

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(ii) Other operating revenues:		
Sale of scrap	178.32	213.58
Others - Raw Materials	890.12	1,306.25
Others - Sale of Services	44.53	
Other-Operating income	0.02	49.79
Revenue From Supply of Electricity	94.06	38.43
Total - Other Operating Revenues	1,207.05	1,608.05

iii) Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer. Trade receivable are presented net of impairment in the Balance Sheet.

20. Other Income

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income, On Financial Assets at Amortised Cost		
Interest from banks on deposits	142.42	115.50
Interest on loans and advances to employees	0.46	66.29
Interest Others	108.61	4.59
(b) Interest & FV on Mutual Fund Investments	458.90	292.84
(c) Other non operating income		
Forex gain	2.77	-
Rental income	2.50	12.47
Miscellaneous Income	177.57	208.54
Liabilities no longer required, written back		36.44
Insurance claims	-	56.71
Total Other Income	893.23	793.38

21 .a Cost of Materials Consumed

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	3,735.56	3,770.10
Add: Purchases	34,798.01	41,856.56
	38,533.57	45,626.66
Less: Closing stock	4,487.83	3,735.56
Cost of Materials Consumed	34,045.74	41,891.10
Material consumed comprises:		
Latex	2,070.13	3,703.68
Coir	1,965.43	1,321.39
Spring chasis, foam , cloth	-	956.11
Upholstery	3,810.49	5,405.01
Chemical & Clay	756.71	603.22
Foam Chemicals	20,279.40	20,215.43
Springs and Related Products	1,446.63	2,823.80
Furniture & Sofa	1,066.81	1,858.30
Packing Materials	1,589.43	2,749.80
Others	1,060.69	2,254.36
	34,045.74	41,891.10

21.b Purchase of stock-in-trade

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Poly Fibre Goods	469.67	733.96
Traded Mattresses	6,547.95	9,631.83
Furnishing Textiles & others	295.40	552.62
Furniture	128.10	136.24
	7,441.12	11,054.65

21.c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	4499.66	4,246.12
Work-in-progress	1601.56	1,321.21
Stock-in-trade	1872.26	1,873.59
	7,973.48	7,440.92
Inventories at the end of the year:		
Finished goods	3725.54	4,499.66
Work-in-progress	1786.98	1,601.56
Stock-in-trade	1140.81	1,872.26
	6,653.33	7,973.48
Net (increase) / decrease	1,320.15	(532.56)

22. Employee Benefits Expense

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages	5,856.86	7387.79
(b) Contribution to provident and other funds	500.73	508.44
(c) Staff welfare expenses	181.80	413.65
Total	6,539.39	8,309.88

23. Finance Cost

Deferred tax liabilities (net)	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest expense	58.78	150.39
(b) Interest under INDAS-116	334.79	460.98
(c) Customer Financing Cost	90.78	187.52
(d) Other borrowing cost	42.63	142.48
Total	526.99	941.37

24. Depreciation and Amortisation Expense

Particulars	₹ in Lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation for the year on property, plant and equipment	2,039.68	1,868.41
Amortization for the year on intangible assets	144.78	141.08
Depreciation on ROU Asset	991.57	1,320.96
Total	3,176.03	3,330.45

Notes forming part of the Consolidated Financial Statements

25. Other Expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores and spares consumed	262.12	484.21
Power & Fuel oil consumed	764.01	1,285.36
Freight and handling charges	4,705.73	7,269.73
Rent including lease rentals	971.44	1,194.57
Repairs and maintenance - Buildings	15.51	52.86
Repairs and maintenance - Machinery	128.68	124.52
Repairs and maintenance - Others	332.16	239.58
Water charges	15.96	23.12
Tailoring & Fabrication	2,956.98	3,739.50
Rates and taxes	203.34	237.53
Expenditure on corporate social responsibility (CSR) (refer note 34)	259.82	241.34
Insurance charges	299.71	290.38
Forex loss (net)	-	58.78
Watch and ward Charges	578.30	615.63
Donation Expenses	-	2.48
Postage & Telephone	75.08	181.66
Payment to Auditor (Refer note below)	61.08	69.97
Advertisement, Promotion & Selling Expenses (Refer note 19(v))	3,450.73	4,007.86
Travelling Expenses	312.28	1,224.84
Printing and stationery	16.56	88.97
Legal and professional	2,558.04	2,343.28
Director Sitting Fees	2.58	2.99
Loss on Fixed Assets Sold	294.39	36.88
Sundry Creditors written off	13.14	-
Bad debts written off	17.68	5.08
Deposit written off	22.75	-
Provision for doubtful trade receivables (net)	250.97	568.86
Provision for Warranty	97.18	353.91
Miscellaneous Expenses	152.58	505.87
Total Other Expenses	18,818.79	25,249.76

Note-26

₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2021	For the year ended March 31, 2020
As Auditor:		
-For Statutory audit	54.38	62.34
-For Tax audit	6.50	4.70
-For Other Matters	0.16	0.91
-For Reimbursement of expenses	0.04	2.02
	61.08	69.97

27. Tax Expense

₹ in Lakhs

Payment to Auditor	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Current income tax		
In respect of current year	1,622.00	2,664.04
In respect of earlier years	0.11	(244.39)
b) Deferred tax		
In respect of current year	762.07	(632.31)
Total	2,384.18	1,787.34

Notes forming part of the Consolidated Financial Statements

28. Earnings per share has been computed as under:

Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after Tax (₹ in Lakhs)	3,045.77	7,558.68
Weighted average number of Equity shares outstanding -Basic (Nos.in Lakhs) (Refer Note below)"	365.52	363.82
Weighted average number of Equity shares outstanding- Diluted (Nos.in Lakhs) (Refer Note below)"	365.52	365.52
Earnings per share – Basic (₹)	8.33	20.78
Earnings per share – Diluted (₹)	8.33	20.68
Face Value of Equity Shares (₹)	5/-	5/-

Note:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	365.52	363.82
Add: Effect of Shares to be issued pursuant to approved scheme (Refer Note 38) (Nos. in Lakhs)	-	1.70
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	365.52	365.52

29. Leases: The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach and accordingly, the comparative information has not been restated.

The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases". The Group has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than Rs. NA in value). The Group has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition. The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease. The Group has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2020, which is 8.00% for measuring the lease liability. The Group's leases have remaining lease terms of 0 to 12 years, some of which include options to extend the lease or terminate the lease.

Amounts recognized in profit and loss were as follows

₹ in Lakhs

Particulars	YE March 31, 2021	YE March 31, 2020
Depreciation Expenditure (Amount In INR)	991.57	1,320.96
Finance Cost on Lease Liabilities (Amount In INR)	334.79	460.97
Impact on the statement of profit and loss for the year ended March 31, 2021	1,326.36	1,781.93

30. Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
a) Claims against the Company not acknowledged as debt		
i. Disputed demands under appeal not provided - Sales Tax matter*	4,434.94	716.94
Total	4,434.94	716.94

* These cases are pending at various forums in the respective departments. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authorities and the Company's right for the future appeals before the judiciary. No reimbursements are expected.
ii. The Company has received a demand on 09 December 2014 for ₹ 2212.12 lakhs, against which ₹ 771.94 Lakhs (PY ₹ 771.94 Lakhs) has been paid under protest, and Personal Penalty of ₹ 200.00 lakhs on Mr. T Sudhakar Pai, Mr. Khushroo F Engineer and Mr. M S Kamath from the Commissioner of Central Excise Bangalore vide order No. Original 21/2014-15 dated 05.12.2014, towards differential excise duty liability on the clearance of Coir Mattresses from Yeshwanthpur unit Bangalore for the period March 2011 to March 2013. The Company has filed an appeal against the demand with Appellate Tribunal Bangalore. The Company believes that there may not be any probable outflow in this regard.

31. Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Capital commitments (net of Advances)	225.42	71.00
Total	225.42	71.00

32. Segment Reporting

Operating Segment: a) The Group is predominantly engaged in the business of manufacture, purchase and sale of Mattress, foam and related products ('Mattress and Foam'). Considering the manner of review by the CODM in respect of i) Resources to be allocated to the segment and ii) Segment financial performance, 'Mattress and Foam' has been identified as the single operating segment.

b) The revenue from major products and services of the Company are as in Note 19(i) to the financial statements.

c) Geographical segment information: Separate geographical segment information has not been disclosed as more than 99% of the Revenue is in the domestic market.

33. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2021 and March 31, 2020 has been made in the financial statements based on information received and available with the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The principal amount remaining unpaid to any supplier at the end of each accounting year;	306.00	547.32
(ii) The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	8.96	39.64
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

34. Corporate Social Responsibility

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

Particulars	As at March 31, 2021	As at March 31, 2020
Gross Amount required to be spent by the company as per Section 135 of the act	237.82	238.43
Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) on purpose other than (i) above	259.82	241.34

35. Related party disclosures

List of Related Parties and Relationships

Relationship	Related Parties
Holding Company	Kurlon Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives (Where transactions have taken place during the year)	Maha Rashtra Apex Corporation Lt Jayamahar Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Metropolis Builders Private Limited Jai Bharath Mills Private Limited Starship Global VCT LLP Home Komfort Retail LLP Manipal Travels Pvt Ltd Manipal Software & E-Commerce Pvt Ltd (w.e.f March 25, 2021)
Fellow Subsidiary	Mr. T. Sudhakar Pai, Managing Director
Key Management Personnel	Ms. Jaya S Pai, Director Ms. Jyothi Pradhan, Chief Executive Officer Mr. Ritesh Shroff, Chief Financial Officer Mr. Monu Kumar, Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

b) Related Party transactions

Particulars	₹ in Lakhs							
	Key Management personnel and their Relatives		Ultimate Holding Company		Enterprises owned or significantly influenced by Key Management Personnel/Directors and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Transactions during the year:								
Remuneration								
T. Sudhakar Pai	261.71	405.83	-	-	-	-	261.71	405.83
Shambhu Kumar Bhotika	-	9.09	-	-	-	-	-	9.09
Jyothi Pradhan	44.67	-	-	-	-	-	44.67	-
Ritesh Shroff	48.05	37.60	-	-	-	-	48.05	37.60
Monu Kumar	10.33	6.54	-	-	-	-	10.33	6.54
Sitting Fee paid								
Nitin G Khot	0.65	0.92	-	-	-	-	0.65	0.92
S Ananthanarayanan	0.91	1.18	-	-	-	-	0.91	1.18
Jaya S Pai	1.02	0.89	-	-	-	-	1.02	0.89
Rent Paid								
Jayamahar Trade and Investments Private Limited	-	-	-	-	18.25	24.65	18.25	24.65
Kurlon Limited	-	-	42.43	72.87	-	-	42.43	72.87
Metropolis Builders Pvt Ltd	-	-	-	-	23.57	25.42	23.57	25.42
JaiBharat Mills Private Limited	-	-	-	-	6.00	6.00	6.00	6.00
Maharashtra Apex Corporation Ltd	-	-	-	-	9.63	10.80	9.63	10.80
Professional and Other Charges								
SGVCT LLP	-	-	-	-	1,834.08	-	1,834.08	-
Home Komfort Retail LLP	-	-	-	-	178.00	-	178.00	-
Manipal Software & E-Commerce Pvt Ltd	-	-	-	-	25.36	-	25.36	-
Other Expense(Rate Difference on Purchase)								
Kurlon Limited	-	-	465.00	-	-	-	465.00	-
Other Income(Special Discount)								
Kurlon Limited	-	-	-	596.44	-	-	-	596.44
Other Income								
Maha Rashtra Apex Corporation Limited	-	-	-	-	4.75	-	-	4.75
Kurlon Limited	-	-	0.86	-	-	-	-	0.86
SGVCT LLP	-	-	-	-	3.05	-	3.05	-
Dividend Paid								
Kurlon Limited	-	-	1,084.99	928.40	-	-	1,084.99	928.40
Advertisement Expenses								
Manipal Advertising Services Private Limited	-	-	-	-	1,187.33	1,497.33	1,187.33	1,497.33
Travelling Expenses								
Manipal Travels (India) Private Limited	-	-	-	-	38.82	141.59	38.82	141.59
Interest Paid on Unsecured Loan								
Jaya S Pai	55.80	65.37	-	-	-	-	55.80	65.37
Capital Advance Paid								
Kurlon Limited	-	-	622.07	-	-	-	622.07	-
Sales								
Kurlon Limited	-	-	1,345.15	2,730.01	-	-	1,345.15	2,730.01

Particulars	₹ in Lakhs							
	Key Management personnel and their Relatives		Ultimate Holding Company		Enterprises owned or significantly influenced by Key Management Personnel/Directors and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Home Komfort Retail LLP	-	-	-	-	741.01	-	741.01	-
Sales-Building	-	-	-	-	-	-	-	-
Kurlon Limited	-	-	42.04	-	-	-	42.04	-
Purchases	-	-	-	-	-	-	-	-
Kurlon Limited	-	-	7,117.75	11,928.56	-	-	7,117.75	11,928.56
Home Komfort Retail LLP	-	-	-	-	3.39	-	3.39	-
Repayment of Loan	-	-	-	-	-	-	-	-
Jaya S Pai	20.00	-	-	-	-	-	-	20.00
Outstanding as at Year end:								
Amounts recoverable								
Maha Rashtra Apex Corporation Limited	-	-	-	-	1,222.76	1,222.76	1,222.76	1,222.76
Jayamahar Trade and Investments Private Limited	-	-	-	-	-	-	-	-
Kurlon Limited	-	-	5,773.86	4,758.22	-	-	5,773.86	4,758.22
Manipal Advertising Services Private Limited	-	-	-	-	-	348.32	-	348.32
SGVCT LLP	-	-	-	-	180.18	-	180.18	-
Home Komfort Retail LLP	-	-	-	-	74.32	-	74.32	-
Amounts Payable								
Jayamahar Trade and Investments Private Limited	-	-	-	-	-	1.88	-	1.88
Metropolis Builders Pvt Ltd	-	-	-	-	-	2.32	-	2.32
JaiBharat Mills Private Limited	-	-	-	-	15.85	12.90	15.85	12.90
Manipal Travels (India) Private Limited	-	-	-	-	6.09	3.71	6.09	3.71
Manipal Advertising Services Private Limited	-	-	-	-	45.03	-	45.03	-
Maharashtra Apex Corporation Ltd	-	-	-	-	1.03	0.81	1.03	0.81
Sirar Solar Private Limited	-	-	9.45	-	-	-	9.45	-
Sirar Dhotre Private Limited	-	-	10.39	-	-	-	10.39	-
Sevalal Solar Private Limited	-	-	25.13	-	-	-	25.13	-
Manipal Software & E-Commerce Pvt Ltd	-	-	-	-	25.36	-	25.36	-
Unsecured Loans payable								
Jaya S Pai	676.30	676.30	-	-	-	-	676.30	676.30
Rent Deposit								
Maharashtra Apex Corporation Ltd	-	-	-	-	15.00	15.00	15.00	15.00
Metropolis Builders Pvt Ltd	-	-	-	-	30.00	30.00	30.00	30.00
Jayamahar Trade and Investments Private Limited	-	-	-	-	9.00	9.00	9.00	9.00
JaiBharat Mills Private Limited	-	-	-	-	30.00	30.00	30.00	30.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

36) Financial Instruments

A) Capital Management

The Group'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 Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Total equity attributable to the equity shareholders of the Group	48,378.66	46,608.38
As a percentage of total capital	98%	95%
Current borrowings	1,194.50	2,389.02
Non-current borrowings	-	-
Total borrowings	1,194.50	2,389.02
As a percentage of total capital	2%	5%
Total Capital	49,573.16	48,997.40

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

B) Categories of financial instruments

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

Particulars	₹ in Lakhs			
	Carrying amount		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets				
a) Measured at fair value through Profit and Loss				
Current assets				
- Investments	11,131.71	9,475.60	11,131.71	9,475.60
Non Current assets				
- Deposit Rent	267.76	688.42	267.76	688.42
b) Measured at Amortised Cost				
Non-current assets				
- Investments	-	-	-	-
- Security Deposits	735.50	516.56	735.50	516.56
- Trade receivables	1.52	-	1.52	-
- Other Financial Assets	395.13	278.68	395.13	278.68
Current assets				
- Investments	-	2,000.00	-	2,000.00
- Trade receivables	4,929.64	6,705.36	4,929.64	6,705.36
- Cash and cash equivalents	4,037.60	1,289.53	4,037.60	1,289.53
- Other Bank Balances	150.68	141.29	150.68	141.29
- Security Deposits	265.78	36.18	265.78	36.18
Total	21,915.32	21,131.62	21,915.32	21,131.62
Financial Liabilities				
a) Measured at fair value through Profit and Loss				
Non Current liabilities				
- Lease Liabilities	3,673.04	4,533.28	3,673.04	4,533.28
Current liabilities				
- Lease Liabilities	210.40	662.62	210.40	662.62
b) Measured at Amortised Cost				
Non Current liabilities				
- Borrowings	44.95	-	44.95	-
- Other Financials liabilities	5,478.53	5,802.27	5,478.53	5,802.27
- Trade Payables	17.96	-	17.96	-
Current liabilities				
- Borrowings	1,194.50	2,389.02	1,194.50	2,389.02
- Trade payables	9,296.90	11,948.34	9,296.90	11,948.34
- Other financial liabilities	83.29	68.87	83.29	68.87
Total	19,999.57	25,404.40	19,999.57	25,404.40

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 Group has disclosed financial instruments which 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 Group based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken into the account for the expected losses of these receivables.

C) Financial Risk Management

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

The main purpose of these financial liabilities is to finance the Group's operations. The Group'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 Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The Group'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 Group are accountable to the Board of Directors and Audit Committee.

This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group 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 analysis in the following sections relate to the position as at March 31, 2021. The analysis 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, 2021.

KURLON ENTERPRISE LIMITED

Notes forming part of the Consolidated Financial Statements

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

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

Foreign Currency (FC)	Currency Symbol	₹ in Lakhs			
		As at March 31, 2021		As at March 31, 2020	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	\$	3,49,115.60	258.64	4,05,756.90	304.07
Euro	€	29,996.68	24.84	3,000.00	1.49
CHF	CHF	-	-	5,555.56	4.37
Buyer's Credit	\$	-	-	-	-
Advances from Customers					
United States Dollar	\$	30,358.67	21.82	-	-
Assets					
Advance to Vendor					
United States Dollar	\$	22,209.30	16.13	81,573.79	59.70
Euro	€	39,809.70	32.49	26,415.60	20.62
Trade Receivables-United States Dollar	\$	57,224.26	40.06	34,911.54	24.39
Net Liability (in INR)			216.62		205.21

Sensitivity

Particulars	₹ in Lakhs			
	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Profit before tax	Increase / (Decrease) in Equity	Increase / (Decrease) in Equity
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
5% Increase in all the foreign currencies	10.83	(10.26)	8.10	(7.68)
5% Decrease in all the foreign currencies	(10.83)	10.26	(8.10)	7.68

ii) Interest Rate Risk

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

Interest rate risk management

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

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
<i>Financial assets</i>		
Balance with banks held in deposit account	4,093.47	884.92
<i>Financial liabilities</i>		
Borrowings from other parties	-	495.82
Borrowings from related parties	676.30	676.30
Variable-rate instruments		
<i>Financial liabilities</i>		
Borrowings from bank & other parties	518.20	1,216.90

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit will be Rs. 5.18 Lakhs (Previous year: Rs.0.24 Lakhs) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Group 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 Group'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 Group regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group 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 Group's finance department in accordance with the Group'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 Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 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 Group.

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Non-current assets		
- Investments	-	-
- Security Deposits	735.50	516.56
- Deposit Rent	267.76	688.42
- Trade receivables	1.52	-
- Other Financial Assets	395.13	278.68
Current assets		
- Investments	11,131.71	11,475.60
- Trade receivables	4,929.64	6,705.36
- Cash and cash equivalents	4,037.60	1,289.53
- Other Bank Balances	150.68	141.29
- Security Deposits	265.78	36.18
Total	21,915.32	21,131.62

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks. The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

Particulars	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
Not Due		
Due from 0 to 180 days	4,924.63	6,453.49
Due for more than 180 days	1,051.70	1,248.94
Less: Loss Allowance	(1,045.17)	(997.08)
Total	4,931.16	6,705.36

(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	₹ in Lakhs		
	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2021			
Borrowings	1,239.45	1,194.50	44.95
Lease Liabilities	3,883.44	210.40	3,673.04
Trade payables	9,314.86	9,296.90	17.96
Other non-current financial liabilities	5,478.53	-	5,478.53
Other current financial liabilities	83.29	83.29	-
Total	19,999.57	10,785.09	9,214.48

Particulars	₹ in Lakhs		
	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2020			
Borrowings	2,389.02	2,389.02	-
Lease Liabilities	5,195.90	662.62	4,533.28
Trade payables	11,948.34	11,948.34	-
Other non-current financial liabilities	5,802.27	-	5,802.27
Other current financial liabilities	68.87	68.87	-
Total	25,404.40	15,068.85	10,335.55

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

D) Fair value hierarchy

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

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

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

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

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

Particulars	₹ in Lakhs					
	Carrying amount/Fair value					
	As at March 31, 2021			As at March 31, 2020		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
Carrying amounts/fair value:						
a) Measured at fair value through Profit and loss/Other Comprehensive income						
Current assets						
- Investments	11,131.71	-	-	9,475.60	-	-
Non Current assets						
- Deposit Rent		267.76			688.42	
b) Measured at Amortised Cost						
Non Current Assets						
- Investments	-	-	-	-	-	-
- Security Deposits	-	-	735.50	-	-	516.56
- Trade receivables	-	-	1.52	-	-	-
- Other Financial Assets	-	-	395.13	-	-	278.68
Current assets						
- Investments	-	-	-	-	-	2,000.00
- Trade receivables	-	-	4,929.64	-	-	6,705.36
- Cash and cash equivalents	-	-	4,188.28	-	-	1,430.82
- Security Deposits	-	-	265.78	-	-	36.18
Total	11,131.71	267.76	10,515.85	9,475.60	688.42	10,967.60
Financial liabilities						
Carrying amounts/fair value:						
a) Measured at fair value through profit & loss						
Non Current liabilities						
- Lease Liabilities	-	-	3,673.04	-	-	4,533.28
Current liabilities						
- Lease Liabilities	-	-	210.40	-	-	662.62
b) Measured at Amortised Cost						
Non Current liabilities						
- Borrowings	-	-	44.95	-	-	-
- Other Financial liabilities	-	-	5,478.53	-	-	5,802.27
- Trade Payables	-	-	17.96	-	-	-
Current liabilities						
- Borrowings	-	-	1,194.50	-	-	2,389.02
- Trade payables	-	-	9,296.90	-	-	11,948.34
- Other current financial liabilities	-	-	83.29	-	-	68.87
Total	-	-	19,999.57	-	-	25,404.40

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

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value in both of the years presented. The carrying amounts of other financial assets and financial liabilities (except borrowings) are considered to be the same as their fair values due to their short-term nature.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

Particulars	₹ in Lakhs			
	31-Mar-21		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,194.50	1,194.50	2,389.02	2,389.02

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

37 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 Group 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. This policy has since been removed w.e.f 01st April 2021. Hence, there would be no future payoffs that would fall due under this policy.

(b) Defined Contribution plan:

Group's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Group makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 293.23 lakhs (Previous Year: ₹ 320.62lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	₹ in Lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution towards Provident Fund (PF)	268.02	282.33
Employer's contribution towards ESIC	0.19	0.25
Employer's contribution to Superannuation Fund	(0.02)	1.63

(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:

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present Value of Defined Benefit Obligation at the beginning of year	590.36	490.79		544.76
Interest cost	31.78	31.51		33.17
Current Service Cost	54.79	62.45		139.89
Past Service Cost	-	-		-
Benefit Paid	(193.71)	(13.05)		(68.99)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions			9.38	18.37
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(1.35)	14.52		24.40
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	54.39	(18.22)		192.99
Present value of the Defined Benefit Obligation at the end of year	536.26	577.39		884.59

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

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Current Service Cost	54.79	62.45		139.89
Past Service Cost	-	-		-
Interest cost	31.78	31.51		33.17
Interest income on plan asset	(38.13)	(37.80)		(57.43)
Other Costs	0.54			
Net Defined Benefit recognized in Statement of Profit and Loss	48.98	56.16		115.63

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

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present value of Defined Benefit obligation at the end of the year	536.26	577.39		884.59
Fair value of plan assets	509.77	662.61		951.12
Net Defined Benefit recognized in the Balance Sheet	(26.50)	85.21		66.53

iv. Recognized in Other Comprehensive Income.

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	9.38		18.37
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(1.35)	14.52		24.40
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	54.39	(18.22)		192.99
Return on Plan Assets (Greater)/Less than Discount rate	22.25	39.96		25.14
Net actuarial Loss	75.30	45.64		260.89

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

v. Sensitivity Analysis*

a) Impact of the change in the discount rate

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present value of the Defined Benefit Obligation at the end of year	536.26	577.39		884.59
a) Impact due to increase of 1% (PY-0.50%)	498.01	534.83		813.45
b) Impact due to decrease of 1% (PY-0.50%)	580.13	626.36		967.93

b) Impact of the change in the salary increase

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Present value of the Defined Benefit Obligation at the end of year	536.26	577.39		884.59
a) Impact due to increase of 1% (PY-0.50%)	576.68	625.50		963.59
b) Impact due to decrease of 1% (PY-0.50%)	500.56	534.93		816.16

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

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

vi. Maturity profile

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
0 to 1 year	52.70	32.55		133.68
1 to 2 Year	32.65	51.38		80.80
2 to 3 Year	38.63	38.17		67.57
3 to 4 Year	40.72	39.56		64.60
4 to 5 Year	39.95	42.29		55.74
5 to 6 Year	145.20	43.89		56.71
6 Year onwards	186.41	329.55		425.49

vii. Expected contribution for the next Annual reporting period

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Service Cost	54.79	62.45		133.68
Net Interest Cost	-6.35	-6.29		-24.26
Expected Expense for the next annual reporting period	63.96	32.55		133.68

viii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	₹ in Lakhs			
	Gratuity		Leave Encashment	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Method used	Projected unit credit method		Projected unit credit method	
Discount rate	6.52%-7.12%	6.50%		6.50%
Salary Escalation	5.00%	5.00%		5.00%
Mortality Rate	IALM (2012-14)	IALM (2012-14)		IALM (2012-14)
Withdrawal rate up to 30/44 and above 44 years	5%-10%	10%		10%
Rate of return on plan assets	6.52%-7.12%	6.50%		6.50%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

38 Business Combination accounted for in financial year 2019-2020

The Board of Directors, at their meeting held on August 5, 2019 had approved a scheme of amalgamation ("the Scheme") of Spring Air Bedding Group (India) Limited ("SABCIL" of "Transferor Group") with Kurlon Enterprise Limited ("the Group" or "Transferee Group") with an appointed date of April 01, 2018. The Group then had filed an application of the Scheme with the National Group Law Tribunal ("NCLT"), Mumbai and NCLT Delhi. The Scheme was approved by the NCLT Mumbai and NCLT Delhi, vide their orders dated March 12, 2020 and May 05, 2020, respectively, and the aforesaid orders were filed with the Registrar of Companies on June 18, 2020.

In consideration of the Ministry of Corporate Affairs ("MCA") General Circular Ref. 09/2019 dated August 21, 2019 as regards the treatment of 'appointed date' as the 'acquisition date' under Indian Accounting Standard 103 ("Ind AS 103") – Business Combinations, the Management has considered the approvals of the NCLT's and filing of the same with the Registrar of Companies to represent adjusting events and has given the effect of the amalgamation in these financial statements from the appointed date of April 01, 2018, which is also the earliest date of the periods presented in these financial statements.

In accordance with the scheme sanctioned, all assets and liabilities of SABCIL, as at the appointed date April 1, 2018, was transferred to, and vested with the Group at their respective fair values.

"Pursuant to the Scheme, in consideration for the transfer and vesting of all the assets and liabilities:

i) The equity Shareholders of erstwhile SABCIL were issued 1 equity share of the Group of Rs. 5 each fully paid up, for every 331 equity shares of Rs. 10 each fully paid up, held by them in SABCIL. Accordingly 169,868 equity shares of Rs. 5 each fully paid up (aggregating to Rs.8.49 Lakhs) were issued to the shareholders of the erstwhile SABCIL. Further, the erstwhile SABCIL during 2018-19 had issued 15,930,000 equity shares of Rs.10 each fully paid up to its shareholders. Accordingly, 48,127 equity shares of the Group of Rs.5 each fully paid up (aggregating to Rs.2.41 Lakhs) were issued to the shareholders of erstwhile SABCIL. The above mentioned Shares which were disclosed under Monies pending allotment as at 31 March 2021 under Other Equity have been allotted during the FY 2020-2021. "

ii) The above mentioned Shares which were disclosed under Monies pending allotment in the previous year under Other Equity have been allotted during the FY 2020-21.

iii) The amalgamation was accounted under the "Acquisition Method" as specified in Ind AS 103 and other accounting principles generally accepted in India in line with the approved Scheme. Accordingly the assets and liabilities as at April 1, 2018, of SABCIL have been taken over at their respective fair values.

The difference, aggregating to Rs. 2,103.16 Lakhs, between the fair values of net identifiable assets acquired as at the appointed date April 1, 2018, and the consideration for the acquisition has been recognized as goodwill, in accordance with the Scheme. The goodwill on acquisition of SABCIL has been determined as below:

Particulars	₹ In Lakhs
Property, plant & equipment	306.26
Intangibles - Gross block	6.29
Other current assets	137.84
Deferred Tax Assets	1,846.38
Inventories	470.23
Trade Receivables	825.54
Cash and cash equivalents	5.00
Current financial assets - Loans	53.37
Total Assets taken over on Amalgamation (A)	3,650.91
Short term Borrowings	914.61
Trade Payables	2,622.38
Current Provisions	15.50
Other current liabilities	545.19
Total Liabilities Taken over on Amalgamation (B)	4,097.68
Less: Consideration in respect of shares outstanding in SABCIL as at April 1, 2018 (C)	1,656.39
Goodwill on Amalgamation (D) = (C) + (B) - (A)	2,103.16

SABCIL is engaged in manufacturing/ trading in diverse area such as Pillows, Spring & Foam Mattresses, Furnishing etc.

39 From April 1, 2019 onwards, the Group has opted to pay income taxes under the concessional tax regime as prescribed under Section 115BAA of the Income Tax Act, 1961. Accordingly, Current tax Liability for the year ended March 31, 2020 and thereafter has been determined and recognized at the concessional rate. The impact arising from restating the deferred tax balances at the reduced rate has been recognised during the previous year.

40 Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to the current year groupings / classifications.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2021

ACCOUNTING POLICIES

1 Corporate information

Kurlon Enterprise Limited was incorporated in Mumbai, India on October 03, 2011, as a public limited Group under the Companies Act. The Group is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/ trading in diverse areas such as Rubberized coir, Latex Foam, Polyurethane foam, Bonded Foam, Pillows, Spring Mattresses, Furniture, Furnishings, Sofas etc.

2 Significant accounting policies

Basis Of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:-

Basis of Accounting:

- The financial statements of the Subsidiary Companies are drawn up to the same reporting date as of the Holding Company.
- The consolidated financial statements have been prepared in accordance with Indian Accounting Standard - 110 on "Consolidated Financial Statements".

Principles of Consolidation:

- The financial statements of the Holding Company and its Subsidiaries 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".
- 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.
- 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.
- 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."

The Consolidated Financial Statements of the Holding Company includes the results of following entities

Name of Company	Country of Incorporation	Date of Acquisition	Proportion (%) of Shareholding as on 31.03.2021	Proportion (%) of Shareholding as on 31.03.2020
Subsidiary Companies				
Kurlon Retail Limited	India	20-07-2017	100.0%	100.0%
Sevalal Solar Private Limited	India	24-12-2019	93.8%	69.0%
Sirar Dhotre Private Limited	India	24-12-2019	93.8%	69.0%
Sirar Solar Private Limited	India	24-12-2019	93.8%	69.0%
Belvedere International Ltd	India	21-12-2020	100.0%	0.0%
Komfort Universe Products and Services Limited	India	18-01-2021	100.0%	0.0%
Starship Value chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited)	India	21-03-2021	100.0%	0.0%
Kanvas Concepts Private Limited	India	21-03-2021	100.0%	0.0%

2.1 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. Further Defined Benefit Plans and Plan Assets are measured at fair value at the end of each reporting period, as explained in the accounting policies below:-

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability and the assumptions the market participants would consider when pricing the asset or liability at the measurement date, assuming that market participants act in their best economic interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2** Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3** Inputs are unobservable for the asset or liability.

2.2 Use of estimates and judgement

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

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

Useful lives of property, plant and equipment

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

Provision for income tax and valuation of Deferred Tax

The Group's tax jurisdictions is India. Judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit ("Value in Use" from continuing operations) is less than its carrying value. The calculation which is based on discounted cash flow model involves use of significant estimates, business assumptions and valuation assumptions such as turnover, Gross Margin, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Provisions and Contingent Liabilities

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

2.3 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) effective control over the goods sold, (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Amounts disclosed as revenue are net of Sales Tax, Goods & Service Tax, trade allowances, rebates and value added items. Revenue earned by the Group is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Other income

Interest income-Interest income is recognised using effective interest rate method. The effective interest rate is rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend Income- Dividend income is accounted for when the right to receive is established.

2.4 Foreign currencies

The functional currency of the Group is Indian Rupees.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognised in the Statement of Profit and Loss. Non-monetary items of the Group are carried at historical cost.

2.5 Leases

"The Group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense over the lease term.

2.6 Employee benefits

Employee benefits include contribution to provident fund, gratuity fund and employee state insurance scheme.

Retirement benefit cost and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Liabilities for gratuity funded in terms of a scheme 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 recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Remeasurement

The 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.

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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized at an actuarially determined liability at the present value of the defined benefit obligation as at the balance sheet date. 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 recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years (Temporary Differences) and items that are never taxable or deductible (Permanent Differences). The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

"Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized."

2.8 Property, plant and equipment

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

The cost includes purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance

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

Lease rentals and premium for lease hold are amortized over the primary lease period.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss

Capital work in progress

Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

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

2.9 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

"Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.

The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any."

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from Derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised/disposed

2.10 Impairment

Financial assets (other than at Fair Value)

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.

Non-financial assets

"Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss."

2.11 Inventory

Items of inventory are valued at lower of cost and net realizable value. Cost of raw materials, stores and spares, packing material and traded goods is determined on weighted average basis. In case of work-in-process and finished goods, cost includes an appropriate proportion of cost of conversion to bring the goods to its present condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

"When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13 Investment in Subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment. Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist."

2.14 Financial Instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A) Financial assets

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit and loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.

Foreign exchange gains and losses

The fair value of foreign assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For the foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in statement of profit and loss.

B) Financial liabilities and Equity

Financial liabilities at amortized cost

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

Equity instruments

An equity instrument is contract that evidences a 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 costs.

Foreign exchange gains and losses

"For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in "Other income"
The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the profit and loss."

2.15 Earnings per share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

"

2.16 Segment reporting

"The chief operating decision maker (CODM) identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The Group has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment."

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The Group has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment."

2.17 Research and development

All revenue expenditure related to research and development are charged to the respective heads on the Statement of Profit and Loss. Capital expenditure incurred on research and development is capitalised as property, plant and equipment and depreciated in accordance with the depreciation policy of the Group

2.18 Insurance Claims

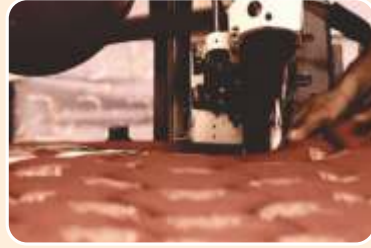
Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.19 Impact on COVID

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Group. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, intangibles and goodwill. The Group does not anticipate any material impact on the recoverability of the carrying value of the aforesaid assets. However, considering the nature of the pandemic, the eventual impact may differ from that considered as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions. The Group has resumed its business activities by reopening its factories on a gradual basis in line with the guidelines issued by the Government authorities.

2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.



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.



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