

Kurl-on®

India's Largest Selling Mattress

Since 1962



**ANNUAL REPORT
2017-18**

www.kurlon.com



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

Corporate snapshot

MATTRESSES
CRAFTED TO PERFECTION

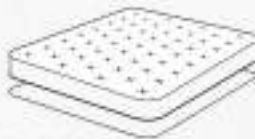
The Kurl-on Times

1962

T RAMESH U PAI. Formed Karnataka consumers Products Ltd. and introduced coir bunk in the Indian Market

1965

RUBBERIZED COIR MATTRESS launched in India



1969

KURL-ON bagged its first **RAILWAY** order



1972

MASS MANUFACTURING of car seats for Mahindra & Mahindra and Hindustan Motors, and **INTRODUCED THE FIRST MOULDED PILLOW IN INDIA.**



1988

Initiated **IN-HOUSE PRODUCTION** of Polyurethane Foam



Pioneered quilted mattress concept and became the **FIRST MATTRESS BRAND TO ADVERTISE** on print and TV.

1995

Launched the **CAMPAIGN** **"STAND ON, SIT ON, SLEEP ON, 'KURL-ON'"**



2000

Became an **ISO 9000** certified company



2002

Entered the **RETAIL INDUSTRY** with its first retail venture **'KURLON NEST'** across India.



2016



Upgraded its products with cutting edge **'KURLOPEDIC TECHNOLOGY'**

2010

Started its first exclusive **FRANCHISE OUTLET 'KURLON MATTRESS XPRESS'**

2006

Started manufacturing **MATTRESSES** at Bangalore based manufacturing unit and also introduced products like sofas and imported toughened glass.



2004

Established **9 STRATEGICALLY LOCATED** manufacturing facilities across Karnataka, Maharashtra, Orissa, Madhya Pradesh, Uttarakhand and Gujarat.



2017



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

During 1965, KL introduced, for the first time in the country, the concept of rubberized coir mattress under its renowned brand name “Kurl-On” using the know-how from Austria. KL is the innovator of coir mattresses in India and offers a wide range of comfort solutions for retail consumers and a wide range of institutional clients such as Hotels, Hospitals and Hostels who prefer high performance, high quality branded mattresses with flame retardant, anti-bacterial fabrics. The company is the sole manufacturer of hospital approved mattress. KL markets its products under the flagship brand “Kurl-On”, with approximately 35% of market share with a sales of over 1.2 Million mattress a year.

Currently the company exports its products to various Asian countries.

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

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

THE PRODUCT AND BRAND PORTFOLIO

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

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

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

** PP Technology: Zero Pressure Points Technology

THE COMPREHENSIVE PRODUCT RANGE

RANGE OF MATTRESSES

Rubberized Coir Mattress



GRANDEUR

EMBELLISH

NEW KLASSIC

KURLO BOND

Spring Mattress



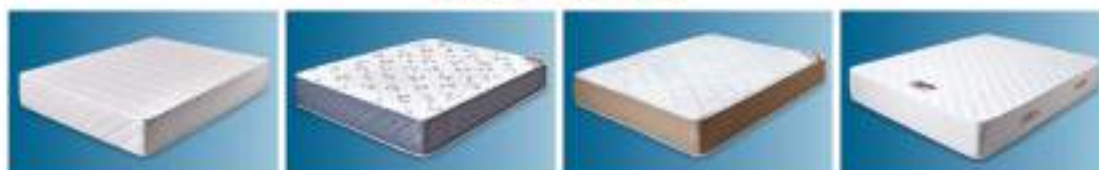
LUXURINO

ANGELICA BOX TOP

RELISH

DREAM SLEEP

Foam Mattress



IMAGINE

MERMAID

CONVENIO

BOUNTY

Therapeutic Mattress



NEW SPINEKARE

NEW ORTHO

RANGE OF PILLOWS

Memory Foam Pillows



GLACIES CONTOUR GEL



GLACIES GEL



GRAZEL CLASSIC

PU Foam Pillows



CHIMERA SLEEK



CHIMERA



HOSTA

Fiber Pillows



SLEEPZZ



SNOW



MIST



DEW

RANGE OF SOFAS



PALETTE



ZENITH



PEARLO



NORA



ARMADA



MERLIN



ESTELLE



BALANCE



LIMA



DAZZLE



MAGIC



JULIET

RANGE OF BED SHEETS



ART OF INDIA



COSMO TRENDS



ROYAL



MODAL

RANGE OF COT



BERLIN



LINEAR



REGAL



VENUS

WIDE GEOGRAPHICAL PRESENCE.

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 highly advanced technology ensure product quality, performance and durability. Advanced testing facilities ensure that performance of quality mattress is maintained. Largest R&D network across the country ensure that we are always one step ahead in the mattress industry.

Our 50 years of journey towards excellence



KURLON'S PRESENCE



KEY DIFFERENTIATORS

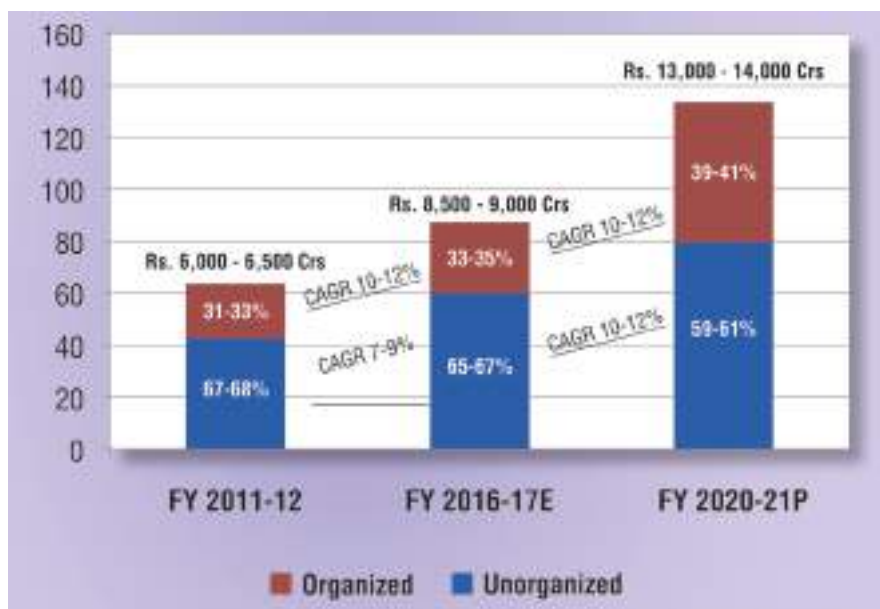
- Strong Brand Value
- World Class manufacturing facilities across
- Largest Production Capacity
- Widest Sales and Distribution Network
- Diversified Product Range Excellent

THE MATTRESS INDUSTRY

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

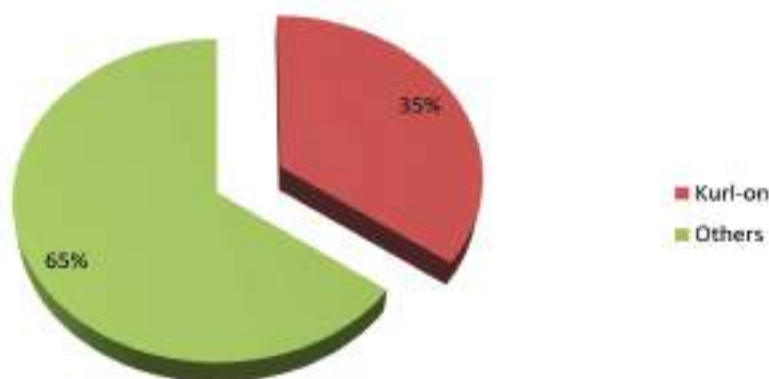
The industry has grown at an estimated CAGR of 8-10% over the past 5 years, primarily on account of rising urbanization, increase in disposable income, increase in health related issues of the Indian population and increasing awareness about sleep products.

Snapshot of mattress industry



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

Market Share



THE DEMAND DRIVERS

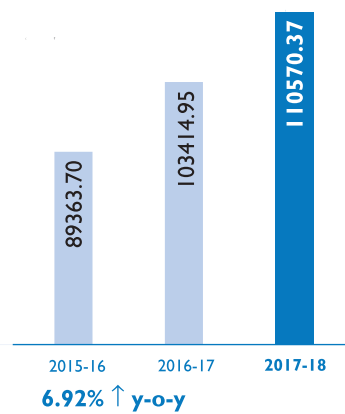
Over the centuries cotton mattresses were the most preferred sleeping product considered by people from across the globe, however germs and mites have a tendency to dwell in cotton mattresses and hence the need for maintenance is quite high. Also the cotton mattresses have sagging tendencies and needs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

THE WAY FORWARD

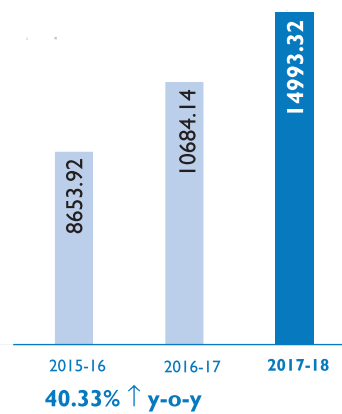
Kurl-on is the innovator of coir mattresses in India and offers a wide range of comfort solutions for retail consumers and a wide range of institutional clients. The company believes in research based approach to improve the product range and increase the market share and penetration. The company plans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

PERFORMANCE HIGHLIGHTS-KURLON ENTERPRISE LIMITED

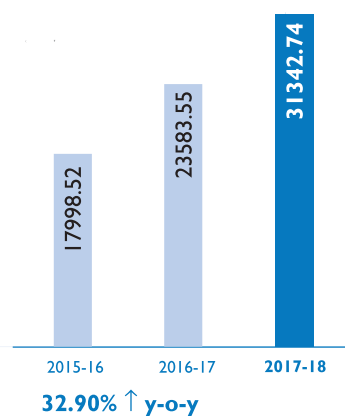
REVENUE (₹ in Lakhs)



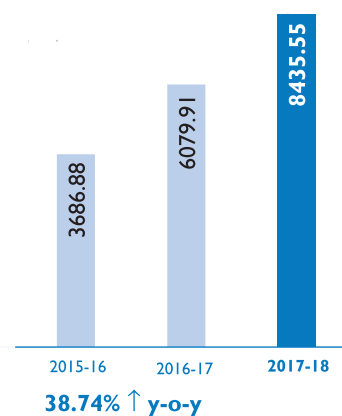
EBIDTA (₹ in Lakhs)



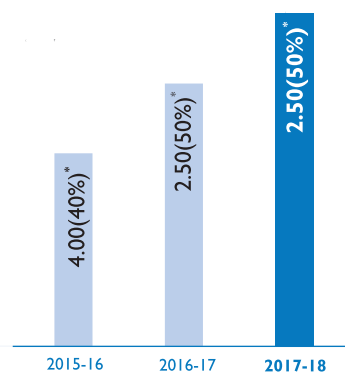
Networth (₹ in Lakhs)



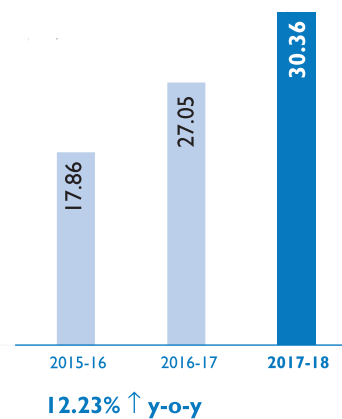
Net Profit (₹ in Lakhs)



Dividend per Share (₹)



Earning per Share (₹)



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

LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me great pleasure to share with you an update on the performance of your Company for the year 2017-18. It was a transformative year with the introduction of the Goods and Services Tax (GST), an important development that has created a single national market and will benefit both consumers as well as the industry including the Consumer Goods sector. While trade conditions remained volatile during early implementation, they have since stabilized and there is a gradual improvement in overall demand. In this challenging business environment, your Company delivered a strong performance. Our growth - consistent, competitive, profitable and responsible, continues to serve us well

and 2017-18 was the Sixth consecutive year of both topline growth and margin improvement. In the year under review, our business on comparable basis, grew by 8.36%. EBITDA margin on a comparable basis, expanded by 38.19%. Profit after tax grew by 32.89% to ₹ 9451.59 Lakhs on consolidated basis.

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

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

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

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

Sd/-

T Sudhakar Pai
Managing Director

NOTICE OF THE 7TH ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March 2018 together with the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend for the financial year 2017-18 on equity shares.
3. To appoint a Director in place of Mrs. Jaya S Pai (DIN 00030515) who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of Statutory Auditors of the Company.

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

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

SPECIAL BUSINESS**5. RATIFICATION OF COST AUDITOR'S REMUNERATION**

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) plus out of pocket expenses and applicable taxes, payable to Messrs. GNV & Associates, Cost Accountants (Firm Registration No.: 000150), for the audit of the cost record of the products manufactured by the Company for the year ending 31st March, 2019 as approved by the Board of Directors, be and is hereby ratified.

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

6. TO ISSUE OF BONUS SHARES

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

“RESOLVED THAT pursuant to the provisions of Section 63 and other applicable provisions if any of the Companies Act, 2013 (“the Act”) read with rule 14 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of

Association of the Company, consent of the members be and is hereby accorded to the Board of the Company, to capitalize a sum of ₹ 4,29,75,065/- (Rupees Four Crore Twenty Nine lakhs Seventy Five Thousand Sixty Five Only) out of its Free Reserves / Securities Premium Account or such other Reserve Account, as per the audited financial statements of the Company for the financial year ended March 31, 2018, as may be considered appropriate by the Board of Directors and the said amount be applied for the purpose of issue of 8595013 bonus equity shares of ₹ 5/- (Rupee Five only) each, credited as fully paid-up shares to the holders of the existing equity shares of the Company including ESOP holders/trust, to the Exclusion of the Investors of the Company, whose names appear in the Register of members/list of Beneficial Owners on such date ("Record Date") as may be fixed in this regard by the Board, in the proportion of 713 (Seven Hundred Thirteen) equity share for every 2000 (Two Thousand Only) existing equity share held by them.

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

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

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

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

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

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

Date: 10.08.2018

Place: Bangalore

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

NOTES:

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

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

2. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and form part of this notice.
3. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their client ID/Folio No.
4. In case of joint holder attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
5. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's registered office on all working days of the Company, during business hours up to the date of the meeting.
6. Pursuant to good corporate governance practices followed by the Company, the particulars of Director seeking appointment / reappointment at the meeting are annexed hereto.
7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2018 to 20th September, 2018 (both days inclusive).
9. Corporate Members desirous of seeking any information/clarification or explanation with regard to the Accounts or any items of the notice at the 7th Annual General Meeting are requested to write to the Company at secretary@kurlon.org at least 10 days prior to the AGM date, so that the required information can be made available at the Meeting.
10. In line with measures of Green Initiative taken by the Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively) and Companies Act, 2013 Company also provides for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode are requested to register their e-mail ID's with Company by sending their request at secretary@kurlon.org.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (I) OF THE COMPANIES ACT, 2013**ITEM NO. 5****Ratification of Remuneration of the Cost auditor:**

Pursuant to Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014 ('the Rules'), as amended from time to time, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. GNV & Associates, Cost Accountants. (Firm Registration No.000150) as the Cost Auditors of the Company to conduct Cost Audits of the cost records of the Company for the financial year 2018-2019, at a remuneration of ₹ 2, 50,000/- (Rupees Two Lakhs Fifty Thousand only) plus out of pocket expenses and applicable taxes on actual basis.

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

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

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

ITEM NO. 6**TO ISSUE OF BONUS SHARES**

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

It is therefore proposed to capitalize a sum of ₹ 4,29,75,065/- (Rupees Four Crore Twenty Nine lakhs Seventy Five Thousand Sixty Five Only) out of its Free Reserves / Securities Premium Account or such other Reserve Account, as per the audited financial statements of the Company for the financial year ended March 31, 2018, as may be considered appropriate by the Board of Directors and the said amount be applied for the purpose of issue of 8595013 bonus equity shares of ₹ 5/- (Rupee Five only) each, credited as fully paid-up shares to the holders of the existing equity shares of the Company including ESOP holders/trust, to the Exclusion of the Investors of the Company, whose names appear in the Register of members/list of Beneficial Owners on such date ("Record Date") as fixed in this regard by the Board, in the proportion of 713 (Seven Hundred Thirteen) equity share for every 2000 (Two Thousand Only) existing equity share held by them. As a result of the proportionate basis of allotment which would be followed during the bonus issuance, there might be fractional shares. The Company shall deal with fractional shares in the manner as proposed in the resolution. As per the provision of Companies Act, 2013 read with Rules framed thereunder,

shareholders' approval is required to capitalize the reserves of the Company. The Board recommends passing of the special resolution as set out under item No.6 in the notice as a Special resolution.

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

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

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

Date: 10.08.2018
Place: Bangalore

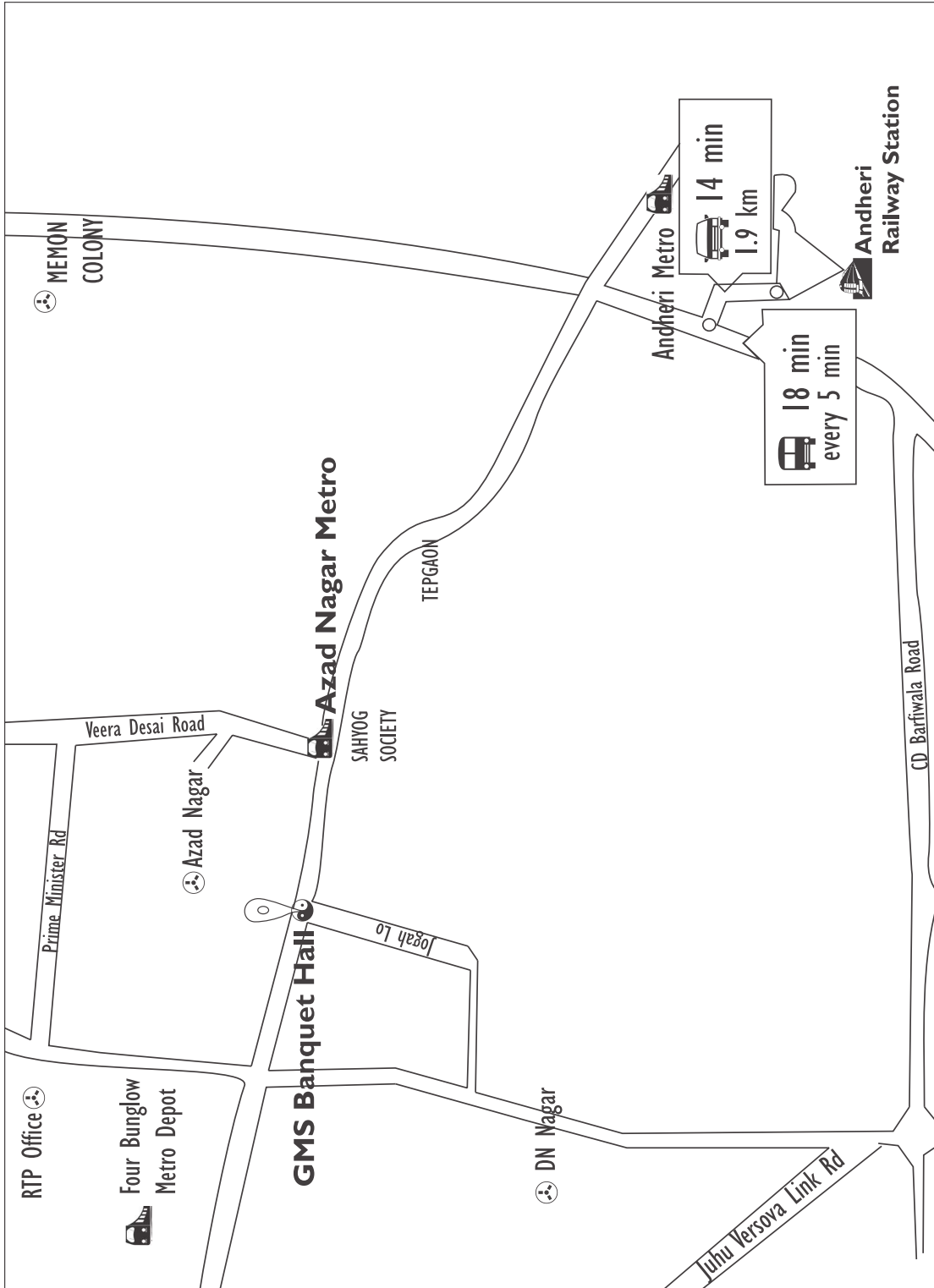
Sd/-
(T. Sudhakar Pai)
Managing Director
DIN: 00043298

Annexure A

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

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

ROUTE MAP TO THE VENUE OF 7TH ANNUAL GENERAL MEETING



VENUE ADDRESS:

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

DIRECTOR'S REPORT

To,

The Members,

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

1. Financial summary or highlights/Performance of the Company

Financial results of the Company for the year under review along with previous year's figures are given hereunder;

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Revenue from operations	110,570.37	103414.95	110748.68	103657.00
Profit Before Interest, tax and Depreciation	14993.32	10684.14	15005.03	10700.01
Finance Charges	404.63	376.07	409.56	377.60
Gross Profit	14588.67	10308.07	14595.47	10322.41
Provision for Depreciation	1434.88	1211.10	1438.96	1211.24
Net Profit Before Tax	13153.81	9096.97	13156.51	9111.17
Provision for Tax	4688.52	3080.68	4690.26	3080.66
Other comprehensive income	(29.74)	63.62	(29.74)	63.62
Net Profit	8435.55	6079.91	8436.51	6094.13
Transfer to General Reserve	840.18	607.90	840.18	607.90
Balance available for appropriation	16148.47	9199.72	16150.93	9201.22
Proposed Dividend on Equity Shares	694.68	561.95	694.68	561.95
Tax on proposed Dividend	141.42	114.40	141.42	114.40
Surplus in statement of P & L carried to Balance Sheet	15312.37	8523.37	15314.83	8524.87
Earnings per share (EPS).	30.36	27.05	30.36	27.09

2. Year in retrospect;

During the Current Year, Gross Revenue from operations increased from ₹ 103414.95 Lakhs to ₹ 110,570.37 Lakhs, registering a growth of 6.92 % over the last year. The Profit after tax for the current year also increased by 38.74 % to ₹ 8435.55 Lakhs as against the profit after tax of ₹ 6079.91 Lakhs of last year.

3. Dividend

The Directors are pleased to recommend a final dividend of ₹ 2.50 (i.e. 50%) per equity share on the equity shares of the Company for the financial year 2017-18. The dividend payout is subject to the approval of shareholders at the ensuing Annual General meeting of the Company and will be paid to those shareholders whose name appear on the register of members of the Company on 3rd October, 2018. If the dividend as recommended above, is declared by the members at the Annual General meeting, the total outflow towards dividend on equity shares for the year would be ₹ 836.10 Lakhs (including dividend tax ₹ 141.42 Lakhs) (Previous year ₹ 676.35 Lakhs inclusive of Dividend Tax of ₹ 114.40 Lakhs)

4. Transfer to Reserves;

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

5. Consolidated Financial Statement;

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

6. Change in the nature of business ;

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

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

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

8. Indian Accounting Standards

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

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

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

9. Share capital

The Authorized Share Capital of the Company as on date of Balance Sheet is ₹ 19,00,00,000/- (Rupees Nineteen Crores Only) divided into 3,80,00,000 (Three Crores Eighty Lakhs Only) equity shares of ₹5/- (Rupees Five Only) each and The paid up share capital of the company as on date of balance sheet is ₹ 13,89,36,900/- (Rupees Thirteen Crores Eighty Nine Lakhs Thirty Six Thousand Nine Hundred Only) divided into 27787380 (Two Crores Seventy Seven Lakhs Eighty Seven Thousand Three Hundred Eighty Only) equity shares of ₹ 5/- each.

Buy-back of Securities

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

Issue of sweat equity shares;

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

Sub-division of equity shares

No subdivision took place during the year under review.

Bonus Shares

The Company had issued and allotted 5309120 (Fifty Three Lakhs Nine Thousand One Hundred Twenty only) fully paid up Bonus Equity shares to the existing shareholders of the Company on December 4, 2017, to the exclusion of Investors of the Company, who had waived their entitlement pursuant to their letter No. RT/SSO/DDL Dated 02.11.2017 in the proportion of 353 equity share for every 1250 existing equity share held by them during the year under review.

Employee stock option scheme

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

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

10. Directors and Key Managerial Personnel

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

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

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

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

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

12. Board Meetings;

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

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

13. Particulars of Employees

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

14. Annual evaluation of Board and its Committees

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

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

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

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

15. Remuneration Policy

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

16. Details of Subsidiary/Joint Ventures/Associate Companies

As on March 31 2018 your Company has One (1) wholly owned subsidiary Company namely Kurlon Retail Limited (“KRL”). Pursuant to Section 129(3) of the Companies Act 2013 read with Rule 5 of Companies (Accounts) Rules 2014 a statement containing salient features of financial statements of Kurlon Retail Limited is annexed as Annexure “B” in form AOC-I. The statement also provides the details of performance and financial position of KRL.

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

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

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

(₹ In Crores)

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

17. Directors' Responsibility Statement

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

- a. that in the preparation of the annual accounts for the Financial Year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2018 and of the Profit of your Company for the Financial Year ended March 31, 2018;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts for the Financial Year ended March 31, 2018 have been prepared on a going concern basis;
- e. They have laid down internal Financial Controls, which are adequate and are operating effectively.
- f. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

18. Management Discussion and Analysis report;

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

19. Report on Corporate Governance;

Your company's firm belief is that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximizes 'Your' long-term value.

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

20. Auditors

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

21. Secretarial Audit:

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. K Dushyanth Kumar, a Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year ended 31st March, 2018. The Secretarial Audit Report is annexed as **Annexure "E"**.

22. Auditors' report;

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

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

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

24. Loans, Guarantees and investments

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

25. Particulars of contracts or arrangements with related parties

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

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

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

26. Risk management system

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

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

27. Vigil Mechanism/ Whistle Blower Policy

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

28. Corporate Social Responsibility (CSR)

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

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

29. Audit Committee

The Board has constituted an Audit Committee with Dr. Nitin G Khot as Chairperson and Mr. S Ananthanarayanan, Mr. T. Sudhakar Pai & Mr. Amit Choudhary as Members. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

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

30. Internal Audit and Control

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

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

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

Currently the internal control system is being supervised by Mr. Subramanya Karanth, Internal Auditor of the Company.

31. Disclosure about Cost Audit

As per the Cost Audit Orders, Cost Audit is applicable to the Company's manufacture of PU Foam and foam products/business of the Company for the FY 2017-18.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. GNV & Associates, Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your Company for the financial year 2018-19. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting. The Company has received consent from M/s. GNV & Associates, Cost Accountants, to act as the Cost Auditor for conducting Audit of cost records for the FY 2018-19 along with a certificate confirming their independence and arm's length relationship.

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

32. Extract of Annual Return:

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

33. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

34. Public Deposits:

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

35. Statutory Disclosures

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

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

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

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

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

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

38. Human Resources

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

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

39. Acknowledgements

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

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

Date: 10.08.2018
Place: Bangalore

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

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

Annexure "A"

(Disclosure with regard to ESOS Scheme 2015)

Sl. No.	Employee stock option Scheme-2015	Details
1.	Number of stock options	Not Exceeding 8,00,000 equity shares*
2.	Vesting period	Not earlier than 1 years and not more than 4 years from the date of grant of option to eligible employees
3.	Exercise period	Within 6 years from the date of vesting
4.	Exercise pricing formula	Since the company is unlisted hence exercise price will be equal to FMV as calculated by independent valuer.
5.	Total number of options outstanding at the beginning of year	374908
6.	Option granted during the year-Bonus shares	105871
7.	Number of options exercised during the year	-
8.	Total No. of share arising out of exercise of options	-
9.	Number of options lapsed/forfeited during the year	36825
10.	Variation in terms of options	-
11.	Money realized by exercise of options	-
12.	Total No. of Options in force	443954
13.	Option granted to Key Managerial personal during FY 2017-18;	-
14.	Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	-
15.	Any other employees who receive a grant in any one year of option amounting to 5% or more of options granted during the year.	-

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

Date: 10.08.2018
Place: Bangalore

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

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

Annexure - B
FORM AOC-I
STATEMENT CONTAINING SILENT FEATURES OF THE FINANCIAL STATEMENT OF WHOLLY OWNED SUBSIDIARY COMPANY

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

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

(Amount in Lakhs)

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

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

Date: 10.08.2018

Place: Bangalore

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

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

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

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

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

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

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

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

The Board of Directors, as on 31st March, 2018, comprised 5 Directors, of which 4 were Non-Executive Directors and one Managing Director. The Company has an Executive Chairman, 2 Independent Directors, one women non-executive Director with one Nominee Director. All Directors possess relevant qualifications and experience in general corporate management, finance, and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

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

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the financial year ended 31st March, 2018 are as follows:-

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

III. Meetings;

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

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

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

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

3. AUDIT COMMITTEE

a. Terms of Reference

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

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

- Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

The Audit Committee of the Company is constituted in accordance with the provisions of Section 177 of the Act. All members of the Committee are financially literate, with Mr.T Sudhakar Pai, Chairperson of the Committee, having the relevant accounting and financial management expertise.

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

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

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

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

b. Composition and Attendance during the year

In terms of the provision of Section 178 of the Companies Act, 2013, your Company has constituted a Nomination and Remuneration Committee on 05th November, 2015 with a view to review and recommend the payment of annual salaries, commission and finalizes service agreements and other employment conditions of Executive Directors & Key managerial personnel. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

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

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

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

c. Remuneration policy:

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

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

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

Remuneration paid to Executive Directors & KMP(s)

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

At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the provisions of Sections 178 and 197 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites and Allowances, Contribution to Provident Fund and other funds. The term of appointment of Executive Directors is 5 (five) years.

5. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

a. Terms of Reference

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

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

b. Composition and Attendance during the year:

The SRC met 4 (Four) times during the year, on 21.06.2017, 20.07.2017, 02.11.2017 and 21.02.2018.

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

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mr. S Ananthnarayanan	Independent, Non-Executive	4	4
Dr. Nitin G Khot	Independent, Non-Executive	4	3
Mr. T Sudhakar Pai	Non Independent, Executive	4	4

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

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

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

6. COMPENSATION COMMITTEE

a. Term of reference

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

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

b. Composition and Attendance during the year;

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

The Compensation Committee met twice during the year, on 20.07.2017 and 21.02.2018 respectively. The necessary quorum was present at all meetings.

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

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

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

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR" COMMITTEE)

a. Term of reference

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

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act.

- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen.
- Attend to such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2017-18 forms a part of the Board's Report.

b. Composition and Attendance during the year;

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

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

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mrs. Jaya S Pai	Non Independent, Non-executive	3	2
Dr. Nitin G Khot	Independent, Non-Executive	3	2
Mr. S. Ananthanarayanan	Independent, Non-Executive	3	3
Mr. Amit Choudhary (upto 10.08.2018)	Independent, Non-Executive Nominee	3	2
Mr. Vishal Tulsyan (w.e.f 10.08.2018)	Independent, Non-Executive Nominee	3	-

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

8. BANKING COMMITTEE

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

a. Terms of Reference

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

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

b. Composition and Attendance during the year;

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

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mr.T Sudhakar Pai	Non Independent, Executive	4	4
Dr. Nitin G. Khot	Independent, Non-Executive	4	3
Mr. S.Ananthanarayanan	Independent, Non-Executive	4	4

The Banking Committee met Four times during the year, on 21.06.2017, 20.07.2017, 02.11.2017 & 21.02.2018 respectively. Necessary Quorum was present throughout the meetings and Mr.T Sudhakar Pai acts as the chairman of meeting.

9. RISK MANAGEMENT COMMITTEE

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

a. Term of reference;

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

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

b. Composition and Attendance during the year

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

Name	Category/Designation	No. of meetings	
		Held during the Year	Attended
Mr.T Sudhakar Pai	Non Independent, Executive	2	2
Mr. S.Ananthanarayanan	Independent, Non- Executive	2	2
Mr. Jamsheed M Minocher (upto 21.02.2018)	Chief Financial officer ("CFO")	2	2
Mr. Shambhu Kumar Bhotika (w.e.f. 21.02.2018)	Chief Financial officer ("CFO")	2	-

The RMC Committee met twice during the year, on 20.07.2017 & 21.02.2018 respectively. Necessary Quorum was present throughout the meetings and Mr.T Sudhakar Pai acts as the chairman of meeting.

10. GENERAL BODY MEETINGS

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

Year	Date	Venue	Summary of special resolution(s) passed if any,	Time
2017	27.09.2017	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri(East), Mumbai-400059	Alteration in the Memorandum of Association ("MOA") Adoption of New set of MOA Re-appointment of Mr.T Sudhakar Pai as Managing Director	11.00 A.M.
2016	27.09.2016	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri(East), Mumbai-400059	There was no special resolution passed in this meeting	11.00 A.M.
2015	29.09.2015	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri(East), Mumbai-400059	There was no special resolution passed in this meeting	11.00 A.M.

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

B. Extra ordinary General Meeting

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

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

C. Postal Ballot

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

11. DISCLOSURES

A. Related Party Transactions

All the transactions entered into with Related Parties as per the Companies Act, 2013 during the Financial Year 2017-18 were in ordinary course of business and on an arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. Further, there was no material related party transaction which required shareholder's approval. The required statements / disclosures with respect to the related party transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the Accounting

Standard-18 have been made in notes to the Financial Statements. Further, the Company has not entered into any transaction of material nature with Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interest of the Company.

B. Disclosure of accounting treatment in preparation of Financial Statements

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

C. Management Discussion and Analysis Report.

The management discussion and analysis report has been provided as annexure of the Directors Report.

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

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

E. Whistle-Blower Policy/Vigil Mechanism

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

F. Risk management Framework.

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

12. GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

Day & Date	Time	Venue
Thursday, the 20 th day of September, 2018	4.00 P.M.	"GMS Banquet Hall" Sitladevi Building, 1st Floor, D.N. Nagar, Opp. Indian Oil Nagar, on Link Road, Andheri (West) Mumbai-400 053.

C. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 13th September, 2018 to 20th September, 2018 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

D. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on 10th day of August, 2018 has recommended final dividend of ₹ 2.5 (i.e 50%). the total outflow towards dividend on equity shares for the year would be ₹ ₹ 836.10 Lakhs (including dividend tax ₹ 141.42 Lakhs) (Previous year ₹ 676.35 Lakhs inclusive of Dividend Tax of ₹ 114.40 Lakhs). The dividend payout is subject to the approval of shareholders

at the ensuing Annual General Meeting of the Company and will be paid to those shareholders whose name appear on the register of members of the Company on 3rd day of October, 2018 within 30 days from the date of AGM.

E. Listing on Stock Exchanges:

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

Payment of Depository Fees

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

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

M/s. Purva 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	Ms. Purva Shah
Address	9, Shiv Shakti Ind. Estt. J.R. Boricha Marg, Lower Parel(E), Mumbai-400011
Phone Nos.	+91-022-2301-6761/2508
Email ID	purvashr@gmail.com

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

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

H. Categories-wise list of Shareholders

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

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

J. Dematerialization of shares and liquidity:

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

Physical form : 1536 (0.01%)

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

K. Factories Locations

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

L. Address for Correspondence:

The shareholders may send their grievances/ queries to the Registrar and Share Transfer Agents at their Address mentioned above or to the Company at:

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

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

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

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

Date: 10.08.2018
Place: Bangalore

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

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



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

Vision & Mission:- Kurl-on sustain Brand leadership with highest Consumer delight through our World class Manufacturing Process , Innovation and Making Kurlon the best Place to work. With this values, we believe in delivering Growth & Wealth to stake holders and ultimate satisfaction to our Consumers.

We are known for :-

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

India Economic Growth

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

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

- 1. Industry Overview:** - The mattress industry is expected to be around ₹ 100 bn, and we feel more than 65 % industry is un-organized. While there is strong movement towards organized markets, government initiative such as GST would drive this acceleration further. We feel unorganized sector is growing @ 8 %, while organized sector is growing @ 10-12 %. Rapid Urbanization, Housing growth, Increase in disposable income, Travel & Hospitality sector growth are some of the growth drivers contributing to the sustained growth of Industry

Performance: - During the financial year 2017-18, the Company achieved revenue from its operations of Rs 110,570.37 Lakhs. Growth is Primarily driven by Metro Cities and Ru-rben area. Our Growth trend is in sync with the general growth trends of India. In the last financial year your Company has rationalized prices, product offerings and sharply focused on applications of each product to strengthen market share. Keeping eye on future, we also took baby steps in expanding and learning by opening Company Owned network of Retail Stores.

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

Your Company's distribution network and brand name is well suited for marketing its product. Mattress requires high consultative selling; the dealer has a very high influence on converting the customer to any brand by reaching out to such dealers, training them on the features of each of the mattress and ensuring high quality of reiteration to the customer & achievement of higher Bill size per customer.

Hotels, Hospitals and Hostels prefer high performance, high quality branded mattress with flame retardant, Anti – Bacterial fabrics. As people are becoming more health conscious and aspiring luxury lifestyle, there is an evident rise in the awareness of the relation between good sleep and a good quality mattress especially among the youth. A major growth driver for the mattress market in India is the growing urban population who is ready to spend considerable amounts on luxury and comfort. The major market for modern mattresses is in urban area. The rural market is dominated by Cotton Mattress or other sleeping surfaces. Wellness is gaining popularity among the large urban population and its importance for wellness, since people use a mattress for 8 hours of the day.

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



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

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

Risk Mitigation

Direct Retail Opportunities :- Company has done significant process in expanding direct retail network of COCO stores, in such a way that it would help to gain more market share without affecting the performance of the company existing business.

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

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

Long term opportunity :- Over 75 % of the countries Population doesn't use modern mattress , we feel this itself is an opportunity over long terms.

Health Awareness :- Company strives to help driving growth further

3. Internal Control System & Adequacy:

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

4. Financial Performance:

During the Current Year, Gross Revenue from operations increased from ₹ 103414.95 Lakhs to ₹ 110,570.37 Lakhs , registering a growth of 6.92 % over the last year. Net Profit for the current year also increased by 38.74% to ₹ 8435.55 Lakhs as against the profit after tax of ₹ 6079.91 Lakhs of last year and Profit before tax was landed at ₹ 13,153.81 Lakhs as compared to ₹ 9096.97 Lakhs of previous year registering a growth of 44.59%.

5. Material Development in Human resources:

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

For and on Behalf of the Board

For **Kurlon Enterprise Limited.**

Date: 10.08.2018

Place: Bangalore

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

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

Annexure-“E”**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31.03.2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

KURLON ENTERPRISE LIMITED

#1002/1006, The Avenue, International
Airport Road Opp. Hotel Leela, Andheri
(East) Mumbai MH 400059 IN

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

- A. Kurlon Enterprise Limited is incorporated under the Companies Act, 1956 vide CIN.U36101MH2011PLC222657 dated 03.10.2011 issued by the Registrar of Companies, Mumbai.
- B. We have verified the records maintained by the Company under the provisions of the Companies Act, 2013 (Act) from 01.04.2017 to 31.03.2018 and report that the Company has complied with the various provisions of the said Act.
- C. The Authorized Capital of the Company is ₹19,00,00,000 (Nineteen Crores) divided into 3,80,00,000 (Three Crore Eighty Lakhs) Equity Shares of ₹5/- (Five) each. The Issued, subscribed and Paid up Capital of the Company is ₹ 13,89,36,900 (Thirteen Crores Eighty Nine Lakhs Thirty Six Thousand Nine Hundred) divided into 2,77,87,380 (Two Crores Seventy Seven Lakhs Eighty Seven Thousand Three Hundred Eighty) Equity Shares of ₹5/- (Five) each.

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

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

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

- a. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- b. Secretarial Standards issued by the Institute of Company Secretaries of India under Section 118(10) of the Companies Act, 2013, and
- c. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder.

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

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

We further report that:

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

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

All Board decisions have been passed without any dissent.

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

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

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

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

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

For K Dushyantha & Associates

Company Secretaries in Practice

K. Dushyantha Kumar

C.P.No.: 6003

FCS No.: 6662

Date: 16.07.2018

Place: Bengaluru

To,

The Members,

KURLON ENTERPRISE LIMITED

#1002/1006, The Avenue, International
Airport Road Opp. Hotel Leela, Andheri
(East) Mumbai MH 400059 India

Our Secretarial Auditor Report is to read along with this letter

Management's Responsibility

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

Auditor's responsibility

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

Disclaimer

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

K Dushyantha & Associates

Company Secretaries in Practice

K. Dushyantha Kumar

C.P.No.: 6003

FCS No.: 6662

Date: 16.07.2018

Place: Bengaluru

Annexure-“F”**ANNUAL REPORT ON CSR ACTIVITIES**

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

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

- a. To direct Kurlon's CSR Programs, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- b. To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development.
- c. To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;
- d. To pursue CSR Programs primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;
- e. To carry out CSR Programs in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;
- f. To carry out activities at the time of natural calamity or engage in Disaster Management system;
- g. To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- h. To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;
- i. To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognized as CSR activity;
- j. To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

2. The Composition of the CSR Committee.

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

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

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

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

2% of Average

122.44 Lakhs

5. Details of CSR spent during the financial year.

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

b. Amount unspent, if any : Nil

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

Sr. No.	CSR Project or Activity	Sector in which project is covered	Areas Where Project Was Implemented	Amount outlay (budget)	Amount Spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	Women Empowerment	Contribution toward Women Empowerment	Bangalore	122.44 Lakhs	18.47	122.37 Lakhs	Through Implementing Agency
2.	Rehabilitation	Rehabilitation	Mysore		12.19		Through Implementing Agency
3.	Contribution Towards Social Welfare for Education and Development for Under Privileged Children/Society	Social welfare, Education & Development	Harihara		31.77		Direct
4.	Women Empowerment	Contribution Towards Women Empowerment	Shivmogga		13.52		Direct
5.	Contribution Towards Social Welfare for Education and Development for Under Privileged Children/Society	Social welfare, Education & Development	Kolar, Andra Pradesh, Uttar Kannada		45.32		Direct
6.	Donation to the Corpus fund of Learning Space Foundation & Prison Fellowship India to promote Education and providing aids to underprivileged children.	Promotion of Education and providing aids to underprivileged children.	Mumbai & Bangalore		1.10		Through Implementing Agency

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

The Company is endeavored to ensure full utilization of the allocated CSR budget. However, There is a minor shortfall of 7000/- (Rupees Seven Thousand Only) budget verses actual spending due to rounding off which is neither willful nor intentional, during the period under review. This Amount of the shortfall will be spent by the Company in next financial year along with the CSR budget for the Financial Year 2018-19.

7. Responsibility statement

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

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

Sd/-
(T. Sudhakar Pai)
Managing Director

Sd/-
Jaya S Pai
Chairman of CSR Committee

Annexure "G"

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

CIN	U36101MH2011PLC222657
Registration Date	03.10.2011
Name of the Company	Kurlon Enterprise Limited
Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
Address of the Registered office & contact details	#1002/1006, The Avenue, International Airport Road, Opp. Hotel Leela, Andheri(East), Mumbai-400059
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Nil

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mattresses/Pillows/Foam/Sofa & furniture	31005	98.89%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.N	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of shares held	Applicable section
1	Kurlon Limited	U17214KA1962PLC001443	Holding Company	83.94	2(46)
2.	Kurlon Retail Limited	U36104KA2012PLC065664	Wholly owned Subsidiary	100.00	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As at 31-March-2017]				No. of Shares held at the end of the year [As at 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(I) Indian									

a) Individual/ HUF	0	600	600	0.01	141946	768	142714	0.51	+0.50
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	23323357	0	23323357	83.94	+83.94
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	0	600	600	0.01	23465303	768	23466071	84.45	+84.44
(2) Foreign									
a). NRI/Foreign individual	0	0	0	0.00	0	0	0	0.00	0.00
b). Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c). Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d). QII	0	0	0	0.00	0	0	0	0.00	0.00
e). any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of promoters and promoters group (A)=(A)(1)+(A)(2)	0	600	600	0.01	23465303	768	23466071	84.45	+84.44
B. Public Shareholding									
I. Institutions									
a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(I):-	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.	0	18501650	18501650	82.31	71055	0	71055	0.26	-82.05
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	3734	294016	297750	1.32	295684	768	296452	1.07	+0.25
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	224195	0	224195	0.81	0.81
c). Qualified foreign investor	0	0	0	0.00	0	0	0	0.00	0.00

d) Others:	0	0	0	0.00	40282	0	40282	0.14	+0.14
i. N.R.I. (Repat & Non-Repat.)	2354086	0	2354086	10.47	2354086	0	2354086	8.47	-2.00
ii. Foreign Corporate Bodies	1324174	0	1324174	5.89	1324174	0	1324174	4.77	-1.12
iii.Trust	0	0	0	0.00	9715	0	9715	0.03	+0.03
iv.Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
v. Employee	0	0	0	0.00	1350	0	1350	0.01	+0.01
vi. Clearing Members	0	0	0	0.00	1350	0	1350	0.01	+0.01
Sub-total (B)(2):-	3681994	18795666	22477660	99.99	4320541	768	4321309	15.56	-84.44
Total Public Shareholding (B)=(B)(1)+(B)(2)	3681994	18795666	22477660	99.99	4320541	768	4321309	15.56	-84.44
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	3681994	18796266	22478260	100.00	27785844	1536	27787380	100.00	0.00

B. Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs Jaya S Pai	200	0.00	0.00	256	0.00	0.00	0.00
2	Mr. Nitin Gajananrao Khot	200	0.00	0.00	142202	0.51	0.00	+0.51
3.	Mr.T Sudhakar Pai	200	0.00	0.00	256	0.00	0.00	0.00
4	Kurlon Limited	-	-	-	23323357	83.93	0.00	+83.93

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

S.N	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. MRS. JAYA S PAI					
	At the beginning of the year	200	0.00%	256	0.00%
	Add: bonus allotment	+56			
	At the end of the year	256	0.00%	256	0.00%
2. DR. NITIN G KHOT					
	At the beginning of the year	200	0.00%	142202	0.51%
	Add: Purchased on 27.11.2017 Bonus Allotment	+110688 +31314			
	At the end of the year	142202	0.51%	142202	0.51%

3. MR.T SUDHAKAR PAI					
At the beginning of the year	200	0.00%	256	0.00%	
Add: Bonus Allotment	+56				
At the end of the year	256	0.00%	256	0.00%	
4. KURLON LIMITED*					
At the beginning of the year	18501650	82.31%	23323357	83.94%	
Add: Bonus Allotment	+5224865				
Less: Transfer during the year	(403158)				
At the end of the year	23323357	83.94%	23323357	83.94%	

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

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. INDIA BUSINESS EXCELLENCE FUND IIA					
	At the beginning of the year	2354086	10.47%	2354086	8.47%
	Note: Shareholding of the IBEF-II has been diluted to the extent of 2% due to bonus allotment		(2.00%)		
	At the end of the year	2354086	8.47%	2354086	8.47%
2. IL AND FS TRUST COMPANY LTD (TRUSTEE OF INDIA BUSINESS EXCELLANCE TRUST-II)					
	At the beginning of the year	1324174	5.89%	1324174	4.77%
	Note: Shareholding of the IL and FS Trust Company Ltd (Trustee) has been diluted to the extent of 1.12% due to bonus allotment		(1.12%)		
	At the end of the year	1324174	4.77%	1324174	4.77%
3. MR. M DINESH KUDYA					
	At the beginning of the year	78066	0.35%	100111	0.36%
	Add: Bonus Allotment	+22045			
	At the end of the year	100111	0.36%	100111	0.36%
4. MR.VINUJA KUDYA					
	At the beginning of the year	40000	0.17%	51296	0.18%
	Add: Bonus Allotment	+11296			
	At the end of the year	51296	0.18%	51296	0.18%

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

D. Shareholding of Directors and Key Managerial Personnel;

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. MRS. JAYA S PAI					
At the beginning of the year		200	0.00%	256	0.00%
Add: Bonus Allotment		+56			
At the end of the year		256	0.00%	256	0.00%
2. DR. NITIN G KHOT					
At the beginning of the year		200	0.00%	142202	0.51%
Add: Purchased During the Year + Bonus Allotment		+110688 +31314			
At the end of the year		142202	0.51%	142202	0.51%

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

V. INDEBTEDNESS;

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	430.43	-	-	430.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	430.43	-	-	430.43
Change in Indebtedness during the financial year				
* Addition	377.75	574.88	-	952.63
* Reduction	430.43	-	-	(430.43)
Net Change	(52.68)	574.88	-	522.20
Indebtedness at the end of the financial year				
i) Principal Amount	377.75	574.88	-	952.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	377.75	574.88	-	952.63

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

S.N.	Particulars of Remuneration	Mr.T Sudhakar Pai Managing Director
1	Gross salary(in lakhs)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.62
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission/incentive - as % of profit - others, specify...	410.12
5	Others, please specify	
	Total (A)	486.74
	Ceiling as per the Act	683.54

b. Remuneration to other directors

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

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Monu Kumar (Company Secretary)	Mr. Shambhu Kumar Bhotika (CFO) (w.e.f 21.02.2018)	Total
1	Gross salary(in lakh)			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.00	2.22	7.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Being consultancy fees paid			
	Total	5.00	2.22	7.22

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

Date: 10.08.2018
Place: Bangalore

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

Annexure-“H”

In formation as per clause (m) of subsection 134 of the companies act, 2013 read with rule 8 of the Companies (Accounts) rules, 2014 and forming part of the director's report for the year ended March 31, 2018.

A. Conservation of Energy

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

(i)	The steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. Constituted a Technical team for monitoring the power consumption in each machines on daily basis. 2. Replaced 150 Watt MH lights with 70 Watt LED, 40 watt florescent tubes with 15 watt LED and 150 Watt steel light (MH light) with 90 Watt LED lights. Introduced 40 watts LED frame proof lights in place of 250 watts MHD Lights. There by 50 % of lighting load is reduced. Savings would be approximately Rs 150000/. 3. Created awareness among employee about the energy saving by imparting training. 4. Monitoring the water consumption for reduction by which power consumption is reduced by reducing the running hour of water pumps and submersible pumps. 5. Reduced embossing section load from 14 KW to 7 KW. 6. 180 KVA DG and 320 KVA DG control switches made parallel based on the running load required DG will be used. 7. APFC (Automatic power factor control) panel board erected at main LT side to control power factor automatically based on load. 8. Standardisation of tank room AC timing with respect to ambient temperature 9. Installation of Air Ambiators for the better ventilation and fresh air circulation and avoid usage of industrial fans 10. Installation of high clarity polycarbonate sheets installed for the better Illumination 11. Installation of boiler in bonded section and reduced block cycle time drastically. 12. High flash steam is effectively used for tunnel drier heat exchanger. Boiler efficiency is effectively monitored and maintained at 87% in order to get good specific fuel consumption.
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(ii)	The steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> 1. Around 400 KW solar power plant is planned for Bhubaneswar plant, this is under study stage. 2. UPS is planned for the foam production plant at Yeshwanthpur plant this is in place of 40KVA DG running during the production hours. 3. In place of furnace oil piped natural gas is planned for steam generation at 4T Boiler.
(iii)	The capital investment on energy conservation equipment's	<ol style="list-style-type: none"> 1. ₹ 40 lakhs is planned for M/S Gail gas connection in place of furnace oil for boiler steam generation. 2. Around 5 lakhs is planned for 40 KVA ups for foam unit production. 3. Planned for energy efficient screw compressor in place of existing reciprocating compressor – 75 HP- 10 Lakhs

B. Technology absorption

(i)	The efforts made towards technology absorption	<ol style="list-style-type: none"> 1. Conversion of fuel of boiler from HSD to LPG 2. Fully automated delivery conveyors installed for short blocks from BPL cutting line to CCMs. 3. PLC control Fire alarm indication boards installed in all buildings for men alert. 4. Automatic chemical spray system introduced for bonded foam blocks production. 5. Automatic pasting machine is introduced to increase the productivity as well as to reduce the adhesive consumption. 6. Automatic weight monitoring system with display unit is implemented. 7. Fire alarm indicator system installed along with sprinklers. 8. CCTV camera's fixed all around the factories for effective monitoring and controlling.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> 1. Cost of fabrication is reduced of ₹5,00,000 Per. month. 2. Zero waste processes opted for Eco friendly operation. 3. Yield is increased by introducing and practicing quality system management process. 4. Incorporated High-pressure foaming system for all foam varieties to maintain the consistency in foam quality with marginal reduction of cost. 5. Due to solar power plant across all the factory, there is a reduction in State Electricity Board bills)

(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Imported automatic tape edge machines to reduce the manpower and to improve the productivity
	(a) the details of technology imported	<ul style="list-style-type: none"> • Automatic mattress stitching, flipping without manual intervention. • Mattress loading and unloading over conveyor.
	(b) the year of import;	2018
	(c) whether the technology been fully absorbed	Yes
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
(iv)	The expenditure incurred on Research and Development	1. Approx. ₹ 27.5 lakhs on automatic pasting machine and online conveying system. 2. Around ₹ 3.0 lakhs invested on screw compressor at fabrication section.

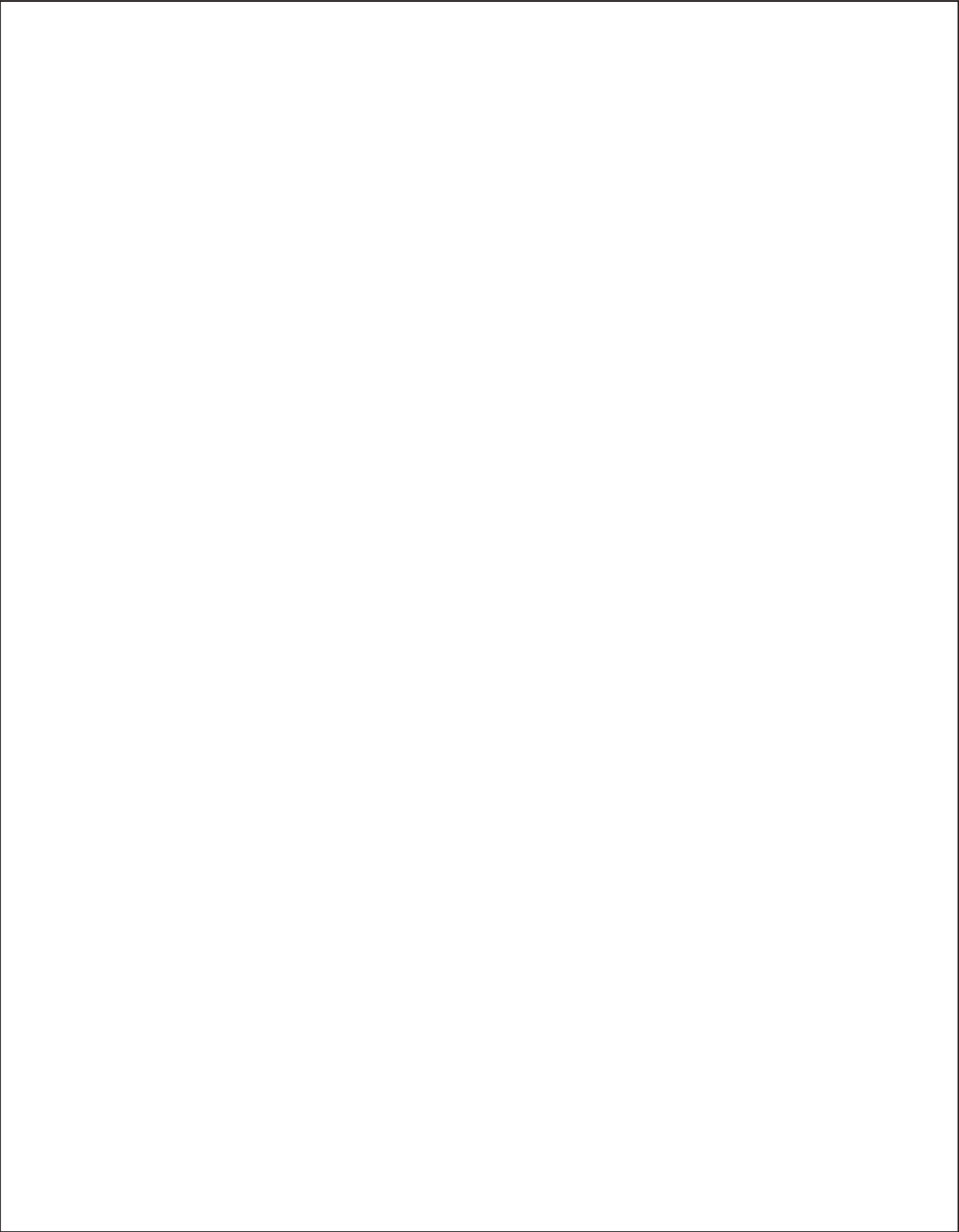
C. Foreign Exchange Earnings and Outgo

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

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

Date: 10.08.2018
Place: Bangalore

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



KURLON LIMITED

BOARD OF DIRECTORS

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

REGISTERED AND CORPORATE OFFICE

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

BANKERS & FINANCIAL INSTITUTION:

IDBI Bank Limited
Axis Bank Limited
Development Credit Bank Limited

STATUTORY AUDITORS:

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

REGISTRAR & SHARE TRANSFER AGENT:

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

FACTORY:

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

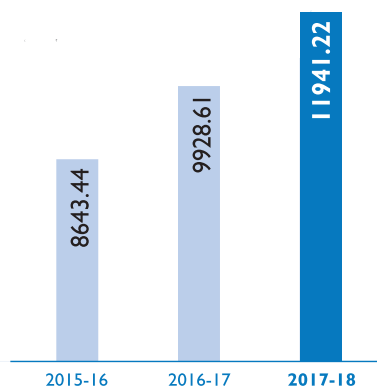
CONTENTS	Pg.No.
Notice	
Directors' Report	
Report on Corporate Governance	
Management Discussion & Analysis Report	
Auditors' Report	
Balance Sheet	
Statement of Profit & Loss Account	
Cash Flow Statement	
Notes forming part of the financial statements	
Balance Sheet Abstract	
Independent Auditor's Report on Consolidated Financial Statements	
Consolidated Financial Statement	

Event of 56th Annual General Meeting

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

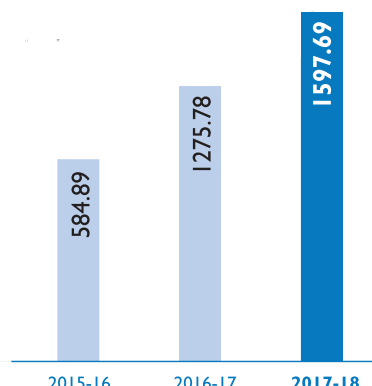
PERFORMANCE HIGHLIGHTS-KURLON LIMITED STANDLONE

REVENUE (₹ in Lakhs)



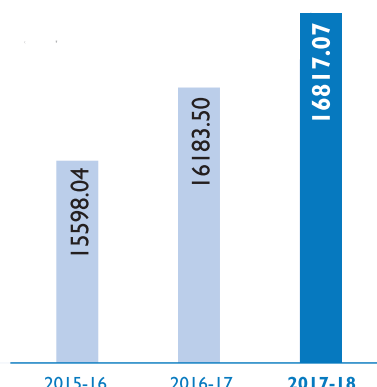
20.27% ↑ y-o-y

EBIDTA (₹ in Lakhs)



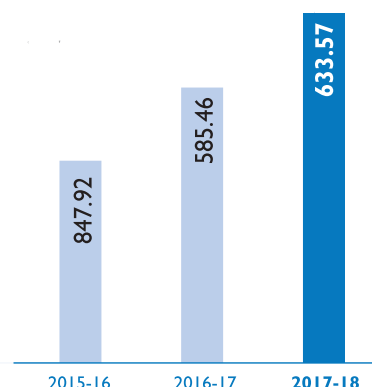
25.23% ↑ y-o-y

Networth (₹ in Lakhs)



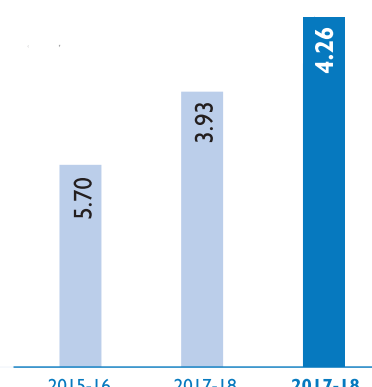
3.91% ↑ y-o-y

Net Profit (₹ in Lakhs)



8.22% ↑ y-o-y

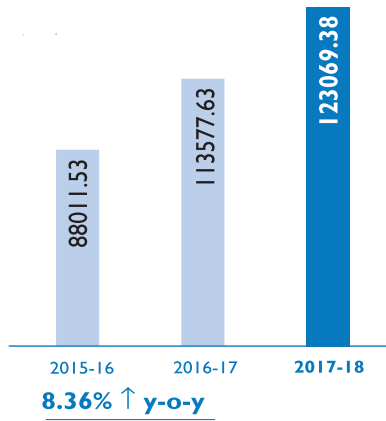
Earning per Share (₹)



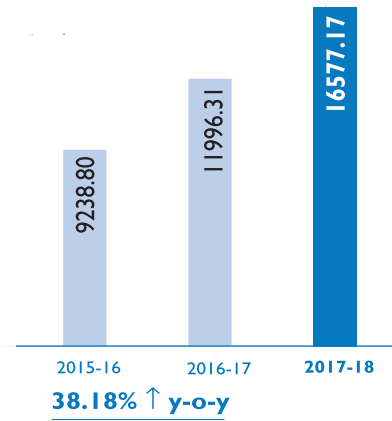
8.40% ↑ y-o-y

PERFORMANCE HIGHLIGHTS-CONSOLIDATED

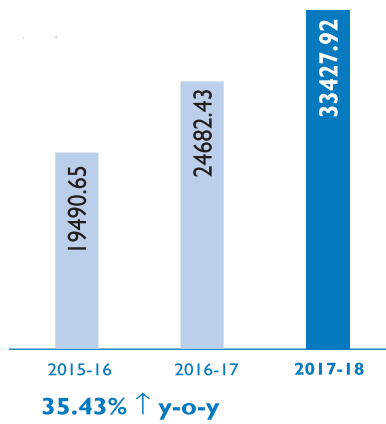
REVENUE (₹ in Lakhs)



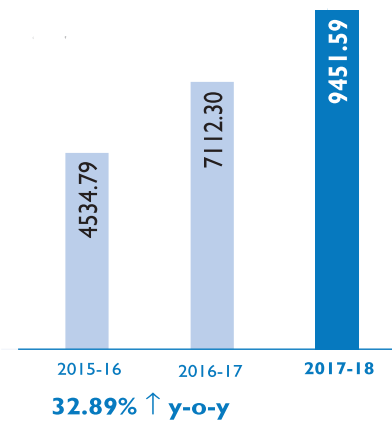
EBIDTA (₹ in Lakhs)



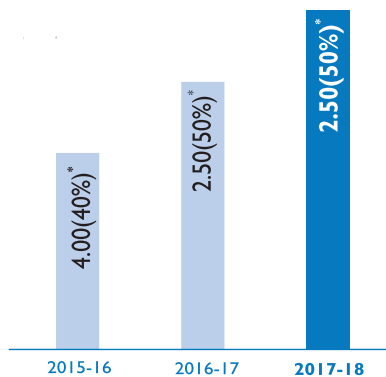
Networth (₹ in Lakhs)



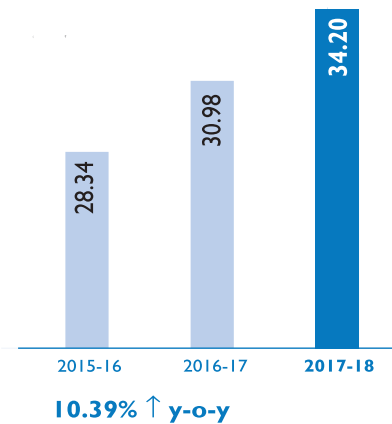
Profit after Tax (₹ in Lakhs)



Dividend per Share (₹)



Earning per Share (₹)



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

NOTICE

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

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial statements for the financial year ended 31st March 2018 together with the reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31st March, 2018 together with the Report of the Auditors thereon.
3. To appoint a Director in place of Mrs. Jaya S Pai (DIN; 00030515), who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of Statutory Auditors of the Company.

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

“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any Statutory modification(s) or re-appointment thereof, for the time being in force), re-appointment of M/s Vasudev Pai & Co., Chartered Accountant, (Firm Registration No. 004560S), be and is hereby ratified as the Statutory Auditor of the Company to hold office till the conclusion of the next Annual General Meeting of the Company at such remuneration, plus service tax, out-of-the pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:**5. RATIFICATION OF COST AUDITORS' REMUNERATION**

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any of the Companies Act, 2013 read with rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), remuneration of ₹ 75000/- (Rupees Seventy Five Thousand Only) plus out of pocket expenses and applicable taxes, payable to Messrs. GNV & Associates, Cost Accountants (Firm Registration No.: 000150), for the audit of cost record of the products manufactured by the Company for the year ending 31st March, 2019 as approved by the Board of Directors, be and is hereby ratified.”

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

Date: 10.08.2018
Place: Bangalore

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE SITUATED AT N – 301, III FLOOR, NORTH BLOCK, MANIPAL CENTRE, 47 DICKENSON ROAD, BANGALORE – 560042 NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.

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

2. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting at the registered office of the company with kind attention Mr. Monu Kumar, Company Secretary.
3. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special business under Item No. 5 above, is annexed hereto.
4. Pursuant to good corporate governance practices followed by the Company, the particulars of Directors seeking appointment / reappointment at the meeting are annexed hereto.
5. A route map giving directions to reach the venue of the 56th Annual General Meeting is given at the end of the Notice.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2018 to 26th September, 2018 (both days inclusive).
8. Members are hereby informed that after the amendment of the erstwhile Companies Act, 1956, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. Sections 124 and 125 of the Companies Act, 2013 ('the Act'), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), applicable w.e.f. 7th September, 2016, also make similar provisions for transfer of unclaimed/ unpaid dividend to the Fund.

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

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

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

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

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

14. Voting through electronic means:

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

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

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

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

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

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

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

Pursuant to Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014 ('the Rules'), as amended from time to time, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. GNV & Associates, Cost Accountants. (Firm Registration No.000150) as the Cost Auditors of the Company to conduct Cost Audits of the cost records of the Company for the financial year 2018-2019, at a remuneration of ₹ 75,000/- plus applicable taxes and out-of-pocket expenses. M/s. GNV & Associates, Cost Accountants have the necessary experience in the field of cost audit, and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company. In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company.

The Board commends the remuneration of ₹ 75,000/- plus applicable taxes and out-of-pocket expenses to M/s. GNV & Associates, Cost Accountants as the Cost Auditors and the approval of the Shareholders is sought for the same by an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution at Item No.5 of the Notice.

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

Date: 10.08.2018
Place: Bangalore

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

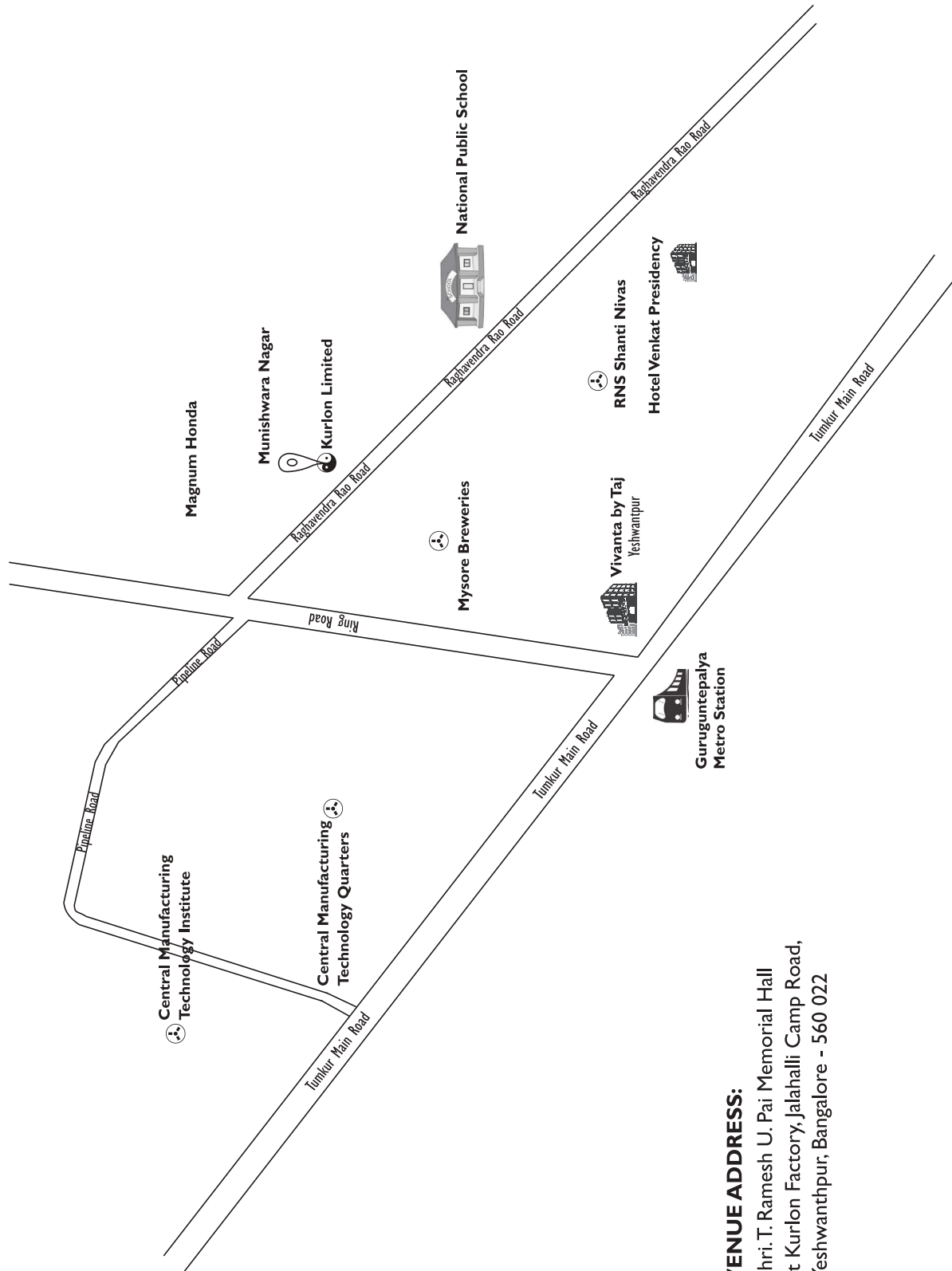
Annexure A

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

	Mrs. Jaya S Pai
DIN	00030515
Father's/Husband Name	Mr. T. Sudhakar Pai
Date of Birth	24.09.1958
Address	# 5, Chitrakala, Ananthanagar, Manipal, Udupi-576119
Designation	Director
Education	B.A.
Terms and conditions of re-appointment	Appointed as Non-Executive Director Liable to be retire by rotation
Other Companies in which hold Directorship	Metropolis Builders Pvt. Ltd. Manipal Ecommerce Limited Manipal Holding Pvt. Ltd. Kurlon Enterprise Limited Deepa Jyothi Trading & Services Pvt. Ltd.
Other Companies in which holds membership of Committees	Kurlon Enterprise Limited
Shareholding in the Company (No. & %)	368491 (2.48%) Equity shares

ROUTE MAP OF VENUE OF 56TH ANNUAL GENERAL MEETING

Route Map to the venue of the AGM



VENUE ADDRESS:

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

DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting their 56th Annual Report on the business and operations of the Company together with audited statement of accounts for the Financial Year ended March 31, 2018.

1. Financial summary or highlights/Performance of the Company

Financial results of the Company for the year under review along with previous year's figures are given hereunder;

(Amount in Lakhs)

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Revenue from operations	11,941.22	9928.61	114,220.86	101580.51
Profit Before Interest, tax and Depreciation	1597.69	1275.78	16498.76	12011.09
Finance Charges	251.33	107.35	660.89	483.42
Gross Profit	1346.36	1168.43	15837.87	11527.67
Provision for Depreciation	376.27	395.18	1,815.25	1606.27
Net Profit Before Tax	970.09	773.25	14,022.62	9921.40
Provision for Tax	329.93	192.46	5,038.61	3257.07
Other comprehensive income	(6.59)	4.67		
Net Profit	633.57	585.46	8,984.01	6664.33
Transfer to General Reserve	-	-	840.18	607.90
Balance available for appropriation	10600.11	9966.54	26,700.70	18156.29
Proposed Dividend on Equity Shares	-	-	694.68	561.95
Tax on proposed Dividend	-	-	141.42	114.40
Surplus in statement of P & L carried to Balance Sheet	10600.11	9966.54	26,700.70	18156.29

2. Year in retrospect

Revenue from operations increased from ₹ **9928.61 Lakhs** in the previous year, to ₹ **11941.21 Lakhs** during 2017-18, registering a growth of **20.27 %** over the previous year. Its net profit during the year landed at ₹ **633.57 Lakhs** as compared to ₹ **585.46 Lakhs** in the previous year.

On consolidated basis the group has achieved revenue of ₹ **123069.38 Lakhs** as against ₹ **11577.63 Lakhs**- a growth of **8.36 %**. Net Profit before minority interest for the Current year is ₹ **9451.59 Lakhs** as against ₹ **7112.30 Lakhs** in the previous year- a growth of **32.89 %**

3. Dividend

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

4. Transfer to Reserves

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

5. Consolidated Financial Statement

In accordance with the Act and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates the audited consolidated Financial Statement is provided in the Annual Report.

6. Change in the nature of business

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

7. Material changes and Commitments effecting the financial position Between the end of the FY and date of the report

There are No material changes and commitments affecting the financial position of your Company which have occurred between the end of the FY 2017-18 and the date of this report except the Board, at its meeting held on May 15, 2018 approved to subscribe 5000 equity shares of ₹ 10/- each of M/s MPLS Agritech Project Private Limited (a company under incorporation). The total outflow in the hand of the Company would be 50000/- (Rupees Fifty Thousand Only).

8. Indian Accounting Standards

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

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

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

9. Share Capital

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

Buy-back of Securities

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

Issue of sweat equity shares

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

Bonus Shares

No Bonus Shares were issued during the year under review.

Employee stock option Plan

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

10. Directors and Key Managerial Personnel

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

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

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

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

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

12. Board Meetings

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

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

13. Particulars of Employees

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

14. Annual evaluation of Board and its Committees

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

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

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

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

15. Remuneration Policy

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

16. Significant and Material Orders:

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

17. Details of Subsidiary/Joint Ventures/Associate Companies

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

Performance and financial positions of KEL.

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

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

Revenue from operations of KEL increased from ₹ **103414.95 Lakhs** in the previous year, to ₹ **110,570.37 Lakhs** during 2017-18, registering a growth of 6.92 % over the previous year. Its net profit during the year is ₹ **8435.55 Lakhs** as compared to ₹ **6079.91 Lakhs** in the previous year, with a positive growth of **38.74 %**.

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

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

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

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

18. Directors' Responsibility Statement

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

- a. that in the preparation of the annual accounts for the Financial Year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2018 and of the Profit of your Company for the Financial Year ended March 31, 2018;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts for the Financial Year ended March 31, 2018 have been prepared on a going concern basis;
- e. that the Directors have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

19. Management Discussion and Analysis report

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

20. Report on Corporate Governance

Your Company's firm belief is that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximizes 'Your' long-term value.

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

21. Auditors

M/s Vasudev Pai & Co., Chartered Accountants (Firm Registration No. 004560S), Bangalore, Statutory Auditors were appointed for 5 (five) years in the 55th Annual General Meeting of the Company to held office up to the conclusion of 60th Annual General Meeting of the Company subject to ratification every year by the shareholders of the Company. Your Company has received an eligibility letter from the Auditors to the effect that the ratification of their appointment, would be in accordance with Sections 139 and 141 of the Act. The Board recommends the ratification of their appointment.

22. Cost Auditors:

As per the Cost Audit Orders, Cost Audit is applicable to the Company's manufacture of PU Foam and foam products/business of the company for the FY 2017-18.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s.GNV & Associates, Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2018-19. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM. The Company has received consent from M/s. GNV & Co., Cost Accountants, to act as the Cost Auditor for conducting Audit of cost records for the FY 2018-19 along with a certificate confirming their independence and arm's length relationship.

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

23. Secretarial Audit

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

24. Auditors' report

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

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

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

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

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

26. Particulars of Loans, Guarantees and Investments

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

27. Particulars of Contracts or Arrangements with Related Parties

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

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

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

28. Risk Management System

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

29. Vigil Mechanism/ Whistle Blower Policy

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

30. Corporate Social Responsibility (CSR)

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

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

31. Audit Committee

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

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

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

32. Internal Audit and Control

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

33. Extract of Annual Return:

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

34. Secretarial Standards

The Company complies with all applicable Secretarial Standards.

35. Public Deposits:

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

36. Statutory Disclosures

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

1. Deposit from the public falling within the ambit of Section 73 of the Act and rules made thereof.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares & ESOS) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

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

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

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

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

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

(a) Conservation of energy

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

(b) Technology absorption

(i)	the efforts made towards technology absorption	<ol style="list-style-type: none"> 1. PLC control Fire alarm indication boards installed in all buildings for men alert. 2. Automatic chemical spray system introduced for bonded foam blocks production. 3. Automatic pasting machine is introduced to increase the productivity as well as to reduce the adhesive consumption. 4. Automatic weight monitoring system with display unit is implemented. 5. Fire alarm indicator system installed along with sprinklers. 6. CCTV camera's fixed all around the factories for effective monitoring and controlling.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Factory operating cost is down by ₹10.00lacs
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Imported automatic tape edge machines to reduce the manpower and to improve the productivity.
	(a) the details of technology imported	<ul style="list-style-type: none"> • Automatic mattress stitching, flipping without manual intervention. • Automatic mattress loading and unloading over conveyor.
	(b) the year of import;	2018
	(c) whether the technology been fully absorbed	Yes
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
(iv)	the expenditure incurred on Research and Development	Around ₹20.00lakhs.

(c) Foreign exchange earnings and Outgo

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

39. Human Resources

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

40. Acknowledgements

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

For and on Behalf of the Board

For **Kurlon Limited.**

Date: 10.08.2018

Place: Bangalore

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

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

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

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

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

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

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

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

The Board of Directors, as on 31st March, 2018, comprised 9 Directors, of which 4 were Non-Executive Directors, one Managing Director, 2(Two) Non-Executive, independent & 2 (Two) Alternate Director. The Company has an Executive Chairman, 2 Independent Directors, 3 (Three) women non-executive Director. All Directors possess relevant qualifications and experience in general corporate management, finance, and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

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

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the financial year ended 31st March, 2018 is as follows:-

Name of Director	Category	Attendance at the Board Meeting during the F.Y. 2017-2018	Attendance at the Last AGM	As on 31-03-2018		
				No. of Directorship in other Co.	Committee membership in other Companies	Chairman in Committees in which they are members
Mr.T Sudhakar Pai Chairman & Managing Director DIN: 00043298	Executive, Non-Independent	4	Yes	9	1	3
Mrs. Jaya S Pai DIN: 00030515	Non-Executive, Non-Independent	3	Yes	5	1	1
Dr. Nitin G Khot DIN: 00030613	Non-Executive, Independent	3	Yes	1	1	1
Sri.S Ananthnarayanan DIN: 00025505	Non-Executive , Independent	4	Yes	1	1	2
Sri. K .T. Bhagath DIN: 00057971	Non- Executive, Non-Independent	1	No	-	-	-
Mrs.T Deepa Pai DIN: 02825199	Non-Executive, Non-Independent	-	No	3	-	-
Mrs. Jyothi Ashish Pradhan DIN: 06733156	Non-Executive, Non-Independent	-	No	3	-	-
Mr. Jamsheed Minocher Panday, Alternate Director to Mrs. Jyothi Ashish Pradhan (w.e.f 12.05.16) DIN: 00232768	Non-Executive, Non-Independent	4	Yes	13	1	-
Mr. Narendra Kudva Alternate Director to Mrs.T. Deepa Pai. (w.e.f. 12.05.16) DIN: 07459916	Executive, Non-Independent	4	Yes	1	-	-

III. Meetings;

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

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

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

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

3. AUDIT COMMITTEE

a. Terms of Reference

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

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- Hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems, including the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.

- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower/Vigil mechanism.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

The Audit Committee of the Company is constituted in accordance with the provisions of Section 177 of the Act. All members of the Committee are financially literate, with Mr. S Ananthnarayanan, Chairperson of the Committee, having the relevant accounting and financial management expertise.

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

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mr. S Ananthnarayanan	Independent, Non-Executive	2	2
Sri. K T Bhagath	Non-Executive, Non-Independent	2	1
Dr. Nitin G Khot	Independent, Non-Executive	2	1

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

a. Terms of reference;

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

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

b. Composition and Attendance during the year

In terms of the provision of Section 178 of the Companies Act, 2013, your Company has constituted a Nomination and Remuneration Committee with a view to review and recommend the payment of annual salaries, commission and finalizes service agreements and other employment conditions of Executive Directors & Key managerial personnel. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

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

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

The Committee met twice during the Financial Year 2017-2018 on 20.07.2017 & 21.02.2018 respectively. The necessary quorum was present at all meetings.

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

c. Remuneration policy:

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

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

- Aligning Key Executive and Board remuneration with the longer term interests of the Company and its shareholders;
- Minimize complexity and ensure transparency;

- Link to long term strategy as well as annual business performance of the Company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

Remuneration paid to Executive Directors & KMP(s)

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

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

5. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

a. Terms of Reference

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

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

b. Composition and Attendance during the year:

The SRC met Four times during the year, on 21.06.2017, 20.07.2017, 02.11.2017 and 21.02.2018.

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

Name of the Member	Category	No. of meetings	
		Held during the Year	Attended
Mr. S Ananthnarayanan	Independent, Non-Executive	4	4
Dr. Nitin G Khot	Independent, Non-Executive	4	3
Mrs. Jaya S Pai	Non Independent, Non-Executive	4	3

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

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

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

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

a. Term of reference

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

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

The Corporate Social Responsibility Committee of the Board ("CSR Committee") has been constituted pursuant to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, in order to oversee the CSR Policy of the Company and recommend the amount of expenditure to be incurred on the activities mentioned in the Schedule VII of the Act.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2016-17 forms a part of the Board's Report.

b. Composition and Attendance during the year;

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

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

Name of the Director	Category	No. of Meetings	
		Held during the Year	attended
Mrs. Jaya S Pai	Non Independent, Non-executive	3	1
Mr. S Ananthnarayanan	Independent, Non-Executive	3	3
Dr. Nitin G Khot	Independent, Non-Executive	3	2

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

7. GENERAL BODY MEETINGS

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

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

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

B. Extra Ordinary General Meeting

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

C. Postal Ballot

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

8. DISCLOSURES

A. Related Party Transactions

All the transactions entered into with Related Parties as per the Companies Act, 2013 during the Financial Year 2017-18 were in ordinary course of business and on an arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. Further, there was no material related party transaction which required shareholder's approval. The required statements / disclosures with respect to the related party transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the Accounting Standard-18 have been made in notes to the Financial Statements. Further, the Company has not entered into any transaction of material nature with Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interest of the Company.

B. Disclosure of accounting treatment in preparation of Financial Statements

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

C. Management Discussion and Analysis Report.

The management discussion and analysis report has been provided as annexure of the Directors Report.

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

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

E. Whistle-Blower Policy/Vigil Mechanism

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

F. Risk management Framework.

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

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

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

B. Dates of Book Closure

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

C. Dividend Payment Date

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

D. Listing on Stock Exchanges:

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

Payment of Depository Fees

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

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

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

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

F. Distribution of Shareholding as on 31st March 2018

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

G. Categories-wise list of Shareholders

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

H. Dematerialization of Shares and Liquidity:

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

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

I. Factories Locations

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

J. Address for Correspondence:

The shareholders may send their grievances/ queries to the Registrar and Share Transfer Agents at their Address mentioned above or to the Company at:

- | | |
|--|---|
| 1. Secretarial Department
Kurlon Limited,
N-301, 3 rd Floor, Front Wing,
North Block, Manipal Centre,
47, Dickenson Road,
Bangalore-560042
e-mail: secretary@kurlon.org | 2. M/s. Purva Sharegistry Private Limited,
9, Shiv Shakti Ind. Estt. J.R. Boricha Marg,
Lower Parel(E), Mumbai-400011
e-mail: purvashr@gmail.com
Tel: 022-23016761/2518 |
|--|---|

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

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

For and on Behalf of the Board

For **Kurlon Limited.**

Date: 10.08.2018

Place: Bangalore

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

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

Annexure - B
FORM AOC-I
STATEMENT CONTAINING SILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARY

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

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

(Amount in Lakhs)

Name of Subsidiary Company	Kurlon Enterprise Limited	Kurlon Retail Limited
Issued & Subscribed Capital	1,389.37	1.00
Reporting period	31.03.2018	31.03.2018
Share capital	1,389.37	1.00
Reserves & Surplus	29928.08	2.46
Total Assets	55,744.60	699.81
Total Liabilities (Excluding Share capital & Reserve & Surplus)	24427.10	696.35
Investments	1,889.53	-
Turnover/Income from operations	110,570.37	606.09
Profit/(Loss) before Tax	13,153.81	2.70
Provision for Tax	4,713.81	1.74
Profit/(Loss) After Tax	8,440.00	0.96
Proposed Dividend	694.68	-
% of shareholding	83.94	100.00%

For and on Behalf of the Board

For **Kurlon Limited.**

Date: 10.08.2018

Place: Bangalore

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

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

Annexure C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry overview:

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

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

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

3. Internal Control System & Adequacy:

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

4. Financial Performance:

Revenue from operations increased from ₹ 9928.61 Lakhs in the previous year, to ₹ 11941.21 Lakhs during 2017-18, registering a growth of 20.27 % over the previous year. Its net profit during the year landed at ₹ 633.57 Lakhs as compared to ₹ 585.46 Lakhs in the previous year.

On consolidated basis the group has achieved revenue of ₹ 123069.38 Lakhs as against ₹ 11577.63 Lakhs- a growth of 8.36 %. Net Profit before minority interest for the Current year is ₹ 9451.59 Lakhs as against ₹ 7112.30 Lakhs in the previous year- a growth of 32.89 %

5. Material Development in Human resources:

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

For and on Behalf of the Board

For Kurlon Limited.

Date: 10.08.2018

Place: Bangalore

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

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

FORMAT OF ANNUAL REPORT ON CSR ACTIVITIES**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Board of Directors (the 'Board') of your company has adopted a CSR policy, which includes:

- a. To direct Kurlon's CSR Programs, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- b. To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development.
- c. To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;
- d. To pursue CSR Programs primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;
- e. To carry out CSR Programs in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;
- f. To carry out activities at the time of natural calamity or engage in Disaster Management system;
- g. To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- h. To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;
- i. To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognized as CSR activity;
- j. To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

2. The Composition of the CSR Committee is as under;

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

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

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

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

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

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

5. Details of CSR spent during the financial year.

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

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

c. Manner in which the amount spent during the financial year 17-18 is detailed below

(₹ in Lakhs)

Sr. No.	CSR Project or Activity	Sector in which project is covered	Areas Where Project Was Implemented	Amount outlay (budget)	Amount Spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
2.	Donation to the Corpus fund of Avabai Hormusdji Tata Charity Trust Bombay to promote Education and providing aids to underprivileged children.	Education & Health care	Mumbai	29.90	20.00	29.93	Through Implementing Agency
3.	Donation to the Corpus of Trust/ Society/Section 8 Companies.	Promotion of Education and providing aids to underprivileged children.	Bangalore		9.93		Partial Direct and Partial Through Implementing Agency

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

7. Responsibility statement

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

Sd/-
(T. Sudhakar Pai)
Managing Director

Sd/-
Jaya S Pai
Chairman of CSR Committee

Annexure E
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.
I. REGISTRATION & OTHER DETAILS:

CIN	U17214KA1962PLC001443
Registration Date	09.02.1962
Name of the Company	Kurlon Limited
Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
Address of the Registered office & contact details	N-301, Iii Floor, North Block, Front Wing, Manipal Centre, 47 Dickenson Road Bangalore- 560042 Email: secretary@kurlon.org
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Contact Person: Ms. Purva Shah Purva Sharegistry (India) Private Limited 9, Shiv Shakti Ind. Estt., J. R. Boricha Marg Lower Parel(E) Mumbai – 400011. Tel: 91(022)2301-6761/2518 Email: busicomp@vsnl.com

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
I	Mattresses/Pillows/Foam/Sofa & furniture	31005	89.56%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.N	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of shares held	Applicable section
I	Kurlon Enterprise Limited	U36101MH2011PLC222657	Subsidiary	83.94	2(87)

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

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	282300	14620	296920	2.00%	397598	0	397598	2.67	+0.67
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	13515257	1601	13516858	90.82%	13564571	1601	13566172	91.25	+0.43%
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Any other	0	0	0	0	0	0	0	0	0.00
Sub-Total (A)(1)	13797557	16221	13813778	92.82%	13962169	1601	13963770	93.92	+ 1.10%
(2) Foreign									
a). NRI/Foreign individual	0	0	0	0.00	0	0	0	0	0.00
b). Bodies Corporate	0	0	0	0.00	0	0	0	0	0.00
c). Institutions	0	0	0	0.00	0	0	0	0	0.00
d). QII	0	0	0	0.00	0	0	0	0	0.00
e). any other	0	0	0	0.00	0	0	0	0	0.00
Sub-total (A) (2)	0	0	0	0.00	0	0	0	0	0.00
Total shareholding of promoters and promoters group (A)=(A)(1)+(A)(2)	13797557	16221	13813778	92.82%	13962169	1601	13963770	93.92	+ 1.10%
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt ("IEPF")	0	0	0	0.00	15585	0	15585	0.10	+0.10
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(I):-	0	0	0	0.00	15585	0	15585	0.10	+0.10

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

B. Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Manipal Holdings Private Limited	7173919	48.20%	0.00	7183919	48.27%	0.00	+0.07%
2	Maha Rashtra Apex Corporation Ltd	5693020	38.25%	0.00	5693020	38.25%	0.00	0.00%
3	General Investment And Commercial Co.	487620	3.27%	0.00	487620	3.27%	0.00	0.00%
4	Jaya S Pai	282300	1.89%	0.00	368491	2.45%	0.00	+0.56%
5	Metropolis Builders Pvt Ltd	117702	0.79%	0.00	167016	1.12%	0.00	+0.33%

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

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

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

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	MI LIFESTYLE MARKETING PRIVATE LTD				
	At the beginning of the year	0	0	18800	0.12%
	Less: Purchased during the year	18800	+0.12		
	At the end of the year	18800	0.12%	18800	0.12%
2.	RAMESH RAO A				
	At the beginning of the year	16639	0.11%	16639	0.11%
	Add/Less: Increase / Decrease in Promoters Shareholding during the year	-			
	At the end of the year	16639	0.11%	16639	0.11%

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

E. Shareholding of Directors and Key Managerial Personnel;

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. MR.T SUDHAKAR PAI					
	At the beginning of the year	29107	0.19%	29107	0.19%
	Add/Less: Increase / Decrease in Promoters Shareholding during the year				-
	At the end of the year	29107	0.19%	29107	0.19%
3. MRS. JAYA S PAI					
	At the beginning of the year	282300	1.89%	368491	2.45%
	Add: Purchased during the year	86191	+0.56		
	At the end of the year	368491	2.45%	368491	2.45%
4. MRS. JYOTHI ASHISH PRADHAN					
	At the beginning of the year	1800	0.012%	1800	0.012%
	Add/Less: Increase / Decrease in Promoters Shareholding during the year				-
	At the end of the year	1800	0.012%	1800	0.012%

V. INDEBTEDNESS;

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,466.71	-	-	1,466.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,466.71	-	-	1,466.71
Change in Indebtedness during the financial year				
* Addition	443.45	-	-	443.45
* Reduction	(59.82)	-	-	(59.82)
Net Change	383.63	-	-	383.63
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	1850.34	-	-	1850.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1850.34	-	-	1850.34

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

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

b. Remuneration to other directors

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

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

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES-

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	621A	Compounding application for violation of section 209 (1)(d) of the CA, 1956	6000/- on each applicant	NCLT, Bengaluru Bench	No
	621A	Compounding application for violation of section 211 read with Part I of Schedule VI of the CA, 1956	6000/- on each applicant	NCLT, Bengaluru Bench	No
	621A	Compounding application for violation of section 211(3A) & (3B) of the CA, 1956 read with AS-18	6000/- on each applicant	NCLT, Bengaluru Bench	No
	621A	Compounding application for violation of section 211(3A) & (3B) of the CA, 1956 read with AS-19	6000/- on each applicant	NCLT, Bengaluru Bench	No

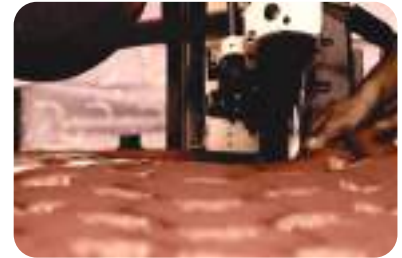
	621A	Compounding application for violation of section 211 read with Part II of Schedule VI of the CA, 1956	6000/-	Special Court of Economics Offense, Bengaluru	No
C. OTHER OFFICERS IN DEFAULT					
Penalty		-	-	-	-
Punishment		-	-	-	-
Compounding		-	-	-	-

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

Date: 10.08.2018
Place: Bangalore

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

Our 56 years of journey towards excellence



Our state of the art manufacturing facilities

State-of-art imported machinery in all our manufacturing facilities ensure world class quality, reliability & scalability of production. Use of virgin raw materials assure product quality, performance and durability. Modern testing facilities ensure that adherence to quality norms is maintained. Adapt R&D makes sure that we are second to none and churns out innovative products.



KURLON LIMITED

An ISO 9001:2008 Company

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