Date: June 26, 2023

To

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Scrip Code: 540203

The National Stock Exchange India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra(E), Mumbai-400051
NSE Symbol: SFL

**Subject: Intimation of Annual General Meeting (AGM) to be held over Audio-video Conference**

Dear Sir/Madam,

Please find attached Notice of Fifty-First AGM and Annual Report for the Financial Year 2023. The same will be made available on the Company's website, at http://www.sheelafoam.com

The Company is providing remote e-voting facility to its member to cast their vote electronically on the business as set forth in the Notice of the AGM through the electronic voting system of Link Intime India Private Limited (LIIPL). Mr. Amitabh, Partner, AVA Associates, Company Secretaries, appointed as a Scrutinizer. The Result of e-voting shall be declared on July 20, 2023.

The Cut-off" Record date fixed for the purpose of ascertaining the member eligible for e-voting as Tuesday, July 11, 2023.

The e-voting facility shall be commenced at 10.00 a.m. on July 14, 2023 and ended on 05.00 p-m. on July 17, 2023.

Thanking you.
Yours faithfully,

For Sheela Foam Limited

Md Iquebal Ahmad

Digitally signed by Md Iquebal Ahmad
Date: 2023.06.26 22:30:45 +05'30'

(Md. Iquebal Ahmad)
Company Secretary and Compliance Officer

**SHEELA FOAM LTD.**
#14, Sleepwell Tower , Sector 135, Noida- 201301
Ph: Int-91(0)-120-4162200 • Fax: Int-91-(0)-120-4162282, 4162283 • Email: contactus@sheelafoam.com
Regd. Office: 604 Ashadeep, 9 Hailey Road, New Delhi-110001, India • Ph: Int-91(0)-11-22026875-76
Toll Free: 1800 103 6664 • www.sleepwellproducts.com • www.sheelafoam.com
CIN-L74899DL1971PLC005679

SheelaFoam
INDIA · AUSTRALIA · EUROPE
50 YEARS OF EXCELLENCE

**Sheela Foam Limited**
(CIN : L74899DL 1971PLC005679)
**Registered Office :** 604, Ashadeep, 9 Hailey Road, New Delhi 110001
**Email :** investorrelation@sheelafoam.com
**Phone :** + 91 11 2202 6875

# NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY-FIRST (51ST) ANNUAL GENERAL MEETING OF SHEELA FOAM LIMITED WILL BE HELD ON TUESDAY, 18TH JULY 2023 AT 10:00 A.M. (IST) THROUGH VIDEO CONFERENCE (VC)/OTHER AUDIO-VISUAL MEANS (OAVM) (HEREIN AFTER REFERRED TO AS ELECTRONIC MODE) TO TRANSACT THE FOLLOWING BUSINESS:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year 2023 (Standalone and Consolidated) including audited Balance Sheet as at 31st March 2023, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports Auditors thereon.

2. To appoint a Director in place of Mrs. Namita Gautam (DIN 00190463), who retires by rotation and, being eligible, offers herself for re-appointment.

## SPECIAL BUSINESS:

3. 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 and The Companies (Audit and Auditors) Rule, 2014(including any statutory modification(s) or re-enactment(s) thereof, for the time being enforce), M/s. Mahesh Singh & Co, Cost Accountants, appointed by the Board of Directors of the Company to conduct the Audit of the cost records of the Company, for the Financial Year 2023-24, be paid Rs. 1,60,000 (Rupees One Lakh Sixty Thousand only) plus applicable tax."

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

   "**RESOLVED THAT** the Company hereby accords its approval for the payment of Rs. 15,00,000 (Rupees Fifteen Lakh only) commission to each Independent Directors, for one year of service, that is over and above the sitting fees payable to the Independent Directors."

By order of the Board

**For Sheela Foam Limited**

Date: 17th May, 2023

**Md. Iquebal Ahmad**

Place: Noida

Company Secretary and Compliance Officer

## IMPORTANT NOTES:

1. Pursuant to the Ministry of Corporate Affairs ("MCA") General Circular Nos. 14/ 2020 dated April 8, 2020 and 17/ 2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 read with General Circular No.02/2021 dated January 13, 2021, Circular No. 19/21 dated December 8, 2021, 21/2021 dated December 14, 2021, 02/2022 dated May 5 2022 and 10/2022 dated December 28, 2022 (collectively referred to as "MCA Circulars") has permitted the holding of the annual general meeting through Video Conferencing ("VC") or through Other Audio-Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The Securities and Exchange Board of India ("SEBI") vide its circular dated January 15, 2021 read with May 12, 2020 ("SEBI Circulars") has granted relaxation in respect of sending physical copies of annual report to shareholders and requirement of proxy for general meetings held through electronic mode.

   Therefore the 51st Annual General Meeting ("Meeting" or "AGM") of the Company is being held through VC / OAVM on Tuesday, July 18, 2023 at 10:00 a.m. (IST). The proceedings of AGM deemed to be conducted at the Registered Office of the Company situated at 604, Ashadeep, 9 Hailey Road, New Delhi 110001.

2. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. July 18, 2023. Members seeking to inspect such documents can send an email to investorrelation@sheelafoam.com.

3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 3 to 4 of the accompanying Notice, is annexed hereto.

5. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to avafirm@gmail.com with copies marked to the Company at investorrelation@sheelafoam.com and to its RTA at delhi@linkintime.co.in

6. In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/ Depositories, log in details for e-voting are being sent on the registered email address.

   In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

   (i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration- fill in the details and upload the required documents and submit.

   **OR**

   **(ii) In the case of Shares held in Demat mode:**

   The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

8. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2022-23 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2022-23 will also be available on the Company's website www.sheelafoam.com; websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at www.nseindia.com and www.bseindia.com respectively. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.

10. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.

11. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.

12. **Voting through electronic means**

    I. 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'), Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 51st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Link Intime India Private Limited (LIIPL).

    II. The 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 cast their vote again.

    III. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

    IV. The e-voting period commences on Friday, July 14, 2023 (10:00 a.m. IST) and ends on Monday, July 17, 2023 (5:00 p.m. IST). During this period, members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on July 11, 2023 may cast their votes electronically. The e-voting module will be disabled by Link Intime for voting thereafter.

    A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on July 11, 2023.

## 13. Remote e-Voting Instructions for shareholders:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

**Login method for Individual shareholders holding securities in demat mode is given below:**

1. Individual Shareholders holding securities in demat mode with NSDL

    1. Existing IDeAS user can visit the e-Services website of NSDL viz... https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.

    2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

    3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL

    1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.

    2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

    3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

3. Individual Shareholders (holding securities in demat mode) login through their depository participants

   You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

**Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:**

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in

2. Click on "`Sign Up" under `**SHARE HOLDER**' tab and register with your following details: -

   **A. User ID:**

   Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

   **B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

   **C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

   **D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/ Company.

   *Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

   *Shareholders holding shares in NSDL form, shall provide 'D' above

   - Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).

   - Click "confirm" (Your password is now generated).

3. Click on 'Login' under 'SHARE HOLDER' tab.

4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

**Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select `**View'** icon.

2. E-voting page will appear.

3. Refer the Resolution description and cast your vote by selecting your desired option `**Favour / Against'** (If you wish to view the entire Resolution details, click on the `**View Resolution'** file link).

4. After selecting the desired option i.e. Favour / Against, click on `**Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on `**Yes'**, else to change your vote, click on `**No'** and accordingly modify your vote.

**Guidelines for Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as `**Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the `**Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

**Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:**

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 - 4918 6000.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |

**Individual Shareholders holding securities in Physical mode has forgotten the password:**

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

o Click on `**Login'** under `**SHARE HOLDER'** tab and further Click `**forgot password?'**

o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:**

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**InstaVote Support Desk**

**Link Intime India Private Limited**

**Process and manner for attending the Annual General Meeting through InstaMeet:**

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in

- Select the "Company" and 'Event Date' and register with your following details: -

  **A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No

  - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
  - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
  - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

  **B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

  **C. Mobile No.:** Enter your mobile number.

  **D. Email ID:** Enter your email id, as recorded with your DP/ Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

**Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.

2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.

3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.

4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.

5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

**Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/ Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

**InstaMeet Support Desk**

**Link Intime India Private Limited**

## EXPLANATORY STATEMENT

**Item No. 3**

The Board, on the recommendation of the Audit Committee, has approved at their Meeting held on 17th May, 2023 the appointment of M/s. Mahesh Singh & Co., Cost Accountants, New Delhi (Firm Registration No. 100441), as Cost Auditors to conduct the audit of the cost records of the Company pertaining to products covered under the The Companies (Audit and Auditors) Rule, 2014, manufactured by the Company, for the financial year ending 31st March, 2024 at a remuneration of Rs. 1,60,000/- (One Lakh Sixty Thousand only) plus applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 3 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2024.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolution. The Board recommends the passing of the resolution as set out at Item No. 3 as an ordinary resolution.

The Board recommends this resolution for your approval.

**Item No. 4**

The Board at the meeting held on 17th May, 2023, have recommended for the approval of the Members, payment of Rs. 15,00,000/-(Rupees Fifteen Lakh only) by way of commission to each Independent Directors of the Company for the completion of one year of service .

The Independent Directors (and their relatives) are interested in this Resolution insofar as the same relates to their respective commission.

None of the Key Managerial Personnel of the Company, or their relative, is interested in the resolution set out at Item No. 4.

The Board recommends this Resolution for your approval.

By order of the Board
For **Sheela Foam Limted**

Date: 17th May 2023 **Md. Iquebal Ahmad**
Place: Noida Company Secretary and Compliance Officer

SheelaFoam
INDIA • AUSTRALIA • EUROPE
50 YEARS OF EXCELLENCE

# Upholding a rich legacy of delivering premium comfort

**Sheela Foam Limited**

ANNUAL REPORT 2022-23

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**11**
Manufacturing plants in India

**5**
Manufacturing plants in Australia

**1**
Manufacturing plant in spain

**30-35%**
Market share in India

**40%**
Market share in Australia

**Forward-looking statements**

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Scan above QR code to get the digital virsion of this report

These icons serve as a guide for further information:

Online

Page inside the report

# Legacy is never shaped in a day.

It took us decades to build a strong business foundation, supported by high-tech manufacturing capabilities, meticulous innovation and implementation of best-of-breed technologies. Our objective is to create products that deliver premium comfort to millions of people in India and other parts of the world. In addition, our distribution strength helps our products reach millions of customers and patrons across geographies.

# Legacy

# Legacy is an action word for us.

It inspires us to ramp up our manufacturing capabilities, roll out new products in line with customer aspirations and build a business model that is agile and resilient to challenges.

India's GDP forecasts and demand projections continue to be encouraging for us. The global economy is also gradually recovering from multiple headwinds. Supply chain network is stabilising, raw material prices are easing and the demand for our products are picking up momentum.

# Legacy is empowering.

As a trusted brand with a wide product basket, we are seeing a lot of opportunities to grow our business and brand reputation. We have done significant work in the areas of product mix and design, and will continue to focus on product premiumisation and diversification in the coming years.

# Delivering quality comfort for over five decades

We commenced our journey in 1971 as a pioneer in the mattress and foam industry and are currently the market leader and the largest manufacturer of Polyurethane Foam (PU) in India.

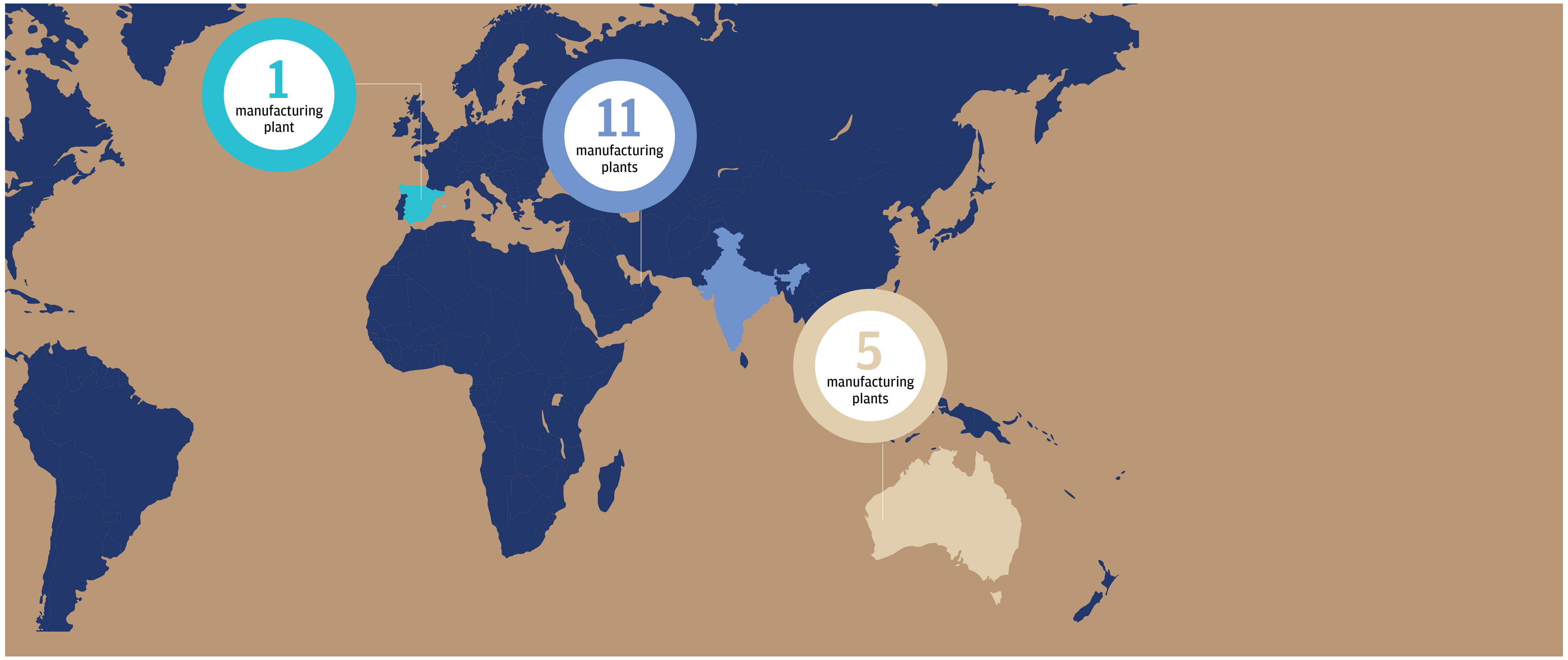
We specialize in the production of a diverse range of foam-based household comfort items, including mattresses, furniture cushions, as well as technical grades of polyurethane foams that cater to various industries such as the automotive, acoustics and many more.

Our flagship household brands 'Sleepwell' for mattresses, 'Feather Foam' for pure PU Foam, and 'Lamiflex' for polyester foam laminates have achieved global recognition. We have a strong global manufacturing footprint with manufacturing plants in India, Australia and Spain.

**We have 11 manufacturing plants in India, with 123,000 MTPA of total integrated capacity, 5 manufacturing plants in Australia with a capacity of 11,000 MTPA and one manufacturing plant in Spain with a capacity of 22,000 MTPA to cater to European and US markets.**

Our Company has a strong presence and market share in Australia through our wholly-owned subsidiary, Joyce Foam Pty Ltd. and also in Spain through our subsidiary, Interplasp S.L.

The expansion of our portfolio across adjacent categories, coupled with the strategic utilisation of digital channels to enhance customer engagement, has played a pivotal role in the growth of market share. Our well-equipped integrated manufacturing facility and extensive distribution network of exclusive distributors, exclusive retail dealers and multi-brand outlets enable us to offer our products to customers worldwide.




## Vision and mission

We will continue the legacy of being recognised as a leader in premium comfort products.

We will always reinforce our core values of integrity, reliability, pro-activity and transparency.

Every customer will be served with a smile.

We will remain committed to society.

# Group companies

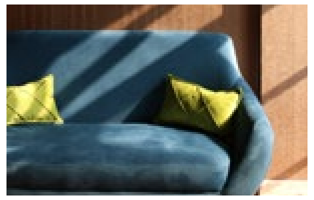
## Joyce Foam

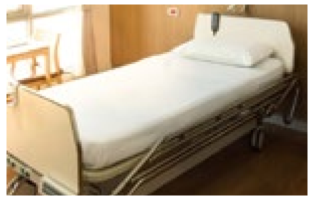
It is a prominent manufacturer of flexible polyurethane foam in Australia, holds a significant market share of approximately 40%. As a wholly-owned subsidiary of Sheela Foam, it operates advanced production facilities in key cities such as Adelaide, Canberra, Melbourne, Perth, and Sydney.

### Certifications


CompriShield™
ANTI-MICROBIAL PROTECTION

### Joyce foam produces raw materials for branded mattresses and has products catering to the following industries


Furniture


Medical


Industrial

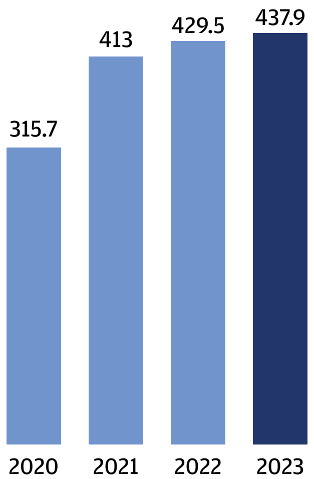

Moulded


Polystyrene

**11,000 MTPA**
Installed foam manufacturing capacity

**~40%**
Market share in Australia

Revenue
(₹ in Crore)




## Interplasp S.L.

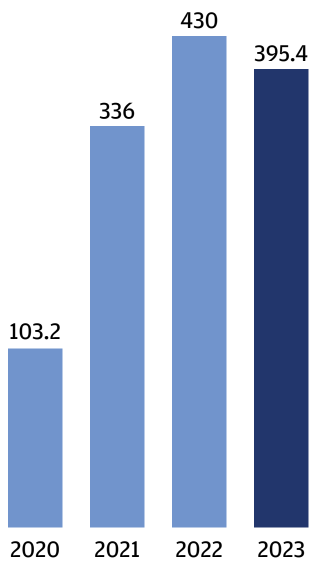
A subsidiary of Sheela Foam, Interplasp S.L. has an extensive 30-year experience in the industry. Situated in Yecla, Spain, Interplasp leverages its best-in-class manufacturing facility, located in one of Europe's most cost-effective manufacturing locations. This strategic positioning provides a competitive advantage, thereby facilitating the development of a robust regional presence. The Company has also started exporting to the US with 'Bed-in-a-box' mattress strategy.

### The Company produces five range of PU foams

**Interplasp is a EUROPUR** (European association of flexible polyurethane foam blocks manufacturers)

**22,000 MTPA**
Installed polyurethane foam manufacturing capacity

Revenue
(₹ in Crore)



# Milestones depict our iconic legacy

**1971**
Sheela Foam's journey begins from Sahibabad, Uttar Pradesh, founded by the Chairperson Emeritus Mrs. Sheela Gautam

**1994**
Flagship brand named 'Sleepwell' launched. Over time, it turned out to be one of the most preferred choices of urban India households

**1998-99**
The Company introduced rubberized coir products under the brand name Starlite and successfully tied-ups with Serta, USA, and Dunlopillo, UK, to manufacture mattresses.

**2001-2003**
India's largest PU (polyurethane) foam producing plant commenced operations in Greater Noida.

Expanded operations in Rajpura, Punjab and Sikkim in order to be close to their target markets

**2005**
Major acquisition to expand operations globally, the Company acquired the polyurethane and polystyrene business of Joyce, Australia.

**2008-2010**
Awarded the Nasscom CNBC-TV18 IT user award, Silver Edge' Award; CIO Green Edge Special Award; CIO Asia Award; and the CIO 100 Award for the 2nd time. The Company also launched revolutionary technologies with products such as Impressions, Latex Plus, Resitec Air, Duet Luxury, Durafirm, Serenity and Amity.

**2016**
Received the Computer World Premier Award. Company; got listed on NSE and BSE

**2017**
Awarded by PU Tech for Innovative Technology for Vertical Variable Pressure Foaming.

**2018**
Many awards won including the Star SME of the Year by Business Standard; Silver medal in the India Green Manufacturing Challenge 2017, by International Research Institute for Manufacturing, India; 5 Awards for Excellence in IT.

**2019**
Footprint in Europe, the Company acquired Interplasp S.L. in Spain

**2021**
Set up a new subsidiary called as International Comfort Technologies to focus on key growing businesses such as Exports, E-commerce and Low value Economy mattresses to cater to 65% of the rural population.

**2022**
Issued bonus shares in a ratio of 1:1

Received In-Principle approval for ESOP by the Stock Exchanges

# An impressive range of products to deliver lasting value

Through our industry-leading products and technologies, we have consistently provided very high levels of comfort and restful sleep to our customers.

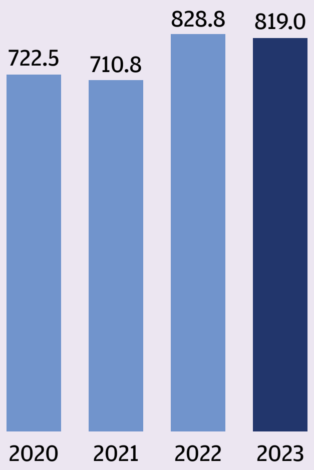
Our unwavering commitment to excellence is reflected in the meticulous conceptualization, design and manufacturing of our products, which is underpinned by extensive research and rigorous quality control measures. With a steadfast focus on innovation, we have remained at the forefront of the industry, continuously raising the bar for premium sleep solutions.

## Mattress

The mattress segment forms the major share of our business, representing 41% of our enterprise. Our renowned household brand, 'Sleepwell,' was founded in 1994 and has since grown to be one of the most sought-after mattress brands in India. We are dedicated to investing in research and development, as well as pursuing innovative solutions, to continuously enhance our product portfolio. We offer premium, mid-market and premium mattresses, which ranges from ₹8000 to over ₹1 lakh.

### Revenue*

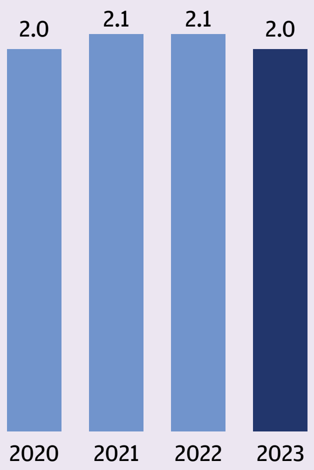
(₹ in Crore)

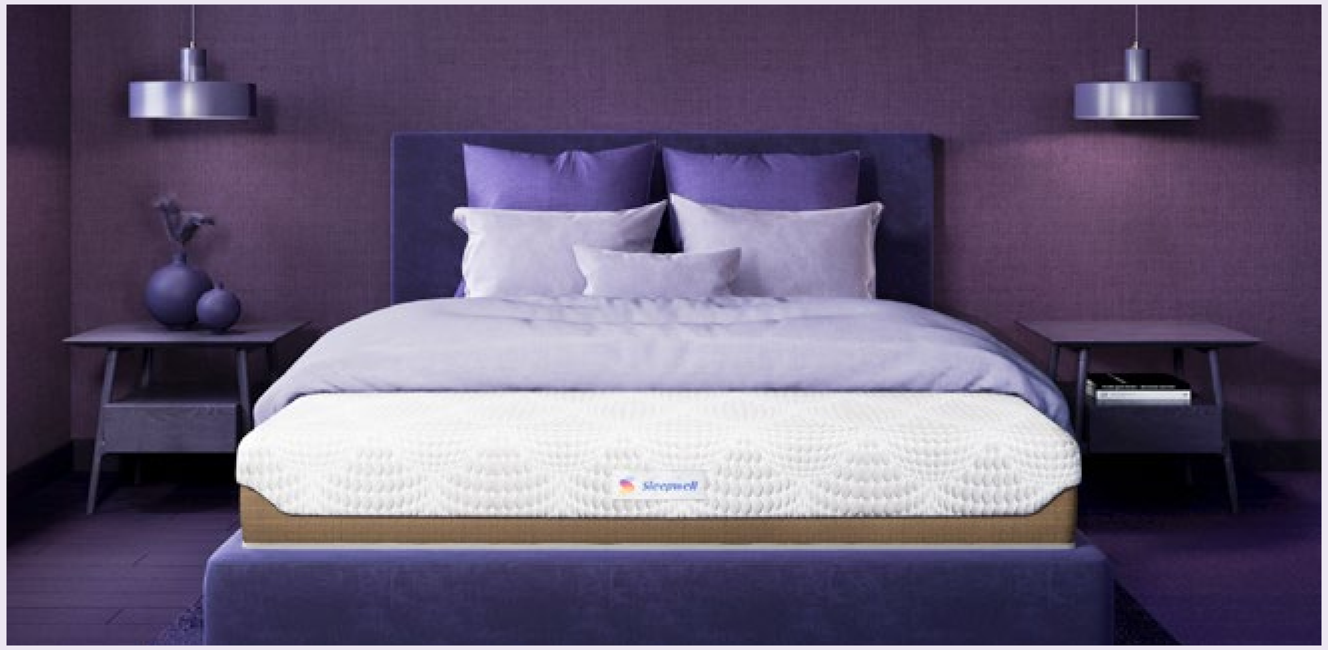



*Standalone

### Volume*

(Mn)



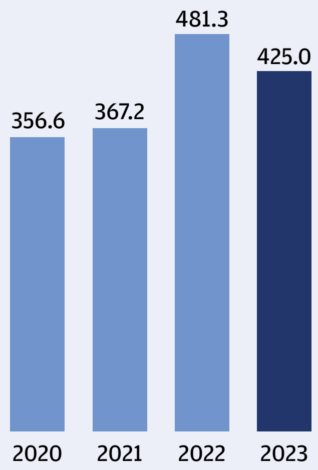



## Comfort foam and home care products

Our industrial-grade Comfort Foam products have demonstrated exceptional versatility, finding numerous applications in the manufacturing of mattresses, sofas, and other similar goods. With a strategic focus on expanding our product offerings, we have forayed into the home accessories segment, introducing a range of premium Comfort Accessories to our portfolio. This selection includes well-crafted pillows, mattress protectors, bolsters and back cushions, designed to enhance comfort and elevate the user experience.

### Revenue#

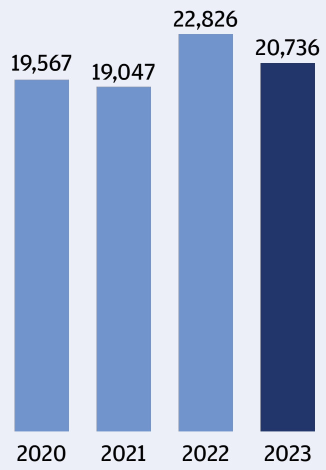
(₹ in Crore)




*Standalone

### Volume#

(MT)*

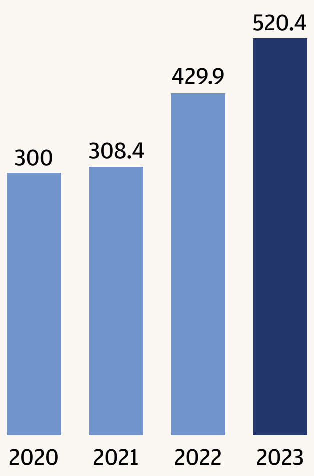



*Volume (MT) only includes Comfort foam

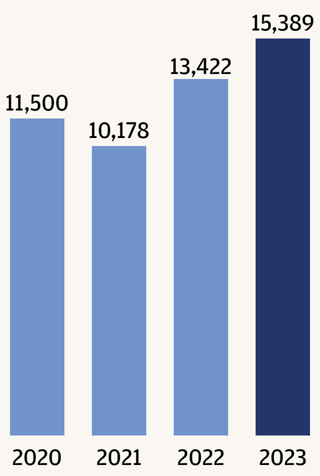
## Technical foam

Our range of technical products find varied applications in multiple industries such as home furnishings, automobile seating, apparel and accessories, auditoriums, hospital beds, among others. The implementation of technical foam in these products serves to augment the comfort and convenience of end users.

### Revenue*
(₹ in Crore)




### Volume*
(MT)




*Standalone

| Products | Product lines | End user industries |
|---|---|---|
| Automotive foam | Polyester foam, poly-ether foam | Seat cover, Sound absorption systems, Sun visors, Headliners, Door trims, Lamination systems |
| Reticulated foam | Ester-based foam, Ether-based foam | Filtration systems, Ceramic foam filters, Outdoor furniture, Microphones and headphones, Safety fuel tanks, Ink cartridges |
| Ultra violet stable foam | | Sportswear, Innerwear and lingerie, Clothing, Swimwear, Comfort accessories for shoes |
| Slientech foam | Ester-based PU foam | Automotive, Diesel generator canopies, Theatres, auditoriums, indoor stadiums, Broadcasting rooms and recording studios, Industrial silencers, Aco |

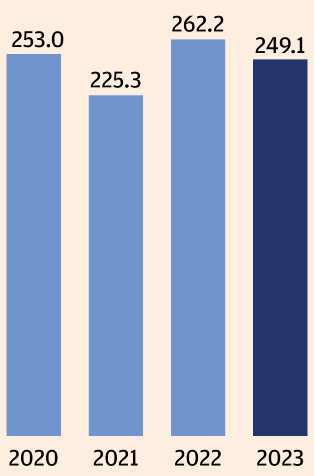
## Furniture foam

As India's leading producer of polyurethane foam, we have broadened our scope to encompass allied sectors with a view to enhancing our product portfolio and generating added value. Among these, our furniture cushioning offerings are of paramount significance, serving as integral components of an array of furnishings such as sofa sets, chairs, custom sofas, sofa-cum-beds, and more.

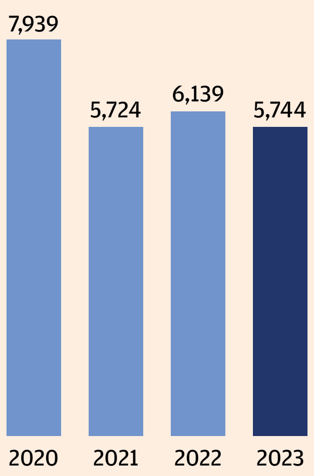
### Our furniture cushioning range includes:

| | |
|---|---|
| **Primo** | Incorporates unique composition and extra thickness for enhanced comfort and support |
| **Resitec** | It uses advanced High Resilience (HR) cushioning technology which provides personalised comfort for the ultimate cushioning experience. |
| **Cool Gel-S** | The cool Gel-S particles are a scientific breakthrough in furniture and cushioning that dissipate heat easily and offers cooling. |

### Revenue*
(₹ in Crore)




### Volume*
(MT)

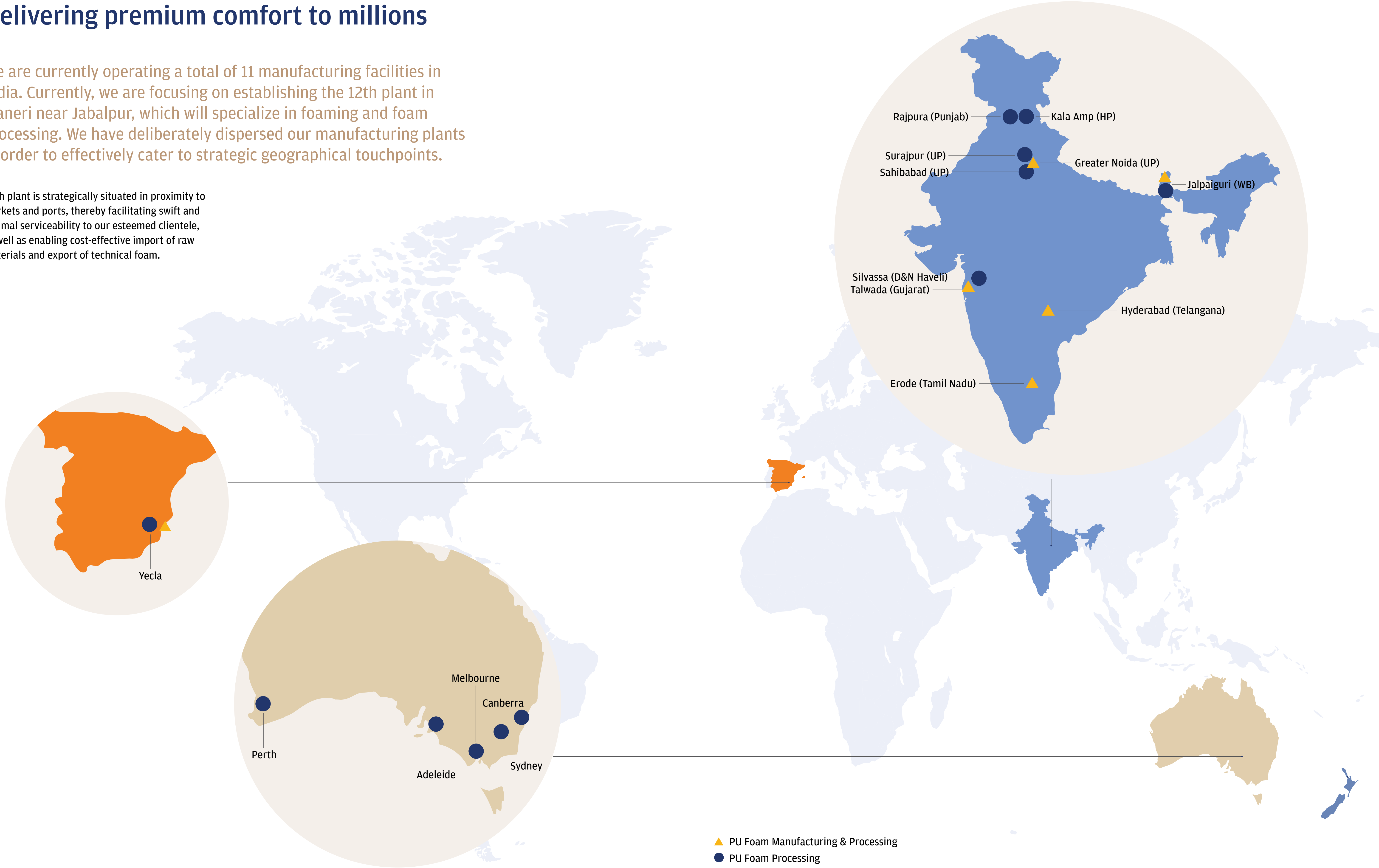



*Standalone

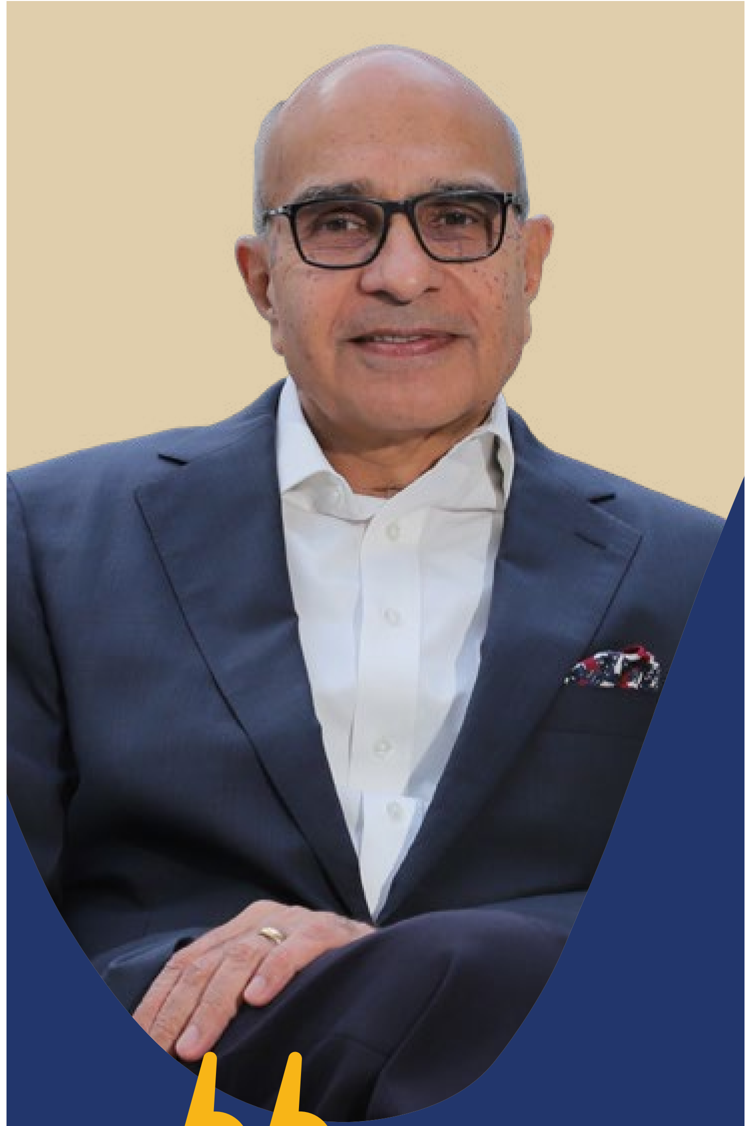
# Delivering premium comfort to millions

We are currently operating a total of 11 manufacturing facilities in India. Currently, we are focusing on establishing the 12th plant in Maneri near Jabalpur, which will specialize in foaming and foam processing. We have deliberately dispersed our manufacturing plants in order to effectively cater to strategic geographical touchpoints.

Each plant is strategically situated in proximity to markets and ports, thereby facilitating swift and optimal serviceability to our esteemed clientele, as well as enabling cost-effective import of raw materials and export of technical foam.



# Chairman's communique



It is refreshing to be part of an organisation that is creative, highly responsive and truly cares about its customers.

### Dear Shareholders,

The foam industry in India like any other industry, has undergone an intense transformation in recent years. With rising income levels, greater health consciousness and growth in the real estate & hospitality sectors are a few factors that have led to the expansion of this industry.

At Sheela Foam, we have consistently remained at the vanguard of transformation of this sector. Our journey has been a true reflection of India's PU foam industry's growth. We have witnessed the industry's evolution, from its early days of PU foam production to the embracement of advanced manufacturing technologies and sustainable practices. For more than five decades, we have been carrying on the rich legacy of delivering premium comfort products and remain committed to advancing the PU foam industry's long-term growth and development.

Our flagship brand, ***Sleepwell*** has earned the trust of customers and delivers on its brand promise of supreme quality and personalised products. We have been able to deliver 'Maa Jaisa Aaram' through our meticulously created Sleepwell products that meet the highest international quality standards.

## Macroeconomic trends

The macroeconomic landscape for the global economy remained challenging throughout fiscal year 2022-23. Geopolitical conflicts, Supply Chain disruptions and soaring commodity prices led to a shortage of raw materials and a surge in freight costs that hit the Mattress Industry. However, we took the multitude of challenges in their stride and continued to invest in our people, processes and technology to emerge stronger than we were before.

## Looking back at the year under review

As a leading manufacturer of top-notch foam-based products, we have continued to expand our product line to meet evolving customer needs, which has further helped us differentiate ourselves from the industry peers.

Throughout the course of FY23, we strived hard to enhance the quality of our products by leveraging best-of-breed technology, thereby providing absolute comfort and convenience to our customers. Moving forward, we intend to build on our existing product line, expertise and manufacturing capabilities to produce niche and healthier margin products.

We have recorded rapid growth with our Technical and Home Comfort products over the years. Demand of mattresses were subdued due to inflation. Our presence in the economy segment through the 'Feather Foam' and 'Starlite' brands further helps consolidate our leading market position. During the fiscal year, we expanded our product portfolio with superior designs and strengthened our position as India's largest foam manufacturer. We also made strategic investments in technology and infrastructure to enabled us to improve our state-of-the-art manufacturing capabilities and supply chain efficiencies.

## Performance overview

During the last financial year, our consolidated revenue stood at ₹ 2873 crore in compared to ₹ 2865 crore of the previous year. Our EBITDA is ₹ 297 crore in FY 2022-23 and ₹ 314 crore in FY 2021-22. PAT for the FY 2022-23 is ₹ 203 crore compared to ₹ 218 crore in FY 2021-22.

Furthermore, our presence in Australia through our subsidiary Joyce Foam Pty Limited, which is the largest foam player in Australia, accounted for 15 % of revenue in FY2023. Net revenue from operations in Australia in FY 2022-23 is AUD 80 million as compared to AUD 78 million in FY 2021-22. Net profit stood AUD 1 million in FY 2022-23 compared to AUD 2 million in FY 2021-22. Whereas in Spain, our subsidiary Interplasp S.L. constituted 14% of revenue in FY 2022-23. The revenue from operations in Spain for the year under review stood at Euro 47 million compared to Euro 51 million in FY 2021-22.

## Strategic roadmap

We focus on identifying potential markets with high growth potential and establishing a robust distribution network to reach Tier I and Tier II cities. As auto industry has continued to perform well in India, resulting in high volume and revenue growth in our Technical Foam products.

With the rise prevalence of e-commerce platforms, we are investing in digital marketing to cater to a larger audience, drive sales and increase customer engagement. Additionally, we strive to reduce costs by streamlining supply chains, improving operational efficiencies and lowering overhead costs.

## Sustainability measures

At Sheela Foam, we have always been committed to integrating sustainability into all that we do and minimising our environmental footprint. We have been consistently implementing precise, well-thought-out measures across our operations, including reducing energy consumption and use the foam waste in **Rebonded Foam** and Mattresses. Being a responsible organisation, we are also employing green technology to manufacture high-quality foam through a Variable Pressure Foaming machine.

## Way forward

Being one of the top players in the industry, we further intend to accelerate our growth trajectory to grow faster. Strengthened by our rich expertise, pan-India distribution and manufacturing network, solid global presence, diverse product portfolio and robust R&D capabilities, we remain optimistic about our future growth prospects. We are particularly excited about the growth potential of our flagship brand, ***Sleepwell***, which has become synonymous with high-quality and comfortable mattresses in India. As the demand for better-quality sleep increases, we are well-positioned to leverage our expertise and scale to meet this growing demand.

In the years ahead, we plan on expanding our product offerings in various areas, including furniture, automotive and healthcare, where we anticipate immense growth potential. To stay ahead of the curve in terms of both innovation and design, we are judiciously investing in R&D and New Product Development.

In our relentless pursuit of excellence, we remain committed to delivering premium-quality products, adopting sustainable practices and creating sustainable value for our customers, employees and shareholders. While the business landscape continues to rapidly evolve, we remain agile, resilient and innovative, leveraging technology to stay competitive.

With an ever-guiding Board, a formidable Team and a well-defined strategic direction, we are confident that Sheela Foam will stay on track to achieve its goals and unlock the next phase of growth.

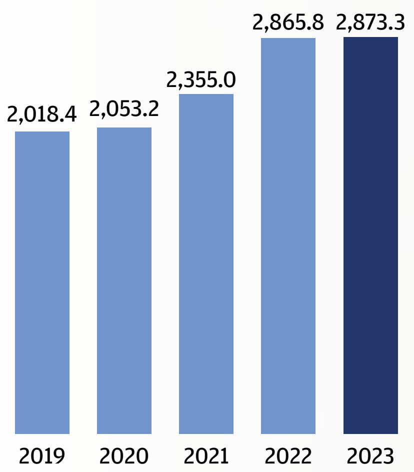
On behalf of everyone at Sheela Foam, I would like to take this opportunity to extend my sincere gratitude to all my colleagues, partners and stakeholders for your consistent trust and cooperation throughout our journey. ***It is refreshing to be part of an organisation that is creative, highly responsive and truly cares about its customers.***

With best regards,

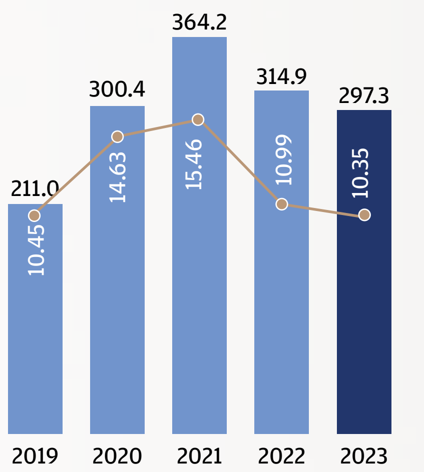
**Rahul Gautam**
Chairman & Managing Director,
Sheela Foam Limited

# Financial highlights (Consolidated)

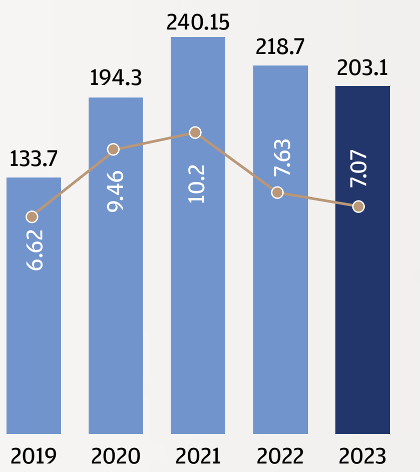
## Operational revenue
(₹ in Crore)



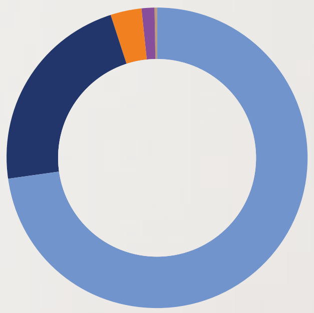

## EBITDA
Absolute (₹ in Crore) Margins (in %)




## PAT
Absolute (₹ in Crore) Margins (in %)

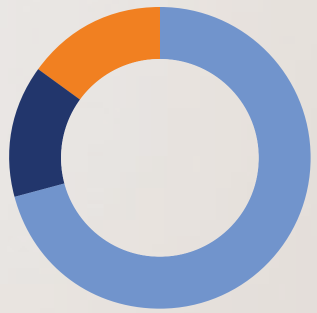



## Shareholding pattern
(in %)



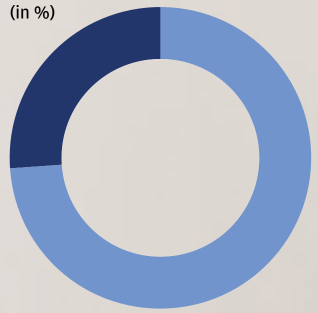
| | |
|---|---|
| Promoters | 72.95 |
| Mutual funds | 22.31 |
| Foreign portfolio investors | 3.19 |
| Public | 1.44 |
| AIF | 0.11 |

## Segment-wise break-up
(in %)



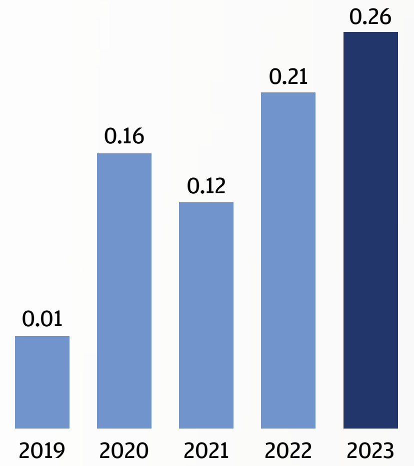
| | |
|---|---|
| Indian operations | 71 |
| European operations | 14 |
| Australian operations | 15 |

## Break-up of Indian operations
(in %)

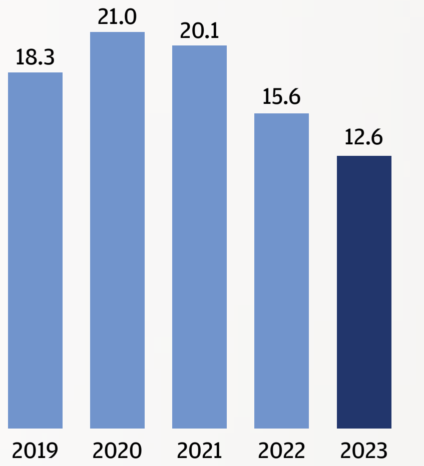


| | |
|---|---|
| Technical foam | 74 |
| Home comfort line | 26 |

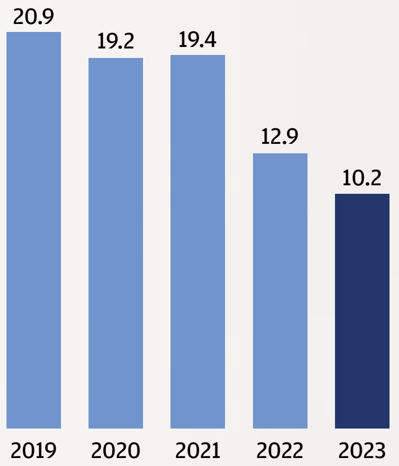
## Net Debt to Equity ratio
(X)




## ROE
(in %)




## ROCE
(in %)




# Powerful tailwinds of growth

Our sustainable growth strategy is driven by powerful socio-economic trends in India and overseas markets. These trends, we believe, will accelerate further as economies generate more employment and disposable income.

## Rising share of organised sector

As the global market expands and branded companies become increasingly prevalent, consumers are gravitating towards products that offer higher quality, safety and personalised options. The result: a noticeable increase in organised industry players within the mattress market. This demand shift is reflective of a desire for more reliable and customised products, driving consumers away from traditional, low-quality options.

## High margin products

The expansion of product portfolios into new and adjacent categories, alongside increased engagement through digital channels, has played a significant role in driving deeper market penetration and fostering growth. This approach has allowed the industry to broaden its offerings and cater to a wider range of customer needs and preferences. Additionally, the utilisation of digital channels has facilitated greater outreach and interaction with consumers, leading to increased brand recognition and loyalty.

## Growing consumption

The mattress market in India addresses a yearly demand of approximately 7 million new units. The average replacement cycle for mattresses in the country stands at approximately 12 years, resulting in a replacement demand of approximately 11.6 million units. These figures offer insight into the size and scope of the Indian mattress industry, highlighting the potential for growth and expansion within the market. The replacement cycle is gradually diminishing, with people seeking more comfortable options.

## End-user industries

The government's initiatives such as Smart City and Housing for All, coupled with supportive policies and measures, are poised to significantly boost the real estate industry, leading to an increase in residential units and subsequently driving the growth of the mattress market. This surge in demand for mattresses can be attributed to the higher consumption of these products as a result of growing residential construction.

## Work from home culture

The shift in work patterns has resulted in a growing need for designated spaces within the home for conducting office work, regardless of the size of the living space. As a result, there has been a rise in the presence of 'office furniture' in households, presenting a significant opportunity for businesses operating in this segment. This trend has opened up new avenues for growth, as individuals and households increasingly seek out specialised furniture to accommodate their work needs within the confines of their homes.

# Our strategic priorities

## Manufacturing facilities

We are the pioneers in Vertical Pressure Foaming (VPF), which is the world's most environmentally responsible foam manufacturing and is equipped with the modern foaming machines. This has allowed us to manufacture products at scale and resulted as being the largest integrated manufacturer of PU foam and mattresses in India. Meanwhile, our units in Australia and Spain provides us synergy and help us maintain a global manufacturing network.

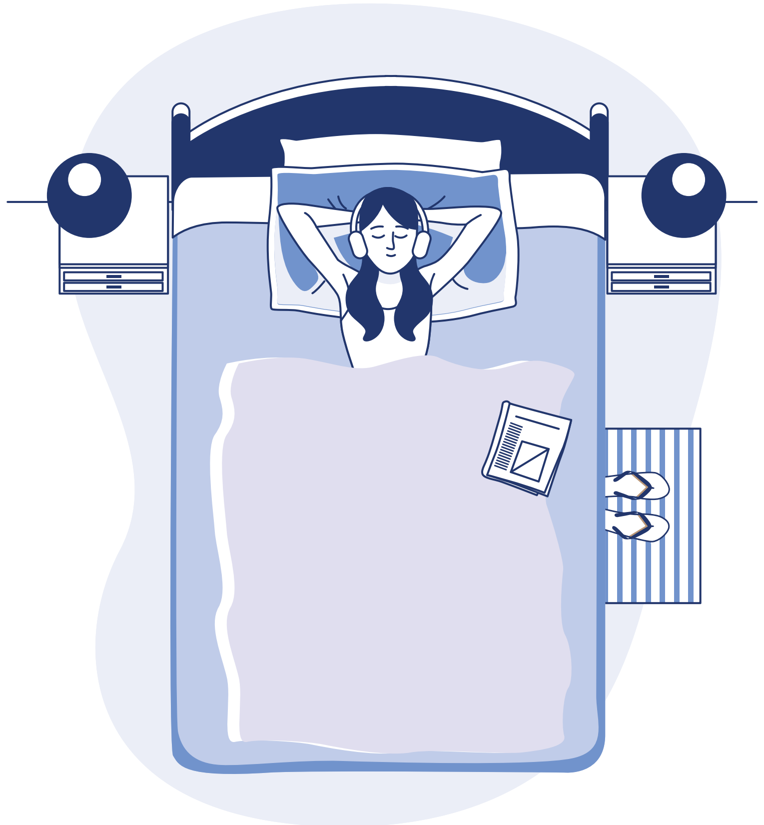
**1,23,000 MTPA**
Indian manufacturing capacity

**11,000 MTPA**
Australian manufacturing capacity

**22,000 MTPA**
Spain manufacturing capacity


### Capacity expansion

We see a huge opportunity in the economy mattress segment and are building capacity to augment the market share. We set up new export oriented greenfield plants in Madhya Pradesh and Gujarat by leveraging the technology from Australia and Spain.



### Expected growth in Mattress production

We are also setting up a new plant in Adelaide with focus on enhancing the market share in Australia. We are also expanding capacity in Spain with a focus on 'Bed in a box' strategy for the US market.

**5,000 MTPA**
Increase in capacity for Spain operation

**20,000**
Mattresses per day capacity

**350+ Crore**
CAPEX for capacity expansion

### CAPEX distribution

(in %)

| | |
|---|---|
| India operations | 70 |
| Australia (Joyce) | 15 |
| Spain (Interplasp) | 15 |

## Our marketing efforts

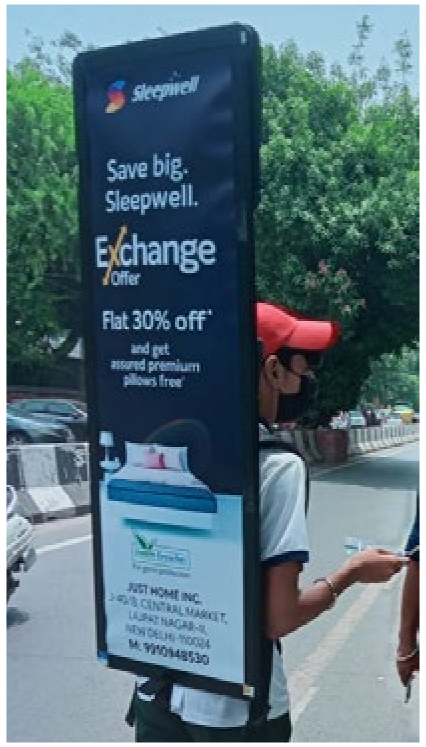
We are consistently expanding our Below The Line (BTL) marketing efforts for our legacy brands including Sleepwell and Feather Foam. We are also revitalising our e-commerce marketing with the help of content marketing. Some of our content marketing initiatives are as below


### Sleep talk

This initiative aims to provide information and suggestions for a healthy sleep routine.


### Your sleep story

This was a community engagement initiative, which allowed participants to share their sleep stories and experience.

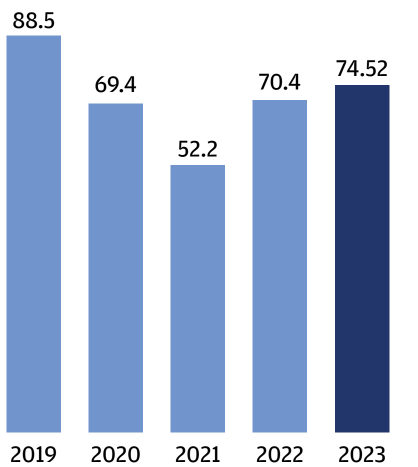



### Sleep expert

The initiative helped gain advice and answers to frequently asked question from sleep experts

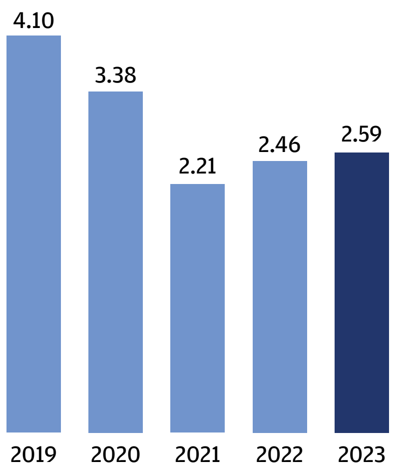
### Advertising expense

(₹ in Crore)




### Advertising expense as percentage of revenue

(%)




## Our expanding distribution network

We have an efficient network of dealers and outlets, which allows our products to reach a wide array of customers. Most of our distributors have been associated with us for more than 20 years. Our exclusive dealers are located in strategic proximity to manufacturing plants, which not only minimises the carriage fees, but also minimise product damage. Our exclusive brand outlets help enhance our brand equity.

### Sleepwell World


**427**
Outlets

### Sleepwell galleries

**1,067**
Outlets

### Sleepwell shoppes

**1,114**
Outlets

## Tech-enabled distribution network

Our distribution network is well equipped with our IT platforms, enabling us to track secondary sales made by the distributors in real time. This allows us to reduce the turnaround time and helps us make quick strategic decisions.

**115+**
Exclusive Distributor

**5,600 +**
Exclusive brand outlets

**7,500+**
Multi brand outlets

# Caring for the community

## Creating value, equity, and positive social change, lies at the heart of our CSR initiatives at Sheela Foam

Our CSR activities have brought Sheela Foam closer to the goal of bringing transformative change in society. Through Awareness about **EMOTIONAL WELLNESS AND SKILL DEVELOPMENT**, we are touching millions of lives in almost every part of India. SFL is committed to further its efforts, particularly through the use of digital technology, to broaden our reach and make an even deeper impact, touching lives of more people across the country.

Our Emotional Wellness initiatives focus on raising awareness about PROACTIVE Emotional Well-being and promoting **PREVENTIVE HEALTH CARE, particularly among underprivileged and marginalized groups** of society through workshops and online outreach of content made by us. We aim to reduce vulnerability, prevent mental illness, and break the stigma surrounding mental health.

Through mass outreach and on-ground programs, we cultivate a supportive environment and advocate for the adoption of Emotional Wellness practices.


The workshops conducted by expert counsellors include topics like Perception & Communication, Emotional Wellness, Relationship, Preventing Addiction, Puberty, Gender Sensitization & Stress Management; custom made for the specific age-based target group Primary Schools, Middle Schools, Senior Secondary schools & Vocational Training Institutes. This year 5,957 people directly benefitted through our Emotional Wellness on-ground initiatives.


Our wellness conclaves inspire the influencer and decision-making community to advocate for Proactive Emotional Wellness benefiting all segments of society.

Our initiatives contribute to the United Nation's

SDG 3; promoting good health and well-being for all. Our comprehensive approach has yielded positive outcomes, significantly enhancing overall well-being of individuals and society as a whole

Our **SKILL DEVELOPMENT** initiatives directed at the youth are empowering them with employability skills, thereby enabling sustainable livelihood and economic well-being. We leverage our CSR resources to help accelerate economic development and reduce disparity.

Set up with a vision to skill the rural youth with job & livelihood centric skills, **SLEEPWELL FOUNDATION SKILL DEVELOPMENT CENTRE IN VILLAGE MIRPUR, KHURJA, U.P.** has, over a span of just six years, become a leading institute of vocational learning in the area.

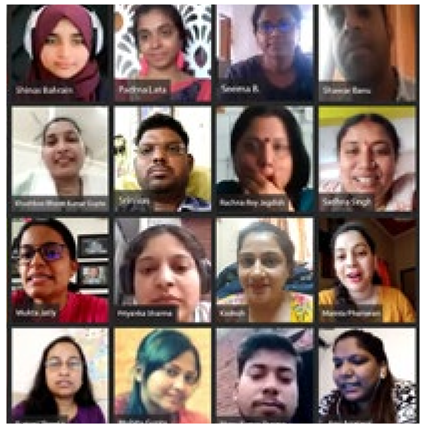
It has a state-of-the-art infrastructure and a dedicated team of trainers and mentors. It offers vocational courses like fashion designing, paramedical studies, computer skills, selling skills, English language, and armed forces pre-recruitment training, tailored to meet local youth's - both girls' and boys' needs and aspirations.

With regular events, job fairs, and industry expert sessions, the centre provides valuable exposure and experience to the rural youth. In addition, the centre imparts essential life and soft skills to the trainees, significantly enhancing their personalities and boosting

their confidence & employability opportunities in the job market. 500 individuals have directly benefited, securing placements in Govt. and private organizations, while many are pursuing entrepreneurial services.

We also conduct the following **ONLINE, OFFLINE, AND HYBRID WORKSHOPS,** upskilling the educated youth to meet evolving demands:

'How to Start a Business'
'Enhance Your Professional Effectiveness'
'Build Your Professional Effectiveness'
'Train the Teacher, Enhancing Functional & Soft Skills'



Our flagship programs, which are designed to enhance employability, job performance, and career growth, directly benefited 3,195 individuals in 2022-23.

Our initiatives are driven to connect with one and all. We do not face any obstacle while implementing our CSR initiatives as they are transparent and strategically purpose driven. People enthusiastically welcome and collaborate with us at all levels.

Moreover, we receive unwavering support and resources from our management throughout the process.

## How We Measure Our Impact

Our CSR initiatives are primarily based on two platforms: online and on-ground. For online initiatives, which are conducted through social media, we gather data points directly from their source. For on-ground activities, we carry out a physical assessment. We measure the impact factor by analyzing this data. For our social media campaigns, such as ZWR, BDK, etc., we observe metrics like reach and engagement, which provide us with a comprehensive overview of the impact.

**474.5 million**
People reached

**23.4 million**
People inspired

**13.3 million**
Total engagement

**489.9 million**
Impression

**12,156**
People advocated and shared

Our total reach stands at 474.5 million, of which 64.69 million was achieved in FY23. Our on-ground activities directly benefited 53,624 people and indirectly impacted an additional 2,38,627 individuals, with 8,577 and 38,168 of these benefits respectively occurring in FY23. These metrics are regularly updated on our website. The qualitative impact is ascertained through comments, which are also consistently posted in the impact section of our website.

For our on-ground initiatives, such as the Rozgar Mela and skill development workshops, we determine the success rate and impact through a physical headcount and qualitative feedback gathered from the beneficiaries.

## Joining Hands

To create maximum impact and achieve our goals more efficiently, we actively collaborate with knowledge and resource partners, industry associates, and educational institutions for our CSR activities.

In FY23, we collaborated with G20 Empower, FICCI FLO, and FICCI Young FLO to host the Wellness Conclave. We partnered with renowned senior journalist and media personality, Richa Anirudh, to produce "Sleepwell Foundation Presents Zindagi with Richa" - an inspirational film series featuring real-life stories, designed to inspire and motivate the masses.

For our skill development workshops, we partnered with industry bodies CII and FICCI FLO, as well as various educational institutes. Our partners included BITS Pilani, Apeejay School of Management in New Delhi, Shri Ram College of Commerce (SRCC) in New Delhi, MIET Meerut, IFTM University Moradabad, Mewar University, Balaji Group of Institutions Narsampet, Cambridge Institute of Technology Ranchi, Aligarh Muslim University (AMU), Sharda University in Greater Noida, BULMIN in New Delhi, Maharaja Surajmal Institute in New Delhi, Mahendra Girls Inter College in Agra, and IFTM University in Moradabad.

For the students of these institutes, we conducted workshops focusing on two key areas: 'How to Start a Business' and 'Building Your Professional Effectiveness'.

Our knowledge partners at Sleepwell Foundation Skill Development Centre, Khurja are NIIT Foundation, MasterG & Daughters, Delhi Paramedical & Management Institute - DPMI, and Staqo.

## Protection of Art and Culture

In an endeavour to protect the art and culture Sheela Foam Limited joined hands with Teamwork, the organisers of Jaipur Literature Festival - JLF, to organise 'The Sacred, Amritsar' to give a tribute to the spirit of Amritsar, a city known for its indomitable spirit, its profoundly intellectual character, chequered history and rich and diverse cultural heritage.

The festival was designed to promote and protect Art and Culture through performance in the field of music, poetry, and heritage by about 45 artists. In the festival various artists enthralled the audience with their diverse and inspiring performances. More than 100 delegates attended the event, and there was a footfall of over 1,000 people at the venue. Further it reached out to an audience of 108 million people through different media channels. Through the event, new talents were promoted & renowned artists motivated the youth across the country.

## CSR Initiatives Near Our Plants

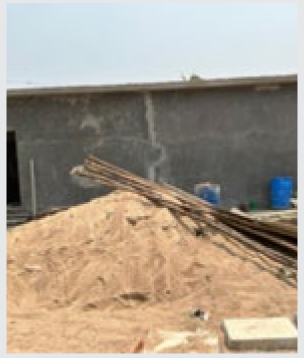
In the fiscal year 2022-23, we undertook several CSR initiatives in the vicinity of our plants. These were designed to enhance amenities and infrastructure within local schools and villages, benefiting thousands of people. The initiatives include:

1) Near our Jabalpur plant, we constructed toilet blocks for a co-ed school.

2) Near our Kala Amb (H.P.) plant, we donated two roti-making machines to a Village Community Centre.


3) In proximity to our Talwada plant, we built a prayer hall in a school.

4) Close to our Jalpaiguri plant, we constructed the approach road for Jhanju Para Primary School, renovated their school building, and donated desks for classrooms.



5) Near our plant in Hyderabad, we are currently constructing a toilet block in a school.

## Digital Presence

Embracing the rise of social media and digital technologies, particularly within rural, semi-urban, and underprivileged communities, forms a core part of our approach.

The rapid growth in internet consumption among the youth significantly shapes our strategy. In our CSR initiatives, we prioritize digital inclusion and harness the power of technology to create a more substantial societal impact.

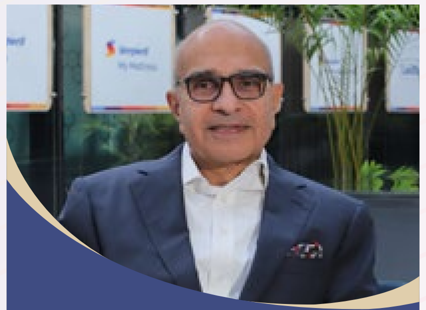

## Underlying message of our CSR

Proactive Emotional Wellness is crucial for society. Lost productivity as a result of two of the most common emotional and mental disorders, anxiety and depression, costs the global economy US$ 1 trillion each year.

Yet, despite substantial advances in research, demonstrating the clinical and cost-effectiveness of pharmacological and psycho-social interventions to prevent and treat common emotional issues, delivery at scale and translation into real-world benefits has been slow. One key area that restricts its propagation is lack of awareness for proactive emotional wellbeing.

Sheela Foam Limited, through Sleepwell Foundation, is leading efforts to raise awareness and promote Proactive Emotional Wellness. We urge all stakeholders to embrace proactive emotional wellbeing and become ambassadors, spreading the mission to benefit a large section of society. Together, we can make a profound impact on humanity.

# Board of Directors



**Rahul Gautam**
Chairman & Managing Director

He has been associated with our Company since 1971 and has been our Managing Director since 1 April 1996. He holds a Bachelor's degree in Technology - Chemical Engineering from the Indian Institute of Technology, Kanpur, and a Master's degree in Science - Chemical Engineering from the Polytechnic Institute of New York. He has over 46 years of experience in the home comfort products and PU foam industry and is the Chairman Emeritus of the Indian Polyurethane Association.

**Namita Gautam**
Whole-Time Director

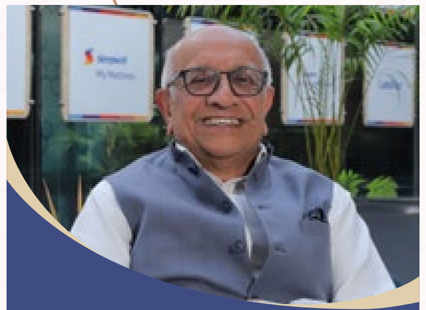
She has been associated with our Group for the past 34 years and has been a Whole-Time Director of our Company since 14 November 2003. During her tenure, she has headed the Human Resources, Marketing, and Projects departments of the Company. She currently leads our CSR initiative through the Sleepwell Foundation and heads Special Projects. She holds a bachelor's degree in Law and a master's degree in Economics from Kanpur University.

**Rakesh Chahar**
Whole-Time Director

He has been associated with our Company since 1 November 1990 and has been a Whole-Time Director since 14 November 2003. He has more than 31 years of experience in the business of selling and marketing bedding products and polyurethane foam. He heads the Sales and Marketing function.

**Tushaar Gautam**
Whole-Time Director

He has been associated with our Company since 7 January 2002 and has been a Whole-Time Director since 1 April 2007. He also served as CEO of Indian Operation. He holds a bachelor's degree from Purdue University, USA, where his courses of study included Financial, Marketing, and Operations Management. He oversees the operations of the Company and our subsidiary Joyce Foam Pty Ltd and Interplasp Spain and serves on their Board of Directors. He has more than 20 years of experience in heading Production, Research and Development.



**Som Mittal**
Independent Director

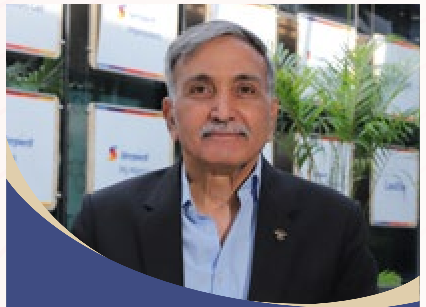
He has been associated with the Company since 7 June 2016. He holds a bachelor's degree in Metallurgical Engineering from the Indian Institute of Technology, Kanpur, and a post-graduate diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He has several years of experience in the manufacturing and information technology sectors.

**Ravindra Dhariwal**
Independent Director

He has been associated with our Company since 7 June 2016. He holds a bachelor's degree in Chemical Engineering from the Indian Institute of Technology, Kanpur, and a postgraduate diploma in Management from the Indian Institute of Management, Calcutta. He was the Group CEO of Bennett & Coleman, India's largest media company. He has vast experience in the fields of Sales and Marketing Management.

**Anil Tandon**
Independent Director

He has been associated with our Company since 7 June 2016. He is holding a bachelor's degree of Technology in Electrical Engineering from the Indian Institute of Technology, Kanpur and a Post-graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. Since 1995, he has been the Managing Director of Tex Corp Pvt Ltd, a leading organisation in the field of fastening products. He has several years of national and international experience in the zip-fastening products sector.



**Lt Gen (Dr.) Vijay Kumar Ahluwalia**
Independent Director

He has been associated with our Company since 5 March 2018. He is holding a master's degree in Defence Studies and Management from Madras University, M. Phil in Defence Studies from Indore University and PhD in Management - Internal Security and Conflict Resolution from Amity University, Noida. He has several years of experience in the Defence Services. He also served as a Judge of the Armed Force Tribunal and as Director-General of Raffles Group of Institutions, Raffles University, Neemrana, Rajasthan.

**Meena Jagtiani**
Independent Director

She is an MBA from the Symbiosis Institute of Business Management and has done an Executive Development Programme from Wharton Business School, University of Pennsylvania. At present, she is working as an independent HR advisor. She has three decades of rich industry experience in the field of HR. She served in various corporate houses such as the Aditya Birla Group, Daksh e-Services Private Limited, and Korn/Ferry International the world's leading search firm before taking her role as an Independent Advisor.

# Awards and recognition


Dear Colleagues,

We are incredibly proud to receive the 'Great Place To Work' certification for the 4th time in a row! This is a sheer reflection of our commitment to build a workplace culture that focuses on high standards of employee engagement, happiness & trust.

A big applaud to the entire team for creating & sustaining a "High-Trust, High-Performance Culture". It is a testimony of our collective efforts, pride & dedication. At Sheela Foam, our people are the most important asset of the organisation, and I am happy to see that their inputs, belongingness & contribution over the years are paying off.

We are delighted that we have been successfully certified for fourth consecutive year. As we continue to grow, the focus on our people is only going to increase.

Best wishes,
Rahul Gautam

Great Place To Work.
Certified

This is to certify that Sheela Foam Limited has successfully completed the assessment conducted by Great Place to Work® Institute, India, and is certified as a great workplace.

This certificate is valid from Mar 2023 to Mar 2024.

Yeshasvini Ramaswamy
Chief Executive Officer
Great Place to Work® Institute, India

Note: The certificate is valid subject to the terms and conditions agreed to by the Organization.

We received the 'Great Place To Work' certification for the 4th time in a row. This is a sheer reflection of our commitment to build a workplace culture that focuses on high standards of employee engagement, happiness & trust.


Mr Mahesh Gopalasamudram, COO, has made into the list of the top 200 COOs in India 2023. He has an impeccable track record as a leader with integrity, vision and strategic approach combined with strong execution and people skills.

Mr. Shonik Goyal (H.O. D. of Supply Chain Department of Sheela Foam Limited) has been awarded as a "Outstanding Supply Chain Leader" for Consumer Durables by Institute of Supply Chain Management (ISCM). He has a impeccable record of managing the Logistics and Supply Chain.

# Corporate Information

## Board of Directors

### Executive Directors

Rahul Gautam
Namita Gautam
Rakesh Chahar
Tushaar Gautam

### Non-Executive Independent Directors

Som Mittal
Ravindra Dhariwal
Anil Tandon
Lt Gen (Dr.) V K Ahluwalia
Meena Jagtiani

## CEO (India Business)

Nilesh Mazumdar

## Group CFO

Amit Kumar Gupta

## Company Secretary

Md Iquebal Ahmad

## Auditors

MSKA & Associates

## Bankers

Yes Bank Limited
Citi Bank
Kotak Mahindra Bank

## Registered Office

604 Asha Deep, 9 Hailey Road
New Delhi - 110001, India
Telephone - +91 11 22026875

## Head Office

#14, Sector 135,
Noida - 201301
Uttar Pradesh, India
E-mail - investorrelation@sheelafoam.com

## Registrar of the Company

Link Intime India Private Limited
Noble Heights, First Floor, Plot NH2
C-1 Block LSC, Near Savitri Market
Janakpuri, New Delhi - 110058
Telephone - +91 11 - 41410592, 93, 94
E-mail - delhi@linkintime.co.in
Website - www.linkintime.co.in

# Management Discussion & Analysis

## Economic overview

**Global economy**

Global economies faced significant headwinds in 2022 in the wake of mounting inflationary pressures and geopolitical conflict in Europe. The sustained rise in interest rates by Central Banks to combat inflation and the ongoing geopolitical crisis in Europe are exacting a heavy toll on the economy.

The sudden surge of COVID in China dented growth prospects in 2022. However, the recent reopening has set the stage for a faster-than-anticipated recovery. Another positive aspect is the fact that global inflation is likely to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024 [Source: IMF World Economic Outlook, January 2023].

Emerging market economies are projected to grow by 4.5% in 2023, compared to 1.1% for advanced economies [Source: IMF World Economic Outlook, April 2023]. The emerging markets and developing economies of the world are expected to be instrumental in accelerating global economic growth in the years ahead. In addition, certain industries, such as technology and e-commerce, have experienced significant growth during the pandemic and are expected to continue to do so in the coming years.

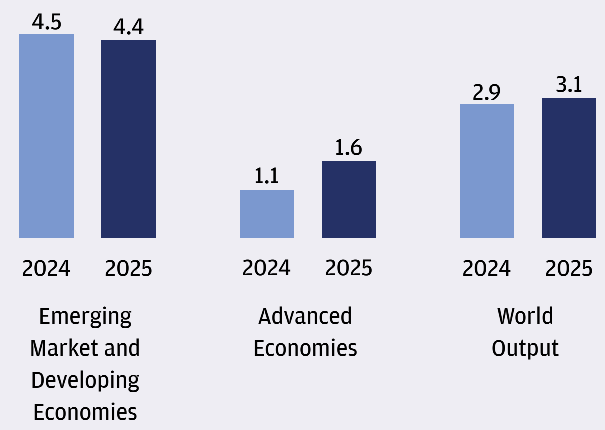
## Outlook

Demographic trends and rising middle-class consumption are most likely to contribute to the rapid growth of the EMDEs. Many emerging market economies have young populations that are joining the workforce and contributing to economic growth. In addition, faster urbanisation is leading to a greater demand for housing, infrastructure and consumer goods.

There is potential for further innovation and technological advancement that could fuel the economy's recovery. The pandemic has accelerated digital transformation across many industries, which could lead to enhanced productivity and efficiency in the upcoming years.

A stronger boost from pent-up demand in numerous economies or a faster fall in inflation is likely in the course of 2023. The governments and central banks of the world are expected to play a major role in accelerating economic growth through targeted, need-based measures. [Source: IMF Word Economic Outlook, January 2023]

### Estimated World Growth Rates

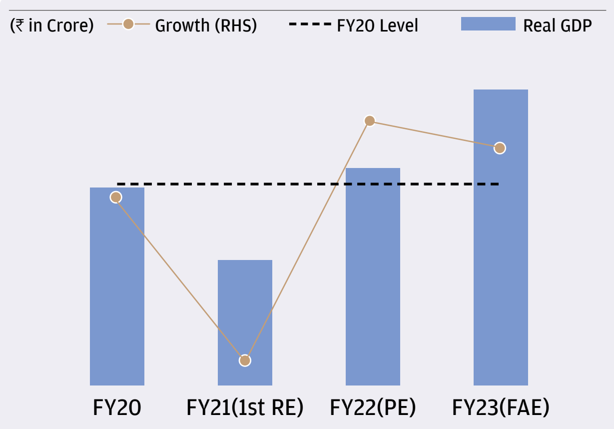



(source: IMF'S World Economic Outlook, April 2023)

## Indian economy

Notwithstanding the global gloomy outlook, India's economic activity has been robust on the back of a conducive domestic policy environment and the Government's sustained focus on structural reforms. Owing to its strong macroeconomic fundamentals, the Indian economy is in a sweet spot to grow at 7% in FY 2022-23 [Source: NSO, second advance estimates].

A combination of rising disposable income, coupled with the easy availability of credit and lowering interest rates in the wake of a stabilising inflation trajectory will bode well for the domestic economy's growth in the years ahead.




(Source- NSO, MoSPI)

https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap01.pdf

## Outlook

There are several reasons to be bullish about India's economy in FY 2023. With robust consumer demand and an improved balance sheet of the private sector, the domestic economy's outlook appears cautiously optimistic. High-frequency data indicates that the manufacturing PMI in December 2022 rose to the highest levels in over two years, which augurs well for fresh investment activity in the sector. Despite the challenges, India's economy has strong domestic drivers that can help it register strong growth 2023 onwards.[1]

According to the IMF, India and China will contribute over 50% of global growth in FY 2023.

## Industry overview

### Health and wellness industry

India's health and wellness market is expected to expand at a CAGR of 5.55% during 2023-2028. With an increased focus on fitness, wellness, nutrition, personal care, weight management, mindfulness and preventive medicine, the health and wellness industry in India is gaining traction. Apart from this, higher incidences of chronic lifestyle diseases, stress and other ailments, as well as advancements in the medical field, including predictive genetic testing, are escalating the demand for health and wellness products across the country. Other factors contributing to the market's positive outlook include a rising number of sports and fitness training centres, greater reliance on healing practices such as naturopathy and the rapid growth of health tourism.[2]

### India's mattress industry

There are many branded and unbranded players producing a wide range of mattresses through local distribution channels in India's fragmented mattress market. The unorganised sector dominates the country's mattress industry and has a major share of the Indian mattress market. Mattresses from this unorganised sector usually use cotton filler, as it is the cheapest of the many options that are now available.

An increasing number of residential units is propelling the demand for mattresses all over the country. Residential consumers accounted for the bulk of the share, while the remaining was shared by institutional customers, which include hotels, hospitals and educational institutions. Among the different sizes available, king-size mattresses are the most preferred and comfort is the most crucial factor that determines their dominance in the market.[3]

Residential consumers accounted for 80% of India's mattress market, while 20% was constituted by institutional customers.[4]

## Strategic growth drivers

- **Work from home (WFH) culture**

  Following the pandemic, there have been several changes in the way people live and work. These have created the need to 'allocate' a space inside houses for 'office work'. This trend has played out across homes, irrespective of their sizes and has increased the requirement for mattresses.

- **Increasing awareness**

  Greater consumer awareness of the significance of quality sleep and the crucial function that a decent mattress can play for achieving it is one of the main growth enablers for India's mattress market.

- **Online sales and distribution**

  The growth of e-commerce has opened up new avenues for the country's mattress industry. Manufacturers can leverage online sales and distribution channels to reach a wider audience and expand their customer base.

- **Infrastructure development**

  The growth of the Indian mattress industry is also dependent on infrastructure development, including the availability of raw materials, skilled labour and transportation.

- **Growth in the real estate and hospitality sectors**

  According to the Union Budget for 2022-23, 80 lakh houses will be built for the identified eligible beneficiaries of the PM Awas Yojana, in both rural and urban regions. A sum of ₹ 48,000 crore has been allocated for this purpose. The real estate sector in India is expected to reach USD 1 trillion in market size by 2030 and contribute 18 to 20 % to the country's GDP.[5] Retail, hospitality and commercial real estate are also growing significantly, providing much-needed infrastructure for India's rising needs. Demand for mattresses is high because both residential and institutional sectors are growing in India with greater awareness regarding mattress types and brands.

[1] https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html

[2] https://www.imarcgroup.com/health-and-wellness-market-india

[3] https://www.mordorintelligence.com/industry-reports/india-mattress-market

[4] https://www.mordorintelligence.com/industry-reports/india-mattress-market

[5] https://economictimes.indiatimes.com/news/economy/finance/real-estate-sector-to-touch-1-trillion-by-2030-kant/articleshow/87209359.cms?from=mdr

## Changing consumer preferences

- Higher income

  Mattresses are no longer considered mere consumer durables. They are now regarded as an indicator of quality of life. With increasing income, there are high chances that consumers will shift towards the purchase of premium mattresses.

- **Increasing health consciousness**

  As people are now more aware of the benefits of high-quality mattresses for enhanced comfort and sleep, this is augmenting the demand for premium products.

- **Greater awareness about brands**

  Consumer now prefer innovative and branded mattresses owing to changing lifestyles and enhanced digital literacy.

## Organised mattress industry

The organised sector is now growing with the rising demand for good-quality mattresses among Indian consumers. The organised mattress market is further classified into PU foam, Rubberised Coir, Spring Mattresses and other types.

The organised mattress industry is increasingly investing in research and development with the aim of creating new and innovative mattresses that cater to specific customer needs. Additionally, there is an growing trend towards customisation, with companies selling custom mattresses made to fit specific body shapes and preferences. Customers are willing to spend more for a comfortable and customised sleeping experience, which is why these products are gaining more popularity.

### Distribution platforms

Organised players offer mattresses through two mediums: offline and online. The trade through online sales in the organised mattress industry is gaining pace because more consumers now opt for online shopping. This has led to the online market developing at a faster rate as compared to the offline market. Several new trends are expected to emerge in the mattress industry in the upcoming years, whereby the demand for customised and luxury mattresses is expected to increase[6].

A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product.

## India's Flexible PU Foam Industry

Polyurethane foam is a widely used polymer that is available in two forms, i.e., flexible foam and rigid foam. Rigid polyurethane foams are utilised for numerous insulation applications pertaining to construction and refrigeration. Flexible polyurethane foams are particularly used as a cushioning substance in various end-use industries such as furniture, packaging, transportation, bedding, automotive interiors and carpet underlay. The use of flexible polyurethane foam is becoming popular as it can be customised in almost any shape and variety. These flexible foams are also durable, light, comfortable and supportive.

Polyurethane foams exhibit clean incineration and high recyclability for reduced waste, pollutant filtration and greater sustainability. The penetration of polyurethane foams is anticipated to rise owing to properties such as superior insulation that make them ideal for walls and roofs in new homes.

Applications of polyurethane foams in electric vehicles (EVs) are more than the normal vehicle i.e. new applications. As governments invest to incentivise EV usage, increasing the production of EVs in the future would also drive demand for PU foams in the upcoming years.

Asia-Pacific is anticipated to be the fastest-growing market for polyurethane foam. Factors such as rising demand for polyurethane foams from various end-user industries and the enlarging footprint of the global players in polyurethane foams are likely to facilitate the polyurethane foam market's growth. Government support in the form of subsidies and tax incentives is expected to encourage the manufacturing sector in countries such as India and China, which is further expected to promote bio-based polyurethane to replace conventional polymers[7].

## Opportunities and threats

### Opportunities

- **Product differentiation**

  Differentiated products such as new materials, designs and features that provide superior comfort and support are likely to attract a huge customer base with differentiated needs.

- **E-commerce**

  The growth of e-commerce platforms offers a wider reach, as there is a growing market of consumers who may prefer to shop online for multiple reasons.

- **Export potential**

  Indian industry offers competitive prices and hence, can expand into global markets. Asia-Pacific is expected to be the fastest-growing market.

[6] https://www.mordorintelligence.com/industry-reports/india-mattress-market

[7] https://www.precedenceresearch.com/polyurethane-foam-market

- **Rural market**

  One of the most significant opportunities for the mattress industry is in rural India with its large and growing population. The majority of India's population lives in rural areas signifying a huge potential for the industry. As incomes have risen, rural consumers have begun to demand more comfortable and hygienic high-quality mattresses. The industry in rural India is still in its early stages of development, however, there is a lot of potential for growth.

**Threats**

- **Transportation and warehousing**

  The fact that PU foam and mattresses are voluminous in nature makes warehousing and transportation difficult. Long-distance transportation is impractical due to the high expenses required.

- **Raw material prices**

  The cost of raw materials, including foam, cotton and latex, can significantly impact manufacturers' profitability. Volatility in raw material prices can lead to higher costs that are difficult to pass on to customers.

- **Economic instability**

  Economic instability, such as inflation, recession, or changes in government policies, can adversely affect India's mattress industry. This can lead to reduced consumer spending, lower demand and decreased profits.

- **Counterfeit products**

  The proliferation of counterfeit products poses a key threat to the mattress industry in India. These products may be of inferior quality, which can damage the reputation of legitimate manufacturers and affect consumer trust.

## COMPANY OVERVIEW

Established in 1971, Sheela Foam Ltd. has been at the forefront of the foam-based product industry in India for over 50 years. The Company's unwavering commitment to quality, innovation and sustainability has helped it establish itself as a leading brand in the industry. Sheela Foam's diverse product portfolio caters to the needs of various industries, including home furnishings, automotive, healthcare and more. The Company's products, including technical-grade PU foam, are renowned for their superior quality and find diverse applications in various sectors.

The Company's operations are supported by a dynamic management team, a recognised brand, cutting-edge manufacturing facilities, a sizable distribution network and ground-breaking research and development capabilities. To offer its customers the utmost comfort and convenience, the Company creates items of unparalleled quality based on shifting customer preferences. The Company's core strength is its dedicated and highly competent talent pool , which enables it to manufacture distinctive, top-of-the-line goods using state-of-the-art technologies. As a responsible corporate citizen, Sheela Foam has implemented various initiatives to lower its carbon footprint and promote eco-friendly practices across its operations.

**Product portfolio**

### Mattresses segment

Foam Mattress, Spring Range, Technology Range, Comfort Cell Range, Back Support Range, Flexi PUF Range, Showroom Range, Economy Range, SleepX Online Brand

### Technical foam

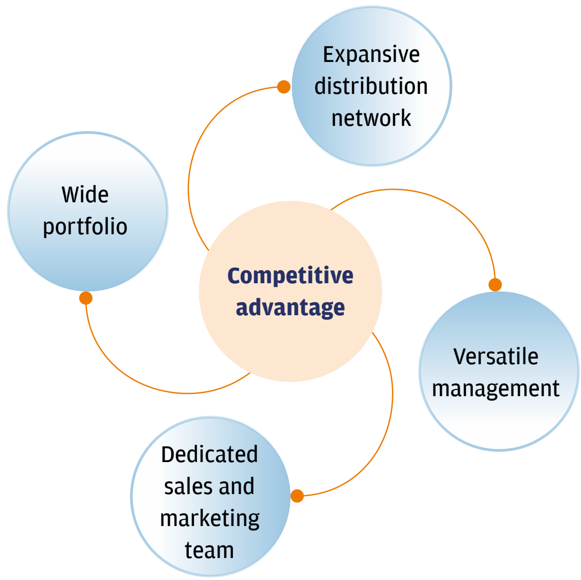
Automotive Foams, Reticulated Foams, UltraViolet Stable Foams and Silentech Foams

### Furniture foam

Sleepwell Resitec, Sleepwell Cool Gel and Primo

### Comfort foam and home care products

Foam Sheets, Foam Blocks, Comfort Range accessories, Foam Cores, Furniture Cushions, Pillows, Bedsheets, Comforters/ Blankets, Mattress Protectors, Sofa-cum-Beds




## Manufacturing prowess

The Company has 17 manufacturing facilities spread across India, Australia and Spain. It produces cutting-edge products that offer the ideal balance of support and comfort. The Company exhibits outstanding capabilities in high-quality production and technological advancements.

To better serve its customers, and to expand its global market share the Company established new facilities in strategic locations in Australia and India, which would help it to produce and distribute its products more efficiently, reducing lead times and transportation costs. The Company's wholly-owned subsidiary, International Comfort Technologies (ICTPL), will be responsible for overseeing the operations of these state-of-the-art facilities.

The Australian facility, strategically located in five places have 11,000 MT per year. The Indian facilities, located in Jabalpur and Nandigram, is under our wholly owned subsidiary, International Comfort Technologies Pvt Ltd.

This expansion is a testament to the Company's dedication to providing its customers with the best products at competitive prices. It is confident that these new facilities will be a major success and help it to further establish itself as a leader in the industry.

## Creating futuristic brands

The Company has a flawless track record of creating individualised products that cater to changing customer needs. The Company's flagship brand, Sleepwell, has developed a strong reputation over the years. Feather Foam and Starlite are two other brands owned by the Company that offer inexpensive mattresses to consumers. The Company's market share in the organised mattress market has increased owing to these products.

## Technological innovations at Sleepwell

### Variable Pressure Foaming (VPF)

The Company is a pioneer of the world's most environmentally friendly method of foam manufacture, variable pressure vertical foaming (VPVF). Variable Pressure Foaming (VPF) is a rapidly growing technology and is a proven way to improve the environmental performance, quality, and efficiency of foam production and contribute to overall sustainability. The Company will be commissioning a VPF machine in its Jabalpur facility which is a sign of the Company's commitment to sustainability and innovation. It will help Sheela Foam to improve its environmental performance and the quality of its products.

### Benefits of VPF

1. Eliminates hazardous air pollutants
2. Produces negligible Volatile Organic Compounds (VOCs)
3. Produces a more consistent and dense foam
4. Uses raw materials efficiently
5. Reduced energy consumption
6. Increased production capacity
7. Reduced waste and improved worker safety

## Joyce Foam Products

Joyce Foam, Australia, a wholly-owned subsidiary of the Sheela Group, has over 40% market share in Australia. It is Australia's one of the largest manufacturers of flexible open-cell polyurethane foams and serves a variety of markets, including bedding, furniture, medical, and specialised industrial applications. Joyce Foam has cemented its position as a leading manufacturer of flexible polyurethane foam in the region. The company prides itself on its state-of-the-art production centres, located in key cities such as Adelaide, Canberra, Melbourne, Perth, and Sydney, which are equipped with the latest technology and machinery for producing high-quality foam and mattress products.

## Other initiatives

The Company has expanded its retail network to reach more customers and improve its brand presence. It has increased the number of its Multi Bran Outlets MBOs and has expanded its dealer network which has allowed it to reach a wide range of customers and sell its products in a variety of locations. It has a network of **over 115 exclusive distributors**, approximately **5,700 exclusive dealers**, and approximately **7,600 multi-brand outlets**.

**115+**
Exclusive distributors

**5,700**
Exclusive dealers

**7,600**
Multi-brand outlets

## Online sales

The Company has witnessed an increase in its online sales in FY23, with a striking 24% growth. Also, online sales now account for a considerable 8% of the company's total sales volume.

**24%**
Increase in online sales

## Marketing Initiatives

**BTL Marketing**

Sheela Foam has been consistently expanding its below-the-line (BTL) marketing efforts for its legacy brands such as Sleepwell and Feather Foam. This includes activities such as in-store promotions, product demonstrations and direct mail campaigns that help the Company reach out to customers personally.

**E-commerce marketing**

The Company has been revamping its e-commerce marketing efforts by using content marketing to cater to the urban population. For instance, Sleep X, the e-commerce brand from Sheela Foam, has launched a wide collection of durable, high-quality mattresses for enhanced back support and comfort, considering the changing buying habits and lifestyles of the youth.

**Product launches**

Sheela Foam regularly introduces new products that cater to evolving customer needs and preferences. For instance, the Company recently launched a range of premium mattresses under its flagship brand, Sleepwell, that offer superior comfort and support.

**Digital marketing**

The Company has a strong online presence through its website, social media pages and e-commerce platforms. It leverages these channels to engage with customers through targeted advertising campaigns, influencer partnerships and interactive content.

**Promotional activities**

Sheela Foam engages in various promotional activities such as advertising campaigns on TV and print media, sponsorships of sports events, including IPL cricket matches and marathons, along with participation in trade shows to raise brand awareness and drive sales.

## Financial overview

In FY23, the Company's net revenue from operations on a standalone basis was ₹ 2,019.82 crore as compared to ₹ 2,008.21 crore in FY22. Profit after tax for the current year was ₹ 194.86 crore in contrast to ₹ 197.31 crore in FY22. Net revenue from operations in Australia was AUD 79.56 million as compared to AUD 77.56 million in the previous year. The net profit after tax was AUD 0.94 million as compared to AUD 2.66 million in FY22. The net revenue from operations in Spain was Euro 47.21 million as compared to Euro 51.18 million in FY22. The net profit after tax was Euro 2.89 million as compared to Euro 2.19 million in FY22. On a consolidated basis, net revenue from operations stood at ₹ 2,873.32 crore as compared to ₹ 2,865.58 crore in the previous year. Consolidated net profit after tax decreased to ₹ 203.06 crore from ₹ 218.73 crore registered in FY22.

**Key Financial Ratios Standalone Operation according to the SEBI Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018**

| | 2022-23 | 2021-22 |
|---|---|---|
| Debtors Turnover (in times) | 13.46 | 13.43 |
| Inventory Turnover (in times) | 6.70 | 6.32 |
| Interest Coverage Ratio (in times) | 37.30 | 38.32 |
| Current Ratio (in times) | 3.11 | 1.54 |
| Debt Equity Ratio (in times) | 0.01 | 0.02 |
| Operating Profit Margin (%) | 8.17 | 7.22 |
| Net Profit Margin (%) | 10.00 | 10.00 |
| Return on Net Worth (RONW) (%) | 18.45 | 21.07 |

## Growth strategy and outlook

**Improving branding and product development initiatives**

The Company's budget mattresses, Starlite and Feather Foam, offer sufficient growth potential for development in the rural retail sector. It concentrates on increasing investments in brand-building initiatives to improve distribution and retail networks, brand recognition and customer recall. To sell more products, it also plans to introduce products at competitive prices.

**Boosting e-commerce penetration**

The Company has been using an e-commerce platform to sell mattresses and related goods. It lists its products on well-known e-commerce platforms in addition to using its own website to promote sales and display its product line-up. With wider e-commerce penetration, it aims to bolster both its top-line and bottom-line performance.

**Catering to changing customer needs**

The Company is dedicated to creating personalised products that cater to different customer needs. Its broad range of products, technological expertise and strong manufacturing skills enable it to produce high-quality, higher-margin items, including more refined grades of technical PU foam.

**Strengthening distribution and exports**

The Company continues to market its low-cost items in rural areas while working to strengthen its domestic retail footprint. The Company will be able to expand its reach and meet the demand for affordable products owing to increased infrastructure development and growing distribution channels in newer geographies. Additionally, it focuses on enhancing its export business through the development of new products and technologies, the increase of capacity in overseas subsidiaries and so on.

## Suburban penetration

The Company is committed to providing its customers with a convenient and enjoyable shopping experience. It has a number of strategies in place to penetrate the suburban market like expanding its retail network by opening new brand outlets, partnering with local retailers in suburban areas, promoting its products online through a variety of channels including website and social media, and offering financing options like instalments. Sheela Foam is well-positioned to penetrate the suburban market.

## Risks and mitigation measures

| Risks | Mitigation |
|---|---|
| **Macroeconomic Risk**<br><br>The Company's operations may be impacted by recent COVID variants and associated restrictions, a slowdown in economic growth, along with end-user industries including the housing, hospitality and automobile sectors. | • Favourable government reforms and rising infrastructure development spending are all anticipated to revive the economy's growth. To shield the economy against the pandemic's negative impact and improve consumer confidence, the Government and key financial institutions have implemented several reform measures.<br>• Rapid urbanisation, rising income levels and consumer demand for high-end, luxury goods and services are major factors driving the demand in the organised mattress market.<br>• The Company's subsidiaries in Spain and Australia enable it to foray into foreign markets and reduce its dependence on the Indian economy. |
| **Competition Risk**<br><br>Due to appealing expansion potential, the sector is facing rivalry from a growing number of organised mattress market competitors. Loss of market share could result from an inability to provide high-quality, personalised products to satisfy changing client needs. | • By creating comfortable and high-quality mattresses and home comfort products, the Company has become a well-known and dependable name in the industry. Its flagship brand, Sleepwell enjoys high levels of consumer satisfaction and dependability.<br>• Increased spending on R&D and innovative technologies enables the Company to create high-end, cutting-edge products.<br>• Additionally, the Company's activities are supported by cutting-edge production machinery and inventive shop floor practices that offer a significant operational advantage.<br>• The Company's mission is to provide premium mattresses developed using innovative initiatives such as Comfort Cell and Neem Fresche. Furthermore, the Company is able to drive sales of its products because of its extensive distribution network.<br>• With its wide variety of affordable mattresses, the Company focuses on serving specific niche markets. It supports the Company in retaining its position as the unorganised sector's market leader.<br>• The Company extensively focuses on pioneering state of the art technologies like VPF which results in improved product quality and reduced costs. |

| Risks | Mitigation |
|---|---|
| **Inventory Risk**<br><br>High inventory build-up due to unsuccessful marketing and selling of products may pose a challenge to the Company's operations. | • The Company assures balanced and orderly sales through its extensive distribution network, which includes more than 115 exclusive distributors, 13,300 retail dealers, 7,500 multi-brand and 5,700 exclusive brand outlets.<br>• The Company relies on its strong brand recognition and continuously makes prudent branding and advertising expenditures to strengthen its presence across a range of media.<br>• With the aid of an efficient IT infrastructure and inventory management, the Company guarantees effective product delivery. The system guarantees real-time inventory control and prompt delivery of the goods. |
| **Raw Material Risk**<br><br>The smooth and continuous supply of raw materials is essential to the Company's operations and any interruptions could have a negative influence on the creation of high-quality products. Imported raw materials, currency and exchange rate variations could potentially have an effect on profit margins. | • Key raw ingredients (Polyol and TDI) are purchased in bulk by the Company at cost-effective prices.<br>• It achieves a balance between importing raw materials and buying them locally.<br>• The Company is able to obtain raw materials at the best prices because of its solid and established relationships.<br>• By ensuring raw materials availability to meet market demand, it lowers the chance of an unexpected raw material shortfall. |
| **Counterfeiting Risk**<br><br>Another important challenge is the inability of the Company to resolve product counterfeiting and quality issues, which may result in loss of customer trust and sales, thereby damaging the Company's brand name. | • Continued investments towards introduction of Unique Serial Number/marks/label/hologram/hot stamp, and so on, in mattresses enables the Company to check genuine products<br>• The Company periodically checks the market to track and avoid sales of fraudulent and counterfeit products. |
| **E-commerce Risk**<br><br>Globally and in India, consumer preferences have fundamentally changed as a result of the pandemic, favouring quick adoption of technology, online shopping, enhanced comfort and convenience at home, etc. Its business and market share may suffer if the Company is unable to use digitisation and technology to keep up with the changing trends. | • The Company offers its SleepX product on its own website as well as prominent e-commerce platforms such as Amazon, Flipkart and others.<br>• The Company is focused on integrating retail and online sales to offer clients a seamless purchasing experience across all channels. |

## Internal controls

The Company's internal control framework centres on strong governance, a vigilant finance function and independent internal reviews. Risk evaluation exercises prioritise risks facing the business based on which strategies are formulated. The Audit Committee periodically reviews and takes suitable action for any deviation, observation or recommendation suggested by the internal auditors. The Company strives to follow the best practices in corporate governance. Well-documented policies and procedures enable it to strictly adhere to all applicable procedures, laws, rules and statutes. The Company's robust IT systems safeguard its sensitive data and ease the audit process. Accounting standards are strictly followed while recording transactions. A host of strategies are devised, in addition to robust MIS systems, for real-time reporting so as to control expenses. Any variance from budgetary allocation is promptly reported and corrected to ensure strict compliance.

## Human resources

The development and success of an organisation depend heavily on its human resources. The Company's professional and experienced workforce ensures business continuity and develops strategies and procedures to adapt to a changing business environment. To increase individual and organisational productivity, the Company organises several human resource programmes. It promotes a secure and beneficial work environment and guarantees that everyone has equal access to opportunities for professional progression. These programmes help the Company recruit and keep the best people while enhancing employee satisfaction and productivity.

The Company has received approval from the stock exchanges for its Employee Stock Option Plan (ESOP) scheme which is further expected to form a key part of the Company's HR strategy. The Company believes that the ESOP scheme will be a valuable tool for attracting and retaining top talent.

**2,747**

Total employee strength

## Cautionary statement

The statements in the Management Discussion and Analysis Report that describe your Company's projections, estimates and expectations are "forward-looking statements". They are within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied depending on the economic conditions affecting demand and supply, the price scenario in the domestic and international markets in which it operates, changes in government regulations, tax laws and other statutes. Your Company undertakes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

# Directors' Report

Dear Members,

Your Directors' have pleasure in presenting the 51st Annual Report on the business, operations and financial performance of the Company along with the Consolidated Audited Balance Sheet and Statement of Profit & Loss for the year ended 31st March, 2023.

## FINANCIAL INFORMATION

(₹ in Crores)

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| **Revenue from operations** | 2,873.32 | 2,865.58 | 2,019.82 | 2,008.21 |
| Profit before Financial Charges, Depreciation & Tax | 383.77 | 394.11 | 300.80 | 304.06 |
| Less: Financial Charges | 21.07 | 16.97 | 6.37 | 7.11 |
| Cash Profit | 362.70 | 377.14 | 294.43 | 296.95 |
| Less: Depreciation | 89.62 | 80.78 | 33.76 | 32.39 |
| Profit before Tax | 273.08 | 296.36 | 260.67 | 264.56 |
| Add/(Less): Income Tax Earlier year's tax | (77.98) | (83.09) | (67.45) | (70.32) |
| Add/(Less): Deferred Tax | 7.96 | 5.46 | 1.64 | 3.07 |
| Profit after Tax | 203.06 | 218.73 | 194.86 | 197.31 |
| Other Comprehensive Income | 12.51 | (1.85) | (3.84) | (1.16) |
| **Total Comprehensive Income for the year** | **215.57** | **216.88** | **191.02** | **196.15** |

During the current year, Net Revenue of the Company, on standalone basis, increased from ₹ 2008 Crores to ₹ 2020 Crores. The Profit after tax for the current year decreased marginally by 1.02% to ₹ 195 Crores as against the profit after tax of ₹ 197 Crores of last year.

On consolidated basis the overall Revenue increased from ₹ 2866 Crores to ₹ 2873 Crores. The consolidated profit after tax decreased from ₹ 219 Crores to ₹ 203 Crores.

## DIVIDEND

Board of Directors do not recommend any dividend for the year 2022-23. The entire profit is being ploughed back in the business.

## SUBSIDIARIES

As on 31st March, 2023 the Company has six subsidiaries and five steps down subsidiaries. As required under the provisions of Section 129 of the Companies Act, 2013, read with Companies (Accounts) Rule, 2013, a statement containing salient features of the financial statements of subsidiaries is provided in the prescribed format AOC-1 as Annexure-A of the Board Report.

**Overseas Subsidiaries:-**

The Company has one 100% subsidiary, Joyce Foam Pty. Ltd (Joyce Foam) in Australia. Joyce Foam is the largest producer of Foam in Australia and supplies its high-quality Foam to Global Mattresses and Furnishing Companies. Joyce Foam recorded a turnover of ₹ 438 Crore in FY 2022-23, as compared with ₹ 430 Crore in FY 2021-22, and has posted post tax profit of ₹ 5 Crore in FY 2022-23, as against ₹ 15 Crore in FY 2021-22.

Joyce Foam Pty Ltd has one wholly own subsidiary Joyce W C NSW Pty Ltd.

In addition, the Company has one more wholly owned overseas subsidiary, International Foam Technologies Spain, S.L.U. and a step-down subsidiary, Interplasp S.L.U. in Spain. International Foam Technologies Spain, S.L.U. recorded a turnover of ₹ 395 Crore in FY 2022-23, as compared with ₹ 430 Crore in FY 2021-22, and has posted post tax profit of ₹ 24 Crore in FY 2022-23, as against ₹ 18 Crore in FY 2021-22.

**Indian Subsidiaries:-**

Staqo World Private Limited (Staqo) is a wholly owned subsidiary. This company is into the business of Information Technology with initial footprints in this space in domestic and overseas market. During this year, the company has achieved a turnover of ₹ 23 crores with profit after tax of ₹ 2 Crores as against a turnover of ₹ 18 Crores with a profit after tax of ₹ 2 Crores in FY 2021-22.

International Comfort Technologies Pvt Ltd is a wholly owned subsidiary. This company is into the business of Manufacturing of Foam, Mattress & home comfort products. During this year, the company has achieved a turnover of ₹ 85 Crores with loss after tax of ₹ 20 Crores as against a turnover of ₹ 8 Crores with a loss after tax of ₹ 7 Crores in FY 2021-22.

Your Company has two other wholly owned subsidiaries as under which has no significant business:

1) Divya Software Solutions Private Limited

2) Sleepwell Enterprises Private Limited

## MATERIAL SUBSIDIARIES

In accordance with Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (Listing Regulations), Joyce Foam Pty. Ltd (Joyce Foam) Australia and International Foam Technologies Spain, S.L.U. are material non-listed subsidiaries. The Company has formulated a policy for determining material subsidiaries. The policy has been uploaded on the website of the Company at http://www.sheelafoam.com.

## AMALGAMATION OF WHOLLY OWNED SUBSIDIARIES WITH THE COMPANY

A joint application of amalgamation of International Comfort Technologies Private Limited, wholly owned subsidiary with Sheela Foam Limited was filed with the National Company Law Tribunal (NCLT) Delhi during the year under review. The application is accepted by the NCLT and is under process of amalgamation.

## CONSOLIDATED FINANCIAL STATEMENTS

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.

The financial statements including consolidated financial statements and the audited accounts of each of the subsidiary are available on the Company's website www.sheelafoam.com

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed.

b) The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The directors have prepared the annual accounts on a going concern basis.

e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## CORPORATE GOVERNANCE

In accordance with SEBI Regulations, a separate report on Corporate Governance is given in **Annexure-B** along with the Practicing Company Secretaries (PCS) Certificate on its compliance. The Practicing Company Secretaries (PCS) Certificate does not contain any qualification, reservation and adverse remark.

## RELATED PARTIES TRANSACTIONS

The particulars of Contracts or arrangements with related parties, in the prescribed form, are attached as **Annexure-C**

## RISK MANAGEMENT

The Company has formulated a Risk Management Policy duly reviewed by the Board of Directors. The policy includes risk identification, analysis and prioritization of risk and development of risk mitigation plans. The Company has constituted a Risk Management and ESG Committee to look into the risk involved with the Company and its mitigation.

## INTERNAL FINANCIAL CONTROLS

The 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 operations were observed. The report on the Internal Financial Control issued by M/s. MSKA & Associates, Chartered Accountants, Statutory Auditors of the Company in view of the provisions under the Companies Act, 2013 is given in their audit report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

As per the provisions of the Companies Act, 2013, Mr. Rakesh Chahar will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible, seeks re-appointment. The Board has recommended his reappointment.

Mr. Vijay Kumar Chopra had retired from the office of Independent Director on 06$^{th}$ June, 2022 and Mr Nikhil Datye had resigned from the post of group CFO w.e.f 05$^{th}$ December, 2022.

## AUDITORS

M/s MSKA & Associates, Chartered Accountants, appointed as the Statutory Auditor of the Company for the five consecutive financial years from 2021-22 to 2025-26 and they will hold office until the conclusion of the 54$^{th}$ Annual General Meeting of the Company to be held in the year 2026.

## AUDITORS' REPORT

There is no adverse observation of Auditors' on financial statements of the company. The Auditors' Report, read with the relevant notes to accounts are self-explanatory and therefore does not require further explanation.

## CONSOLIDATED FEES PAID TO STATUTORY AUDITORS

Detail of total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part, as mentioned in Note 43 of Consolidated Financial Statement published through annual reports for the Financial Year 2022-23, are as below:-

### Consolidated

(in ₹ lakhs)

| Particulars | Year ended 31 March, 2023 | Year ended 31 March, 2022 |
|---|---|---|
| Audit Fees | 38.00 | 41.00 |
| Certification Work | 2.75 | 2.00 |
| Reimbursement of expenses | 1.95 | 1.00 |
| **Total** | **42.70** | **44.00** |

## COST AUDITOR

As per section 148 read with Companies (Audit and Auditors) Rule, 2014 M/s Mahesh Singh & Co, Cost Accountants is appointed, to conduct the cost records of the Company, for the Financial Year 2022-23, by the Board of Directors.

Cost Auditor will provide its report to the Board of directors.

## INTERNAL AUDITOR

During the year M/s PKF Sridhar Santhanam LLP, Chartered Accountants appointed as in place of M/s S. S. Kothari Mehta & Co. as the Internal Auditor and they will report to Board of Directors. The internal audit will help company to review the operational efficiency and assessing the internal controls. It also reviews the safeguarding of assets of the Company.

## SECRETARIAL AUDITOR

The company had engaged M/s AVA Associates, Company Secretaries as Secretarial Auditor to conduct Secretarial audit for the year 2022-23. The report on secretarial audit is annexed as **Annexure-D** to the Directors' Report. The report does not contain any qualification, reservation or adverse remark.

## CORPORATE SOCIAL RESPONSIBILITY(CSR)

In terms of Companies Act, 2013, your company has to undertake Corporate Social Responsibility programme. The disclosure as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rule, 2014 is attached as **Annexure-E**

## AUDIT COMMITTEE

The composition of Audit Committee is provided in the Corporate Governance Report that forms part of this Directors' Report.

## VIGIL MECHANISM

The Company has established a vigil mechanism through a Whistle Blower Policy. The Company can oversee the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who may express their concerns pursuant to this policy. The policy is uploaded on the website of the Company at http://www.sheelafoam.com.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of sexual harassment of women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Internal system has been set up to redress complaints received regarding sexual harassment.

## MEETINGS OF THE BOARD

During the year, 7 meetings of the Board of Directors were held.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the Financial Statements.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

A. Following measures were taken by company for energy conservation in the year 22-23:

   The disclosure related with energy is mentioned in the Business Responsibility & Sustainability Report (BRSR) forming part of Directors' Report.

B. The expenses incurred on Research and Development have been included in BRSR Report annexed forming part of Directors' Report.

C. The Company has introduced new process by establishing Variable Pressure Foaming Machine apart from other measure to reduce the consumption of energy and upgraded technology.

D. The earnings from exports were ₹ 14.03 Crore (Previous Year ₹ 54.99 crores) and payments in foreign exchange were ₹ 164.05 Crore (Previous Year ₹ 183.81 crores).

## LISTING AGREEMENTS

Your Company has entered into agreements with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), in compliance with Regulation 109 of the SEBI LODR Regulations 2015.

## PARTICULARS OF EMPLOYEES

The information as required under Section 197 of the Companies Act 2013 read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure-F** and **Annexure-G** to the Board's Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of provisions of Regulation 34 of the Listing Regulations, the Management's discussion and analysis is set out in this Annual Report.

## PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## SIGNIFICANT AND MATERIAL ORDERS

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

## BOARD EVALUATION MECHANISM

Pursuant to the provisions of Companies Act, 2013 and the Listing Regulations, the Board has carried out annual performance evaluation of its own performance, those of directors individually and of various committees.

The performance of individual directors was evaluated on parameters, such as, number of meetings attended, contribution in the growth and formulating the strategy of the Company, independence of judgement, safeguarding the interest of the Company and minority shareholders, time devoted apart from attending the meetings of the Company, active participation in long term strategic planning, ability to contribute by introducing best practices to address business challenges ESG and risk etc. The directors expressed their satisfaction with the evaluation process.

## BONUS SHARE

The company issued bonus shares in the ratio of 1:1 during the year under review.

## DIVIDEND DISTRIBUTION POLICY

The company has adopted Dividend Distribution Policy and there is no change in policy during the year. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is hosted at our web site at www.sheelafoam.com and is also attached as **Annexure-H**.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT(BRSR)

Business Responsibility Report/Sustainability Report is annexed as **Annexure-I**.

## ACKNOWLEDGEMENT

Your Directors wish to express and place on record their thanks to the Company's Distributors, Dealers and Business Associates for their excellent effort and the customers for their continued patronage of the Company's products. Your Directors also wish to place on record their appreciation for the devoted services of the Executive, Staff, and workers of the Company at all levels enabling the Company to achieve the excellent performance during the year.

Your Directors' also appreciate the valuable co-operation and continued support received from Company's bankers and all the government agencies and departments.

The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the Management.

By Order and on behalf of the
Board of **Sheela Foam Limited**

Place: Noida
Date : May 17, 2023

**(Rahul Gautam)**
Chairman and Managing Director

# Annexure-A

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/ Joint ventures

(₹ in Lakhs)

| Name of the subsidiary | Joyce Foam Pty Ltd | Divya Software Solutions Pvt Ltd | Sleepwell Enterprises Pvt Ltd | Staqo World Private Limited | International Foam Technologies Spain S.L | International Comfort Technologies Private Limited |
|---|---|---|---|---|---|---|
| Place of incorporation | Australia | India | India | India | Spain | India |
| Date of incorporation / acquisition | 03-10-2005 | 19-04-2010 | 07-10-1994 | 26-03-2020 | 12-06-2019 | 01-10-2021 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | AUD AUD= INR 55.0228 | N.A. | N.A. | N.A. | EURO EURO= INR 89.6076 | N.A. |
| Share capital | 2373.38 | 9.46 | 1.05 | 1.00 | 9428.12 | 3000 |
| Reserves & surplus | 13725.97 | 5607.10 | 273.68 | 724.03 | 10119.94 | (2710.44) |
| Total assets | 41717.06 | 5625.66 | 286.69 | 1003.52 | 56905.69 | 25512.07 |
| Total Liabilities | 25618.26 | 9.09 | 11.96 | 278.49 | 37357.63 | 25222.51 |
| Investments | - | - | - | 510.27 | 27.27 | 10.59 |
| Turnover | 44938.28 | 196.55 | 10.00 | 2293.03 | 39675.85 | 8545.97 |
| Profit/(Loss) before taxation | 737.36 | (167.89) | 31.66 | 276.97 | 3024.28 | (2480.56) |
| Provision for taxation | 221.29 | (30.37) | 8.47 | 45.96 | 606.49 | (502.09) |
| Profit/(Loss) after taxation | 516.07 | (198.26) | 23.19 | 231.01 | 2417.79 | (1978.47) |
| Proposed Dividend | NIL | NIL | NIL | NIL | NIL | NIL |
| % of shareholding | 100% | 100% | 100% | 100% | 100% | 100% |

**Note-**

1. Joyce Foam Pty Ltd, Divya Software Solutions Private Limited, Sleepwell Enterprises Private Limited ,Staqo World Private Limited and International Foam Technologies Spain S.L. and International Comfort Technologies Private Limited are wholly owned subsidiaries of the Company.

2. Joyce W C NSW Pty Ltd (Australia), Interplasp SlU ( Spain), Staqo World KFT (Hungry), Staqo Inc USA & Staqo Technologies LLC (UAE) are step down subsidiaries.

# Annexure- B

## Corporate Governance Report

Our Corporate Governance is a true reflection of our value systems enshrined in our Vision Statement. Our Vision statement places highest reliance on the values of Integrity, Reliability, Proactivity and Transparency. We firmly believe that Corporate Governance, based on these value systems, is vital to not only enhance stakeholders' trust, but also for the success of the organisation. Your company remains committed to follow best governance practices in true spirit.

## Board of Directors ("Board")

The Company is managed and guided by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Board has been entrusted with the requisite powers, authorities and duties to enable it to discharge its responsibilities and provide effective leadership to the Business. The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialisation and bring a wide range of skills and experience to the Board.

The Chairman and Managing Director of the Company provides vision and leadership for achieving the approved strategic plan and business objectives. He presides over the Board and the Shareholders' meetings. The Managing Director with the support of the Whole-time Directors and Senior Executives oversees the operations of the Company.

As on the date of this report the Board comprises of 9 (Nine) Directors, which include 5 (Five) Non-Executive Independent Directors and 4 (Four) Executive Directors. There are 2 (Two) Women Directors one of whom is Independent Director.

During the financial year None of the Independent Directors of the Company served as an Independent Director in more than seven listed Companies. The composition of the Board is in line with Regulation 17 of Listing Regulations. None of the Directors on the Board is a Member on more than 10 Committees, and Chairperson of more than 5 Committees across all listed companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

## Meetings of the Board

The Board of Directors met seven times during the financial year ended on March 31, 2023. Board Meetings were held on 11 April, 2022, 12 May, 2022, 17 June, 2022, 02 August 2022, 08 November 2022, 16 January 2023 and 02 February, 2023.

The maximum gap between any two Board Meetings was less than one hundred twenty days.

## Independent Directors

All independent Directors have confirmed that they meet the criteria as stipulated under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with Section 149(6) of the Companies Act, 2013.

The maximum tenure of Independent directors is in compliance with the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company (web link http://www.sheelafoam.com).

Regulation 25(3) of Listing Regulations read with Schedule IV of the Companies Act, 2013 and the rules under it mandate that the Independent Directors of the Company hold at least one meeting in a year without the attendance of Non-Independent Directors and members of the management. During the year, separate meeting of the Independent Directors was held on February 2nd, 2023 without the attendance of non-independent directors and members of the management. All the Independent Directors attended the said meeting. The independent directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

## Familiarisation programme for Independent Directors

The Board/Committee members are provided with the necessary documents/brochures, reports and internal policies, codes of conduct to enable them to familiarise with the Company's procedure and practices. Directors are regularly updated on performance of the business of the Company, business strategy going forward and new initiative being taken/proposed to be taken by the Company through presentation by head of the Departments. Factory/office visits are organised from time to time for the Directors. The policy of the familiarisation programme of the Independent Directors are available on the Company's website at http://www.sheelafoam.com.

## Composition of Board

The composition of the Board of Directors at the end of Financial Year i.e 31st March, 2023, their attendance at the Meetings during the year and at the last Annual General Meeting as also the detail with regard to outside Directorships and committee positions are as under:-

| Name of the Director and DIN | Category | Number of meeting attended | Attendance in Last AGM held on 18th August, 2022 | No.of other Directorship in listed company including this company | No. of Committee positions held including other Companies## | |
|---|---|---|---|---|---|---|
| | | | | | Chairman | Member |
| Rahul Gautam# 00192999 | Promoter & Executive Director | 7 | Yes | 1 | 0 | 0 |
| Namita Gautam# 00190463 | Executive Director | 6 | Yes | 1 | 0 | 0 |
| Rakesh Chahar 00180587 | Executive Director | 7 | Yes | 1 | 0 | 0 |
| Tushaar Gautam# 01646487 | Executive Director | 7 | Yes | 1 | 0 | 1 |
| Vijay Kumar Chopra* 02103940 | Independent Director | 2 | NA | 3 | 2 | 5 |
| Som Mittal 00074842 | Independent Director | 7 | Yes | 3 | 2 | 0 |
| Ravindra Dhariwal 00003922 | Independent Director | 7 | NO | 3 | 0 | 4 |
| Anil Tandon 00089404 | Independent Director | 7 | Yes | 1 | 0 | 1 |
| Vijay Kumar Ahluwalia 08078092 | Independent Director | 7 | Yes | 1 | 0 | 1 |
| Meena Jagtiani 08396893 | Independent Director | 7 | Yes | 1 | 1 | 1 |

# Mr. Rahul Gautam, Managing Director is husband of Mrs. Namita Gautam and father of Mr. Tushaar Gautam and are thus related.

## The committees considered for the purpose are those prescribed under Regulation 26 of Listing Regulations i.e. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies whether listed or not.

*Mr. Vijay Kumar Chopra retired on 6th June, 2022

## Board Functioning and procedure

- **Board Meeting Frequency and circulation of Agenda papers:** The Board and its Committees meet at regular intervals for discussion on agenda circulated well in advance by the Company. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meeting. Where it is not practical to attach, or send the relevant information as a part of agenda papers, the same are tabled at the Meeting. To meet the business exigencies or urgent matters the resolutions are passed by the Directors by Circulation.

  The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board reviewed compliance reports prepared by the Company periodically.

- **Presentations by the Management:** The Senior Management of the Company is invited at the Board meetings to provide presentation/clarifications as and when necessary.

- **Access to Employees:** The Directors bring an independent perspective on the issues deliberated by the Board. They have access to any information of the Company as they may need to discharge their duties and to any employee of the Company.

**Availability of Information to Board members include:**

1. Annual operating plans and budgets and any updates thereof;
2. Capital budgets and any updates thereof;
3. Quarterly results of the Company and its operating divisions and business segments;
4. Minutes of Meetings of the Audit Committee and other Committees of the Board;
5. Recruitment and remuneration of senior officers below board level, including appointment and removal of Chief Financial Officer and the Company Secretary as per SEBI (LODR) Regulations 2015;
6. Materially important show cause, demand, prosecution and penalty notices report;

7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;

8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;

9. Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;

10. Details of any joint venture or collaboration agreement;

11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;

12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.;

13. Sale of material nature, of investments, subsidiaries and assets which is not in the normal course of business;

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and

15. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

**Appointment/Re-appointment of Directors:**

The information/details pertaining to Directors seeking appointment/re-appointment in the ensuing Annual General Meeting (AGM), is provided in the Notice for the AGM.

## Audit Committee

The Committee comprises of Three Directors which include two Non-Executive Independent Directors and one Executive Director of the Company. The Chairman of the Committee is Mr Som Mittal a Non Executive Independent Director.

The constitution and terms of reference of the Audit Committee meet the requirements of Regulation 18 of the Listing Regulations read with the relevant provisions of the Companies Act, 2013. The Company Secretary is the Secretary to the Audit Committee.

## Meetings and Attendance

The Audit Committee met 4 (four) times during financial year 2022-23 ended on 31st March, 2023 on 12 May, 2022, 02 August 2022, 08 November 2022 and 02 February, 2023.

The maximum gap between any two meetings was less than four months. The attendance of each Committee Member is as under:

| Name of the Members | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Som Mittal (Chairman) | 4 | 4 |
| Mr. Ravindra Dhariwal | 4 | 4 |
| Mr. V. K. Chopra# | 1 | 1 |
| Mr. Tushaar Gautam | 4 | 4 |

Mr. Som Mittal, Chairman of the Audit Committee attended the 50th Annual General Meeting.

# Mr. V. K. Chopra retired on 6th June, 2022

**The terms of reference of the Committee are as under:**

(i) The Audit Committee shall have powers, which should include the following:

(a) To investigate any activity within its terms of reference;

(b) To seek information from any employee of the Company;

(c) To obtain outside legal or other professional advice; and

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

(ii) The role of the Audit Committee shall include the following:

(a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgement by the management of the Company;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements

(vi) Disclosure of any related party transactions; and

(vii) Qualifications / modified opinion(s) in the draft audit report.

(e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

(j) Scrutiny of inter-corporate loans and investments;

(k) Valuation of undertakings or assets of the company, wherever it is necessary;

(l) Evaluation of internal financial controls and risk management systems;

(m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(o) Discussion with internal auditors of any significant findings and follow up there on;

(p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(q) Discussion with 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;

(r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(s) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

(t) To review the functioning of the whistle blower mechanism;

(u) Approval of the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(v) Overseeing the vigil mechanism including to whom directors and employee shall report in case of any concern; and

(w) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(iii) The Audit Committee shall mandatorily review the following information:

(a) Management discussion and analysis of financial condition and results of operations;

(b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;

(c) Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;

(d) Internal audit reports relating to internal control weaknesses;

(e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

(f) Statement of deviations:

(i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and

(ii) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;

(g) review the financial statements, in particular, the investments made by any unlisted subsidiary.

**Nomination and remuneration Committee**

The Chairman of the Nomination and Remuneration Committee is Mr. Ravindra Dhariwal a Non-Executive Independent Director. The Committee comprises of the following Directors as on 31st March 2023.

1. Mr. Ravindra Dhariwal- Chairman, Independent Director
2. Mr. Som Mittal-Independent Director
3. Mrs. Meena Jagtiani- Independent Director

The constitution and term of reference of the Nomination and Remuneration Committee (NRC) meet the requirements of Regulation 19 of the Listing Regulations read with the relevant provisions of the Companies Act, 2013.

**Meetings and Attendance**

Nomination and remuneration Committee met 3 (three) times during financial year 2022-23 ended on 31 March, 2023 on 11 May, 2022, 23 September 2022 and 07 November 2022.

| Name of the Members | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Ravindra Dhariwal (Chairman) | 3 | 3 |
| Mrs. Meena Jagtiani | 3 | 3 |
| Mr Som Mittal | 3 | 3 |
| Mr. V. K. Chopra# | 1 | 1 |

# Mr. V. K. Chopra retired on 6th June, 2022

**The terms of reference of the Committee are as under:**

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report of the Company;

(e) Analysing, monitoring and reviewing various human resource and compensation matters;

(f) Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(g) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), usually consisting of a fixed and variable component;

(h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(i) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(j) Administering the "Sheela Foam Employee Stock Option Scheme" (the "Plan");

(k) Determining the eligibility of employees to participate under the Plan;

(l) Granting options to eligible employees and determining the date of grant;

(m) Determining the number of options to be granted to an employee;

(n) Determining the exercise price under the Plan;

(o) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;

(p) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and

b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable."

(q) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

**Stakeholders Relationship Committee**

The Chairman of the Stakeholders Relationship Committee is Mrs. Meena Jagtianil, a Non-Executive Independent Director. The Committee comprises of the following Directors:

1. Mrs. Meena Jagtiani-Independent Director (Chairperson)
2. Mr. Anil Tandon-Independent Director
3. Mr. Vijay Kumar Ahluwalia- Independent Director

The constitution and term of reference of the Stakeholders Relationship Committee (SRC) meet the requirements of

Regulation 19 of the Listing Regulations read with the relevant provisions of the Companies Act, 2013.

**Meetings and Attendance**

Stakeholder Relationship Committee met 1 (one) time during financial year 2022-23 ended on 31 March, 2023 on 01 Nov 2022.

| Name of the Members | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mrs. Meena Jagtiani (Chairperson) | 1 | 1 |
| Mr. Anil Tandon | 1 | 1 |
| Lt. Gen (Dr.) Mr. Vijay Kumar Ahluwalia | 1 | 1 |

**The terms of reference of the Committee are as under:**

(a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re-materialization of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; and

(d) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.

**Details of Investor complaints**

During the Financial Year ended on 31 March, 2023, the Company not received complaint from investors relating to non-allotment/transfer of Shares. Details of investor complaints received and resolved during the Financial Year are as follows:

| Opening Balance | Received | Resolved | Pending |
|---|---|---|---|
| Nil | Nil | Nil | Nil |

**Corporate Social Responsibility Committee**

The Chairperson of the Corporate Social Responsibility Committee is Mr. Anil Tandon a Non-Executive Independent Director. The Committee comprises following Executive and Non-Executive Independent Directors:-

1. Mr. Anil Tandon-Independent Director (Chairperson)
2. Lt. Gen (Dr.) Vijay Kumar Ahluwalia-Independent Director
3. Mrs. Namita Gautam- Executive Director
4. Mrs. Meena Jagtiani- Independent Director

**Meetings and Attendance**

Corporate Social Responsibility Committee met 1 (One) time during financial year 2022-23 ended on 31 March, 2023 on 11 May 2022.

| Name of the Members | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Anil Tandon (Chairman) | 1 | 1 |
| Lt. Gen (Dr.) Vijay Kumar Ahluwalia | 1 | 1 |
| Mrs. Meena Jagtiani | 1 | 1 |
| Mrs. Namita Gautam | 1 | 1 |

**The terms of reference of the Committee are as under:**

(a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;

(b) To recommend the amount of expenditure to be incurred on the activities referred to in Policy of company on CSR, Schedule VII of the Companies Act, 2013 and rules made there under and any amendment thereof ;

(c) To monitor the Corporate Social Responsibility Policy of the company from time to time; and

(d) To do such other acts, deeds and things as may be directed by the board and required to comply with the applicable laws."

**Risk Management & ESG Committee**

The Committee reconstituted as Risk Management & ESG Committee during the year. The Chairperson of the Risk Management & ESG Committee is Lt. Gen (Dr.) Vijay Kumar Ahluwalia a Non-Executive Independent Director. The Committee comprises following :

1. Lt. Gen (Dr.) Vijay Kumar Ahluwalia- Independent Director
2. Mr. Som Mittal- Independent Director
3. Mr. Rakesh Chahar- Executive Director
4. Mr. Tushaar Gautam-Executive Director
5. Dr. Mahesh Narayanan N Gopalsamudram-Chief Operating Officer#

# Dr. Mahesh Narayanan N Gopalsamudram were appointed on 2nd February, 2023.

**Meetings and Attendance**

Risk Management Committee met 2 (Two) times during financial year 2022-23 ended on 31 March, 2023 on 07 July 2022 and 21 Dec 2022.

| Name of the Members | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Lt. Gen (Dr.) Vijay Kumar Ahluwalia | 2 | 2 |
| Mr. Rakesh Chahar | 2 | 2 |
| Mr. Tushaar Gautam | 2 | 2 |
| Mr. Som Mittal | 2 | 2 |

**Committee Responsibilities and Authority**

a) The committee shall evaluate significant risk exposures of the company and assess management's actions to mitigate the exposures in a timely manner.

b) The committee will coordinate its activities with the audit committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).

c) The committee shall make reports to the board, including with respect to risk management and minimization procedures.

d) The board shall review the performance of the committee.

e) The committee shall have access to any internal information of the company necessary to fulfil its oversight role. The committee shall also have the authority to obtain advice and assistance from internal or external experts /advisors.

f) The committee shall advise management in connection with the development and implementation of ESG strategies to preserve and enhance long-term shareholder value and to promote stakeholder interests;

g) The committee shall report to the Board on current and emerging topics relating to ESG Matters that may affect the business, operations, performance, or public image of the Company or are otherwise pertinent to the Company and its stakeholders and, if appropriate, detail actions taken in relation to the same.

h) The committee shall advise the Board on stakeholder proposals and other significant stakeholder concerns relating to ESG Matters.

i) The role and responsibilities of the committee shall include such other items as may be prescribed by applicable law or the board in compliance with applicable law, from time to time.

## General Body Meetings

Particulars of the last three General Meetings and Postal Ballot are as follows:

**Annual General Meeting**

| Year | Date & Day | Location | Time | Special Resolution |
|---|---|---|---|---|
| 2021-22 | 18th August 2022 | NA<br>Through Video Conference ("VC") /Other Audio Visual Means ("OAVM") | 10.00 AM | 1. Reappointment of Mr. Rahul Gautam as managing Director, Mrs. Namita Gautam as whole-time director, for a period of five year.<br>2. Increase the tenure as Non-executive Independent director of Mr. Som Mittal, Mr. Anil Tandon, Mr. V.K. Ahluwalia and Mrs. Meena Jagtiani to 5 Year,<br>3. Approve the ESOP 2022. |
| 2020-21 | 20th Aug 2021 | NA<br>Through Video Conference ("VC") /Other Audio-Visual Means ("OAVM") | 11.00 AM | Reappointment of Mrs. Meena Jagtiani as an Non executive independent director |
| 2019-20 | 14th Aug 2020 | NA<br>Through Video Conference ("VC") /Other Audio-Visual Means ("OAVM") | 10.30 AM | No Special Resolution |

**Extraordinary General Meeting**

| Year | Date & Day | Location | Time | Special Resolution |
|---|---|---|---|---|
| NIL | | | | |

## Postal Ballot

| Year | Date & Day | Special Resolution |
|---|---|---|
| 2021-22 | 16/01/2023 | 1. Resolution under section 180 (1) (a) of the Companies Act, 2013 for mortgage, hypothecate, pledge and or to create a charge.<br>2. Resolution under section 180 (1) (c) of the Companies Act, 2013 to approve the borrowing limits of the Company<br>3. Resolution under Section 186 of the Companies Act, 2013 to approve the loan/ guarantee/ investment limits of the Company |
| | 08/11/2022 | Issue of Bonus shares |
| 2020-21 | 15/01/2021 | 1. Reappointment of Mr. Vijay Kumar Chopra as Non-Executive Independent Director of the Company for a period of one year.<br>2. Reappointment of Mr. Som Mittal as Non-Executive Independent Director of the Company for a period of four year.<br>3. Reappointment of Mr. Ravindra Dhariwal as Non-Executive Independent Director of the Company for a period of five year.<br>4. Reappointment of Mr. Anil Tandon and Lt. Gen (Dr.) Vijay Kumar Ahluwalia as Non-Executive Independent Director of the Company for a period of three year. |

## Means of Communication with Shareholders

**a) Financial Results**

The financial results of the Company are communicated to all the Stock Exchanges where the Company's equity shares are listed. The results are published in 'Financial Express' in English and 'Jansatta' in the vernacular language.

**b) Website and email id for Investors**

Detailed information on the Company's business and products; quarterly and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website. The company has designated the email id investorrelation@sheelafoam.com for its investors.

**c) Intimation to Stock Exchanges:**

The Company intimates stock exchanges all information which in its opinion are material & of relevance to the shareholders. The Company also submits electronically various compliance reports/statements periodically in accordance with the provisions of the Listing Regulations on NSE and BSE's Electronic Filing Systems.

**d) Teleconferences and Press conferences, Presentation etc.:**

The Company held quarterly Investors Teleconferences and Press Conferences for the investors of the Company after the declaration of the Quarterly Results. The Company made presentations to institutional investors/analysts during the period which are available on the Company's website.

## General Shareholder Information

**(a) Annual General Meeting**

Date & Day: 18th July, 2022, Tuesday

Time: 10:00 a.m.

Venue- E-meeting, through video conference ("VC")/other Audio visual means ("OAVM")

**(b) Financial Year: April to March**

**(c) Listing on Stock Exchange**

The Company's equity shares are listed at the following Stock Exchanges.

| Name and Address of Stock Exchanges | Stock Code |
|---|---|
| **BSE Ltd.**<br>Phiroze Jeejeebhoy Towers, Dalal Street, Fort,<br>Mumbai - 400 023. | 540203 |
| National Stock Exchange of India Ltd.<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra€ Mumbai-400 051 | SFL |

## Market Price Data/Stock Performance: FY 2022-23 ended on March 31, 2023

The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The high low price during this period on the BSE and NSE was as under:-

| Month | Bombay Stock Exchange (BSE) (in ₹) | | National Stock Exchange (NSE) (in ₹) | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April 2022 | 4054 | 3484 | 4055 | 3476 |
| May 2022 | 3648 | 2850 | 3649 | 2855 |
| June 2022 | 3084 | 2547 | 3019 | 2550 |
| July 2022 | 2911 | 2575 | 2923 | 2577 |
| August 2022 | 3045 | 2621 | 3048 | 2805 |
| September 2022 | 3420 | 2807 | 3423 | 2805 |
| October 2022 | 2893 | 2569 | 2920 | 2590 |
| November 2022 | 2993 | 2533 | 2948 | 2535 |
| December 2022 | 2750 | 1204* | 2800 | 1202* |
| January 2023 | 1308 | 1205 | 1295 | 1204 |
| February 2023 | 1269 | 1111 | 1274 | 1120 |
| March 2023 | 1176 | 905 | 1192 | 906 |

- Bonus in the ration of 1:1 were allotted share.

**Stock Performance Graph**


## Registrar and Share Transfer Agent

**Address:**

**Link Intime India Private Limited**
Noble Heights, First Floor, Plot NH2
C-1 Block LSC, Near Savitri Market
Janakpuri, New Delhi-110058
Tel No : +91 1141410592,93,94
E-mail id : delhi@linkintime.co.in
Website : www.linkintime.co.in

**Share Transfer System**

The Company's share transfer authority has been delegated to the Company Secretary/ Registrar and Transfer Agent M/s Link Intime India Private Limited who generally has authority to approves and confirm the request for share transfer/ transmission/ transposition/ consolidation/ issue of duplicate share certificates/ sub-division, consolidation, remat, demat and perform other related activities in accordance with the Listing Agreement and SEBI (Depositories and Participants) Regulations, 1996.

Except Eleven shares all the shares of the company are in dematerialized form. As per the requirement of Regulation 40(9) of the Listing Regulations a certificate on half yearly basis confirming due compliance of share transfer/transmission formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

**Distribution of Equity Shareholding as on March 31, 2023**

| Group of Shares | Number of Shareholders | % to total Shareholders | Number of Shares held | % to Total Shares |
|---|---|---|---|---|
| 1-500 | 27289 | 98.4914 | 794996 | 0.8148 |
| 501-1000 | 197 | 0.711 | 139761 | 0.1432 |
| 1001-2000 | 76 | 0.2743 | 105375 | 0.1080 |
| 2001-3000 | 27 | 0.0974 | 64814 | 0.0664 |
| 3001-4000 | 15 | 0.0541 | 54414 | 0.0558 |
| 4001-5000 | 10 | 0.0361 | 46208 | 0.0474 |
| 5001- 10000 | 21 | 0.0758 | 148422 | 0.1521 |
| 10001 & above | 72 | 0.2599 | 96211626 | 98.6123 |
| **Total** | **27707** | **100.000** | **97565616** | **100.000** |

**Shareholding Pattern as on March 31, 2023**

| Category | Number of Shares held | %-Issued Capital |
|---|---|---|
| Promoter and Prompter Group | 71174174 | 72.95 |
| Mutual Funds | 21680407 | 22.22 |
| Insurance Companies | 9741 | 0.01 |
| Foreign Portfolio Investors(Corporate) | 3183734 | 3.26 |
| Non Resident Indians | 50315 | 0.05 |
| Non Resident (Non Repatriable) | 194665 | 0.20 |
| Clearing Members | 6131 | 0.01 |
| Other Bodies Corporate | 17866 | 0.02 |
| Body corp LLP | 64923 | 0.07 |
| Hindu Undivided Family | 68659 | 0.07 |
| Alternate Investment Funds | 52875 | 0.05 |
| Individual | 1062126 | 1.09 |
| **TOTAL :** | **97565616** | **100** |

**Dematerialisation of Shares & Liquidity**

As on March 31, 2023, all the equity share capital of the Company were held in dematerialised form except 11 shares. The ISIN allotted in respect of equity shares of ₹ 5/- each of the Company by NSDL/CDSL is INE916U01025.

**Plant Locations of Sheela Foam Limited**

| | |
|---|---|
| Plot No-51A, Udyog Vihar,<br>Greater Noida, Dist. GautamBudh Nagar<br>201306 (Uttar Pradesh) | N.H 8, Near Bhilad Check Post<br>Village- Talwada-Taluka Umergoan<br>Dist: Valsad - 396105 (Gujarat) |
| Village- Habibpur, Noida Dadri Road<br>Gautambudh Nagar-201304 | Survey No.-852, Medchal Industrial Area<br>R.R.Disttrict-501401, Hyderabad (Telagana) |
| Village Mardanpur, Near Shamboo<br>Teh. Rajpura, Dist. Patiala-140401 (Punjab) | MM-3, Phase-4,<br>Sipcot Industrial Growth Centre,<br>P.O.Palayam, Village:Perundurai,<br>Erode- 638052 Tamilnadu |
| Mainthapal, Nahan Road<br>Kalaamb, Dist. Sirmour, Himachal Pradesh-173030 | Kanchanjanga Integrated Hub<br>P.O. Fatapukur, P.S.Rajganj,<br>Dist. Jalpaiguri.Pin-735134(West Bengal) |
| Survey No.257, Saily, Umarkui Road<br>City- Silvassa,State-( U.T. Of DNH &DAMAN DIU)<br>Pin code-396230 | 37/2, Site IV, Sahibabad Industrial Area,<br>Ghaziabad Uttar Pradesh 201010 |

**Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practising Company Secretaries/ Chartered Accountants carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

**Disclosures of Accounting Treatment**

In the financial statements for the year ended March 31, 2023, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

**Related Party Transactions**

During the year there was no materially significant related party transaction which may have potential conflict with the interest of the Company. The Company has formulated a Related Party Transaction policy which has been uploaded on its website at http://www.sheelafoam.com. Details of related party information and transactions are being placed before the Audit Committee from time to time. The omnibus approval is also obtained from the Board. The details of the related party transactions during the year have been provided in Note to the financial statements.

**Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets.**

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

**Whistle Blower Policy and Affirmation that no personnel has been denied access to the Audit Committee**

The Company has established a vigil mechanism through a Whistle Blower Policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimisation of director(s)/ employee(s) who express their concerns and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no personnel was denied access to the Audit Committee.

**Code for prevention of Insider Trading**

The Company has instituted code on prevention of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations. The Code lays down the guidelines which advise on procedures to be followed and disclosures to be made, while dealing in shares of the Company and the consequences of the non-compliances.

**Code of conduct for Directors and Senior Executives**

The Company has laid down a Code of Conduct for all Board Members and the Senior Executives of the Company. The Code of conduct is available on the Company's website www.sheelafoam.com. The code of conduct was circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended 31 March, 2023. A declaration to this effect signed by the Chairman & Managing Director is given below:

**To**

**The Shareholders of Sheela Foam Limited.**

**Sub.: Compliance with Code of Conduct**

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the financial year ended 31 March, 2023.

Date: May 17, 2023
Place: Noida

**Rahul Gautam**
Chairman and Managing Director

## MD/CFO Certification

The Managing Director & CFO have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Regulation 17 (8) of Listing Regulations for the year ended March 31, 2023. The said certificate forms part of the Annual Report.

### Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The details of mandatory requirements are mentioned in this Report. The Company is in compliance with the requirements specified under Clause 49 of the Listing Agreements and regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations, as applicable, with regard to corporate governance.

Further, as required under the SEBI Regulations, the Company has executed fresh Listing Agreements with BSE Limited and National Stock Exchange of India Limited and has adopted Policy on Preservation of Documents, Archival Policy and Policy for determination of Materiality.

### Modified opinion(s) in audit report

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended March 31, 2023 is unmodified.

### Compliance Certificate on Corporate Governance from the Auditor

The certificate dated May 17, 2023 from the Statutory Auditors of the Company confirming compliance with the Corporate Governance requirements as stipulated under Listing Regulations is annexed hereto.

The above report has been adopted by the Board of Directors of the Company at their meeting held on May 17, 2023.

# CEO/CFO Certification

To
The Board of Directors
**Sheela Foam Limited**

**Sub: CEO/CFO certification under Regulation 17 (8) of Listing Regulations**

We, Rahul Gautam, Chairman and Managing Director, Mr. Amit Kumar Gupta, Group CFO certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

   (i) That there were no significant changes in internal control over financial reporting during the year;

   (ii) That there were no significant changes in accounting policies during the year and

   (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rahul Gautam**
Chairman and Managing Director

**Amit Kumar Gupta**
Group Chief Financial Officer

Place: Noida
Date: May 17, 2023

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,
The Members of
**Sheela Foam Limited**
604 Ashadeep, 9 Hailey Road,
New Delhi-110001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Sheela Foam Limited** having CIN (L74899DL1971PLC005679) and having registered office at 604 Ashadeep, 9 Hailey Road, New Delhi 110001 (hereinafter referred to as the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S.N. | Name of Director | DIN | Date of appointment in Company |
|---|---|---|---|
| 1 | Rahul Gautam | 00192999 | 01/04/1996 |
| 2 | Namita Gautam | 00190463 | 14/11/2003 |
| 3 | Rakesh Chahar | 00180587 | 14/11/2003 |
| 4 | Tushaar Gautam | 01646487 | 01/04/2007 |
| 5 | Vijay Kumar Chopra* | 02103940 | 07/06/2016 |
| 6 | Som Mittal | 00074842 | 07/06/2016 |
| 7 | Ravindra Dhariwal | 00003922 | 07/06/2016 |
| 8 | Anil Tandon | 00089404 | 07/06/2016 |
| 9 | Vijay Kumar Ahluwalia | 08078092 | 05/03/2018 |
| 10 | Meena Jagtiani | 08396893 | 08/04/2019 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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.

* Retired on 6th June 2022

For **AVA Associates**
Company Secretaries

**Amitabh**
Partner
CP: 5500
Membership No. A14190
UDIN: A01419E000326282

Place: Delhi
Date: May 17, 2023

## Certificate on Compliance with the Regulations of Corporate Governance

To the Members of **Sheela Foam Limited**

We the Secretarial Auditor of **Sheela Foam Limited** (the Company') have examined the compliance of Corporate Governance for the year ended March 31, 2023 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of the Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ('the Regulations') as amended from time to time.

**Management's Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliances with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Practicing Company Secretaries' Responsibility**

Our responsibility is limited to the examination of the procedures and the implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records and documents maintained by the Company as produced before us, for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

**Opinion**

Based on our examination of relevant records and information and according to the explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, during the year ended March 31, 2023, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For AVA Associates**
Company Secretaries

**(Amitabh)**
Partner
PCS 5500
Mem No 14190
UDIN: A014190E000326337

Place: Delhi
Date: May 17, 2023

# Annexure-C

## FORM NO. AOC -2

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

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

### 1. Details of contracts or arrangements or transactions not at Arm's length basis.

**None; During the reporting period ended on 31st March 23 , all transactions were at Arms's length basis.**

During the reporting period all other transactions are on arm's length basis.

| SL. No. | Particulars | Details |
|---|---|---|
| 1 | Name (s) of the related party & nature of relationship | NA |
| 2 | Nature of contracts/arrangements/transaction | NA |
| 3 | Duration of the contracts/arrangements/transaction | NA |
| 4 | Salient terms of the contracts or arrangements or transaction including the value, if any | NA |
| 5 | Justification for entering into such contracts or arrangements or transactions' | NA |
| 6 | Date of approval by the Board | NA |
| 7 | Amount paid as advances, if any | NA |
| 8 | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | NA |

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

**NONE; DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL* CONTRACT OR ARRANGEMENT.**

(*As defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.)

(a) Name(s) of the related party and nature of relationship: NA

(b) Nature of contracts / arrangements / transactions: NA

(c) Duration of the contracts / arrangements / transactions: NA

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA

(e) Date(s) of approval by the Board, if any: NA

(f) Amount paid as advances, if any: NA

# Annexure-D

## SECRETARIAL AUDIT REPORT

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

**FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023**

To,
The Members
**Sheela Foam Limited**
604 Ashadeep, 9 Hailey Road,
New Delhi-110001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as listed in Annexure A) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit.

We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st of March 2023, complied with the laws listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sheela Foam Limited for the financial year ended on 31st of March 2023 according to the provisions of:

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

b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

e. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

    - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
    - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

f. Other sector specific laws like the Petroleum Act, 1934 ("Petroleum Act") and Petroleum Rules, 2002 ("Petroleum Rules"); Bureau of Indian Standards Act, 1986 ("BIS Act") and Bureau of Indian Standards Act, 2016; Consumer Protection Act, 1986; Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Wastes Rules") and Environmental laws and regulations and other laws applicable to manufacturing companies.

g. Labour laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on a contractual basis as related to wages, gratuity, provident fund, ESIC, compensation and labour laws of the respective States where the Company operates.

The Listing Agreements entered into by the Company with the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.

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

## We further report that:-

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. 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. During the year Mr. Vijay Kumar Chopra ceased to be a director on 06.06.2022 on completion of his term of appointment. The CFO Mr. Nikhil Ghanshyam Datye resigned with effect from 05.12.2022.

Adequate notices were given to all the Directors to schedule the Board Meetings. Agendas and detailed notes on agendas were sent at least seven days in advance, except where it was called urgently, 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.

Decisions of the Board were carried out unanimously and Minutes of the meetings were recorded properly.

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:

1. The Company complied with the provisions of section 149 of the Companies Act, 2013, and rules thereunder. The Company at the end of the review period, has Five Independent Directors on the Board wherein one independent director is a woman.

2. The Committees of the Board, met to transact businesses during the year, as given below:-

    a) Audit Committee - 4 times
    b) Corporate Social Responsibility Committee- 1 time
    c) Nomination and Remuneration Committee -3 times
    d) Stakeholders Relationship Committee- 1 time
    e) Risk Management Committee - 2 times

3. All regulatory reporting, including but not limited to the filing due with the stock exchanges listed, SEBI, Reserve Bank of India (RBI) and the Ministry of Corporate Affairs (MCA) was done regularly.

4. We further report that during the reporting period, the company has

    i. Issued Bonus Equity Shares to the existing shareholders of the company to the tune of ₹ 487,82,808 equity shares of ₹ 5/- each;
    ii. Increased its authorised capital from ₹ 44,01,05,000.00 to ₹ 100,00,00,000.00;
    iii. The company issued an Employees Stock Option plan;
    iv. The company has initiated the process of amalgamation of International Comfort Technologies Pvt Ltd, a subsidiary company with itself, and approved the scheme therefore.

5. Our report is to be read along with the representations disclosed in Annexure B.

For **AVA Associates**
Company Secretaries

**(Amitabh)**
Partner
CP: 5500
UDIN: A014190E000326227
PR No: 1478/2021

Place: Delhi
Date: May 17, 2023

## Annexure A- List of Documents Verified

1. Memorandum & Articles of Association of the Company.
2. Annual Reports of the Company.
3. Minutes of the meetings of the Board of Directors and the committees thereof (along with Attendance Register) held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers under the Companies Act, 2013.
6. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
8. E-Forms and documents filed by the Company, from time-to-time, under applicable provisions of Companies Act, 2013 and listing agreement and securities regulation laws along with the attachments thereof during the financial year under report.
9. Registers and returns maintained under various applicable labour laws.
10. Other State specific laws.
11. Intimations / documents / reports / returns filed/ under the provisions of sectoral laws related to manufacturing of PUF, Foam and other products during the financial year under report.
12. Filings made with Reserve Bank of India under the Foreign Direct Investment Guidelines

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## Annexure B- Responsibility Statement

To,
The Members
**Sheela Foam Limited**
604 Ashadeep, 9 Hailey Road,
New Delhi-110001

Our report is to be read along with the following:

Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.

We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and the happening of events, etc.

Compliance with the provision of corporate and other applicable laws, rules, regulations, and standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.

The secretarial audit report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **AVA Associates**
Company Secretaries

**(Amitabh)**
Partner
CP: 5500
UDIN: A014190E000326227

Place: Delhi
Date: May 17, 2023

# Annexure-E

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES FOR THE YEAR 2022-23: Annexure II.

### 1. Brief outline on CSR Policy of the Company.

The company is committed to society for improving quality of life of people living in under privileged area especially those from socially and economically backward areas. Company's CSR efforts shall focus on Education, Employability and Health for relevant target groups, ensuring diversity and giving preference to needy and deserving people inhabiting in rural India. The Company has adopted Corporate Social Responsibility (CSR) Policy. The policy has been uploaded on the website of the Company www.sheelafoam.com. The various programme includes Education, Swach Bharat, community, rural development and all the Government Notified Fund. The Company has a CSR arm, Sleepwell Foundation(Trust). It has been promoting education, skill development, wellness, cleanliness, since 2001.

During the year under review the CSR initiatives have been made mainly in the area of education, healthcare, sanitation and eradicating hunger, poverty and malnutrition.

### 2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. Anil Tandon | Chairman | 1 | 1 |
| 2 | Lt. Gen (Dr.) Vijay Kumar Ahluwalia | Member | 1 | 1 |
| 3 | Mrs. Namita Gautam | Member | 1 | 1 |
| 4 | Mrs. Meena Jagtiani | Member | 1 | 1 |

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

   www.sheelafoam.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

   NA

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

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---|---|---|---|
| 1 | NA | NA | NA |

6. Average net profit of the company as per section 135(5).

   ₹ 23,800.89 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5) ₹ 476.02 Lakhs

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NA

   (c) Amount required to be set off for the financial year, if any : NA

   (d) Total CSR obligation for the financial year (7a+7b-7c). 476.02 Lakhs

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

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| ₹ 523.02 Lakhs | NIL | NA | NA | NIL | NA |

(b) Details of CSR amount spent against ongoing projects for the financial year: (₹ In Lakhs)

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Project duration. | Amount allocated for the project (in ₹). | Amount spent in the current financial Year (in ₹). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹). | Mode of Implementation - Direct (Yes/ No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | Education/ Skill Development / Health Care | Promoting Education including employment enhancing vocational skills, conducting wellness awareness programme, contributing sanitation programme | Y | Delhi, Uttar Pradeh, Uttrakhand, Himachal Pradesh, Chandigarh, Telengana, West Bengal, Gujarat and Madhya Pradesh | | Yearly allocation | 275.00 | 275.00 | NIL | No (Through Sleepwell Foundation) | NA | NA |
| 2. | Health Care/ Education/ Skill Development / Art and Culture | Proving Health Support, Promoting Education including employment enhancing vocational skills | Y | Uttar Pradesh, Uttarakhand, Delhi, Himachal Pradesh, Gujarat and Chandigarh | | General | 248.02 | 248.02 | NIL | Yes | NA | NA |
| | **Total** | | | | | | **523.02** | **523.02** | **NIL** | | | |

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

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in ₹). | Mode of implementation - Direct (Yes/ No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | NA | NA | NA | NA | NA | NA | NA | NA | NA |

(d) Amount spent in Administrative Overheads: NIL

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 523.02 lakhs

(g) Excess amount for set off, if any

| Sl. No. | Particular | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 476.02 Lakhs |
| (ii) | Total amount spent for the Financial Year | 523.02 Lakhs |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 47 Lakhs |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 47 Lakhs |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹). | Date of transfer. | |
| 1. | NA | NA | NA | NA | NA | NA | NA |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹). | Amount spent on the project in the reporting Financial Year (in ₹). | Cumulative amount spent at the end of reporting Financial Year. (in ₹) | Status of the project - Completed / Ongoing. |
| 1 | NA | NA | NA | NA | NA | NA | NA | NA |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

**(Asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s). NA

(b) Amount of CSR spent for creation or acquisition of capital asset. NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA

Sd/-
(Managing Director or Director)

Sd/-
(Chairman CSR Committee)

# Annexure-F

## Particulars of Employees

Particulars of Employees Pursuant to Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i) The percentage increase in remuneration of each Director, the CFO and the CS during the Financial Year 2023, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2023.

ii)

| Name and Designation | Remuneration for Financial Year 2023 (₹ in Lakhs) | % increase/ (Decrease) of remuneration in the Financial Year 2023 | Ratio of remuneration to Median Remuneration |
|---|---|---|---|
| **Mr. Rahul Gautam Managing Director** | | | |
| Mr. Rahul Gautam<br>Managing Director | 424.69 | (1.66) | 146 |
| Mrs. Namita Gautam<br>Wholetime Director | 227.36 | (0.82) | 78 |
| Mr. Rakesh Chahar<br>Wholetime Director | 224.47 | (1.01) | 77 |
| Mr. Tushaar Gautam<br>Wholetime Director | 234.80 | (0.72) | 80 |
| **Non Executive Independent Director** | | | |
| Mr. Vijay Kumar Chopra<br># Non Executive Independent Director | 2.75 | NA | 9 |
| Mr. Som Mittal<br>Non Executive Independent Director | 30.00 | 17.65 | 10 |
| Mr. Ravindra Dhariwal<br>Non Executive Independent Director | 27.75 | 9.90 | 9 |
| Mr. Anil Tandon<br>Non Executive Independent Director | 24.75 | 25.32 | 8 |
| Lt. Gen (Dr.) Vijay Kumar Ahluwalia<br>Non Executive Independent Director | 26.00 | 20.93 | 9 |
| Mrs. Meena Jagtiani<br>Non Executive Independent Director | 26.25 | 23.52 | 9 |
| **Key Managerial Personnel** | | | |
| ##Mr. Nikhil Datye,<br>Group CFO | 93.93 | NA | NA |
| Mr. Md Iquebal Ahmad<br>Company Secretary | 23.71 | 26 | 8 |

#Mr. Vijay Kumar Chopra retired on 6th June, 2022

##Mr. Nikhil Datye was resigned as Group CFO w.e.f 05th December 2022.

**Note:**

(i) The remuneration of the non-executive Independent directors includes sitting fees for attending Board/Committee meetings and since they were appointed during the mid of the last financial year or this Financial Years there is no comparison for % increase in remuneration.

(ii) The employee and the salary details hereinafter provided are for employees excluding trainees.

(iii) The median remuneration of employees during the financial year was ₹ 2,90,731Lakh

(iv) In the financial year, there was an decrease of 3 % in the median remuneration of employees.

(v) Number of permanent employees on the role of the Company as on 31.03.2023 is 1,914

(vi) The remuneration is as per the remuneration policy of the company.

# Annexure-G

Particulars of Employees Pursuant to Section 197(12) of the Companies Act, 2013 Read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Name and Designation | Remuneration for FY 21 (₹ in Lakhs) | Experience (in years) | Educational Qualification | Previous employment and designation |
|---|---|---|---|---|
| Dr. Mahesh N Gopalasamudram (COO) | 143.48 | 24 | PhD | Manali Petrochemical |

# Annexure-H

## DIVIDEND DISTRIBUTION POLICY

### 1. Preamble

This Policy is drawn by the management to strike the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.;

### 2. Company's View

The view of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

### 3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

### 4. Parameters for declaration of Dividend

In line with the company's view stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

**Financial Parameters / Internal Factors:**

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends

**External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- Dividend pay-out ratios of companies in the same/similar industry.

**Circumstances under which the shareholders may or may not expect Dividend:**

The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.

**Utilization of retained earnings:**

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

## 5 Procedures

- The Chief Financial Officer in consultation with the MD of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.
- The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.
- Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.
- The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

## 6 Disclosure: The Company shall make appropriate disclosures as required under the SEBI Regulations.

## 7 General

- This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

# Annexure I

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## SECTION A: GENERAL DISCLOSURE

### I. Details of the Listed Entity

| | | |
|---|---|---|
| 1 | Corporate Identity Number (CIN) of the Company | L74899DL1971PLC005679 |
| 2 | Name of the Company | Sheela Foam Limited |
| 3 | Year of incorporation | 1971 |
| 4 | Registered office address | 604, Ashadeep 9 Hailey Road New Delhi-110001 |
| 5 | Corporate office address | 14, Sector 135, Noida, U.P-201301 |
| 6 | E-mail ID | investorrelation@sheelafoam.com |
| 7 | Telephone | +91 11 22026875 |
| 8 | Website | http://www.sheelafoam.com/ |
| 9 | Financial year for which reporting is being done | 1st April 2022 to 31st March 2023 |
| 10 | Name of the Stock Exchange(s) where shares are listed | National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) |
| 11 | Paid-up Capital | ₹ 48,78,28,080 |
| 12 | **Name and contact details of the person who may be contacted in case of any queries on the Business Responsibility and Sustainability Report (BRSR)** | |
| | Name of the Person | Md. Iquebal Ahmad (Company Secretary) |
| | Telephone | +911122026875 |
| | Email address | iquebal.ahmad@sheelafoam.com |
| 13 | **Reporting Boundary** | |
| | Type of Reporting (Standalone / Consolidated) | Disclosures made in this report are on a standalone basis |

### II. Product/Services:

14 Details of business activities (accounting for 90% of the turnover)

| S. No. | Description of Main Activity | Description of Business Activity | % Turnover of the Entity |
|---|---|---|---|
| 1 | Sale of products | Polyurethane Foam, Mattress, Pillow, Cushion and Home Comfort Products | 99.69% |

15 Products/Services sold by the Company (accounting for 90% of the entity's Turnover)

| S. No. | Product/Service | NIC Code | % of Total Turnover contributed |
|---|---|---|---|
| 1 | Polyurethane Foam, Mattress, Pillow, Cushion and Home Comfort Products | 31005 | 99.69% |

### III. Operations

16 Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | No. of Offices | Total |
|---|---|---|---|
| National | 11 | 1 | 12 |
| International | - | - | - |

17 Market served by the entity

a. No. of Locations

b. What is the contribution of exports as a percentage of the total turnover of the entity?

c. A brief on type of Customers

| Locations | Numbers |
|---|---|
| National (No. of States) | Pan-India |
| International (No. of Countries) | 8 (USA, Australia, UAE, EU, Saudi Arabia, Sri Lanka, Bangladesh and Nepal.) |
| | 1.9% |

Sheela Foam Limited serves a diverse range of customers across various sectors. The customer base includes but is not limited to: Wholesalers, Traders, End Consumers, Institutions, Government Departments, B2B Customers, Online Market Place etc.

**IV. Employees**

18. Details as at the end of financial year 2022-23:

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| **a.** | **Employees (including differently abled)** | | | | | |
| | **Employees** | | | | | |
| 1 | Permanent (A) | 666 | 612 | 92% | 54 | 8% |
| 2 | Other than Permanent (B) | 41 | 25 | 61% | 16 | 39% |
| **3** | **Total (A+B)** | **707** | **637** | **90%** | **70** | **10%** |
| **b.** | **Workers (including differently abled):** | | | | | |
| | **Workers** | | | | | |
| 1 | Permanent (E) | 1256 | 1197 | 95% | 59 | 5% |
| 2 | Other than Permanent (F) | 783 | 741 | 95% | 42 | 5% |
| **3** | **Total (E+F)** | **2039** | **1938** | **95%** | **101** | **5%** |
| **c.** | **Differently abled Employees** | | | | | |
| | **Employees** | | | | | |
| 1 | Permanent | 1 | 1 | 100% | 0 | 0% |
| 2 | Other than Permanent | 0 | 0 | 0% | 0 | 0% |
| **3** | **Total** | **1** | **1** | **100%** | **0** | **0%** |
| **d.** | **Differently abled Workers:** | | | | | |
| | **Workers** | | | | | |
| 1 | Permanent | 0 | 0 | 0% | 0 | 0% |
| 2 | Other than Permanent | 0 | 0 | 0% | 0 | 0% |
| **3** | **Total** | **0** | **0** | **0%** | **0** | **0%** |

19. Participation/Inclusion/Representation of women

| S. No. | Category | Total (A) | No. and % of females | |
|---|---|---|---|---|
| | | | No. (B) | % (B/A) |
| 1 | Board of Directors | 9 | 2 | 22% |
| 2 | Key Management Personnel * | 2 | 0 | 0% |

* KMPs include Chief Financial Officer and Company Secretary

20. Turnover rate for permanent employees and workers

| Category | FY 2022-23 (Turnover rate in current FY) | | | FY 2021-22 (Turnover rate in current FY) | | | FY 2020-21 (Turnover rate in current FY) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 12.00% | 7.50% | 11.65% | 11.22% | 8.42% | 11.02% | 8.94% | 14.17% | 9.39% |
| Permanent Workers | 5.71% | 8.40% | 5.83% | 5.89% | 1.61% | 5.96% | 12.90% | 15.27% | 13.02% |

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

21 (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether it is a Holding / Subsidiary / Associate / or Joint Venture | No. of Offices | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---|---|---|---|---|
| 1. | Joyce Foam Pty. Limited, Australia | Subsidiary | 100% | No |
| 2. | Divya Software Solutions (P) Ltd., India | Subsidiary | 100% | No |
| 3. | Sleepwell Enterprises (P) Ltd., India | Subsidiary | 100% | No |
| 4. | International Foam Technologies SL, Spain | Subsidiary | 100% | No |
| 5. | Staqo World Pvt. Ltd., India | Subsidiary | 100% | No |
| 6. | International comfort Technologies Private Limited, India | Subsidiary | 100% | No |

## VI. CSR Details:

22 a. Whether CSR is applicable as per the provision of Section 135 of Companies Act, 2013:

| | Yes |
|---|---|
| Turnover (in INR crore) | 2019.82 Cr. |
| Net worth (in INR crore) | 1,395.57 Cr. |

## VII. Transparency and Disclosures Compliances

23 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) If Yes, then provide web-link for grievance redress policy | FY 2022-23 Current Financial Year | | | FY 2021-22 (Turnover rate in current FY) | | |
|---|---|---|---|---|---|---|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | There is a dedicated email id for the communities to communicate their grievances. grievances@sleepwellfoundation.com | Nil | Nil | NA | Nil | Nil | NA |
| Investors (other than shareholders) | Investors can write about their grievances to the Compliance Officer of the Company at investorrelations@sheelafoam.com and there is webpage for investor contacts. https://sheelafoam.com/investor-contacts.html | Nil | Nil | NA | Nil | Nil | NA |
| Shareholders | Shareholders can raise their grievances through the SEBI Scores portal and through BSE/NSE | Nil | Nil | NA | Nil | Nil | NA |
| Employees and workers | Internal employee grievance mechanism is in place. Grievances are resolved on a monthly basis through an HR Help Desk. | Nil | Nil | NA | Nil | Nil | NA |

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) If Yes, then provide web-link for grievance redress policy | FY 2022-23 Current Financial Year | | | FY 2021-22 (Turnover rate in current FY) | | |
|---|---|---|---|---|---|---|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Consumers* | Consumer Complaints are attended at centralized customer care center and are resolved expeditiously.<br>Toll-free number: 18005705700<br>E-mail id: care@mysleepwell.com | 35264 | 640 | NA | 41644 | 549 | NA |
| Value Chain Partners | Our value chain partners can contact the procurement team, Quality & Assurance team or Product development team in case of any issue/grievances. | Nil | Nil | NA | Nil | Nil | NA |

**Note:** Consumers include distributors also.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| Sr. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/ opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 1 | Climate Change | Risk | The operations and business of an organization can be directly affected by critical sustainability risks such as climate change, water security, plastic waste, supply chain disruption, and sourcing challenges.<br>Additionally, there are regulatory and transition market risks associated with the transition to a low-carbon economy. These risks encompass changing consumer preferences, increased product costs, and future government policies and regulations. | 1. SFL's main consumption consists of Polyol, Polymer polyol, and Isocyanate in large quantities. The objective is to enhance bulk shipment and storage, aiming to minimize transportation impact and minimize excessive packaging.<br>2. Introducing block compression for interunit transfers and utilizing Bed in a Box (BIAB) when feasible will optimize space utilization, enhance delivery efficiency, and decrease the carbon footprint.<br>3. Variable Pressure Foaming (VPF) is the only closed loop slab Polyurethane foaming process available today. While it helps in manufacture of products that are differentiated as well as uses less chemicals and zero physical blowing agent in manufacturing. The role of the physical blowing agent is done by Vacuum. While predominantly the process emission is only carbon-di-oxide any trace volatile organics are also extracted by the activated charcoal that is part of the closed loop equipment. It is the most sustainable next generation foam processing technique. The Company is invested deeply with second equipment expected to be fully operational in India. Overseas operations in Spain and Australia are also capitalizing on this technology. | Initiatives and endeavors aimed at mitigating climate change risks may result in additional costs in the short-to-medium term. However, these costs can be partially offset by long-term efficiency improvements. Moreover, these initiatives enhance business resilience and safeguard long-term value. |

| Sr. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/ opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 2 | Energy Management | Opportunity | Energy management presents a strategic opportunity for a company like ours to reduce costs, enhance competitiveness, comply with regulations, improve reputation, drive innovation, and foster collaborations in the pursuit of sustainable and efficient operations. | 1. The company's objective is to decrease reliance on power supplied by the Electricity Board (NPCL) by transitioning to solar energy electricity. Several units have already been successfully converted to solar energy.<br>2. Within the next 6 months, we plan to replace diesel gen-sets with PNG (Piped Natural Gas) in the NCR region, using retrofitted devices. The remaining units will undergo assessment to determine the feasibility of accessing PNG supply from the government. | Implementing effective energy management practices can help reduce energy consumption and lower operational costs. Upon implementation of energy-efficient technologies and processes, optimizing equipment performance, and minimizing energy waste at all units, the company will significantly save on energy expenses. |
| 3 | Waste Management | Opportunity | By embracing waste management as an opportunity, we can reduce costs, enhance sustainability, comply with regulations, drive innovation, and contribute to a more circular economy. This not only benefits the company's bottom line but also strengthens its reputation and position in the market. | 1. With a timeline of over 12 months, the company is focused on streamlining packaging processes by adopting a unified layering approach that facilitates recycling and eliminates PVC packaging. Prototypes will be developed and presented internally for approval. The objectives include introducing recyclable packaging, reducing plastic consumption, and enhancing productivity. This initiative involves the elimination of PVC, resulting in reduced usage, improved recyclability, and increased efficiency.<br>2. The company has successfully implemented a comprehensive recycling program for polythene and plastic materials utilized in product packaging, aiming to achieve 100% recycling rates.<br>3. The company is committed to a paperless mission to conserve paper, trees, and water resources. Significant progress has already been made by digitizing invoices, packing lists, planning documents, and gate records. The next phase involves establishing a paperless shop floor and eventually transitioning the entire organization into a paperless environment. | While there is increased cost of developing sustainable packaging alternatives but in the long run, the recycling and sustainable ways of packaging will be beneficial to the organization. |
| 4 | Human Rights | Risk | Adverse financial and reputational consequences may arise from instances of human rights violation or failure to comply with statutory norms. | 1. To cultivate a culture of trust, comprehensive policies and procedures, including the Code of Business Conduct, Whistle Blower Policy, Policy of SFL towards Society, and POSH policy, are implemented.<br>2. Measures are in place to prevent workforce discrimination, sexual harassment, and ensure a free and fair working environment for employees. | Human rights violations and regulatory non-compliance can cause reputation and financial implications |
| 5 | Human Capital Development | Opportunity | The success of the Company's operations relies on the ongoing dedication, skills, and expertise of its corporate and divisional executive teams, as well as other highly qualified employees who possess extensive knowledge in business, technology, and operations. The market for skilled professionals is highly competitive, and there is no guarantee that the Company will be able to retain these employees or recruit and train suitable replacements without incurring significant costs or experiencing delays. | i. Investing in training and development programs<br>ii. Offering opportunities for growth and development demonstrates our commitment to our employees' professional growth.<br>iii. Building a robust talent pipeline across responsibility levels through requisite quality in key roles.<br>iv. Maintaining the wages more than minimum wage as per applicable code.<br>v. The company tries to maintain an employee friendly work environment. | Human Capital Development can improve the skills and knowledge of employees. This can lead to increased productivity, improved product quality, and operational efficiency within the company. |
| 6 | Occupational Health & Safety | Risk | Providing comprehensive training on safety procedures, compliance regulations, and ethical practices fosters a secure work environment, reduces accidents, ensures adherence to regulatory requirements, and safeguards the company against legal and reputational risks. | The company has established an On-site Emergency Control Plan, encompassing bi-annual mock drills involving government authorities and neighboring large industries. Additionally, regular safety training sessions are conducted, and all employees at the manufacturing plants are equipped with necessary safety gear. | Non-adherence to the health and safety protocols can impact on health and well-being of employees at the Company. |
| 7 | Product Quality & Safety | Risk | Implementing robust quality control measures and adhering to safety regulations are vital in order to prevent product recalls, mitigate legal repercussions, and safeguard SFL's reputation. It is crucial for us to not only maintain our own adherence to these standards but also ensure that our suppliers and partners uphold similar quality and safety practices. | SFL guarantees compliance with Restriction of Hazardous Substances (RoHS) and REACH regulations, ensuring that all produced foams meet the required standards without the utilization of restricted or harmful chemicals.<br>The company has incorporated NeemFresche technology, sourced from sustainable coconut plantations. This innovative solution physically eliminates pathogens and maintains long-lasting effectiveness. Unlike other protectants, NeemFresche forms durable bonds with cellular structures, ensuring continued protection even with prolonged use and frequent washes. Moreover, NeemFresche has no adverse environmental impact, making it safe for use without any leaching into the air, soil, or water. | Enhancing product quality always provide an enhancement to brand presence and reputation, |

SheelaFoam

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| **Policy and Management Processes** | | | | | | | | | |
| 1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available | Some of our policies are available at https://www.sheelafoam.com/investor.html. Other internal policies are placed on the intranet of the Company and are open to access by the relevant stakeholders. | | | | | | | | |
| 2 Whether the entity has translated the policy into procedures. (Yes / No) | The Company has translated the policies and incorporated the principles in its processes and procedures, as applicable. | | | | | | | | |
| 3 Do the enlisted policies extend to your value chain partners? (Yes/No) | The Company is in the process of documenting a Supplier's / Vendor's Code of Conduct that will largely cover the abovementioned principles, and the Company expects its suppliers/vendors to follow the same | | | | | | | | |
| 4 Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | ISO 9001, ISO 27001, ISO 20000-1, IATF 16949, LEED Certificate for corporate office, SEDEX, BIS Product Certification License IS 7953: 1975, Great Place To Work | | | | | | | | |
| 5 Specific commitments, goals and targets set by the entity with defined timelines, if any. | 1. Eliminate PVC from all our packaging<br>2. All the polythene or plastic used in packaging of the products must be 100% recycled.<br>3. Going paperless in our operations | | | | | | | | |
| 6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | We constantly monitor the performance towards ESG Goals and take adequate actions wherever required. We have a robust governance mechanism to monitor the progress of these goals.<br>Various initiatives undertaken by the company to achieve sustainability goals include:<br>1. PVC has been eliminated from all our packaging.<br>2. Simplifying packaging from current multi-layer format to similar material layering for ease of recycling.<br>3. We have digitized our invoicing, packing lists, planning documents and gate records. We aim to make our shop floor completely paperless. | | | | | | | | |
| **Governance, Leadership and Oversight** | | | | | | | | | |
| 7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements<br>Mr. Rahul Gautam (Chairman & Managing Director)<br>As a value-driven and ethical organization, we are committed to embedding sustainability into our business and we will prioritize ESG considerations in our decision-making processes at Sheela Foam. This year we are also publishing the Business Responsibility and Sustainability Report (BRSR). We believe that this will enhance trust and transparency with our stakeholders. We are excited about the potential for positive impact and are dedicated to creating a more sustainable future for our company, our stakeholders, and the planet. | | | | | | | | | |
| 8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Mr. Rahul Gautam, Chairman & Managing Director (DIN: 00192999) | | | | | | | | |
| 9 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes. The company has extended the 'Risk management committee' to 'Risk Management and ESG committee' to be responsible for decision making on sustainability related issues. The Risk management and ESG committee comprises of 5 members.<br>Mr. Vijay Kumar Ahluwalia : Chairperson<br>Mr. Som Mittal : Member<br>Mr. Rakesh Chahar : Member<br>Mr. Tushaar Gautam : Member<br>Dr. Mahesh Narayanan Gopalasamudram : ESG controller | | | | | | | | |

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Policies, wherever stated, have been approved by the Board / functional heads. Polices are reviewed as and when required. | | | | | | | | | | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | The Company is in compliance with all the statutory laws and regulations as applicable. Further, the compliance monitoring is done regularly. | | | | | | | | | | | | | | | | | |

| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency | No, however, the Managing director along with the board evaluates the implementation of the policies. Polices are reviewed at periodic intervals depending on the statutory requirements or on need basis. | | | | | | | | |

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Not applicable since the policies and procedures of the Company cover all principles of NGRBCs

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

### PRINCIPLE 1

**Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

## ESSENTIAL INDICATORS

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

| Segment | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|---|---|---|
| Board of Directors<br>Key Management Personnel | 12 | During the reporting year, the company presented a note on business review and a presentation on the business developments and financial performance of the Company to the Board and Management on a regular basis, to keep them apprised of the latest developments. The topics include but are not limited to risk management and mitigation plans, customer complaint management, sales and marketing, finance, inventory management and procurement, treasure management, information technology, online sales, production plan execution and control, export opportunities etc. | 93% |
| Employees other than BODs and KMPs | 14 | 1. Communication and listening<br>2. Workshop on Major Accidents and Hazards Control,<br>3. Employee health and safety - Fire safety, electrical safety, etc.<br>4. POSH (Prevention of Sexual Harassment)<br>5. Slabstock PU Foam<br>6. Enhancing safety through effective leadership<br>7. Cyber Security | 51% |
| Workers (Contractual) | | On the job trainings are mandatory. No special trainings | |

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.**

**a. Monetary**

| Type | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|---|
| Penalty/ Fine | Nil | | | | |
| Settlement | | | | | |
| Compounding fee | | | | | |

**b. Non-Monetary**

| Type | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|
| Imprisonment | Nil | | | |
| Punishment | | | | |

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|---|---|
| Not applicable | Not Applicable |

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, Sheela Foam Limited has an anti-corruption and bribery policy as a part of our internal general policies. It is our policy to conduct all of our businesses in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption. We are committed to act professionally, fairly and with integrity in all our relationships and business dealings wherever we operate. We are also committed to implement and enforce effective systems to counter bribery. Some of our codes / policies are available at https://www.sheelafoam.com/investor.html. Other internal policies are placed on the intranet of the Company and are open to access by the pertinent stakeholders.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

| Category | FY 2022-23 (Current Finacial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| Directors | Nil | Nil |
| KMPs | | |
| Employees | | |
| Workers | | |

6. **Details of complaints with regard to conflict of interest:**

| Topic | FY 2022-23 (Current Financial Year) | | FY 2021-22 (Previous Financial Year) | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | | Nil | |
| Number of complaints received in relation to issues of Conflict of Interest of KMPs | | | | |

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

## LEADERSHIP INDICATORS

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

| Total number of training and awareness programmes held | Topics/principles covered under the training and its impact | %age of persons in value chain covered by the awareness programmes |
|---|---|---|
| 25 | P5: Child Labor<br>P3: Safety<br>P9: Customer Complaints | 44% (Suppliers) |
| 20 | P3: Saathi Skill Development Program | 100% (distributors) |
| 11 | P9: Induction for Call Centre Team | 100% (call center team) |

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, the Company has a Code of Conduct for Board of Directors and senior management personnel which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company. It states below:

The Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved. The Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall not take up any position or engagement that may be prejudicial to the interest of the Company. The Executive Director(s), Key Managerial Personnel and the Senior Management Personnel shall not take up any outside Employment.

The Code of Conduct can be accessed at: https://www.sheelafoam.com/pdf/investor/code-of-conduct-sheela-foam.pdf

**PRINCIPLE 2**

**Businesses should provide goods and services in a manner that is sustainable and safe**

## ESSENTIAL INDICATORS

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

| Type | FY 2022-23 (Current Finacial Year) | FY 2021-22 (Previous Financial Year) | Details of improvement in social and enviornmental aspects |
|---|---|---|---|
| Research & Development (R&D) | ~₹ 73.7 lacs | | • Designing of product for Indian Railways involving special feature of complying with human safety in case of any fire incidents. This is achieved while complying with certain standards defined for the usage in the Railways.<br>• This product restricts the emissions during fire within the limits which are allowed for human exposure and allow them to escape safely. |
| Capital Expenditure (CAPEX) | ~₹ 108.9 lacs | ~₹ 6.6 lacs | • VPF process is virtually emission free. VPF technology enables us with the foundation of many eco-friendly foam products with improved physical properties. No need of ABAs(Auxiliary Blowing Agents) as required in traditional foaming process due to its closed chamber process and eventually reducing emissions with maximum levels. This process reduces the usage of chemicals which are not environmentally friendly and has health hazards.<br>• VPF technology enables us to produce unique products with value enhancements leading to a competitive edge over other technologies.<br>• During production on VPF technology, persons working around are quite comfortable because of no emissions and closed chamber production.<br>• If any of the emissions generated, they are captured by carbon beds used in process before they are released to open environment making this production process completely clean and exceeding the most stringent environmental regulations. |

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Though we do not have a formal sustainable sourcing policy, in practice, we carefully select and onboard vendors with robust infrastructure and good manufacturing practices. We strive to enhance vendor infrastructure by implementing solventless lamination in packaging, using compliant granules and inks, maintaining machines and Effluent Treatment Plants effectively, minimizing color dyeing in fabrics, and sourcing foaming inputs from reputable industry leaders. We also aim at eliminating/ minimizing restricted raw materials from products.

b. **If yes, what percentage of inputs were sourced sustainably?**

The Company is in the process of setting up governance mechanisms to track this data digitally.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

(a) Plastics (including packaging): As a brand owner, we recycle the plastic waste being produced our manufacturing process (including packaging) through a government registered vendor.

(b) E-waste: E-waste materials are sold out to authorized e-waste vendors only.

(c) Hazardous waste: We have been procuring TDI in bulk quantity through tanker and rarely the procurement is made through the drum. Since drums contain stains of TDI therefore we take utmost care and sell them to government authorized agencies only, who further recycle the same.

(d) Other waste: The wastepaper generated in the production process and from the units are being sold out to the authorized vendor, who further uses them in the manufacturing process of molded paper plates & bowl etc. Additionally, the waste foam- (offcuts/trims) generated from the production process is sold out to the recycling processor which further uses them in the production of rebonded foam. Units segregate all waste and store it separately for further disposal. Further non-hazardous waste is being sold out to local scrap dealers only.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, EPR is applicable to the company. As a leading manufacturer in the foam industry, it is important that we ensure the safe disposal of pre-consumer and post-consumer packaging.

## LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Nil

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Since LCA is not conducted, Environmental and Social impacts of our products are presently not known.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

| Indicate Input Material | Recycled or re-used input material to total material | |
|---|---|---|
| | FY 2022-23 (Current Finacial Year) | FY 2021-22 (Previous Financial Year) |
| Recycled Fiber Pillows | 100% | 100% |
| Re-bonded Foam | 91% | 100% |

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

| | FY 2022-23 Current Financial Year | | | FY 2021-22 (Turnover rate in current FY) | | |
|---|---|---|---|---|---|---|
| | Reused | Recycled | Safely Disposed | Reused | Recycled | Safely Disposed |
| Plastics (including packaging) | The Company is in the process of setting up governance mechanisms to track this data digitally. | | | | | |
| E-waste | | | | | | |
| Hazardous waste | | | | | | |
| Other waste | | | | | | |

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---|---|
| Nil | |

**PRINCIPLE 3**

**Businesses should respect and promote the well-being of all employees, including those in their value chains**

## ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees:**

| Category | Total (A) | Health & Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care Facilities | |
|---|---|---|---|---|---|---|---|---|---|
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| **Permanent** | | | | | | | | | |
| Male | 612 | 612 | 100% | - | - | Nil | Nil | Nil | Nil |
| Female | 54 | 54 | 100% | 54 | 100% | Nil | Nil | Nil | Nil |
| **Total** | **666** | **666** | **100%** | **54** | **100%** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Other than Permanent (Contractual)** | | | | | | | | | |
| Male | 25 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Female | 16 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Total** | **41** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |

**Details of measures for the well-being of workers:**

| Category | Total (A) | Health & Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care Facilities | |
|---|---|---|---|---|---|---|---|---|---|
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | No. | % | Number (B) | % (B / A) |
| **Permanent** | | | | | | | | | |
| Male | 1197 | 1197 | 100% | - | - | - | - | Nil | Nil |
| Female | 59 | 59 | 100% | 59 | 100% | - | - | Nil | Nil |
| **Total** | **1256** | **1256** | **100%** | **59** | **100%** | **-** | **-** | **Nil** | **Nil** |
| **Other than Permanent (Contractual)** | | | | | | | | | |
| Male | 741 | 741 | 100% | - | - | - | - | 741 | 100% |
| Female | 42 | 42 | 100% | 42 | 100% | - | - | 42 | 100% |
| **Total** | **783** | **783** | **100%** | **42** | **100%** | **-** | **-** | **783** | **100%** |

2. **Details of retirement benefits, for Current FY and Previous Financial Year:**

| Sr. No. | Benefits | FY 2022-23 (Current FY) | | | FY 2021-22 (Previous FY) | | |
|---|---|---|---|---|---|---|---|
| | | No. of employees covered as a % of total employees | No. of workers covered as a % of total worker | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total worker | Deducted and deposited with the authority (Y/N/N.A.) |
| 1 | PF | 100% | 100% | Y | 100% | 100% | Y |
| 2 | Gratuity | 100% | 100% | NA | 100% | 100% | NA |
| 3 | ESI | 1.1% | 57.3% | Y | 1% | 43% | Y |
| 4 | Others - please specify | - | - | - | - | - | - |

3. **Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

   We understand the importance of meeting the requirements of the Rights of Persons with Disabilities Act, 2016. Our company has implemented various measures to provide accessible infrastructure at corporate office and plants to support differently abled employees and worker.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

   Yes, the company has an Equal Opportunity Policy as part of internal HR policies (Anti-Discrimination Policy). It states as following: Sheela Foam is an "equal opportunity employer." Sheela Foam will not discriminate and will take "affirmative action" measures to ensure against discrimination in employment, recruitment, advertisements for employment, compensation, termination, upgrading, promotions, and other conditions of employment against any employee or job applicant on the bases of race, creed, color, national origin, or gender. Internal policies are accessible on the intranet to the pertinent stakeholders.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

| Gender | Permanent Employees | | Permanent Workers | |
|---|---|---|---|---|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | - | - | - | - |
| Female | 100% | 100% | 100% | 100% |
| **Total** | **100%** | **100%** | **100%** | **100%** |

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

| Category | Yes/No | Details of the mechanism in brief |
|---|---|---|
| Permanent Workers | Yes | The company has an Employees Grievance Redressal Policy in place internally available to all employees and workers. An employee may face any problem or has concern about his/her work, working environment, or working relationships that he/she wish to raise with someone in the organization. The Company encourages free communication between the employee and the Supervisor / Manager / Head of Function to ensure such problems and concerns can be resolved in the quickest and fairest possible way and at the lowest possible level within the organization. The mechanism has 3 stages of escalation and grievance raised is treated in the strictest of confidence. |
| Other than Permanent Workers | Yes | |
| Permanent Employees | Yes | |
| Other than Permanent Employees | Yes | |

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

| Category | FY 2022-23 (Current FY) | | | FY 2021-22 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | %(D/C) |
| **Permanent Employees** | | | | | | |
| Male | Nil | | | Nil | | |
| Female | | | | | | |
| Others | | | | | | |
| **Total** | | | | | | |
| **Permanent Workers** | | | | | | |
| Male | Nil | | | Nil | | |
| Female | | | | | | |
| Others | | | | | | |
| **Total** | | | | | | |

8. **Details of training given to employees and workers:**

| Category | FY 2022-23 (Current FY) | | | | | FY 2021-22 (Previous FY) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health & Safety measures | | On Skill Upgradation | | Total (D) | On Health & Safety measures | | On Skill Upgradation | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| **Employees** | | | | | | | | | | |
| Male | 637 | 637 | 100% | 637 | 100% | 647 | 647 | 100% | 647 | 100% |
| Female | 70 | 70 | 100% | 70 | 100% | 49 | 49 | 100% | 49 | 100% |
| **Total** | **707** | **707** | **100%** | **707** | **100%** | **696** | **696** | **100%** | **696** | **100%** |
| **Workers** | | | | | | | | | | |
| Male | 1938 | 1938 | 100% | 1938 | 100% | 1997 | 1997 | 100% | 1997 | 100% |
| Female | 101 | 101 | 100% | 101 | 100% | 120 | 120 | 100% | 120 | 100% |
| **Total** | **2039** | **2039** | **100%** | **2039** | **100%** | **2117** | **2117** | **100%** | **2117** | **100%** |

9. **Details of performance and career development reviews of employees and worker:**

| Category | FY 2022-23 (Current FY) | | | FY 2021-22 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who had a career review (B) | % (B/A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who had a career review (D) | %(D/C) |
| **Employees** | | | | | | |
| Male | 612 | 612 | 100% | 647 | 647 | 100% |
| Female | 54 | 54 | 100% | 49 | 49 | 100% |
| **Total** | **666** | **666** | **100%** | **678** | **678** | **100%** |
| **Workers** | | | | | | |
| Male | 1197 | 1197 | 100% | 1997 | 1997 | 100% |
| Female | 59 | 59 | 100% | 120 | 120 | 100% |
| **Total** | **1256** | **1256** | **100%** | **2117** | **2117** | **100%** |

10. **Health and safety management system:**

| | | |
|---|---|---|
| a. | Whether an occupational health and safety management system has been implemented by the entity? (Yes/No) | Yes |
| a. 1 | What is the coverage of such system? | All employees and workers |
| b. | What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? | Check lists, SOPs, work permit systems, safety audits, regular safety committee meetings are some of the processes to identify work related hazards. HAZOP study and risk assessment of the plant is also conducted. |
| c. | Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/No) | Yes |
| d. | Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No) | Yes |

11. **Details of safety related incidents, in the following format:**

| Safety Incident/Number | Category | FY 2022-23 (Current FY) | FY 2021-22 (Previous FY) |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | NA | NA |
| | Workers | NA | NA |
| Total recordable work-related injuries | Employees | 3 | 0 |
| | Workers | 20 | 33 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | NA | NA |
| | Workers | NA | NA |

12. **Describe the measures taken by the entity to ensure a safe and healthy workplace.**

To ensure a safe and healthy workplace, daily safety talks before the start of the routine activities are conducted. 'Toolbox Talk' on various safety topics of daily importance is organized by Shop Engineers / Shift In-charge to sensitize workers about workplace safety. Unit wise fire safety members called as 'crew team members' are aligned along with fire extinguisher attached to them. There is more than required stored water for fire prevention. We conduct regular trainings on good health and safety practices as well.

Safety audits are conducted regularly to ensure everything is in compliance. There is full compliance of OS&H (Occupational Safety and Health) and related applicable legal requirements and other requirements.

13. **Number of Complaints on the following made by employees and workers:**

| Topic | FY 2022-23 (Current Financial Year) | | | FY 2021-22 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | NA | - | 0 | NA | - |
| Health & Safety | 0 | NA | - | 0 | NA | - |

14. **Assessments for the year:**

| Topic | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Health and safety practices | 100% |
| Working Conditions | 100% |

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

1. Wheel chokes were applied to arrest accidental movement of the chemical tankers.
2. Pipeline Color Codes followed by SFL displayed at vital places to know what contents are being carried across the pipelines.
3. Toe Board / Toe Guard provided on the first floor of process area to prevent fall of tool/material inadvertently.

## LEADERSHIP INDICATORS

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes, for all permanent employees.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners**

The Company is compliant with deduction of statutory dues of employees towards income tax, provident fund, ESIC etc. as applicable from time to time. Value chain partners (vendors, distributors) are also encouraged to comply as per the business agreements with the Company.

**3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment**

| Category | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|---|---|---|---|---|
| | FY 2022-23 (Current Finacial Year) | FY 2021-22 (Previous Financial Year) | FY 2022-23 (Current Finacial Year) | FY 2021-22 (Previous Financial Year) |
| Employees | NIL | NIL | NIL | NIL |
| Workers | NIL | NIL | NIL | NIL |

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No).**

Yes. The Company provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

**5. Details on assessment of value chain partners:**

| Topic | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Health and safety practices | 44% |
| Working Conditions | |

**Note:** Only suppliers are accounted in the calculation of the %age of value chain partners assessed on health & safety and working conditions.

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Not applicable

**PRINCIPLE 4**

**Businesses should respect the interests of and be responsive to all its stakeholders**

## ESSENTIAL INDICATORS

**1. Describe the processes for identifying key stakeholder groups of the entity:**

SFL has mapped its internal and external stakeholders and based on the valuation provided in the value chain and relevance for the organization, the major/ key categories include:

- Investors
- Shareholders
- Employees
- Customers
- Community organizations/ NGOs
- Vendors / Suppliers / Contractors of goods and services
- Distributors & dealers
- Government & Regulatory Authority

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:**

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly /others - please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Shareholder | No | Website, Shareholder Meetings, Email, Central Telephone Number, Notice, Newspaper | Quarterly | • Awareness (Q&A) session on performance and results of the company<br>• Annual General Meeting |
| Investor | No | Meeting, Notice, Newspaper, Email, Website | Regularly | • Resolve any queries received from investors.<br>• Showcase an overview of SFL's business performance, strengths, future strategy, etc. |
| Employees | No | Email, ERP, SMS, Townhall Meetings | As and when required | • Career development, diversity and equal opportunity, health and safety, skill upgradation, learning and development, organisational culture/ workplace, grievances and remuneration |
| Customers | No | Stores, Experience, Advertising, Newspaper, pamphlets, Hoarding/ banner, SMS, website, phone | As and when required | • Offers<br>• Brand awareness<br>• New product development<br>• Product feedback |
| Community organizations / NGOs | Yes | Need assessments for CSR projects through surveys and focused group discussions | As and when required | • Assessment of community needs<br>• Selection of new projects based on needs<br>• Monitoring and evaluation of on-going projects |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly /others - please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Vendors / Suppliers / Contractors of goods and services | No | Physical meetings, Emails, Telephone | Frequent and as may be required | • New business opportunities<br>• Query Resolution & Grievance Redressal.<br>• Supplier performance assessment.<br>• Addressing non-compliance issues<br>• Signing / breach of contract. |
| Distributors and dealers | No | Physical meetings, Emails, Telephone, conferences | Frequent and as may be required | • Query Resolution & Grievance Redressal.<br>• Distributor's performance assessment.<br>• Addressing non-compliance issues. |
| Government and regulatory authorities | No | Written communications, Presentations, Industry associations, websites, advertisements | Frequent and as may be required | • Understanding and adherence to local governance<br>• Seeking clarifications and relaxation<br>• Communicating challenges and providing recommendations. |

## Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company has in place a Stakeholders Relationship Committee of the Board ("SRC") which has been constituted by the Board for speedy redressal of grievances/ complaints relating to stakeholders / investors, and also has in place a Corporate Social Responsibility Committee, which identifies CSR activities to be undertaken by the Company, affecting communities in areas or subject as specified in Schedule VII of the Act and Rules made thereunder. Further, a dedicated email id is also available for community/ NGOs to register their grievances. The Risk Management Committee has also been constituted to identify elements of risk in different areas of operations. The committee evaluates significant risk exposures of the company and assess management's actions to mitigate the exposures in a timely manner. This also includes the ESG risks. The observations of each of these Committees are duly intimated to the Board at its respective meeting. Value Chain Partners may register their complaints / grievances / concerns directly with the head of the concerned department of the Company. All employees of the Company have direct access to the to the Chairman of the Audit Committee under the Vigil Mechanism implemented by the Company through which Directors, Senior Management & Employees may report breach of Code of Conduct including Code of Conduct for Insider Trading, unethical business practices, illegality, fraud, corruption, leak of unpublished price sensitive information pertaining to the Company etc. at workplace without fear of reprisal.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Stakeholder consultation is eminent to in order to create long-term value and we take steps to understand each stakeholder group's needs and priorities through several mediums, including direct engagement or via delegated committees and forums.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   **EMOTIONAL WELLNESS PROGRAMME:**

   Sleepwell foundation is championing the advocacy of "substituting the term mental with emotional and bringing proactiveness in emotional wellness.

   Our Initiative supports the IEC activities of the Government of India's National Mental Health Program (NMHP) for the purpose of increasing awareness of mental health. Through our initiatives we create literacy and build awareness of proactive emotional wellness. We have created a total reach of 435 million people.

   Our interventions include conducting educational workshops for Children and Youth, organizing training programmes for Teachers and creating Counsellors at the community level. Topics like Gender Sensitization, Examination Stress Management, Menstruation Health and Hygiene, Prevention of Bullying in Schools, Enhancing Perception and Communication are intended to educate children and adolescents and PROTECT THEM FROM VULNERABILITY IN LIFE AND CREATE AN EMOTIONALLY SAFE SPACE for their growth. We leverage social media to enhance Emotional Wellness through Information, Education and Communication. Our films on emotional wellness have millions of viewers and are bringing behavior and attitude change in society. Our program BBCS - Barefoot Basic Counselling Skills Workshops CREATES MENTAL HEALTH COUNSELLORS AT THE GRASSROOTS LEVEL. It is a step toward addressing an acute shortage of counsellors in India.

**SKILL DEVELOPMENT PROGRAMME:**

Set up Sleepwell Foundation Skill Development Centre at Village Mirpur on the outskirts of Khurja, (UP). The Centre has TRAINED MORE THAN 8000 RURAL YOUTH and is helping to meet the objectives of the National Skill Development Corporation (NSDC) in filling the skill gap and achieving the vision of a 'Skilled India'.

Sleepwell Foundation is a firm believer in the power of Proactiveness and creating opportunities before even when the need arises. Preventive or proactive approach helps in alleviating many challenges much before they become acute issues and is many times able to nip the problem in the bud.

While recognizing the need for preparing the Rural Youth, Sleepwell Foundation was proactive in establishing Col Gautam Academy for armed forces, a training academy for recruitment in the Indian army and paramilitary forces. The Academy is focused on skilling both Girls and Boys desirous of joining the armed forces. It provides Physical and Classroom training along with all the necessary information and guidance regarding recruitment procedures of the Army, Navy, Air Force, Police, RPF, CISF, BSF, ITBP and other allied services. Sleepwell Foundation understands the social fabric of rural areas that puts various restrictions on young women to move out to distant locations for their livelihood. We introduce skilling courses that are meaningful, productive and sustainable in the context of the Rural and semi-urban economy. We aim at empowering the youth within the ambit of the social framework so that they not only get gainfully employed but also grow and contribute to the economy of the place.

MasterG fashion designing course for women is one such course in this direction.

Patternmaking in garment manufacturing has been a man's job and the role of a pattern maker, colloquially called 'Masterji', has always been passed from father to son in a traditional set-up. At MasterG, we democratize the art of pattern making to give women the tools for imagination that help them in redesigning their lives.

**PARAMEDICAL COURSES:** The Covid-19 pandemic has brought to light the acute shortage of healthcare professionals in rural India and cast a spotlight on rural-urban health inequalities. Besides, the pandemic also highlighted a great scope in the paramedical sector because of the high number of job opportunities in the fast-growing medical industry. To capitalize on this emerging opportunity, we introduced Paramedical Courses at SDC Khurja. Our paramedical courses are affiliated with DPMI, a leader in providing healthcare training in India. The courses saw overwhelming participation, both male and female, and on course completion, almost all of our trainees are interned at Govt. Hospitals and other health care facilities in and around Khurja.

In conforming with SDG 3, our paramedical courses aim to achieve universal health coverage, that seeks equitable access to healthcare services for all men and women in the rural setting.

**SELLING SKILL COURSE:** Sales is the backbone of any business with millions of people employed under its ambit. In recognizing the vast potential this trade offers especially in view of upcoming "Noida International Airport" at Jewar (UP), we have introduced SELLING SKILL COURSE at our SDC Khurja campus. The course is intended to provide basic selling skills to the trainees in tandem with modern marketing principles to make them effective salespeople. The course is taught by an expert in the industry and is expected to open millions of opportunities and offer decent work for all those who pass out with this skillset.

**COMPUTER AND ENGLISH LESSONS:** Finally, all our trainees at SDC Khurja undergo Computer and English lessons mandatorily. It is perceived that knowledge of Computers and English are the currencies of the world. Without these, our youth from Rural India would always be lagging behind. We want them to be always at home, wherever they go, whatever they do in their lives. In the last 4 years of the inception of SDC Khurja, thousands of youth were trained our trainees are well placed in the Armed forces and leading Corporates. Many have chosen the path of entrepreneurship and set up businesses that provide self-employment and improve the economy as well as their quality of living.

**ON & OFFLINE WORKSHOPS:** We conduct on & offline workshops for youth at national level

**HOW TO START A BUSINESS WORKSHOPS :** (A series of 3-Day Workshop, conducted for ITI/Diploma Students, Graduates & Pursuing Graduates etc. of various colleges) to prepare and motivate youth to set-up their own business, thereby addressing unemployment issues.

**ENHANCE YOUR PROFESSIONAL EFFECTIVENESS WORKSHOPS:** A series of 4-Day Workshop, conducted for Supervisors and middle management team of SMEs to enhance their soft skills and thereby increasing productivity of the organizations where they are employed.

PRINCIPLE 5

**Businesses should respect and promote human rights**

## Essential Indicators

**1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

| Category | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) | Total (C) | No. of employees / workers covered (D) | % (D / C) |
| **Employees** | | | | | | |
| Permanent | 666 | Nil | Nil | 637 | Nil | Nil |
| Other than permanent | 41 | Nil | Nil | 24 | - | - |
| **Total Employees** | **707** | **Nil** | **Nil** | **661** | **Nil** | **Nil** |
| **Workers** | | | | | | |
| Permanent | 1256 | Nil | Nil | 1427 | Nil | Nil |
| Other than permanent | 783 | Nil | Nil | 818 | Nil | Nil |
| **Total Workers** | **2039** | **Nil** | **Nil** | **2245** | **Nil** | **Nil** |

**2. Details of minimum wages paid to employees and workers, in the following format:**

| Category | FY 2022-23 (Current Financial Year) | | | | | FY 2021-22 (Previous Financial Year) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total Count in Current FY | Number of Employees Paid Minimum wage | % age of Employees Paid Minimum wage | Number of Employees Paid more than Minimum wage | % age of Employees Paid more than Minimum wage | Total Count in Previous FY | Number of Employees Paid Minimum wage | % age of Employees Paid Minimum wage | Number of Employees Paid more than Minimum wage | % age of Employees Paid more than Minimum wage |
| **Employees** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 612 | - | - | 612 | 100% | 585 | - | - | 585 | 100% |
| Female | 54 | - | - | 54 | 100% | 52 | - | - | 52 | 100% |
| **Other than permanent** | | | | | | | | | | |
| Male | 25 | - | - | 25 | 100% | 14 | - | - | 14 | 100% |
| Female | 16 | - | - | 16 | 100% | 10 | - | - | 7 | 100% |
| **Workers** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 1197 | - | - | 1197 | 100% | 1367 | - | - | 1367 | 100% |
| Female | 59 | - | - | 59 | 100% | 60 | - | - | 60 | 100% |
| **Other than Permanent** | | | | | | | | | | |
| Male | 741 | - | - | 741 | 100% | 760 | - | - | 760 | 100% |
| Female | 42 | - | - | 42 | 100% | 58 | - | - | 58 | 100% |

**3. Details of remuneration/salary/wages, in the following:**

| | Male | | Female | |
|---|---|---|---|---|
| | No. | Median remuneration/ salary/ wages of respective category | No. | Median remuneration/ salary/ wages of respective category |
| Board of Directors | 7* | 23,480,000 | 2 | 22,736,000 |
| Key Managerial Personnel (1) | 2# | 685894 | - | - |
| Employees other than BoD and KMP | 608 | 51355 | 53 | 50968 |
| Workers | 1197 | 20069 | 59 | 20184 |

**Note:** * Independent directors are excluded from the remuneration calcultion due to their non- involvement in day-to- day activities.

# KMPs includes CS and CFO.

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

   Yes, the company Chief Human Resource Officer (CHRO) is the focal point responsible for addressing human rights impacts or issues caused or contributed to by the business.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

   The company has the Employee grievance mechanism policy internally accessible on the intranet to all the employees. Under these policies, we have established 4 levels of escalation.

6. **Number of Complaints on the following made by employees and workers:**

| | FY 2022-23 (Current Financial Year) | | | FY 2021-22 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | Nil | Nil | - | Nil | Nil | - |
| Discrimination at workplace | Nil | Nil | - | Nil | Nil | - |
| Child Labour | Nil | Nil | - | Nil | Nil | - |
| Forced Labour / Involuntary Labour | Nil | Nil | - | Nil | Nil | - |
| Wages | Nil | Nil | - | Nil | Nil | - |
| Other human rights related issues | Nil | Nil | - | Nil | Nil | - |

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   The Company has an Anti-Social Harassment policy in place which is in line with the requirements of Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Internal system has been set up to redress complaints received regarding sexual harassment.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   SFL encourages suppliers to provide an inclusive and supportive working environment and to exercise diversity when it comes to their employees as well as in their decisions to select subcontractors.

9. **Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child labor | 100% |
| Forced/involuntary labor | The Company recognizes that the success of Company's business, quality of work and brand perception depends on the ability and commitment of its employees. Human rights practices like prevention of Child labour, Forced/involuntary labour, are taken care during hiring process. The Company has policy relating to Anti-Social Harassment, which is committed to creating a healthy and safe working environment that enables employees to work without fear of prejudice, bias and sexual harassment. |
| Sexual harassment | |
| Discrimination at workplace | |
| Wages | |
| Others - please specify | |

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

    Not applicable

## Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

   Not Applicable, as the Company has not received any grievance/complaint

2. **Details of the scope and coverage of any Human rights due-diligence conducted.**

   Please refer response to Question number 9 of Principle 5.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes, offices and plants are accessible to differently abled visitors.

4. **Details on assessment of value chain partners:**

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Sexual harassment | 44% of suppliers |
| Discrimination at workplace | SFL encourages suppliers to provide an inclusive and supportive working environment and to exercise diversity when it comes to their employees. SFL on board vendors who have operations in formal industrial areas i.e. aspects like child labor, forced labor etc. are continuously monitored by assigned authorities of the industrial areas. |
| Child labour | |
| Forced labour/involuntary labour | |
| Wages | |
| Others - please specify | |

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Not applicable

## PRINCIPLE 6

**Businesses should respect and make efforts to protect and restore the environment**

## Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| Total electricity consumption (A) | 30197.4 GJ | 27148.9 GJ |
| Total fuel consumption (B) | 3361.5 GJ | 6134 GJ |
| Energy consumption through other sources (C) | - | - |
| **Total energy consumption (A+B+C)** | **33558.9 GJ** | **33282.9 GJ** |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) | | |
| Energy intensity (optional) - the relevant metric may be selected by the entity | - | - |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yeas, name of the external agency.

No

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

The Company does not have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

**3. Provide details of the following disclosures related to water, in the following format:**

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| (i) Surface water | 0 KL | 0 KL |
| (ii) Groundwater | 35571 KL | 74251 KL |
| (iii) Third party water | 20817 KL | 2402 KL |
| (iv) Seawater / desalinated water | 0 KL | 0 KL |
| (v) Others | 0 KL | 0 KL |
| **Total volume of water withdrawal (in kilolitres) (i+ii+ii+iv+v)** | **56388 KL** | **76653 KL** |
| Water intensity per rupee of turnover (Water consumed in kilolitres / turnover in crores) | | |
| Water intensity (optional) - the relevant metric may be selected by the entity | | |
| Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? | No | No |

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

We do not have any water discharge generating from our operations. We have installed STP at our Corporate Office and plants at Greater Noida, Hyderabad, Jalpaiguri, Kalamb, Erode and Talwada, which treats the water used for domestic purposes. The treated water is then reused and recycled for gardening or sent back to earth for recharge, as appropriate.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter | Please specify unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|---|
| NOx | kg | Not available | Not available |
| SOx | - | Not available | Not available |
| Particulate matter (PM) | - | Not available | Not available |
| Persistent organic pollutants (POP) | - | Not available | Not available |
| Volatile organic compounds (VOC) | - | Not available | Not available |
| Hazardous air pollutants (HAP) | - | Not available | Not available |
| Others - please specify (CO) | kg | Not available | Not available |

Note: SFL is compliant with the state pollution control board recommended industrial air quality norms

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external

No.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter | Unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|---|
| Total Scope 1 emissions (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $CO_2$ equivalent | The Company is in the process of computing the GHG emissions generated | |
| Total Scope 2 emissions (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $CO_2$ equivalent | | |

| Parameter | Unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|---|
| Total Scope 1 and Scope 2 emissions intensity | Metric tonnes of CO2 equivalent / crore of turnover | | |
| Total Scope 1 and Scope 2 emission intensity (optional)- the relevant metric may be selected by the entity | - | | |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not applicable

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide detail**

1. Installation of solar plants and LED lights.
2. Solar power project, project on conversion of DG sets from diesel to PNG in Greater Noida plant.
3. Vertical Variable Pressure Foaming (VPF) technology to reduce fumes and GHG emissions
4. 95% of lighting is with LED in Rajpura plant

**8. Provide details related to waste management by the entity, in the following format:**

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| **Total Waste generated (in metric tonnes)** | | |
| **Plastic waste** | 107.45 MT | 23.2 MT |
| E-waste | 13.78 MT | 14.3 MT |
| Bio-medical waste | Nil | Nil |
| Construction and demolition waste | 4.5 MT | Nil |
| Battery waste | 2.52 MT | Nil |
| Radioactive waste | Nil | Nil |
| Other Hazardous waste. Please specify, if any. | 34.4 MT | 0.272 |
| **Other Non-hazardous waste generated. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)** | **1259.6 MT** | **3051.80 MT** |
| **Total** | **1422.30 MT** | **3107.83 MT** |
| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Recycled | Nil | |
| (ii) Re-used | | |
| (iii) Other recovery operations | | |
| **Total** | | |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Incineration | Nil | Nil |
| (ii) Landfilling | Nil | Nil |
| (iii) Other disposal operations | 1422.30 MT (authorised vendor) | Nil |
| **Total** | **1422.30 MT** | **Nil** |

**Note:** Includes iron, tin, quilting & other scrap

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Given the nature of the business, the generation of hazardous and toxic waste by the Company is minimal.

We are the manufacturer of polyurethane foam and its product. The TDI is the main raw material which is used for the production of foam. To ensure social & environmental responsibility following waste management actions have been taken us:-

1. We have been procuring TDI in bulk quantity through tanker and rear of the rear cases procurement is made through the drum. Since drums contain stains of TDI therefore we take utmost care and sell them to Government authorized agencies only, who further recycle the same.
2. The wastepaper generated in the production process and from the units are being sold out to the authorized vendor, who further uses them in the manufacturing process of molded paper plates & bowl etc.
3. Waste Foam - Waste foam generated from the production process is sold out to the recycling processor which further uses them in the production of rebonded foam
4. Other E-waste materials are sold out to authorized vendors only.
5. We have obtained the required license from the Government Department as a brand owner for the plastic waste being produced in the manufacturing process. Further, the waste is recycled by M/s ICPL on our behalf.
6. Units segregate all waste and store it separately for further disposal. Further non-hazardous waste is being sold out to local scrap dealers only.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Not applicable

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not Applicable

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format.**

Yes, the Company is generally compliant with the applicable environmental laws / regulations/ guidelines in India.

## Leadership Indicators

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| **From renewable sources (GJ)** | | |
| Total electricity consumption | 2768.03 GJ | 1399.20 GJ |
| Total fuel consumption | | |
| Energy consumption through other sources | | |
| **Total energy consumed from renewable sources** | **2768.03 GJ** | **1399.20 GJ** |
| **From non-renewable sources (GJ)** | | |
| Total electricity consumption | 27429.40 GJ | 25749.76 GJ |
| Total fuel consumption | 3361.53 GJ | 6133.76 GJ |
| Energy consumption through other sources | | |
| **Total energy consumed from non-renewable sources** | **30790.93 GJ** | **31883.52 GJ** |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Provide the following details related to water discharged:**

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| **Water discharge by destination and level of treatment (in kilolitres)** | | |
| (i) To Surface water | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment - please specify level of treatment | Nil | Nil |
| (ii) To Groundwater | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment - please specify level of treatment | Nil | Nil |
| (iii) To Seawater | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment - please specify level of treatment | Nil | Nil |
| (iv) Sent to third-parties | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment - please specify level of treatment | Nil | Nil |
| (v) Others | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment - please specify level of treatment | 10446 KL* STP treatment | 8616 KL* STP Treatment |
| **Total water discharged (in kilolitres)** | **10446 KL** | **8616 KL** |

* We have installed STP at our Corporate Office and plants, which treats the water used for domestic purposes. The treated water is then reused and recycled for gardening or sent back to earth for recharge, as appropriate.

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

Water consumption is reported for the following offices / plants where the water stress is over-exploited or critical: Hyderabad, Ghaziabad, Greater Noida, Patiala and Erode.

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| (i) Surface water | Nil | Nil |
| (ii) Groundwater | 22,426 KL | 60,767 KL |
| (iii) Third party water | 20,817 KL | Nil |
| (iv) Seawater / desalinated water | Nil | Nil |
| (v) Others | Nil | Nil |
| **Total volume of water withdrawal (in kilolitres)** | **43,243 KL** | **60,767 KL** |
| **Total volume of water consumption (in kilolitres)** | **43,243 KL** | **60,767 KL** |
| Water intensity per rupee of turnover (Water consumed / turnover) | | |
| Water intensity (optional) - the relevant metric may be selected by the entity | | |
| **Water discharge by destination and level of treatment (in kilolitres)** | | |
| (i) into Surface water | Nil | Nil |
| No treatment | Nil | Nil |
| With treatment - please specify level of treatment | Nil | Nil |
| (ii) into Groundwater | Nil | Nil |
| No treatment | Nil | Nil |
| With treatment - please specify level of treatment | Nil | Nil |
| (iii) into Seawater | Nil | Nil |
| No treatment | Nil | Nil |
| With treatment - please specify level of treatment | Nil | Nil |
| (iv) Sent to Third parties | Nil | Nil |
| No treatment | Nil | Nil |
| With treatment - please specify level of treatment | Nil | Nil |
| (v) Others | Nil | Nil |
| No treatment | Nil | Nil |
| With treatment - please specify level of treatment | 6590 KL* STP Treatment | 7672 KL* STP Treatment |
| **Total water discharged (in kilolitres)** | **6590 KL** | **7672 KL** |

* We have installed STP at our Corporate Office and plants which treats the water used for domestic purposes. The treated water is then reused and recycled for gardening or sent back to earth for recharge, as appropriate.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Not applicable

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

| Parameter | Unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|---|
| Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | $tCO_2e$ | Not Measured | Not Measured |
| Total Scope 3 emissions per rupee of turnover | $tCO_2e$ / INR | - | - |
| Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity | - | - | - |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

N.A., as the Company does not have operations/offices in/around ecologically sensitive areas where environmental approvals / clearances are required

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

| Sr. No. | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|---|
| 1 | Switching to renewable source of energy | Installation of solar plants and LED lights. | Energy efficiency and lower GHG emissions |
| 2 | Switching to renewable source of energy | Solar power project, project on conversion of DG sets from diesel to PNG in Greater Noida plant. | Energy efficiency and lower GHG emissions |
| 3 | Better Technology Adoption | Vertical Variable Pressure Foaming (VPF) technology to reduce fumes and GHG emissions | Reduced fumes and GHG emissions, |
| 4 | Switching to renewable source of energy | 95% of lighting is with LED in Rajpura plant | Energy efficiency and lower GHG emissions |
| 5 | LEED Certification | Sheela foam's corporate office building is certified as LEED BD+C (Core and shell) Platinum rating that provides a cost effective, energy, and resource efficient framework for all commercial buildings. | Less energy and water usage, Green building mechanism which supports the climate, Shrink carbon footprint |
| 6 | Reduced occupancy sensor delays in lift and toilet lights | We reduced the occupancy sensor delay time in lift lobby and toilets from 15 mins to 5 mins | Energy efficiency |
| 7 | Sensor taps for washroom area | Sensor taps come with built-in sensors that allow it to detect motion and when an object appears in the front of tap, it automatically lets the water out. | Less water consumption and water wastage upto 70% |
| 8 | Automated streetlights and tube lights | 100% streetlights and tube lights at the mezzanine tunnels are automated for timely switch on/off to reduce unnecessary energy wastage | Energy Efficiency |
| 9 | Trainings on re-use and recycle | Trainings have been provided to the company associates for 'Out of the box thinking' on how to reuse and recycle the used/ scrap materials. | Circularity, Reduced waste |
| 10 | Procurement of electrical equipment | Procuring electrical equipment such as switch-gears and appliances for better utilization and minimum wastage of any kind. | Reduced waste |
| 11 | Trees plantation and water harvesting | Plantation of trees for greenery and installation of water harvesting pits | Mitigation of climate change risks, water saving |

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Sheela Foam Limited has a comprehensive Business Continuity Plan (BCP) in place to ensure continuity of operations and manage disasters effectively. The BCP includes standby databases, redundancy on hardware, regular database backups, and security measures such as firewalls. The plan is reviewed annually and updated when necessary. Data leakage prevention tools are deployed, and BCP testing is conducted every six months. The BCP leader coordinates the development and maintenance of the plan, declares disaster scenarios, conducts audits and testing, and ensures training for team members.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

No significant adverse impacts have been reported from any value chain partners. Suppliers are expected to provide a safe and healthy working environment and, if applicable, safe and healthy company living quarters, and to operate in an environmentally responsible and efficient manner.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact**

SFL encourages suppliers to provide an inclusive and supportive working environment and to exercise diversity when it comes to their employees. We are currently in process of selecting the assessment criterion for value chain partners.

## PRINCIPLE 7

**Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

## Essential Indicators

1. a) **Number of affiliations with trade and industry chambers/ associations.**

The Company is affiliated with 5 trade and industry chambers/ associations

b) **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

| S. no | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|---|---|---|
| 1 | Indian Polyurethane Association | National |
| 2 | Industrial associations located at respective units | State |
| 3 | Indian Sleep Products Federation | National |
| 4 | ASSOCHEM | International |
| 5 | CII | National |

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities**

No significant adverse impacts have been reported from any value chain partners.

## LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity**

SFL participates in public policy advocacy at various forums as CII, ISFB through concerned departments in consultation with management.

## PRINCIPLE 8

**Businesses should promote inclusive growth and equitable development.**

## ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   Not Applicable

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

   Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community**

   We have a dedicated email ID for handling community grievances. The e-mail id is grievances@sleepwellfoundation.com and it is available on our website also.

4. **Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:**

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| Directly sourced from MSMEs/ Small producers | 4.9% | 7% |
| Sourced directly from within the district and neighboring districts | 79.9% | 80% |

## LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Nil.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   CSR activities are not done in the aspirational districts identified by Government.

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/ No) -**

   SFL does not differentiate / discriminate while selecting its vendors. The company procures its foaming inputs from reputed chemical industry players, while for other inputs such as fabrics , packaging , rebonded foam, etc they have mostly MSME vendors.

   They  developed trusted relationship with local vendors and works with them to develop quality product that meets its as well as industry needs, thereby enabling local vendors to grow their business.

   (b) **From which marginalized /vulnerable groups do you procure?**

   Not Applicable

   (c) **What percentage of total procurement (by value) does it constitute?**

   Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge**

   Not applicable.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Nil

**6. Details of beneficiaries of CSR Projects.**

| S. no | CSR Project | No of persons benefited from CSR Projects | % of beneficiaries from vulnerable and marginalized group |
|---|---|---|---|
| 1 | Skill Development Centre in Khurja | 890 | 100% |
| 2 | Emotional Wellness Workshops | 5293 | Mixed beneficiaries |
| 3 | Soft Skills Workshops for MSMEs & Youth | 3595 | Mixed beneficiaries |
| 4 | Development of basic facilities in schools | 2000 | Mixed beneficiaries |

**PRINCIPLE 8**

**Businesses should engage with and provide value to their consumers in responsible manner**

## ESSENTIAL INDICATORS

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Consumer Complaints are attended at centralized customer care center called 'Sleepwell Care' and are resolved expeditiously. Contact number and e-mail id are available on our website https://mysleepwell.com/sleepwell-at-home for consumers to register complaints or provide any review/feedback. Consumers can register a complaint through Sleepwell care or with the Dealer.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

| | As a percentage to total turnover |
|---|---|
| Environment and Social parameters relevant to product | Nil |
| Safe and responsible usage | |
| Recycling and/or safe disposal | |

**3. Number of consumer complaints:**

| | FY 2022-23 (Current Financial Year) | | | FY 2021-22 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | Received during the year | Pending resolution at the end of year | Remarks | Received during the year | Pending resolution at the end of year | Remarks |
| Data privacy | 0 | 0 | - | 0 | 0 | - |
| Advertising | 0 | 0 | - | 0 | 0 | - |
| Cyber-security | 0 | 0 | - | 0 | 0 | - |
| Delivery of essential services | 0 | 0 | - | 0 | 0 | - |
| Restrictive Trade Practices | 0 | 0 | - | 0 | 0 | - |
| Unfair Trade Practices | 0 | 0 | - | 0 | 0 | - |
| Others | 35264 | 640 | | 41644 | 549 | - |

**4. Details of instances of product recalls on account of safety issues**

| | Number | Reason for recall |
|---|---|---|
| Voluntary recalls | 0 | Not Applicable |
| Forced recalls | 0 | Not Applicable |

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes. The company has framed its cyber security & data privacy policy under its IT policies which is applicable to all the Employees (Full Time, Part Time, Contractual, Consultants, Auditors, etc.) and stakeholders (in some cases Customers & Vendors) of SFL. It considers customer information safety as a critical aspect. This policy is available on the intranet portal.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Since there are no complaints, there was no need for any corrective action.

## LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Corporate Website at https://www.sheelafoam.com/home-comfort-porducts.html and https://mysleepwell.com/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Steps for responsible usage are available on the packaging of the products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   In case of any disruption/discontinuation of essential services, BCP leader shall invoke the BCP process in consultation with the BCP Team Members. Thereafter, consumers are informed through website about disruption/ discontinuation if any.

   For e.g., during the covid, due to disruption in production and transportation services, customers were informed via website and Sleepwell@Home Initiative was started.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief.**

   Yes, the Company ensures that all the information as required to be displayed on the product labels as per the applicable rules and regulations are properly displayed. Further the product information can also be referred from our website.

   Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   Yes, surveys are carried out to study satisfaction level with reference to Products, Customer handling at Dealers end and by Customer Care Department

5. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact -** No Data Breaches have occurred

   b. **Percentage of data breaches involving personally identifiable information of customers -** NA

# Independent Auditor's Report

## To the Members of Sheela Foam Limited

**REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

### OPINION

We have audited the accompanying standalone financial statements of Sheela Foam Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Description of Key Audit Matters**

**Revenue recognition - Discounts and rebates**

Refer note 2 and 32 to the standalone financial statements.

As disclosed in note 2 to the standalone financial statements, revenue is measured net of any trade discounts and volume rebates to customers (i.e, to the Wholesale traders and Retail traders).

As per the secondary scheme, discounts and rebates are passed on to the customers only on secondary sales made by wholesale to retail. Further, certain discounts and rebates for goods sold during the year are only finalised when the precise amounts are known, and revenue therefore includes an estimate of variable consideration. This includes establishing an accrual at year end, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. The unsettled portion of the variable consideration, results in accrual of discounts and rebates due to customers as at year end. Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.

In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter.

Description of Auditor's response:

- Assessed the appropriateness of the Company's revenue recognition accounting policies, including those relating to discounts, incentives and rebates as required under the applicable accounting standards.
- Understood the process followed by the Company to determine the amount of accrual for discounts and rebates.
- Verified the design and implementation and tested operating effectiveness of key application controls over the Company's automated systems and manual controls over rebates agreements/ arrangements, rebate payments / settlements and Company's review over the rebate accruals.
- Verified on a test check basis, key customer contracts to identify the relevant terms and conditions related to discounts and rebates.
- Verified on test check basis, discounts and rebates transactions recorded during the year including period end discounts and rebates accruals and ensured the computation is in accordance with the policy and relevant source documents.

- Examined historical rebate accrual together with our understanding of current year developments to form an expectation of the rebate accrual as at year end and compared the same with the accrual for the year ended March 31, 2023.
- Verified completeness and accuracy of the data used by the Company for accrual of discounts and rebates through test of controls.
- Verified on a test check basis, rebate accruals after the reporting date to validate whether the accrual is recorded in the correct period.
- Verified payments made after reporting/year end date and where relevant, comparing the payment to the related rebate accrual.
- Verified the credit notes for rebates and discounts issued subsequent to the balance sheet date to assess the reasonableness of the amounts recognised and to identify any significant unaccounted secondary trade accruals.
- Verified manual journal entries posted to revenue, on a test check basis, to identify unusual items and examining the underlying documentation.
- Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.

## INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. but does not include the standalone financial statements and our auditor's report thereon. The Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. is expected to be made available to us subsequent to this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc., if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 "The Auditor's responsibilities Relating to Other Information".

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

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

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

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

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

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 52 to the standalone financial statements;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 62 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 62 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUQ8910

Place: Gurugram
Date: May 17, 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUQ8910

Place: Gurugram
Date: May 17, 2023

# ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED FOR THE YEAR ENDED MARCH 31, 2023

### [REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT'S IN THE INDEPENDENT AUDITOR'S REPORT]

i. (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company does not have intangible assets. Accordingly, the provisions stated in paragraph 3(i)(a)(B) of the Order are not applicable to the Company.

(b) Property, Plant and Equipment, have been physically verified by the management at reasonable intervals during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets). The company does not have intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.

ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage & procedure of such verification is reasonable and appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from Banks on the basis of security of current assets. Monthly returns / statements filed with such banks are in agreement with the books of account.

iii. (a) According to the information explanation provided to us, the Company has made investments in, provided loans, or given guarantee, or provided security to any other entity. The details of such loans or advances and guarantees or security are as follows:

(All amounts in ₹ in Lakhs)

| Particulars | Guarantees | Security | Loans (excluding interest) | Investments |
|---|---|---|---|---|
| Aggregate amount granted/ provided during the year | | | | |
| - Subsidiaries | 7,175.07 | - | 4,200.00 | - |
| - Others | - | - | 362.65 | - |
| Balance Outstanding as at balance sheet date in respect of above cases | | | | |
| - Subsidiaries | 34,354.00 | - | 12,218.61 | 22,657.38 |
| - Others | - | - | 219.08 | - |

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investment made, guarantees provided, securities given and/or grant of all loans and advances in the nature of loans and guarantees are not prejudicial to interest of the company.

(c) In case of the loans and advances in the nature of loan, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of principal and interest.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no amounts over due for more than ninety days in respect of loan granted to Company/ Firm/LLP/Other Parties.

(e) According to the information and explanations provided to us, the loan or advance in the nature of loan granted has not fallen due during the year. Hence, the requirements under paragraph 3(iii)(e) of the Order are not applicable to the company.

(f) According to the information and explanations provided to us, the Company has granted loans/advances in the nature of loans repayable on demand or without specifying any terms or period of repayment. The details of the same are as follows:

(All amounts in ₹ in Lakhs)

| Particulars | All Parties | Promoters | Related Parties |
|---|---|---|---|
| Aggregate amount of loans/ advances in nature of loans | | | |
| - Repayable on demand (A) | - | - | 5,050 |
| - Agreement does not specify any terms or period of terms or period of repayment (B) | - | - | - |
| **Total (A+B)** | - | - | **5,050** |
| % of loans/ advances in nature of loans to the total loans | | | 41.10% |

iv. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of Section 185 of the Act nor made investments through more than two layers of investment companies in accordance with the provisions of Section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. According to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2023 and the Company has not accepted any deposits during the year.

vi. We have broadly reviewed the books of account maintained by the Company pursuant Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

vii. (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub Clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

(All amounts in ₹ in Lakhs)

| Name of the statute | Nature of dues | Amount Demanded | Amount Paid | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Tax Act, 1944 | Excise Duty | 123.85 | 0.99 | 2011-2012 & 2012-2013 | The Customs Excise and Service Tax Appellate Tribunal Kolkata |
| Central Excise Tax Act, 1944 | Excise Duty | 241.07 | 9.04 | February 2017 to June 2017 | Customs Excise Service Tax Appellate Tribunal, Kolkata |
| Central Excise Tax Act, 1944 | Excise Duty | 45.65 | 1.69 | 2016-2017 & 2017-2018 | Customs Excise Service Tax Appellate Tribunal, Kolkata |
| Income Tax Act,1961 | Income Tax | 479.68 | 479.68 | 2013-2014 | Delhi High Court |
| Income Tax Act,1961 | Income Tax | 23.45 | 23.45 | 2017-18 | Income Tax Appellate Tribunal, New Delhi |
| Income Tax Act,1961 | Income Tax | 37.35 | 37.35 | 2016-17 | Income Tax Appellate Tribunal, New Delhi |
| Income Tax Act,1961 | Income Tax | 24.51 | - | 2020-21 | Commissioner of Income tax (Appeal), New Delhi |
| The Central Sales Tax Act, 1956 and The Sikkim Sales Tax Act, 1983 | Sales Tax | 46.00 | 46.00 | 2003-2004 & 2004-2005 | Supreme Court |

(All amounts in ₹ in Lakhs)

| Name of the statute | Nature of dues | Amount Demanded | Amount Paid | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Central Sales Tax Act, 1956 and The Sikkim Sales Tax Act, 1983 | Sales Tax | 393.99 | 393.99 | 2005-06 to 2011-12 | Additional Commissioner Commercial tax |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012 | Entry Tax | 28.88 | - | 2012-13 & 2013-14 | Supreme Court |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012 | Entry Tax | 107.51 | - | 2014-15 to 2017-18 | Supreme Court |
| Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007 | Entry Tax | 57.72 | 28.86 | 2001-2012 | Allahabad High Court |

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company does not have any loans or borrowings and repayment to lenders during the year. Accordingly, the provision stated in paragraph 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority. Accordingly, the provision stated in paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) In our opinion and according to the information explanation provided to us, no money was raised by way of term loans. Accordingly, the provision stated in paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanation provided to us, there are no funds raised on short term basis. Accordingly, the provision stated in paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, the provision stated in paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.

x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3(x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3(x)(b) of the Order are not applicable to the Company.

xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.

(b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph 3(xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to Company.

xii. In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii)(a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports of the Company issued till date, for the period under audit.

xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.

xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3(xvi)(a) of the Order are not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3(xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3(xvi)(c) of the Order are not applicable to the Company.

(d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph 3(xvi)(d) of the order are not applicable to the Company.

xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3(xvii) of the Order are not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under Clause 3(xx)(a) and Clause 3(xx)(b) of the Order is not applicable to the Company.

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUQ8910

Place: Gurugram
Date: May 17, 2023

# ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED

[REFERRED TO IN PARAGRAPH 2(F) UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" IN THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SHEELA FOAM LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023]

**REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

## OPINION

We have audited the internal financial controls with reference to standalone financial statements of Sheela Foam Limited as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUQ8910

Place: Gurugram
Date: May 17, 2023

# Standalone Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

| Particulars | Note no. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 23,709.63 | 23,501.54 |
| Right-of-use assets | 4 | 1,631.09 | 1,835.12 |
| Capital work-in-progress | 3 | 188.78 | 63.78 |
| Investment property | 5 | 342.50 | 362.70 |
| Investment in subsidiaries | 6 | 19,667.38 | 19,667.38 |
| Financial assets | | | |
| (i) Investment in preference shares | 7 | 2,990.00 | 2,990.00 |
| (ii) Other investments | 8 | 5,641.29 | 52,883.17 |
| (iii) Loans | 9 | 12,229.14 | 7,778.00 |
| (iv) Other financial assets | 10 | 1,698.07 | 1,907.09 |
| Non current tax assets (net) | 11 | 671.16 | 463.33 |
| Other non-current assets | 12 | 323.67 | 260.02 |
| **Total non current assets** | | **69,092.71** | **1,11,712.13** |
| **Current assets** | | | |
| Inventories | 13 | 18,894.37 | 20,346.61 |
| Financial assets | | | |
| (i) Investments | 14 | 70,647.60 | 8,398.45 |
| (ii) Trade receivables | 15 | 16,400.40 | 13,601.78 |
| (iii) Cash and cash equivalents | 16 | 1,042.61 | 1,431.36 |
| (iv) Bank balances other than cash and cash equivalents | 17 | 26.65 | 31.58 |
| (v) Loans | 18 | 59.07 | 555.07 |
| (vi) Other financial assets | 19 | 640.00 | 2,817.77 |
| Other current assets | 20 | 3,704.13 | 1,922.97 |
| **Total current assets** | | **1,11,414.83** | **49,105.59** |
| **Total assets** | | **1,80,507.54** | **1,60,817.72** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 21 | 4,878.28 | 2,439.14 |
| Other equity | 22 | 134,701.83 | 118,513.31 |
| **Total equity** | | **1,39,580.11** | **1,20,952.45** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Lease liabilities | 23 | 1,488.19 | 1,826.72 |
| (ii) Other non current financial liabilities | 24 | 2,548.16 | 5,034.08 |
| Provisions | 25 | 897.43 | 602.57 |
| Other non current liabilities | 26 | 19.85 | 22.70 |
| Deferred tax liabilities (net) | 27 | 189.02 | 482.45 |
| **Total non current liabilities** | | **5,142.65** | **7,968.52** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Lease liabilities | 23 | 127.06 | 113.12 |
| (ii) Trade payables | | | |
| – Total outstanding dues of micro enterprises and small enterprises | 28 | 630.91 | 444.61 |
| – Total outstanding dues of creditors other than micro enterprises and small enterprises | 28 | 17,645.99 | 18,941.42 |
| (iii) Other financial liabilities | 29 | 8,627.40 | 4,130.88 |
| Provisions | 25 | 1,088.59 | 1,053.41 |
| Current tax liabilities (net) | 30 | 115.53 | – |
| Other current liabilities | 31 | 7,549.30 | 7,213.31 |
| **Total current liabilities** | | **35,784.78** | **31,896.75** |
| **Total liabilities** | | **40,927.43** | **39,865.27** |
| **Total equity and liabilities** | | **1,80,507.54** | **1,60,817.72** |

Significant accounting policies 2

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of
**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | Note no. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 32 | 2,01,981.56 | 2,00,820.99 |
| Other income | 33 | 7,861.27 | 7,022.38 |
| **Total Income** | | **2,09,842.83** | **2,07,843.37** |
| **Expenses** | | | |
| Cost of materials consumed | 34 | 1,13,311.05 | 1,28,594.54 |
| Purchase of stock-in-trade | 35 | 14,887.73 | 5,331.06 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 36 | (360.40) | (865.63) |
| Other manufacturing expenses | 37 | 3,626.01 | 3,401.82 |
| Employee benefits expense | 38 | 14,519.48 | 13,188.01 |
| Finance costs | 39 | 637.38 | 710.95 |
| Depreciation and amortisation expense | 40 | 3,376.39 | 3,238.96 |
| Other expenses | 41 | 33,778.17 | 27,787.27 |
| **Total Expenses** | | **1,83,775.81** | **1,81,386.98** |
| **Profit before tax** | | **26,067.02** | **26,456.39** |
| **Income Tax expense** | 59 | | |
| Current tax | | 6,815.87 | 7,054.57 |
| Tax expenses related to earlier years | | (70.49) | (22.27) |
| Deferred tax (net) | 27 | (164.30) | (307.39) |
| **Total Income tax expense** | | **6,581.08** | **6,724.91** |
| **Profit for the year** | | **19,485.94** | **19,731.48** |
| **Other comprehensive income (net of tax)** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurements gain / (loss) of the net defined benefit plans | | (165.27) | (479.40) |
| Income tax on above item | 27 | 41.60 | 120.66 |
| Items that will be reclassified to profit or loss | | | |
| Fair value gain / (loss) on investments and other financial instruments | | (347.78) | 323.91 |
| Income tax on above item | 27 | 87.53 | (81.53) |
| **Total Other comprehensive income/ (loss) (net of tax)** | | **(383.92)** | **(116.36)** |
| **Total comprehensive income for the year** | | **19,102.02** | **19,615.12** |
| **Earnings per equity share (face value of ₹5/- each):** | | | |
| Basic and diluted (₹) | 42 | 19.97 | 20.22 |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit before tax** | **26,067.02** | **26,456.39** |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 3,376.39 | 3,238.96 |
| Finance costs | 637.38 | 710.95 |
| Liabilities/provisions no longer required written back | (11.66) | (59.43) |
| Provision for doubtful receivables | 160.50 | – |
| Provision for warranty | 1,175.79 | 983.10 |
| Subsidy income | (2.84) | (2.84) |
| Bad debts written off | 36.41 | 34.18 |
| Fair value (gain) / loss on investments (net) | (872.62) | 382.97 |
| (Profit) / Loss on sale of investments (net) | (1,864.61) | (1,228.48) |
| (Profit) / Loss on sale of property, plant and equipment (net) | (48.56) | (107.95) |
| Net Loss on Foreign Currency Forward Contracts | 1,322.29 | – |
| Unrealised foreign exchange (gain) / loss (net) | (68.19) | (684.71) |
| Rental Income | (250.69) | (239.21) |
| Interest income | (3,709.60) | (3,980.33) |
| **Operating profit before working capital changes** | **25,947.01** | **25,503.60** |
| **Changes in working capital:** | | |
| Decrease in Inventories | 1,452.24 | 2,485.30 |
| (Increase) / Decrease in loans and trade receivables | (2,426.49) | 1,112.73 |
| Decrease / (Increase) in other financial and non-financial assets | (1,283.58) | (2,211.83) |
| (Decrease) / Increase in trade payables | (1,109.13) | (1,637.95) |
| (Decrease) / Increase in other financial liabilities, non-financial liabilities and provisions | (933.43) | 1,344.93 |
| **Cash generated from operations** | **21,646.62** | **26,596.78** |
| Income tax paid (net of refunds) | (6,837.68) | (7,032.31) |
| **Net cash flow from operating activities (A)** | **14,808.94** | **19,564.47** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment and change in capital work-in-progress | (3,752.84) | (1,699.93) |
| Proceeds from Sale of property, plant and equipment | 173.11 | 438.30 |
| Capital Advances | 43.37 | – |
| Investment in shares of Subsidiary Companies (net) | – | (1,285.94) |
| Investment in bonds, debentures and mutual funds (net) | (12,694.00) | (19,799.70) |
| Loans given to Subsidiary Company | (4,200.00) | (2,922.79) |
| Repayment of loans by Subsidiary Company | 350.00 | – |
| Proceeds from bank deposits | 4.93 | – |
| Interest and principal received on lease receivable | 206.44 | 72.00 |
| Rental income (short term lease) | 250.69 | 239.21 |
| Interest income received | 5,277.56 | 3,925.91 |
| **Net cash (used in) investing activities (B)** | **(14,340.74)** | **(21,032.94)** |
| **C. Cash flow from financing activities** | | |
| Payment of lease liabilities (principal and interest) | (260.91) | (195.32) |
| Fees paid for increase in authorised share capital | (50.39) | – |
| Finance costs | (545.65) | (408.39) |
| **Net Cash (used in) Financing Activities (C)** | **(856.95)** | **(603.71)** |
| **Net (decrease) / increase in cash and cash equivalents (A+B+C)** | **(388.75)** | **(2,072.18)** |
| Cash and cash equivalents at the beginning of the year | 1,431.36 | 3,503.54 |
| **Cash and cash equivalents at the end of the year** | **1,042.61** | **1,431.36** |

# Standalone Statement of Cash Flows

for the year ended March 31, 2023

**Notes :**

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
2. Figures in bracket represents cash outflow.
3. Components of cash and cash equivalents:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 7.41 | 15.65 |
| Deposits having original maturity of less than 3 months | 1.00 | 933.87 |
| Balance with banks in current accounts | 1,034.20 | 481.84 |
| **Balance as per Statement of Cash Flows** | **1,042.61** | **1,431.36** |

4. Changes in liabilities arising from financing activities:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Lease liabilities** | | |
| Lease liabilities at the beginning of the year | 1,939.84 | 199.19 |
| Addition during the year | 40.54 | 1,823.14 |
| Finance charges | 91.73 | 112.83 |
| Payment of lease liabilities | (260.91) | (195.32) |
| Cancellation / adjustments | (195.95) | - |
| **Lease liabilities as at year end** | **1,615.25** | **1,939.84** |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Standalone Statement of Changes in Equity

for the year ended March 31, 2023

## A. EQUITY SHARE CAPITAL

| Particulars | ₹ in Lakhs |
|---|---|
| **Balance as at April 01, 2021** | 2,439.14 |
| Add: Issued during the year | - |
| **Balance as at March 31, 2022** | **2,439.14** |
| Add: Bonus shares issued during the year | 2,439.14 |
| **Balance as at March 31, 2023** | **4,878.28** |

## B. OTHER EQUITY

(₹ in Lakhs)

| Particulars | Reserves and surplus | | | Items of Other Comprehensive Income | | Total |
|---|---|---|---|---|---|---|
| | Retained earnings | Capital reserve | General reserve | Debt instruments through OCI | Cash flow hedge reserve through OCI | |
| **Balance as at April 01, 2021** | **96,671.76** | **328.57** | **1,716.27** | **181.59** | **-** | **98,898.19** |
| Profit for the year | 19,731.48 | - | - | - | - | 19,731.48 |
| Other comprehensive income/ (loss) for the year (net of tax) | (358.74) | - | - | 242.38 | - | (116.36) |
| **Total comprehensive income for the year** | **19,372.74** | **-** | **-** | **242.38** | **-** | **19,615.12** |
| **Balance as at March 31, 2022** | **1,16,044.50** | **328.57** | **1,716.27** | **423.97** | **-** | **1,18,513.31** |
| Profit for the year | 19,485.94 | - | - | - | - | 19,485.94 |
| Other comprehensive income/ (loss) for the year (net of tax) | (123.67) | - | - | - | - | (123.67) |
| Loss on cash flow hedge reserve (net of tax) | - | - | - | - | (260.25) | (260.25) |
| Expenses towards Increase in authorised capital | (50.39) | - | - | - | - | (50.39) |
| Realised gain from debt instruments transferred to statement of Profit and Loss | - | - | - | (423.97) | - | (423.97) |
| Bonus shares issued during the year | (394.30) | (328.57) | (1,716.27) | - | - | (2,439.14) |
| **Total comprehensive income for the year** | **18,917.58** | **(328.57)** | **(1,716.27)** | **(423.97)** | **(260.25)** | **16,188.52** |
| **Balance as at March 31, 2023** | **1,34,962.08** | **-** | **-** | **-** | **(260.25)** | **1,34,701.83** |

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Nipun Gupta**
Partner
Membership No.: 502896

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Gurugram
Date: May 17, 2023

Place: Noida
Date: May 17, 2023

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 1 : COMPANY INFORMATION

Sheela Foam Limited ('the company') is a ISO 9001:2000 public limited company incorporated in India, with its registered office in New Delhi. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

The Company is pioneered in the manufacturing of polyurethane foams in India and has ten manufacturing facilities, using the state of the art technology at strategic locations across the country.

The standalone financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on May 17, 2023.

## NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 the 'Act' read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The standalone financial statements have been prepared on accrual and going concern basis. All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The standalone financial statements have been prepared on a historical cost basis, except for the following :

- certain financial assets and liabilities (including derivative instruments), measured at fair value (refer accounting policy regarding financial instruments).
- defined benefit plans - plan asset measured at fair value.

#### b. Functional and presentation currency

The standalone financial statements are prepared in Indian Rupees ('₹'), which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimal places, unless stated otherwise.

#### c. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is

- expected to be realized, or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for atleast 12 months after the reporting date.

All other liabilities are classified as non-current.

**Deferred tax assets and liabilities:**

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating Cycle:**

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

#### d. Use of estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying standalone financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the standalone financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

These estimates and assumptions are based on the facts and events, that existed as at the date of Balance Sheet, or that occurred after that date but provide additional evidence about conditions existing as at the Balance Sheet date.

Refer below for detailed discussion on estimates and judgments:

**i. Useful lives of Property Plant and Equipment**

The Property, Plant and Equipment are depreciated on a pro-rata basis on written down value basis over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 2.2 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the financial position in future years.

**ii. Retirement benefit obligation**

The cost of retirement benefits and present value of the retirement benefit obligations in respect of Gratuity and Leave Encashment is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, these retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long-term government bonds with extrapolated maturity corresponding to the expected duration of these obligations. The mortality rate is based on publicly available mortality table for the specific countries. Future salary, seniority, promotion and other relevant factors and pension increases are based on expected future inflation on a long-term basis. Further details about the assumptions used, including a sensitivity analysis are given in Note 44.

**iii. Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

**iv. Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**v. Impairment of Financial assets**

The impairment provision of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**2.2 Property, Plant & Equipment**

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till the date of commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Depreciation on property, plant & equipment is provided on a pro-rata basis on written down value basis, over the useful life of the assets estimated by management, in the manner prescribed in Schedule II of the Companies Act, 2013. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The property, plant and equipment costing upto ₹5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

| Asset | Useful life as per Schedule II of the Companies Act, 2013 (No. of Years) | Useful life as assessed / estimated by the Company (No. of Years) |
|---|---|---|
| Building | | |
| – Factory (Including roads & lanes) | 30 | 29 |
| – Office | 60 | 4-59 |
| – Residential | 60 | 59 |
| Plant & Equipment | 15 | 20 |
| Furniture & Fixtures | 10 | 15 |
| Vehicles | | |
| – Motor Cars | 8 | 10 |
| Office Equipment | 5 | 20 |
| Data Processing Equipment | | |
| – Computer Equipment | 3 | 6 |
| Electrical Fittings | 10 | 20 |

Based on usage pattern, technical evaluation and internal assessment, management believes the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

Cost of leasehold land is amortized over the period of lease. Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of assets.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01, 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**2.3 Investment Property**

Property that is held for long- term rental yields or for capital appreciation or both and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are added to the carrying amount only when it is probable that it will increase its useful life. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred. Though the Company measures investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer applying a recognized and recommended valuation model.

Depreciation on investment property, is provided on a pro-rata basis on a written down value basis, over the useful life of the property estimated by management, in the manner prescribed in Schedule II of the Act. The property's residual value, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Act:

| Asset | Useful life as per Schedule II of the Companies Act, 2013 (No. of Years) | Useful life as assessed / estimated by the Company (No. of Years) |
|---|---|---|
| Buildings : | | |
| – Factory | 30 | 29 |
| – Office | 60 | 59 |
| – Residential | 60 | 59 |

Based on usage pattern, technical evaluation and internal assessment, management believes the useful lives, as given above best represent the period over which the management expects to use the properties. Hence the useful lives of

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

these properties is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on de-recognition of the investment property is included in the Statement of Profit and Loss.

Transfers are made to/from investment property only when there is a change in its use. Transfers between investment property is made at the carrying amount of the property transferred.

### Transition to Ind AS

On transition to Ind AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognized in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 01, 2016.

## 2.4 Investment in Subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

## 2.5 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (i) Financial Assets

**(a)** Initial recognition and measurement

At initial recognition, all financial assets are recognized at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(b)** Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

a. at amortized cost;

b. at fair value through other comprehensive income (FVTOCI); and

c. at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(1) Financial assets measured at amortized cost:

A financial asset is measured at amortized cost if both the following conditions are met:

| | |
|---|---|
| - Business Model Test: | The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and |
| - Cash Flow Characteristics Test: | The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding. |

This category is most relevant to the Company. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents, investments in securities and employee loans, etc.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

(2) Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

| | | |
|---|---|---|
| - | Business Model Test: | The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and |
| - | Cash Flow Characteristics Test: | The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding. |

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in Statement of Profit and Loss. This category comprises of investments in mutual funds and market linked debentures.

**(c) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

– Financial Assets measured at amortized cost;

– Financial Assets measured at FVTOCI.

Expected credit losses are measured through a loss allowance at an amount equal to:

– 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

– full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

– Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with banks, security deposits, employee loans, etc.

– Financial assets that are debt instruments and are measured at FVTOCI.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

**(d) Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when:

a. The rights to receive cash flows from the asset have been expired/transferred; or

b. The Company retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## (ii) Financial Liabilities

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, borrowings, security deposits and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial Liabilities at Fair Value through Profit or Loss (FVTPL)**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of other comprehensive income.

**Borrowings & Security Deposits**

Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR.

**Financial Guarantee Contract**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

**Trade and other payables**

Trade and other payables are obligations incurred by the Company towards purchase of raw material and other goods and availing the services that have been acquired or availed in the ordinary course of business. Trade and other payables are classified under current liabilities, if payment is due within 12 months as at Balance Sheet date, if not, they are classified under non-current liabilities.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**(iii) Offsetting of financial instruments :**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(iv) Derivative Financial Instruments :**

**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments to hedge its foreign currency risk and interest rate risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of Profit or Loss and Other Comprehensive Income. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Hedge Accounting**

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements : -

There is an economic relationship between the hedged items and the hedging instruments,

- the effect of credit risk does not dominate the value changes that result from that economic relationship,
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk.

**Cash flow hedges**

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit or Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit or Loss upon the occurrence of the underlying transaction.

## 2.6 Inventories

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, first-in-first-out cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average and its cost comprises of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a first-in-first-out.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item-by-item basis.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

### 2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, short term deposits with banks with original maturity of 3 months or less, highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

### 2.8 Impairment of Non-Financial Assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets 'cash generating unit'.

### 2.9 Provisions and Contingent Liabilities

#### a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### b) Provision for Warranty

Warranty provision is determined based on the historical percentage of warranty expense to sales for the same types of goods depending upon the warranty period offered. The percentage to the sales is applied to derive the warranty expense to be accrued. Actual warranty claims are settled against warranty provision. The warranty claims may not exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence. Closing warranty provision is bifurcated into Current and Non-current based on the past settlement trend with the non-current portion being discounted to derive the present value. The assumptions are consistent with prior years.

#### c) Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### 2.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

IND As 115 five step model is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sales are recognized at the fair value of the consideration that can be reliably measured and reduced by variable consideration. Variable consideration includes sales returns, trade discounts, volume based incentives, and cost of promotional programs, indirect taxes as may be applicable.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

The Company provides various volume based rebates to certain customers once the goods are purchased by them above a certain threshold as specified in the scheme letter. Rebates outstanding at the balance sheet date are adjusted against the amount receivable from the customer. To estimate and recognise the liability for the incentives the company uses the methods which best predicts the amount of incentives and is primarily driven by the number of volume thresholds mentioned in the contracts.

**i) Sale of goods - distributors**

The company operates via chain of distributors selling mattresses and home comfort products. Revenue from the such sales is recognised when control of the products being sold is transferred to distributor and when there are no longer any unfulfilled obligations. As per company's policies the performance obligations are fulfilled at the time of dispatch from the factory or warehouse.

Company's contract with trade customers do not have financing component or non-cash consideration and the Company does not have any unbilled revenue or deferred revenue.

It is the company's policy to sell its products to the end customer with a right of return within a stipulated time period. Therefore, a refund liability (included in other current liabilities) and a right to recover the returned goods (included in other current assets) are recognised for the products expected to be returned, based on estimate. Historical data and past trends are used to estimate such returns. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The company's obligation to replace faulty products under the standard warranty terms is recognised as a provision (Refer Note 25).

**ii) Sale of goods - B2B**

The company manufactures and sells a range of industrial foam and cushioning foam to B2B segment. Sales are recognised when control of the products has transferred, that is when the products are dispatched from the factory or the warehouse.

**iii) Sale of services**

The IT consulting division provides business IT management, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

**Other Income**

**i) Interest income from Bonds**

Interest income from bonds at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

**ii) Rental income**

Rental income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**iii) Guarantee Commission**

The Company earns guarantee commission on the guarantee given to Bank for the credit facility availed by its foreign subsidiaries.

**iv) Income from sale of investments**

The Company earns profit/loss on sale of bonds and mutual funds. When these investments are sold, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.

**2.11 Government Grants / Subsidy**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### 2.12 Employee Benefits

#### a. Short Term Employee Benefits

All Employee benefits payable within twelve months of rendering the services are classified as short-term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/pay etc, are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### b. Long Term Benefit

The employees of the Company are entitled to long service award (LSA), as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. The liability towards LSA is provided for on accrual basis as estimated by the management.

#### c. Post-Employment Benefits

**i. Defined contribution plan:**

**(A) Provident fund:**

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

**(B) Employee's State Insurance Scheme:**

Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

**ii. Defined benefit plan**

**Gratuity:**

The company provides for gratuity, a defined benefit plan ('the Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Other Comprehensive Income in the year in which they arise. Liability is funded through a separate Gratuity Trust. The short/ excess of gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ asset as at the Balance Sheet date.

#### d. Other Long Term Benefits

**Compensated Absences:**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under defined benefit plans can be encashed only on discontinuation of service by employee.

### 2.13 Leases

#### As a Lessee

The Company's lease assets classes primarily consist of leases for Land & Buildings. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee,

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

except for short-term leases and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense in the statement of profit and loss.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company separately recognizes the interest expense on the lease liability as finance cost and the depreciation expense on the right-of-use asset.

Payments associated with short-term leases of warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Company has applied the practical expedient wherein it relied on its assessment of whether leases are onerous immediately before the date of initial application.

#### As a Lessor

Lease income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as lease income.

### 2.14 Foreign Currency Transactions

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### 2.15 Taxation

Tax expense for the year comprises of Current Tax and Deferred Tax are included in the determination of the net profit or loss for the year.

#### a. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### b. Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.16 Dividend Distribution:

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company and is declared by the shareholders. A corresponding amount is recognized directly in the Equity.

### 2.17 Earnings per Share:

Basic earnings per share is calculated by dividing net profit/ loss of the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding without a corresponding change in the resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 2.18 Contributed Equity:

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.19 Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 2.20 Standards (including amendments) issued but not yet effective.

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023, to amend certain Ind AS which are effective from 01 April 2023: Below is a summary of such amendments:

**(i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements**

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**(ii) Definition of Accounting Estimates - Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors**

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The amendments are not expected to have a material impact on the Company's financial statements.

**2.21 Standards that became effective during the year**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from 01 April 2022

**(i) Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37**

Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

These amendments have no impact on the financial statements of the Company.

**(ii) References to the Conceptual Framework - Amendments to Ind AS 103**

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also add a new exception in Ind AS 103 for liabilities and contingent liabilities.

These amendments have no impact on the financial statements of the Company.

**(iii) Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16**

The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

**(iv) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liability**

The amendment clarifies which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

| Particulars | Land - freehold | Buildings (Including Roads & Lanes) | Plant & Equipment | Furniture and fixtures | Vehicles | Office equipment | Electrical fittings | Total property, plant and equipment | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|
| **At cost or deemed cost** | | | | | | | | | |
| **As at April 1, 2021** | **1,699.02** | **14,700.50** | **18,373.86** | **1,194.10** | **989.99** | **1,632.35** | **960.45** | **39,550.27** | **117.06** |
| Additions | - | 41.45 | 975.80 | 78.84 | 280.27 | 221.23 | 9.63 | 1,607.22 | 2,300.54 |
| Disposals/transfer* | - | (9.09) | (598.34) | (2.08) | (85.38) | (13.68) | (2.62) | (711.19) | (2,353.82) |
| **As at March 31, 2022** | **1,699.02** | **14,732.86** | **18,751.32** | **1,270.86** | **1,184.88** | **1,839.90** | **967.46** | **40,446.30** | **63.78** |
| Additions | 29.11 | 1,872.64 | 933.63 | 61.12 | 485.79 | 243.52 | 2.03 | 3,627.84 | 980.66 |
| Disposals/transfer* | - | (9.02) | (166.83) | (17.40) | (80.82) | (86.69) | (0.23) | (360.99) | (855.66) |
| **As at March 31, 2023** | **1,728.13** | **16,596.48** | **19,518.12** | **1,314.58** | **1,589.85** | **1,996.73** | **969.26** | **43,713.15** | **188.78** |
| **Accumulated depreciation** | | | | | | | | | |
| **As at April 1, 2021** | - | 4,257.50 | 7,653.41 | 507.21 | 541.22 | 809.81 | 425.74 | 14,194.89 | - |
| Depreciation charge for the year | - | 1,047.44 | 1,559.13 | 129.72 | 134.34 | 180.74 | 74.32 | 3,125.70 | - |
| Disposals/adjustments | - | (1.46) | (302.31) | (1.46) | (60.56) | (9.64) | (0.41) | (375.84) | - |
| **As at March 31, 2022** | **-** | **5,303.49** | **8,910.23** | **635.47** | **615.00** | **980.91** | **499.66** | **16,944.76** | **-** |
| Depreciation charge for the year | - | 1,242.00 | 1,382.71 | 128.20 | 203.56 | 273.66 | 65.06 | 3,295.19 | - |
| Disposals/adjustments | - | (3.03) | (107.32) | (7.77) | (44.96) | (73.15) | (0.20) | (236.43) | - |
| **As at March 31, 2023** | **-** | **6,542.46** | **10,185.62** | **755.90** | **773.60** | **1,181.42** | **564.52** | **20,003.52** | **-** |
| **Net carrying amount** | | | | | | | | | |
| **As at March 31, 2022** | **1,699.02** | **9,429.37** | **9,841.10** | **635.39** | **569.88** | **858.98** | **467.80** | **23,501.54** | **63.78** |
| **As at March 31, 2023** | **1,728.13** | **10,054.02** | **9,332.50** | **558.68** | **816.25** | **815.31** | **404.74** | **23,709.63** | **188.78** |

*Capital work in progress 'Disposal/transfer' includes ₹ Nil ( March 31,2022: ₹ 1,819 Lakhs) sold to its wholly owned subsidiary International Comfort Technologies Private Limited.

**Notes:**

a. Property, plant and equipment has been pledged as security amounted ₹15,600 Lakhs (March 31, 2022: ₹ 15,600 Lakhs) against the financial guarantee of EURO 20 million on September 25, 2019 towards term loan granted by Citi Bank, Spain for its subsidiary Company International Foam Technologies S.L, Spain.

b. Refer note no. 51 for disclosure of commitment for expenditure on account of acquisition of Property, plant and equipment.

c. Refer note no. 43 for disclosure of title deeds of immovable properties not held in the name of the Company.

d. Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

(₹ in Lakhs)

| Capital Work-in-progress | March 31, 2023 | | | | | March 31, 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount in Capital Work-in-progress for a period of | | | | Total | Amount in Capital Work-in-progress for a period of | | | | Total |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 188.78 | - | - | - | 188.78 | 63.78 | - | - | - | 63.78 |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in Lakhs)

| Particulars | Leasehold land | Buildings | Total |
|---|---|---|---|
| **Cost** | | | |
| **At April 1, 2021** | **2,046.03** | **31.97** | **2,078.00** |
| Additions | 173.52 | 275.49 | 449.01 |
| Disposal/transfer | (549.46) | - | (549.46) |
| **As at March 31, 2022** | **1,670.09** | **307.46** | **1,977.55** |
| Additions | - | 40.54 | 40.54 |
| Disposal/transfer | (5.61) | (266.95) | (272.56) |
| **As at March 31, 2023** | **1,664.48** | **81.05** | **1,745.53** |
| **Accumulated Depreciation** | | | |
| At April 1, 2021 | 41.66 | 21.35 | 63.01 |
| Charge for the year | 19.51 | 72.01 | 91.52 |
| Disposal/transfer | (12.10) | - | (12.10) |
| **As at March 31, 2022** | **49.07** | **93.36** | **142.43** |
| Charge for the year | 20.51 | 40.49 | 61.00 |
| Disposal/transfer | - | (88.99) | (88.99) |
| **As at March 31, 2023** | **69.58** | **44.86** | **114.44** |
| **Net book value as at March 31, 2022** | **1,621.02** | **214.10** | **1,835.12** |
| **Net book value as at March 31, 2023** | **1,594.90** | **36.19** | **1,631.09** |

(i) Refer note no. 46 for detailed disclosures as per Ind AS 116 “Leases”.

## NOTE 5 : INVESTMENT PROPERTY

(₹ in Lakhs)

| Particulars | Leasehold land | Freehold land | Buildings | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **At April 1, 2021** | **68.47** | **10.90** | **432.30** | **511.67** |
| Additions | - | - | - | - |
| Disposal/Transfer | - | - | - | - |
| **As at March 31, 2022** | **68.47** | **10.90** | **432.30** | **511.67** |
| Additions | - | - | - | - |
| Disposal/Transfer | - | - | - | - |
| **As at March 31, 2023** | **68.47** | **10.90** | **432.30** | **511.67** |
| **Depreciation** | | | | |
| At April 1, 2021 | 4.55 | - | 122.68 | 127.23 |
| Charge for the year | 0.91 | - | 20.83 | 21.74 |
| Disposal/transfer during the year | - | - | - | - |
| **As at March 31, 2022** | **5.46** | **-** | **143.51** | **148.97** |
| Charge for the year | 0.91 | - | 19.29 | 20.20 |
| Disposal/transfer | - | - | - | - |
| **As at March 31, 2023** | **6.37** | **-** | **162.80** | **169.17** |
| **Net book value as at March 31, 2022** | **63.01** | **10.90** | **288.79** | **362.70** |
| **Net book value as at March 31, 2023** | **62.10** | **10.90** | **269.50** | **342.50** |

**Notes:**

a. Refer ‘Para- 2.3’ of Significant Accounting Policies’ for depreciation and measurement of investment property.

b. The leasehold land has been amortised during the year by ₹ 0.91 Lakhs (March 31, 2022: : ₹ 0.91 Lakhs) as per the accounting policy in terms of the Ind AS-40 on ‘Investment Property’.

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

c. Income from investment property

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Rental Income derived from investment property | 216.63 | 214.73 |
| Profit arising from investment property before depreciation | 216.63 | 214.73 |
| (Less): Depreciation for the year | (20.20) | (21.74) |
| **Net Profit arising from investment property** | **196.43** | **192.99** |

d. The Company has obtained independent valuation for its investment properties at ₹2,884.95 Lakhs as on March 31, 2023 and ₹ 2,591.31 Lakhs as on March 31, 2022. These valuations are based on valuations performed by K.S. Agrawal Associates, an accredited independent valuer. K.S. Agrawal Associates is a specialist in valuing these types of investment properties and reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence.

Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where is' basis.

e. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements thereof and there are no restrictions on remittance of income and proceeds of disposal.

f. The investment properties which are leasehold properties, realisability of the same is subject to the terms and conditions under the respective lease agreements.

g. The Company's Investment Properties are given on cancellable lease for a period 1-10 years.

## NOTE 6 : INVESTMENTS IN SUBSIDIARIES

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| **Investment in equity shares (Unquoted, at cost) (fully paid up)** | | | | |
| Joyce Foam PTY. Limited - Face value per share of Aud $ 10/- each | 6,58,500 | 2,306.59 | 6,58,500 | 2,306.59 |
| Divya Software Solutions Private Limited - Face value per share of ₹ 10/- each | 94,633 | 7,602.00 | 94,633 | 7,602.00 |
| Sleepwell Enterprises Private Limited- Face value per share of ₹ 10/- each | 10,500 | 109.20 | 10,500 | 109.20 |
| International Foam Technologies SL, Spain - Face value per share of Euro 1/-each | 1,20,03,000 | 9,638.86 | 1,20,03,000 | 9,638.86 |
| Staqo World Private Limited - Face value per share of ₹ 10/- each | 10,000 | 0.73 | 10,000 | 0.73 |
| International Comfort Technologies Private Limited - Face value per share of ₹ 10/- each | 1,00,000 | 10.00 | 1,00,000 | 10.00 |
| **Total** | **1,28,76,633** | **19,667.38** | **1,28,76,633** | **19,667.38** |
| Aggregate amount of Unquoted Investments | | **19,667.38** | | **19,667.38** |
| Aggregate amount of impairment in value of investments | | - | | - |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 6.1 : INFORMATION ABOUT SUBSIDIARIES

(%) of Shareholding

| Name of the Company and Country of Incorporation | Principal Activities | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Joyce Foam PTY. Limited, Australia | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers) | 100 | 100 |
| Divya Software Solutions Private Limited., India | Software development and related ancillary activities | 100 | 100 |
| Sleepwell Enterprises Private Limited., India | Providing of its Trademarks, Patents, Logos etc. and earning royalty thereon | 100 | 100 |
| International Foam Technologies SL, Spain | To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam | 100 | 100 |
| Staqo World Private Limited, India | Information technology and related ancillary activities | 100 | 100 |
| International Comfort Technologies Private Limited, India | Manufacturer of mattresses supplied to domestic & overseas customers | 100 | 100 |

The country of incorporation or registration is also their principal place of business.

## NOTE 7 : INVESTMENT IN PREFERENCE SHARES

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| **Investment in 5% optionally convertible preference shares (Unquoted, at cost) (fully paid up)** | | | | |
| International Comfort Technologies Private Limited of ₹ 10/- each | 2,99,00,000 | 2,990.00 | 2,99,00,000 | 2,990.00 |
| | **2,99,00,000** | **2,990.00** | **2,99,00,000** | **2,990.00** |
| Aggregate amount of Unquoted Investment | | **2,990.00** | | **2,990.00** |
| Aggregate amount of impairment in value of investment | | - | | - |

## NOTE 8 : OTHER INVESTMENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **In Bonds & Debentures - fully paid up** | | |
| Carried at amortised cost - Unquoted | 0.35 | 0.35 |
| Carried at fair value through Other Comprehensive Income - Quoted | - | 47,876.02 |
| Carried at fair value through Profit & Loss - Unquoted | 5,640.94 | 5,006.80 |
| **Total Investments** | **5,641.29** | **52,883.17** |
| **Aggregate amount of Quoted Investments** | **-** | **47,876.02** |
| **Market value of Quoted Investments** | **-** | **47,876.02** |
| **Aggregate amount of Unquoted investment** | **5,641.29** | **5,007.15** |
| **Aggregate amount of impairment in value of investments** | **-** | **-** |

The above bonds and debentures carries coupon rate ranging from 8% to 10.50% (March 31, 2022: 8% to 10.50%).

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 9 : LOANS (NON CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| **At amortised cost** | | |
| Loans to employees | 10.53 | 7.60 |
| Loan to Subsidiaries (refer note no. 45 & 69) | 12,218.61 | 7,770.40 |
| **Total** | **12,229.14** | **7,778.00** |

## NOTE 10 : OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Security deposits | 302.08 | 371.90 |
| Deposits with banks: | | |
| – held as margin money | 1.34 | 1.34 |
| Lease receivable (refer note no. 45 & 46B) | 1,394.65 | 1,533.85 |
| **Total** | **1,698.07** | **1,907.09** |

## NOTE 11 : NON CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance income tax (net of provision of ₹ 12,814.16 Lakhs (March 31,2022: ₹24,690.64 Lakhs) | 671.16 | 463.33 |
| **Total** | **671.16** | **463.33** |

## NOTE 12 : OTHER NON CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Capital advances* | 137.83 | 181.20 |
| Prepaid rent | 38.48 | 38.82 |
| Loan & advances | 147.36 | 40.00 |
| **Total** | **323.67** | **260.02** |

*For value of Contracts in capital account remaining to be executed (refer note no. 51).

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 13 : INVENTORIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Valued at lower of cost and net realisable value unless otherwise stated)** | | |
| Raw materials | 8,129.77 | 8,999.79 |
| Raw materials (In transit) | 1,718.03 | 2,702.45 |
| Work-in-progress | 5,013.43 | 4,912.92 |
| Finished goods | 972.70 | 1,281.82 |
| Stock-in-trade | 1,429.24 | 840.21 |
| Packing materials | 536.34 | 726.38 |
| Packing materials (In transit) | 35.29 | 54.88 |
| Stores and spares | 1,041.18 | 797.06 |
| Stores & spares (In transit) | 18.39 | 31.10 |
| **Total** | **18,894.37** | **20,346.61** |

**Notes:**

(i) Value of inventories above is net of provision for slow moving /obsolete inventories amounting to ₹ 23.79 Lakhs (March 31, 2022: ₹ 10.89 Lakhs) for write-down to net realisable value and provision for slow-moving and obsolete items.

(ii) Inventories held by Company are subject to hypothecation by bankers towards working capital limits obtained by the Company but not utilised till March 31, 2023.

## NOTE 14 : INVESTMENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **In Mutual Funds - fully paid up** | | |
| Carried at fair value through profit and loss- Quoted | 70,647.60 | 8,398.45 |
| **Total Investments** | **70,647.60** | **8,398.45** |
| **Aggregate amount of Quoted Investments** | **70,647.60** | **8,398.45** |
| **Aggregate market value of Quoted Investments** | **70,647.60** | **8,398.45** |

## NOTE 15 : TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(At amortised cost)** | | |
| **Unsecured** | | |
| Trade receivables - considered good (refer note below) | 16,400.40 | 13,601.78 |
| Trade receivables - considered doubtful | 219.47 | 58.97 |
| **Trade receivables (gross)** | **16,619.87** | **13,660.75** |
| Less: Impairment allowance for trade receivables considered doubtful | (219.47) | (58.97) |
| **Total** | **16,400.40** | **13,601.78** |
| **Further classified as** | | |
| Receivable from related parties (refer note no. 45) | 4,209.84 | 198.81 |
| Receivable from others | 12,190.56 | 13,402.97 |
| | **16,400.40** | **13,601.78** |

**Note :**

a. No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

b. Trade receivables are usually non-interest bearing and are on trade terms of 0 - 60 days.

c. For trade receivables, the Company has applied the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognized from initial recognition of the receivables.

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

d. Movement in the expected credit loss allowance

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | 58.97 | 58.97 |
| Charge / (reversal) in allowance during the year (net) | 160.50 | - |
| **Balance at the end of the year** | **219.47** | **58.97** |

e. Refer note no. 49 for information about credit and market risk of trade receivables.

f. Realization from trade receivables held by Company are subject to hypothecation by bankers towards working capital limits obtained by the Company.

g. Below is the ageing analysis of trade receivables

**As on March 31, 2023** (₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| (i) Undisputed trade receivables | | | | | | | |
| – considered good | 8,866.60 | 7,359.73 | 93.11 | 53.78 | 5.84 | 21.34 | 16,400.40 |
| – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (ii) Disputed trade receivables | | | | | | | |
| – considered good | - | - | - | - | - | - | - |
| – which have significant increase in credit risk | - | 39.53 | 40.13 | 122.51 | - | 17.30 | 219.47 |
| **Total** | **8,866.60** | **7,399.26** | **133.24** | **176.29** | **5.84** | **38.64** | **16,619.87** |

**As on March 31, 2022** (₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| (i) Undisputed trade receivables | | | | | | | |
| – considered good | 7,702.42 | 5,790.49 | 67.32 | 6.92 | 2.97 | 28.86 | 13,598.98 |
| – which have significant increase in credit risk | - | - | - | - | - | - | |
| (ii) Disputed trade receivables | | | | | | | |
| – considered good | - | - | - | 2.80 | - | - | 2.80 |
| – which have significant increase in credit risk | - | 7.94 | 1.35 | 5.35 | 33.25 | 11.08 | 58.97 |
| **Total** | **7,702.42** | **5,798.43** | **68.67** | **15.07** | **36.22** | **39.94** | **13,660.75** |

## NOTE 16 : CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance with banks : | | |
| Current accounts | 1,034.20 | 481.84 |
| Fixed deposits account with an original maturity of less than three months | 1.00 | 933.87 |
| Cash on hand | 7.41 | 15.65 |
| **Total** | **1,042.61** | **1,431.36** |

**Notes:**

a) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior year.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

b) Cash balances with bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

## NOTE 17 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits having original maturity more than 3 months but less than 12 months | 26.65 | 31.58 |
| **Total** | **26.65** | **31.58** |

**Note:**

Other bank balances represent fixed deposits with banks.

## NOTE 18 : LOANS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| **At amortised cost** | | |
| Loans to employees | 59.07 | 55.07 |
| Inter-corporate deposits | - | 500.00 |
| **Total** | **59.07** | **555.07** |

**Note:**

In the above, no loans or advances are granted to promoters, directors, KMP and related parties.

## NOTE 19 : OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Interest accrued but not due on deposits with Banks, bonds and debentures | 5.57 | 1,983.16 |
| Interest accrued on loan given to subsidiary companies (refer note no. 45) | 403.82 | 83.27 |
| Insurance claim receivable | 0.22 | 0.11 |
| Other Receivables (refer note no. 45) | 88.88 | - |
| Lease receivable (refer note no. 45 & 46B) | 129.72 | 107.88 |
| Other loans & advances (refer note below) | 11.79 | 643.35 |
| **Total** | **640.00** | **2,817.77** |

**Note:**

Other loans & advances comprise of advances to staff for expenses and advances to other parties etc.

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

## NOTE 20 : OTHER CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Advance to contractors/suppliers | 1,429.90 | 651.87 |
| Balances with Statutory/Government authorities: | | |
| - Excise & Custom | 250.80 | 13.58 |
| - GST | 904.09 | 216.59 |
| - VAT/Sales Tax | 486.14 | 486.14 |
| Prepaid expenses (refer note (a)) | 418.84 | 322.32 |
| Lease equalisation | 68.24 | 66.33 |
| Right to recover return goods (refer note (b)) | 146.12 | 166.14 |
| **Total** | **3,704.13** | **1,922.97** |

**Notes:**

(a) Prepaid expenses includes amount of ₹ 47 Lakhs towards amount available for set off in pursuant of sub-rule(3) of rule 7 of the Companies (Corporate social responsibility policy) rules, 2014 (refer note no. 57).

(b) In certain cases, the Company provides its customers right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Company recognises liability for expected sales return, a receivables on expected sales return (and corresponding adjustment to change in inventory is also recognised for the receivables on expected sales return from a customer).

## NOTE 21 : EQUITY SHARE CAPITAL

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Authorised share capital:** | | |
| 20,00,00,000 fully paid equity shares of ₹ 5 each | 10,000.00 | 4,401.05 |
| (March 31, 2022 : 8,80,21,000 fully paid equity shares of ₹ 5 each) | | |
| | **10,000.00** | **4,401.05** |
| **Issued, subscribed & paid up share capital:** | | |
| 9,75,65,616 fully paid equity shares of ₹ 5 each | 4,878.28 | 2,439.14 |
| (March 31, 2022 : 4,87,82,808 equity shares of ₹ 5 each) | | |
| **Total** | **4,878.28** | **2,439.14** |

**(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares | ₹ in Lakhs | Number of shares | ₹ in Lakhs |
| At the beginning of the year | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |
| Bonus shares issued during the year (refer note no. 21(e)) | 4,87,82,808 | 2,439.14 | - | - |
| **Outstanding at the end of the year** | **9,75,65,616** | **4,878.28** | **4,87,82,808** | **2,439.14** |

**(c) Terms and rights attached to equity shares**

The Company has one class of equity shares having a par value of ₹ 5/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Company in proportion of their shareholding.

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

**(d) Details of shareholders holding more than 5% shares in the Company**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares | % of holding | Number of shares | % of holding |
| Sh. Rahul Gautam | 1,24,18,970 | 12.73% | 62,09,485 | 12.73% |
| Smt. Namita Gautam | 1,14,31,758 | 11.72% | 57,15,879 | 11.72% |
| Sh. Tushaar Gautam | 3,41,72,628 | 35.03% | 1,70,86,314 | 35.03% |
| Rangoli Resorts Private Limited | 1,31,50,818 | 13.47% | 65,63,391 | 13.45% |
| SBI Small Cap Fund | 84,70,282 | 8.68% | 43,84,301 | 8.99% |
| DSP Midcap Fund | 43,11,428 | 4.42% | 24,38,196 | 5.00% |
| Kotak Emerging Equity Scheme | 63,00,647 | 6.46% | 30,84,942 | 6.32% |

**(e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares**

During the year 4,87,82,808 fully paid up equity shares of ₹ 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:1.

**(f) Shareholding of promoters & promoter group**

| Shares held by promoters at the end of the year | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| Promoter name | Number of shares | % of holding | % Change during the year | Number of shares | % of holding | % Change during the year |
| Sh. Rahul Gautam | 1,24,18,970 | 12.73% | - | 62,09,485 | 12.73% | - |
| Smt. Namita Gautam | 1,14,31,758 | 11.72% | - | 57,15,879 | 11.72% | - |
| Sh. Tushaar Gautam | 3,41,72,628 | 35.03% | - | 1,70,86,314 | 35.03% | - |
| Rangoli Resorts Private Limited | 1,31,50,818 | 13.47% | 0.02% | 65,63,391 | 13.45% | - |
| Core Mouldings Private Limited | - | - | -0.02% | 12,018 | 0.02% | - |
| **Total** | | **72.95%** | | | **72.95%** | |

**(g)** No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end. However, certain bonus shares has been issued during the year, refer (e) above.

## NOTE 22 : OTHER EQUITY

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital reserve (refer note (a) below) | - | 328.57 |
| General reserve (refer note (b) below) | - | 1,716.27 |
| Retained earnings | 1,34,962.08 | 1,16,044.50 |
| Other comprehensive income | - | 423.97 |
| Cash flow hedge reserve (refer note (c) below) | (260.25) | - |
| **Total** | **1,34,701.83** | **1,18,513.31** |

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Capital Reserve** | | |
| Opening balance | 328.57 | 328.57 |
| Bonus shares issued during the year | (328.57) | - |
| **Closing balance** | **-** | **328.57** |
| **General reserve** | | |
| Opening balance | 1,716.27 | 1,716.27 |
| Bonus shares issued during the year | (1,716.27) | - |
| **Closing balance** | **-** | **1,716.27** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Retained earnings** | | |
| Opening balance | 1,16,044.50 | 96,671.76 |
| Net profit for the year | 19,485.94 | 19,731.48 |
| Bonus shares issued during the year | (394.30) | - |
| Expenses towards Increase in authorised capital | (50.39) | - |
| Remeasurements of the net defined benefit plans (net of tax) | (123.67) | (358.74) |
| **Closing balance** | **1,34,962.08** | **1,16,044.50** |
| **Other Comprehensive Income** | | |
| Opening balance | 423.97 | 181.59 |
| Fair value gain/(loss) on debt instruments (net of tax) | - | 242.38 |
| Realised gain from debt instruments transferred to profit and loss (net of tax) | (423.97) | - |
| **Closing balance** | **-** | **423.97** |
| **Cash flow hedge reserve** | | |
| Opening balance | - | - |
| Loss on cash flow hedge reserve (net of tax) | (260.25) | - |
| **Closing balance** | **(260.25)** | **-** |

**Notes:**

**(a) Capital reserve**

During amalgamation of the subsidiaries in the year 2012-13, the excess of net assets taken, over the cost of consideration paid was treated as capital reserve. During the year, Company had issued bonus share in the ratio of 1:1 out of capital reserve of ₹328.57 Lakhs.

**(b) General reserve**

The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. During the year, Company had issued bonus share in the ratio of 1:1 out of general reserve of ₹1,716.27 Lakhs.

**(c) Cash flow hedge reserve**

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

## NOTE 23 : LEASE LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Lease liabilities (refer note no. 46A) | 1,615.25 | 1,939.84 |
| **Total** | **1,615.25** | **1,939.84** |
| Current | 127.06 | 113.12 |
| Non current | 1,488.19 | 1,826.72 |

## NOTE 24 : OTHER NON CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits from dealers and others | 2,528.16 | 4,941.19 |
| Unearned Interest Income on deposits from dealers | - | 66.00 |
| Unearned Rent Income | 20.00 | 26.89 |
| **Total** | **2,548.16** | **5,034.08** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 25 : PROVISIONS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Long-term provisions:** | | |
| Provision for employee benefits: | | |
| – Compensated absences | 414.10 | 364.26 |
| Other provisions: | | |
| – Provision for warranty (refer note below) | 483.33 | 238.31 |
| **Total** | **897.43** | **602.57** |
| **Short-term provisions:** | | |
| Provision for employee benefits: | | |
| – Compensated absences | 9.66 | 9.35 |
| – Gratuity | 439.04 | 603.04 |
| Other provisions: | | |
| – Provision for warranty (refer note below) | 639.89 | 441.02 |
| **Total** | **1,088.59** | **1,053.41** |

**Note:**

**Provision for warranty:**

Provision is recognised for expected warranty claims on mattresses sold, based on past experience of the level of returns and in accordance with the Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are sales return trend based on past warranty sales. The table below gives information about movement in warranty provision:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| At the beginning of the year | 679.33 | 622.07 |
| Add : Created during the year | 1,175.79 | 983.10 |
| Less : Utilised during the year | (731.90) | (925.84) |
| **At the end of the year** | **1,123.22** | **679.33** |

## NOTE 26 : OTHER NON CURRENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred capital grant | 19.85 | 22.70 |
| **Total** | **19.85** | **22.70** |

The table below gives information about movement in deferred capital grant:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| At the beginning of the year | 25.52 | 28.36 |
| Less : Realised to statement of profit and loss | 2.83 | 2.84 |
| **At the end of the year** | **22.69** | **25.52** |
| Non Current | 19.85 | 22.70 |
| Current | 2.84 | 2.82 |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 27 : DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax liabilities (net) | 189.02 | 482.45 |
| **Total** | **189.02** | **482.45** |

**Movement of deferred tax (assets)/liabilities**

(₹ in Lakhs)

| Particulars | Opening balance | Recognised in the statement of profit or loss | Closing balance |
|---|---|---|---|
| **As at March 31, 2023** | | | |
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes | 316.63 | 261.04 | 577.67 |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | (291.02) | 181.44 | (109.58) |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (net) | 62.48 | 157.87 | 220.35 |
| Remeasurements gain / (loss) of the net defined benefit plans | - | (41.59) | (41.59) |
| MTM loss on forward currency swap contract | - | (420.32) | (420.32) |
| Lease liabilities (net) | 387.94 | (370.25) | 17.69 |
| Others | 6.42 | (61.62) | (55.20) |
| **Total** | **482.45** | **(293.43)** | **189.02** |

(₹ in Lakhs)

| Particulars | Opening balance | Recognised in the statement of profit or loss | Closing balance |
|---|---|---|---|
| **As at March 31, 2022** | | | |
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes | 796.34 | (479.71) | 316.63 |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | (32.60) | (258.42) | (291.02) |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (net) | 69.24 | (6.76) | 62.48 |
| Lease liabilities (net) | (4.00) | 391.94 | 387.94 |
| Others | - | 6.42 | 6.42 |
| **Total** | **828.98** | **(346.53)** | **482.45** |

## NOTE 28 : TRADE PAYABLES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables other than acceptances: | | |
| (i) Total outstanding dues of micro enterprises and small enterprises (refer note no. 56) | 630.91 | 444.61 |
| (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | 17,645.99 | 18,941.42 |
| **Total** | **18,276.90** | **19,386.03** |

**Notes:**

a. Trade payables due to related parties are disclosed in note no. 45.

b. Trade payables for micro and small enterprises are non interest bearing and are normally settled on 7 days to 30 days credit terms.

c. Trade payables other than micro and small enterprises are non interest bearing and are normally settled on 60 days to 90 days credit terms.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

d. Ageing Analysis for Trade payables

**As on March 31, 2023**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Payables not due | Less than 1 Year | 1-2 years | 2-3 years | more than 3 years | |
| (i) MSME | - | 630.91 | - | - | - | - | 630.91 |
| (ii) Others | 394.67 | 17,133.25 | 99.05 | 18.54 | 0.48 | - | 17,645.99 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - | |
| (iv) Disputed dues - Others | - | - | - | - | - | - | |
| **Total** | **394.67** | **17,764.16** | **99.05** | **18.54** | **0.48** | **-** | **18,276.90** |

**As on March 31, 2022**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Payables not due | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| (i) MSME | - | 444.61 | - | - | - | - | 444.61 |
| (ii) Others | 3,329.69 | 15,577.11 | 30.45 | 0.68 | 3.49 | - | 18,941.42 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **3,329.69** | **16,021.72** | **30.45** | **0.68** | **3.49** | **-** | **19,386.03** |

## NOTE 29 : OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Creditors for capital goods | 68.63 | 63.28 |
| Deposits from dealers and others | 6,283.61 | 3,996.74 |
| Liability against foreign currency swap contracts | 2,268.27 | - |
| Unearned Interest Income on deposits from dealers | - | 63.99 |
| Unearned rent Income | 6.89 | 6.87 |
| **Total** | **8,627.40** | **4,130.88** |

## NOTE 30 : CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income tax payable (Net of advance tax ₹ 6,700.35 Lakhs (March 31, 2022: ₹ Nil)) | 115.53 | - |
| **Total** | **115.53** | **-** |

## NOTE 31 : OTHER CURRENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Refund liabilities | 235.95 | 265.82 |
| Deferred capital grant (refer note (a)) | 2.84 | 2.82 |
| Contract liabilities (refer note (b)) | 3,753.61 | 3,518.65 |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory dues payable | 1,575.51 | 1,368.51 |
| Employees & other Liabilities (refer note (c)) | 1,981.39 | 2,057.51 |
| **Total** | **7,549.30** | **7,213.31** |

**Notes:**

a) Refer note no. 26 for the movement in deferred capital grant.

b) Consists of advances received from customers towards supply of products.

c) Consists of liabilities pertaining to employees of ₹ 1,894.43 Lakhs (March 31, 2022: of ₹ 2,025.79 Lakhs).

## NOTE 32 : REVENUE FROM OPERATIONS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Sale of products (refer note below) | 2,00,908.46 | 2,00,027.38 |
| Sale of services | 631.68 | 605.13 |
| | **2,01,540.14** | **2,00,632.51** |
| Other operating revenue | | |
| – Income from sale of processed scrap | 440.86 | 175.12 |
| – Other Operating Revenue | 0.56 | 13.36 |
| **Total** | **2,01,981.56** | **2,00,820.99** |

**Note:**

Includes sale of finished goods and semi-finished goods and services to related parties (refer note no. 45).

**Reclassifications and comparative figures:-**

Certain reclassifications have been made to the comparative year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been reclassified in the statement of profit and loss, the details of which are as under:

**Items of Statement of Profit and Loss before and after reclassification for the year ended March 31, 2022**

(₹ in Lakhs)

| Particulars | Amount before reclassification | Reclassification | Amount after reclassification |
|---|---|---|---|
| Revenue from operations | 2,12,443.99 | (11,623.00) | 2,00,820.99 |
| Cost of Materials Consumed | 1,25,119.54 | 3,475.00 | 1,28,594.54 |
| Other Expenses | 42,885.27 | (15,098.00) | 27,787.27 |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## Note 32.1 : DISAGGREGATED REVENUE INFORMATION

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Geographical Revenue** | | |
| **Type of goods** | | |
| Revenue from external customers | 2,00,908.46 | 2,00,027.38 |
| **Total revenue from contracts with customers** | | |
| India | 1,99,653.77 | 1,95,442.02 |
| Outside India | 1,254.69 | 4,585.36 |
| | **2,00,908.46** | **2,00,027.38** |
| **Type of services ( IT Support Services)** | | |
| Revenue from external customers | 631.68 | 605.13 |
| **Total revenue from contracts with customers** | | |
| India | 205.90 | 179.45 |
| Outside India | 425.78 | 425.68 |
| | **631.68** | **605.13** |
| **Total revenue from contracts with customers** | **2,01,540.14** | **2,00,632.51** |

## NOTE 32.2 : CONTRACT BALANCES

The following table provides information about receivables and contract liabilities from contract with customers.

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Contract Liabilities** | | |
| Advance from customers (refer note no. 31) | 3,753.61 | 3,518.65 |
| **Receivables** | | |
| Trade Receivables (refer note no. 15) | 16,400.40 | 13,601.78 |

Receivables is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer in advance.

## Note 32.3 : RECONCILING THE AMOUNT OF REVENUE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS WITH THE CONTRACTED PRICE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue as per contracted price (goods and services) | 2,20,422.42 | 2,17,616.54 |
| Less: Adjustments: | | |
| Sales return | 793.37 | 1,260.72 |
| Rebate and discount | 18,088.91 | 15,723.31 |
| **Revenue from contracts with customers** | **2,01,540.14** | **2,00,632.51** |

## NOTE 32.4 : PERFORMANCE OBLIGATIONS

The performance obligation for sale of product is considered as fulfilled according to the terms agreed with the respective customer.

The performance obligation for sale of services is satisfied over the period of time as per contract with customers.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 33 : OTHER INCOME

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Interest income from:** | | |
| Financial assets at amortised cost | | |
| Bank deposits | 14.12 | 7.33 |
| Loan given to subsidiary companies (refer note no. 45) | 350.23 | 170.42 |
| Inter-corporate-deposit | 28.48 | 45.00 |
| Others | 194.61 | - |
| Financial assets at fair value | | |
| Currency swap forward contract | 335.17 | - |
| Bonds | 2,646.85 | 3,713.11 |
| Unwinding of discount of deposits & lease receivable | 140.14 | 38.58 |
| On Income tax refund | 172.77 | 5.88 |
| **Other non operating income** | | |
| Guarantee commission (refer note no. 45) | 121.90 | 107.17 |
| Rental income (refer note no (a)) | 250.69 | 239.21 |
| Gain on sale/disposal of fixed assets | 48.56 | 107.95 |
| Liabilities/provisions no longer required written back | 11.66 | 59.43 |
| Income from sale of Mutual fund - designated at fair value through profit and loss | 889.31 | 541.57 |
| Income from sale of bond - designated at fair value through other comprehensive income | 975.30 | 686.91 |
| Fair valuation adjustments of Investments through profit and loss (refer note no (b)) | 872.62 | - |
| Subsidy income | 2.84 | 2.84 |
| Sale of non-processed scrap | 633.46 | 572.20 |
| Net gain on foreign currency transactions and translations | 88.53 | 684.71 |
| Other miscellaneous income | 84.03 | 40.07 |
| **Total** | **7,861.27** | **7,022.38** |

**Notes:**

a. Includes rental income of ₹ 216.63 Lakhs (March 31, 2022: ₹ 214.73 Lakhs) from Investment property (refer note no. 5).

b. Fair value through profit and loss of Investments represent fair valuation changes in mutual funds which includes dividend declared and not distributed (distributed based on record dates) as at reporting dates which have not been recognised in financial statements.

## NOTE 34 : COST OF MATERIALS CONSUMED

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Raw material** | | |
| Opening inventory | 11,702.24 | 15,016.93 |
| Add: Purchases | 1,08,959.99 | 1,22,234.22 |
| Less: Sales/adjustments | 4,597.98 | 4,445.35 |
| Less: Closing inventory (including goods in transit of ₹ 1,718.03 Lakhs (March 31, 2022: ₹ 2,702.45 Lakhs)) | 9,847.80 | 11,702.24 |
| **Raw materials consumed** | **1,06,216.45** | **1,21,103.56** |
| **Packing Material** | | |
| Opening inventory | 781.26 | 648.24 |
| Add: Purchases | 7,405.67 | 8,389.08 |
| Less: Sales/adjustments | 520.70 | 765.08 |
| Less: Closing inventory (including goods in transit of ₹ 35.29 Lakhs (March 31, 2022: ₹ 54.88 Lakhs)) | 571.63 | 781.26 |
| **Packing materials consumed** | **7,094.60** | **7,490.98** |
| **Cost of materials consumed** | **1,13,311.05** | **1,28,594.54** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 35 : PURCHASE OF STOCK-IN-TRADE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses | 14,887.73 | 5,331.06 |
| **Total** | **14,887.73** | **5,331.06** |

## NOTE 36 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Closing stock:** | | |
| Finished goods | 972.70 | 1,281.82 |
| Stock-in-trade | 1,429.24 | 840.21 |
| Work-in-progress | 5,013.43 | 4,912.92 |
| Right to recover return goods | 146.12 | 166.14 |
| | **7,561.49** | **7,201.09** |
| **Opening stock:** | | |
| Finished goods | 1,281.82 | 1,075.13 |
| Stock-in-trade | 840.21 | 138.23 |
| Work-in-progress | 4,912.92 | 5,122.10 |
| Right to recover return goods | 166.14 | - |
| | **7,201.09** | **6,335.46** |
| **Changes in inventories of finished goods, Stock-in-Trade and work in progress** | **(360.40)** | **(865.63)** |

## NOTE 37 : OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Power and fuel | 780.93 | 755.30 |
| Repair and maintenance: | | |
| – Buildings | 238.53 | 119.29 |
| – Plant and equipment | 941.60 | 906.46 |
| Processing and other charges | 1,664.95 | 1,620.77 |
| **Total** | **3,626.01** | **3,401.82** |

## NOTE 38 : EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages, allowance, and other benefits | 12,391.62 | 11,275.92 |
| Contribution to gratuity (refer note no. 44) | 273.77 | 167.29 |
| Contribution to provident and other funds | 712.80 | 654.37 |
| Workmen and staff welfare | 1,141.29 | 1,090.43 |
| **Total** | **14,519.48** | **13,188.01** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 39 : FINANCE COSTS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest expense: (on financial liabilities measured at amortised cost) | | |
| – Security deposits | 526.92 | 523.06 |
| – On lease liabilities | 91.73 | 112.83 |
| – Others | 7.16 | 50.77 |
| Bank Charges | 11.57 | 24.29 |
| **Total** | **637.38** | **710.95** |

## NOTE 40 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note no. 3) | 3,295.19 | 3,125.70 |
| Depreciation on right-of-use assets (refer note no. 4) | 61.00 | 91.52 |
| Depreciation on investment property (refer note no. 5) | 20.20 | 21.74 |
| **Total** | **3,376.39** | **3,238.96** |

## NOTE 41 : OTHER EXPENSES

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| IT Support services | 1,640.25 | 1,320.00 |
| Freight and forwarding | 8,880.66 | 9,203.50 |
| Rent and hire | 388.75 | 151.30 |
| Insurance | 619.93 | 463.81 |
| Rates and taxes | 61.48 | 32.03 |
| Legal and professional | 1,200.25 | 657.30 |
| Other Maintenance | 1,265.11 | 975.65 |
| Selling and promotion | 6,932.02 | 3,933.77 |
| Travelling and conveyance | 1,475.64 | 861.44 |
| Loss on sale/disposal of fixed assets | - | 5.11 |
| Warranty | 1,175.79 | 983.10 |
| Advertisement | 6,124.86 | 6,379.10 |
| Net Loss on Foreign Currency Forward Contracts | 1,322.29 | - |
| Advances/Balances written off | 36.41 | 34.18 |
| Provision for Bad debts | 160.50 | - |
| Contributions towards corporate social responsibility expenditure (refer note no. 57) | 476.02 | 457.53 |
| Fair value loss for Investments designated through profit and loss | - | 382.97 |
| Miscellaneous | 2,018.21 | 1,946.48 |
| **Total** | **33,778.17** | **27,787.27** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## Note 41.1 : Auditor's remuneration included in legal and professional (excluding GST)

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Statutory audit (including limited review)* | 32.00 | 36.00 |
| Certification* | 2.25 | 2.00 |
| Out of pocket expenses* | 1.84 | 1.00 |
| **Total** | **36.09** | **39.00** |

*Includes ₹ Nil (March 31, 2022 : ₹ 5.43 Lakhs) paid to erstwhile auditors.

## NOTE 42: EARNINGS PER SHARE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Profit for the year attributable to Equity shareholders | 19,485.94 | 19,731.48 |
| Earnings used in the calculation of basic earnings per share | 19,485.94 | 19,731.48 |
| Earnings used in the calculation of diluted earnings per share | 19,485.94 | 19,731.48 |

(Numbers in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Weighted average number of equity shares for the purposes of basic and diluted earnings per share | 975.66 | 975.66 |

Note:

The EPS for year ended, March 31, 2022 has been adjusted on account of bonus issue made during the year ended March 31,2023, as required by "Ind AS 33 - Earnings per Share".

(₹ per share)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Basic and diluted earnings per share | 19.97 | 20.22 |

## NOTE 43 :

There are no title deeds of Immovable Properties, which are not held in name of the Company.

## NOTE 44 : EMPLOYEE BENEFITS

**A. Defined contribution plans**

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund and National Pension Scheme, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 712.80 Lakhs (March 31, 2022: ₹ 654.37 Lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Employer's contribution towards Provident Fund(PF) | 621.20 | 564.52 |
| Employer's contribution towards Employees State Insurance (ESI) | 46.99 | 55.03 |
| Employer's contribution towards National Pension Scheme (NPS) | 44.61 | 34.82 |
| **Total (refer note no. 38)** | **712.80** | **654.37** |

**B. Long Term Benefits**

**Long service award**

Payable to the eligible employees as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. During the year Company had discontinued this policy. An amount of ₹ Nil (March 31, 2022: ₹ 146.01 Lakhs) has been charged to the Statement of Profit and Loss towards the said benefit.

**C. Post employment benefits**

**Defined benefit plans**

Gratuity

The employees' gratuity fund scheme, which is a defined benefit plan, is managed by a trust with effect from 2019 and is being maintained by SFL Employees gratuity trust. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure on 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

This plan is governed by the Payment of Gratuity Act 1972, which requires that each employee who has completed 5 years of service shall be entitled to gratuity which is equal to salary of 15 days for each completed year of service.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Discount rate | 7.36% | 7.51% |
| Future salary increase/salary escalation | 7.00% | 7.00% |
| Retirement age (years) | 60 | 60 |
| Mortality Tables | | |
| *Employee turnover* | | |
| 18 to 30 years | 3.40% | 3.00% |
| From 31 to 45 years | 3.70% | 2.00% |
| Above 45 years | 0.80% | 1.00% |

**Notes:**

i. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii. Information given for retirement age is based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

**Quantitative sensitivity analysis for significant assumptions as at March 31, 2023 is shown below:**

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Increase / (decrease) on present value of defined benefits obligations at the end of the year | | |
| **Discount rate** | | |
| Increase by 1.00% | (296.17) | (270.71) |
| Decrease by 1.00% | 335.73 | 314.81 |
| **Salary increase** | | |
| Increase by 1.00% | 333.59 | 313.27 |
| Decrease by 1.00% | (299.67) | (274.26) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, Other Comprehensive Income and the funded status and amounts recognised in the Balance Sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

**Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Service cost: | | |
| Current service cost | 215.04 | 163.83 |
| Past service cost and (gain)/loss from settlements | - | - |
| Net interest expense | 58.73 | 3.47 |
| **Components of defined benefit costs recognised in profit or loss** | **273.77** | **167.30** |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | 50.67 | 483.82 |
| Actuarial (gains) / losses arising from experience adjustments | 135.84 | (9.79) |
| Return on Plan Asset | (21.24) | 5.37 |
| **Components of defined benefit costs recognised in other comprehensive income** | **165.27** | **479.40** |
| **Total** | **439.04** | **646.70** |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

**The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Present value of funded defined benefit obligation | 2,908.65 | 2,441.60 |
| Fair value of plan assets | (2,469.61) | (1,838.56) |
| **Net deficit in funded plan (refer note no. 25)** | **439.04** | **603.04** |

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

**Movements in the present value of the defined benefit obligation are as follows:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening defined benefit obligation | 2,441.60 | 1,821.01 |
| Current service cost | 215.04 | 163.83 |
| Interest cost | 183.36 | 128.93 |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 1.35 | - |
| Actuarial gains and losses arising from changes in financial assumptions | 49.32 | 415.32 |
| Actuarial gains and losses arising from experience adjustments | 135.84 | (9.79) |
| Benefits paid | (117.86) | (77.70) |
| **Closing defined benefit obligation** | **2,908.65** | **2,441.60** |

**Change in plan assets are as follows:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening fair value of plan assets | 1,838.56 | 1,850.54 |
| Return on plan assets | 124.61 | 125.46 |
| Fund management charges | | |
| Employer contribution | 603.04 | 5.00 |
| Actuarial (Gain)/Loss on Asset | 21.24 | 5.37 |
| Benefits paid | (117.84) | (147.81) |
| **Closing fair value of plan assets** | **2,469.61** | **1,838.56** |

**The major categories of plan assets:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Insurance products | 2,469.61 | 1,838.56 |
| **Total** | **2,469.61** | **1,838.56** |

**Maturity profile of gratuity liability is as follows:**

(₹ in Lakhs)

| Year | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 0 to 1 year | 124.93 | 51.90 |
| 1 to 2 Year | 106.00 | 43.76 |
| 2 to 3 Year | 119.88 | 55.29 |
| 3 to 4 Year | 156.39 | 102.16 |
| 4 to 5 Year | 125.07 | 151.93 |
| 5 Year onwards | 2,276.38 | 2,036.56 |
| **Expected contribution to the fund in next year ( ₹ In Lakhs)** | 688.52 | 823.87 |

**Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**a. Asset volatility:**

The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk. A portion of the funds are invested in equity securities. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio.

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

The Company intends to maintain the above investment mix in the continuing years.

**b. Changes in discount rate:**

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets holdings.

**c. Inflation risks**

Gratuity payments are not linked to inflation, so this is a less material risk.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of unit linked group insurance plan which further invests in government and corporate bonds, equities, money market instruments & public deposits. The plan asset mix is in compliance with the requirements of the respective local regulations.

## NOTE 45 : RELATED PARTY TRANSACTIONS

**(A) Names of related parties and nature of relationship are given below :**

| Relationship | Name of the party |
|---|---|
| A. Subsidiary companies (wholly owned) | Joyce Foam PTY Ltd., Australia |
| | Divya Software Solutions Private Limited, India |
| | Sleepwell Enterprises Private Limited, India |
| | International Foam Technologies S.L, Spain |
| | Staqo World Private Limited, India |
| | International Comfort Technologies Private Limited, India |
| B. Entities in which Key Management Personnel or their Relatives have significance influence | Rangoli Resorts Private Limited |
| | Core Moulding Private Limited ( Merged with Rangoli Resorts Private Limited w.e.f 30.03.2022) |
| | Sleepwell Foundation (Trust) |
| C. Key management personnel | Mr. Rahul Gautam (Managing Director) |
| | Mrs. Namita Gautam (Wholetime Director) |
| | Mr. Tushaar Gautam (Wholetime Director) |
| | Mr. Rakesh Chahar (Wholetime Director) |
| D. Step-down Subsidiaries | Interplasp, S.L, Spain (Subsidiary of International Foam Technologies SL, Spain) |
| | Joyce WC NSW PTY Limited (Subsidiary of Joyce Foam PTY Ltd., Australia) |
| | Staqo World Kft. (Subsidiary of Staqo World Private Limited) |
| | Staqo Incorporated. (Subsidiary of Staqo World Private Limited) |
| | Staqo Technologies L.L.C (Subsidiary of Staqo World Private Limited) |

**(B) Disclosure of transactions between the Company and related parties during the year:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(i) Purchase of material / capital goods** | | |
| Subsidiaries/Step-down subsidiary | | |
| Joyce Foam PTY Ltd., Australia | - | 0.16 |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| International Comfort Technologies Private Limited, India | 1,584.04 | 315.96 |
| Interplasp, SL, Spain | - | 144.98 |
| | **1,584.04** | **461.10** |
| **(ii) Sale of material/ capital goods** | | |
| Subsidiaries/Step-down subsidiary | | |
| Joyce Foam PTY Ltd., Australia | 24.23 | 29.57 |
| International Comfort Technologies Private Limited, India | 5,319.39 | 3,062.56 |
| Interplasp, SL, Spain | 54.95 | 193.71 |
| | **5,398.57** | **3,285.84** |
| Related entities | | |
| Sleepwell Foundation (Trust) | 0.18 | 0.36 |
| | **5,398.75** | **3,286.20** |
| **(iii) Sale of IT support services** | | |
| Subsidiary | | |
| Joyce Foam PTY Ltd., Australia | 425.78 | 425.68 |
| | **425.78** | **425.68** |
| **(iv) Purchase of IT Support Services** | | |
| Subsidiary | | |
| Staqo World Private Limited, India | 1,640.25 | 1,320.00 |
| | **1,640.25** | **1,320.00** |
| **(v) Rent received** | | |
| Subsidiaries | | |
| International Comfort Technologies Private Limited, India | 219.58 | 73.70 |
| Divya Software Solutions Private Limited, India | - | 0.05 |
| Sleepwell Enterprises Private Limited, India | - | 0.05 |
| | **219.58** | **73.80** |
| **(vi) Royalty paid** | | |
| Subsidiary | | |
| Sleepwell Enterprises Private Limited, India | 10.00 | 10.00 |
| | **10.00** | **10.00** |
| **(vii) Investment made** | | |
| Subsidiary | | |
| International Comfort Technologies Private Limited, India | | |
| - Equity share capital | - | 10.00 |
| - Optional Convertible Preference share capital | - | 2,990.00 |
| | **-** | **3,000.00** |
| **(viii) Key management personnel** | | |
| Compensation of Key management personnel | | |
| Short-term Employee Benefits | 1,082.72 | 1,107.55 |
| Post Employment Benefits | 14.30 | 13.56 |
| | **1,097.02** | **1,121.11** |
| **(ix) Rent paid** | | |
| Subsidiaries | | |
| Divya Software Solutions Private Limited, India | 181.50 | 12.00 |
| Sleepwell Enterprises Private Limited, India | 33.48 | 33.21 |
| | **214.98** | **45.21** |
| **(x) Contributions for CSR expenses** | | |
| Related entities | | |
| Sleepwell Foundation (Trust) | 275.00 | 315.00 |
| | **275.00** | **315.00** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(xi) Loan to subsidiary companies** | | |
| International Comfort Technologies Private Limited, India | 4,200.00 | 10,800.00 |
| | **4,200.00** | **10,800.00** |
| **(xii) Repayment of short-term advances/Loans by subsidiary companies** | | |
| International Foam Technologies S.L, Spain | - | 125.26 |
| International Comfort Technologies Private Limited, India | 350.00 | 9,600.00 |
| | **350.00** | **9,725.26** |
| **(xiii) Interest on loan given to subsidiary companies** | | |
| International Comfort Technologies Private Limited, India | 206.30 | 87.15 |
| International Foam Technologies S.L, Spain | 143.93 | 83.27 |
| | **350.23** | **170.42** |
| **(xiv) Guarantee Commission received** | | |
| Subsidiary | | |
| Joyce Foam PTY Ltd., Australia | 121.90 | 107.17 |
| | **121.90** | **107.17** |
| **(xv) Corporate guarantee utilised (net)** | | |
| Subsidiaries | | |
| Joyce Foam PTY Ltd., Australia | 1,608.30 | 5,577.39 |
| International Foam Technologies S.L, Spain | (2,121.92) | (1,800.27) |
| International Comfort Technologies Private Limited, India | 5,566.77 | 7,600.00 |
| | **5,053.15** | **11,377.12** |

**(C) Disclosure of balances outstanding at the end of the reporting year**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(i) Subsidiary/step-down subsidiary** | | |
| **Lease Receivable** | | |
| International Comfort Technologies Private Limited, India | 1,524.37 | 1,641.73 |
| | **1,524.37** | **1,641.73** |
| **Trade payable** | | |
| International Comfort Technologies Private Limited, India | - | 3.22 |
| | **-** | **3.22** |
| **Trade receivable** | | |
| International Comfort Technologies Private Limited, India | 3,993.28 | - |
| Joyce Foam PTY Ltd., Australia | 216.56 | 135.73 |
| Interplasp, SL, Spain | - | 63.08 |
| | **4,209.84** | **198.81** |
| **Other receivables** | | |
| Joyce Foam PTY Ltd., Australia | 68.64 | - |
| International Comfort Technologies Private Limited, India | 20.24 | - |
| | **88.88** | **-** |
| **Contract Liabilities (Advance from Customer)** | | |
| Interplasp, S.L, Spain, | 1.29 | - |
| | **1.29** | **-** |
| **Investments** | | |
| Joyce Foam PTY Ltd., Australia | 2,306.59 | 2,306.59 |
| Divya Software Solutions Private Limited, India | 7,602.00 | 7,602.00 |
| Sleepwell Enterprises Private Limited, India | 109.20 | 109.20 |

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| International Foam Technologies SL, Spain | 9,638.86 | 9,638.86 |
| Staqo World Private Limited, India | 0.73 | 0.73 |
| International Comfort Technologies Private Limited, India | | |
| - Equity share capital | 10.00 | 10.00 |
| - Convertible Preference share capital | 2,990.00 | 2,990.00 |
| | **22,657.38** | **22,657.38** |
| **Loan to subsidiary companies (refer note (a) below)** | | |
| International Foam Technologies SL, Spain | 7,168.61 | 6,570.40 |
| International Comfort Technologies Private Limited, India | 5,050.00 | 1,200.00 |
| | **12,218.61** | **7,770.40** |
| **Interest accrued on loan given to subsidiary Company** | | |
| International Comfort Technologies Private Limited, India | 164.13 | - |
| International Foam Technologies SL, Spain | 239.69 | 83.27 |
| | **403.82** | **83.27** |
| **Financial /Corporate guarantees (refer note no b below)** | | |
| Joyce Foam PTY Ltd., Australia | 9,858.25 | 8,249.95 |
| International Foam Technologies SL, Spain | 11,328.98 | 13,450.90 |
| International Comfort Technologies Private Limited, India | 13,166.77 | 7,600.00 |
| | **34,354.00** | **29,300.85** |
| **Post employee benefit plan for the benefitted employees** | | |
| SFL Employee Gratuity Trust | 439.04 | 603.04 |
| Payable to key managerial personnel | 680.42 | 748.02 |

Notes:

a. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end for trade payables/receivables are unsecured and interest free and loan balances carry interest, further settlements occurs in cash. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b. Details of financial/Corporate guarantees given are as below:

   i. Company has given a Corporate guarantee of AUD 20 million on April 09, 2021 and an additional guarantee on dated December 20, 2022 of AUD 5 Million towards term loan granted by Citi Bank, Australia for its subsidiary Company Joyce Foam PTY Ltd., Australia.

   ii. Company has given financial guarantee of EURO 20 million on September 25, 2019 towards term loan granted by Citi Bank, Spain for its subsidiary Company International Foam Technologies SL, Spain.

   iii. Company has given Corporate guarantee of ₹ 7,000 Lakhs each on January 18, 2022 and January 19, 2022 towards term loan granted by Kotak Mahindra bank and JP Morgan Chase Bank N.A., India respectively for its subsidiary Company International Comfort Technologies Private Limited, India.

## NOTE 46 : DISCLOSURES AS PER IND AS 116 'LEASES'

### (A) Company as lessee

**(i)** The Company's significant leasing arrangements are in respect of the following assets:

(a) The Company has leases of land and buildings for offices, warehouses and service centres. Right of Use Assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The lease terms for leasehold buildings ranges between 3 years to 10 years.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

**(ii)** The carrying amounts of lease liabilities and the movements during the year:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Opening Liabilities** | **1,939.84** | **199.19** |
| Additions | 40.54 | 1,823.14 |
| Accretion of interest | 91.73 | 112.83 |
| Repayment of Lease liabilities | (260.91) | (195.32) |
| Cancellation / adjustments | (195.95) | - |
| **Closing liabilities** | **1,615.25** | **1,939.84** |
| Current | 127.06 | 113.12 |
| Non current | 1,488.19 | 1,826.72 |
| | **1,615.25** | **1,939.84** |

**(iii)** Maturity analysis of the lease liabilities:

(₹ in Lakhs)

| Contractual undiscounted cash flows | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 3 months or less | 60.72 | 78.92 |
| 3-12 months | 181.31 | 241.74 |
| 1-2 years | 246.28 | 336.66 |
| 2-5 years | 807.38 | 778.35 |
| More than 5 years | 1,782.96 | 1,564.31 |
| **Total undiscounted lease liability** | **3,078.65** | **2,999.98** |
| Less: Impact of discounting and other adjustments | 1,463.40 | 1,060.14 |
| **Lease liabilities as at March 31, 2023** | **1,615.25** | **1,939.84** |

**(iv)** The following are the amounts recognised in the Statement of Profit and Loss:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Finance cost | 91.73 | 112.83 |
| Depreciation and amortisation expense | 61.00 | 91.52 |
| Expenses relating to short term leases | 388.75 | 151.30 |

**(v)** The following are the amounts disclosed in the Statement of Cash Flows:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cash outflow from leases | 260.91 | 195.32 |

**(vi)** There are no variable lease payments considered in the initial measurement of the lease liability and asset.

**(vii)** Extension and termination options held are exercisable based on mutual agreement of the Company and the lessors.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

**(B) Company as lessor**

(i) The Company has entered into lease agreements to lease the following properties which have been treated as "Investment Property".

| | |
|---|---|
| Land & Factory Building situated at Sikkim | The lease agreement was executed on 1st December, 2016. The said lease is for a term of 10 years with a clause to enable upward revision of the rental charge after every 3 years. The total rent recognized as income during the year is ₹ 160.60 Lakhs (March 31, 2022: ₹ 158.40 Lakhs). |
| Residential Flat situated at Greater Noida | The lease agreement was executed w.e.f. 15th September, 2018. The said lease was initially for a term of 11 months with a clause of subsequent renewal by mutual consent and the same being ongoing renewed. The total rent recognized as income during the year is ₹ 8.52 Lakhs (March 31, 2022: ₹ 7.20 Lakhs). |
| Land & Factory Building situated at Silvassa | The lease agreement was executed w.e.f. 31st August, 2020. The said lease is for an initial period of 3 years with a clause of automatically renewal for year-on-year basis until receive termination from party. Lease rent will be increased by 5% if both parties agreed on year-on-year basis. The total rent recognized as income during the year is ₹ 47.51 Lakhs (March 31, 2022: ₹49.13 Lakhs ). |

(ii) Company has entered agreement to lease its property at Nandigram to its subsidiary Company for a term of 9 years in Financial year ended March 31, 2022.

(iii) The carrying amounts of lease receivables and the movements during the year:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---:|---:|
| **Opening balance** | **1,641.73** | **-** |
| Additions | - | 1,659.31 |
| Accretion of interest | 89.08 | 54.42 |
| received | (206.44) | (72.00) |
| **Closing balance** | **1,524.37** | **1,641.73** |
| Current | 129.72 | 107.88 |
| Non current | 1,394.65 | 1,533.85 |
| | **1,524.37** | **1,641.73** |

(iv) Maturity analysis of the lease receivable:

(₹ in Lakhs)

| Contractual undiscounted cash flows | As at March 31, 2023 | As at March 31, 2022 |
|---|---:|---:|
| 3 months or less | 52.87 | 51.83 |
| 3-12 months | 163.90 | 160.68 |
| 1-2 years | 227.60 | 223.14 |
| 2-5 years | 753.40 | 738.63 |
| More than 5 years | 715.94 | 1,008.21 |
| **Total undiscounted lease asset** | **1,913.71** | **2,182.49** |
| Add: Impact of interest accruals | (389.34) | (540.76) |
| **Lease receivable as at March 31, 2023** | **1,524.37** | **1,641.73** |

(v) The following are the amounts recognised in the Statement of Profit and Loss:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---:|---:|
| Interest income | 89.08 | 54.42 |

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

(vi) The following are the amounts disclosed in the Statement of Cash Flows:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cash inflow from leases | 206.44 | 72.00 |

## NOTE 47 : FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

1. The Company has disclosed financial instruments such as loans, investment in preference shares, trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

## NOTE 48 : FAIR VALUE HIERARCHY

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

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

• **Level 1 -** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

• **Level 2 -** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

• **Level 3 -** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in preference shares, other investments, loans receivables and lease receivables included in level 3.

**Valuation Processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) including board of directors. Discussions of valuation processes and results are held between the CFO and the valuation team every month. The Company takes the help of independent valuers for valuation purposes.

**Fair Valuation Technique**

The carrying amounts of trade receivables, trade payables, creditors towards capital goods, cash and cash equivalents, investment in pref. share, other investment and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of financial assets and liabilities consisting of loans receivable, lease receivable, lease liabilities, security deposits receivable and security deposit payable were calculated based on cash flows discounted using estimated borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023:**

### Fair Value measurement hierarchy of Assets:

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial Assets measured at fair value through profit and loss** | | | | | |
| Other Investments | March 31, 2023 | 76,288.54 | 70,647.60 | 5,640.94 | - |
| **Financial Assets measured at fair value through other comprehensive income** | | | | | |
| Other Investments | March 31, 2023 | - | - | - | - |
| **Financial Assets measured at amortized cost** | | | | | |
| Investment in preference shares | March 31, 2023 | 2,990.00 | - | - | 2,990.00 |
| Other Investments | March 31, 2023 | 0.35 | - | - | 0.35 |
| Loans | March 31, 2023 | 12,288.21 | - | - | 12,288.21 |
| Trade receivables | March 31, 2023 | 16,400.40 | - | - | 16,400.40 |
| Cash and cash equivalents | March 31, 2023 | 1,042.61 | - | - | 1,042.61 |
| Bank balances other than cash and cash equivalents | March 31, 2023 | 26.65 | - | - | 26.65 |
| Other financial assets | March 31, 2023 | 2,338.07 | - | - | 2,338.07 |

(₹ in Lakhs)

| Assets for which Fair Values are disclosed: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investment Property | 2,884.95 | 2,591.31 |

### Fair Value measurement hierarchy of Liabilities:

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial liabilities measured at amortized cost** | | | | | |
| Lease liabilities | March 31, 2023 | 1,615.25 | - | - | 1,615.25 |
| Trade payables | March 31, 2023 | 18,276.90 | - | - | 18,276.90 |
| Other financial liabilities | March 31, 2023 | 11,175.56 | - | - | 11,175.56 |

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2022:**

### Fair Value measurement hierarchy of Assets:

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial Assets measured at fair value through profit and loss** | | | | | |
| Other Investments | March 31, 2022 | 13,405.25 | 8,398.45 | 5,006.80 | - |
| **Financial Assets measured at fair value through other comprehensive income** | | | | | |
| Other Investments | March 31, 2022 | 47,876.02 | - | 47,876.02 | - |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | Date of Valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial Assets measured at amortized cost** | | | | | |
| Investment in preference shares | March 31, 2022 | 2,990.00 | - | - | 2,990.00 |
| Other Investments | March 31, 2022 | 0.35 | - | - | 0.35 |
| Loans | March 31, 2022 | 8,333.07 | - | - | 8,333.07 |
| Trade receivables | March 31, 2022 | 13,601.78 | - | - | 13,601.78 |
| Cash and cash equivalents | March 31, 2022 | 1,431.36 | - | - | 1,431.36 |
| Bank balances other than cash and cash equivalents | March 31, 2022 | 31.58 | - | - | 31.58 |
| Other financial assets | March 31, 2022 | 4,724.86 | - | - | 4,724.86 |

**Fair Value measurement hierarchy of Liabilities:**

(₹ in Lakhs)

| Particulars | Date of Valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial liabilities measured at amortized cost** | | | | | |
| Lease liabilities | March 31, 2022 | 1,939.84 | - | - | 1,939.84 |
| Trade payables | March 31, 2022 | 19,386.03 | - | - | 19,386.03 |
| Other financial liabilities | March 31, 2022 | 9,164.96 | - | - | 9,164.96 |

## NOTE 49 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, comprise of deposits from dealers, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. Further, the Company has financial risk / exposure of financial guarantees given to the banks towards security against the loans taken by its subsidiaries, however, considering that there is no expected credit losses, there is no financial liability as at the year end on this account. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations

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

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

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

**a) Market risk**

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

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations, provisions and the non-financial assets and liabilities.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2023 and March 31, 2022.

### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. The Company is exposed to foreign currencies such as "USD", "AED", "AUD", "GBP" and "EURO".

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(₹ in Lakhs)

| Particulars | Currency | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Trade payables | USD | (2,358.02) | (1,961.53) |
| | EURO | (32.36) | (47.79) |
| | GBP | (20.00) | (19.28) |
| | AUD | (0.15) | (0.16) |
| Trade receivables | USD | 204.06 | 178.82 |
| | AUD | 285.35 | 135.89 |
| | AED | 166.55 | - |
| | EURO | - | 59.39 |
| Interest Accrued | EURO | 239.69 | 83.27 |
| Loan to Subsidiary Company | EURO | 7,168.61 | 6,570.40 |
| Bank balance | USD | - | 1.36 |
| | AED | - | 0.11 |
| **Net assets / (liabilities)** | | **5,653.73** | **5,000.48** |

#### Foreign currency sensitivity analysis

The Company is mainly exposed to USD, EURO, GBP, AED and AUD . The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for sensitivity change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

#### Foreign currency sensitivity

(₹ in Lakhs)

| Currency | % | As at March 31, 2023 | % | As at March 31, 2022 |
|---|---|---|---|---|
| USD | 2% | (43.08) | 2% | (35.63) |
| USD | -2% | 43.08 | -2% | 35.63 |
| EURO | 3% | 221.28 | 3% | 199.96 |
| EURO | -3% | (221.28) | -3% | (199.96) |
| GBP | 2% | (0.40) | 2% | (0.39) |
| GBP | -2% | 0.40 | -2% | 0.39 |
| AUD | 4% | 11.41 | 4% | 5.43 |
| AUD | -4% | (11.41) | -4% | (5.43) |
| AED | 2% | 3.33 | 2% | 0.00 |
| AED | -2% | (3.33) | -2% | (0.00) |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

### (ii) Interest risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises mainly of interest-bearing deposits with dealers, however, these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

### (iii) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Company increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

## b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

### (i) Trade receivables

Customer credit risk is managed by the Company through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit limits, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or reversal thereof. Concentration of credit risk with respect to trade receivables are limited, due to Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on monthly basis.

### (ii) Financial instruments and cash deposits

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

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2023 and March 31, 2022 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-current assets** | | |
| Other Investments | 5,641.29 | 52,883.17 |
| Loans | 12,229.14 | 7,778.00 |
| Other non-current financial assets | 1,698.07 | 1,907.09 |
| **Current assets** | | |
| Other Investments | 70,647.60 | 8,398.45 |
| Trade receivables | 16,400.40 | 13,601.78 |
| Cash and cash equivalents | 1,042.61 | 1,431.36 |

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Bank balances other than cash and cash equivalents | 26.65 | 31.58 |
| Loans | 59.07 | 555.07 |
| Other current financial asset | 640.00 | 2,817.77 |
| **Total** | **108,384.83** | **89,404.27** |

**(c) Liquidity risk**

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in Lakhs)

| Particulars | Less than 1 Year | More than 1 Year | Total |
|---|---|---|---|
| **Year ended March 31, 2023** | | | |
| Trade payables | 18,257.88 | 19.02 | 18,276.90 |
| Other financial liabilities | 8,627.40 | 2,548.16 | 11,175.56 |
| Lease Liabilities | 127.06 | 1,488.19 | 1,615.25 |
| | **27,012.34** | **4,055.37** | **31,067.71** |
| **Year ended March 31, 2022** | | | |
| Trade payables | 19,381.86 | 4.17 | 19,386.03 |
| Other financial liabilities | 4,130.88 | 5,034.08 | 9,164.96 |
| Lease Liabilities | 113.12 | 1,826.72 | 1,939.84 |
| | **23,625.86** | **6,864.97** | **30,490.83** |

## NOTE 50: CAPITAL MANAGEMENT

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The Company considers the following components of its Balance Sheet to be managed capital: 1) Share Capital and 2) Other Reserves comprising of General Reserve and Retained Earnings. The Company's capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities.

(₹ in Lakhs)

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Equity | | 4,878.28 | 2,439.14 |
| Other Equity | | 1,34,701.83 | 1,18,513.31 |
| **Total equity** | (i) | **1,39,580.11** | **1,20,952.45** |
| Borrowings (including lease liabilities) | | 1,615.25 | 1,939.84 |
| Less: cash and cash equivalents | | 1,042.61 | 1,431.36 |
| **Total debt** | (ii) | **572.64** | **508.48** |
| **Overall financing** | (iii) = (i) + (ii) | **1,40,152.75** | **1,21,460.93** |
| **Gearing ratio (in %)** | (ii)/ (iii) | **0.41%** | **0.42%** |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. The capital structure of the Company is managed with a view of the overall macro economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Company, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Company. The Company's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Company. In order, to maintain or adjust the capital structure, the Company will take appropriate steps as may be necessary.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

## NOTE 51 : COMMITMENTS FOR EXPENDITURE

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹ 137.83 Lakhs ( March 31,2022: ₹ 181.20 Lakhs)) | 67.52 | 379.12 |
| Other Commitment (Corporate Guarantee given to banks and financial institution against credit facilities availed by Subsidiary Companies, Entities under common control and others) (refer note no. 45) | 34,354.00 | 29,300.85 |
| **Total** | **34,421.52** | **29,679.97** |

## NOTE 52 : CONTINGENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Claims against the Company not acknowledged as debt (refer note below)** | | |
| Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards | | |
| Sales tax | 439.99 | 480.99 |
| Entry tax | 194.11 | 194.11 |
| Income tax | 564.99 | 439.12 |
| Excise Duty | 410.57 | 410.57 |

**Note:**

The Company is contesting these demands and the management including its advisers are of the view that these demands may not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursement in respect of these contingent liabilities, and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the appellant proceedings.

# Notes to Standalone Financial Statements

for the year ended 31st March, 2023

## NOTE 53: DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

(₹ in Lakhs)

| Name of the Investee | Nature of Transaction | Purpose for which it is utilized, Interest rate and tenure | 2022-23 | | 2021-22 | |
|---|---|---|---|---|---|---|
| | | | During the Year | Outstanding Balance | During the Year | Outstanding Balance |
| **Wholly Owned Subsidiaries** | | | | | | |
| Joyce Foam Private Limited, Australia, | Investment in equity shares | Manufacturing of technical foam supplied to Business to Business customers (mattress and furniture manufacturers) in Australia. | - | 2,306.59 | - | 2,306.59 |
| | Financial Guarantee given | Corporate guarantee given to citi bank for security towards long term working capital facility availed by the said Subsidiary. | 1,608.30 | 9,858.25 | - | 8,249.95 |
| Divya Software Solutions Private Limited, India | Investment in equity shares | Engaged in Software development and related ancillary activities | - | 7,602.00 | - | 7,602.00 |
| Sleepwell Enterprises Private Limited, India | Investment in equity shares | The Company, which is holding ownership of Sleepwell and other brands related to foam, mattress & other products. | - | 109.20 | - | 109.20 |
| International Foam Technologies S.L, Spain | Investment in equity shares | To invest in a running Company in Spain, engaged in manufacturing of Polyurethane Foam. | - | 9,638.86 | - | 9,638.86 |
| | Financial Guarantee | Corporate guarantee given to citi bank for security towards long term availed by the said Subsidiary. | (2,121.92) | 11,328.98 | - | 13,450.90 |
| | Loans | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)<br>Interest charged - 1.25 % to 3.34% ( 1.25% in March 31, 2022)<br>Tenure of Loan - To be repaid over the next 2 years after the repayment of citi bank loan by them (citi bank loan to be repaid by Company with in 6 years from the date of disbursement. | 598.21 | 7,168.61 | - | 6,570.40 |
| Staqo World Private Limited, India Wholly Owned Subsidiary | Investment in equity shares | To carry on business of Information technology and related ancillary services. | - | 0.73 | - | 0.73 |
| International comfort Technologies Private Limited (w e f. 01-10-2021) | Investment in equity shares | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)<br>Interest charged - 6.17 % to 8.17% (5.07% in March 31, 2022)<br>Tenure of Loan - to be repaid after the cessation of citi bank loan- | - | 10.00 | 10.00 | 10.00 |
| | Investment in 5% optionally convertible preference shares | | - | 2,990.00 | 2,990.00 | 2,990.00 |
| | Loan | | 3,850.00 | 5,050.00 | 1,200.00 | 1,200.00 |
| | Corporate Guarantee | Corporate guarantee given to Kotak Mahindra bank and JPMorgan Chase Bank, N.A., India for security towards long term loan facility availed by the said Subsidiary. | 5,566.77 | 13,166.77 | 7,600.00 | 7,600.00 |

For above investment in equity and preference share, refer note no. 6.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 54 : SEGMENT INFORMATION

**Operating segment information**

The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there is no reportable segment as per Indian Accounting Standard (Ind AS-108) dealing with the operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors of the Company.

**Geographical information**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Revenue from external customers** | | |
| Within India | 2,00,301.09 | 1,95,809.95 |
| Outside India | 1,680.47 | 5,011.04 |
| **Total revenue** | **2,01,981.56** | **2,00,820.99** |

The revenue information is based on location of customers and excluding other operating revenue.

**Non-current operating assets**

The Company has common non-current operating assets for domestic as well as overseas market. Hence, separate figures for these assets are not required to be furnished.

## NOTE 55 : TRANSFER PRICING

The Company has appointed an independent consultant for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arm's length basis". The Transfer Pricing study under the Income Tax Act, 1961 in respect of transaction with the group companies for the financial year ended March 31, 2023 is not yet complete. Adjustments, if any, arising from Transfer Pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. During the current year, the Transfer Pricing certificate under section 92E of Income Tax Act, 1961 for the year ended March 31, 2022 has been obtained and there are no adverse comments requiring adjustments.

## NOTE 56 : EXPOSURE TOWARDS MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| I The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company are as under: | | |
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier | | |
| Principal amount: | 630.91 | 444.61 |
| Interest: | - | - |
| (ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending | - | - |
| (iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year) | - | - |
| (iv) The amount of interest accrued and remaining unpaid for the year ended | - | - |
| (v) The amount of further interest remaining due and payable for the earlier years | - | - |

The Information has been given in respect of such suppliers to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company. Further, the amount payable to these parties is not overdue hence no interest is required to provided/accrued as at March 31, 2023 and March 31, 2022.

II The credit period for purchase of goods and services are normally up to 30 days. No interest is chargeable on trade payables.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 57 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

As per provisions of Section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects as per the Schedule VII of the Companies Act, 2013.

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **a) Gross amount required to be spent as per section 135 of the Act** | 476.02 | 409.07 |
| Add: Amount Unspent from previous years | - | - |
| Total Gross amount required to be spent during the year | **476.02** | **409.07** |
| b) **Amount approved by the Board to be spent during the year** | 523.02 | 457.53 |
| c) **Amount spent during the year on** | | |
| (i) Construction/acquisition of an asset | - | - |
| (ii) On purposes other than (i) above | 523.02 | 457.53 |
| d) **Details related to amount spent** | | |
| Contribution to Sleepwell Foundation Trust | 275.00 | 315.00 |
| Spent on Health Support , Promoting education including employment enhancing vocational skills | 248.02 | 142.53 |
| | **523.02** | **457.53** |
| e) **Details of CSR expenditure in respect of other than ongoing projects** | | |
| Balance (Short) / Excess as at opening | - | - |
| Amount deposited in Specified Fund of Schedule VII of the Act within 6 months | - | - |
| Amount required to be spent during the year | 476.02 | 457.53 |
| Amount spent during the year | 523.02 | 457.53 |
| **Balance (Short) / Excess Spent at end of the year** | **47.00** | - |

Note:

Corporate social responsibility expenses of Company are managed by related party -Sleepwell foundation (refer note no. 45).

## NOTE 58 : DERIVATIVES AND HEDGING

### (i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. Information about the derivatives used by the Company and outstanding as at the end of the financial year is provided below:

(₹ in Lakhs)

| Particulars | Financial Assets | | Financial liabilities | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **Derivatives designated as Hedging Instruments:** | | | | |
| Cross currency interest rate swap | - | - | 945.98 | - |
| **Derivatives not designated as Hedging Instruments:** | | | | |
| Principal Only Swap | - | - | 1,322.29 | - |

### (ii) Hedging activities

**Foreign Currency Risk**

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions.

Derivatives designated as hedging instruments are accounted for as cash flow hedges.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

**(iii) Hedge Effectiveness**

For derivatives designated as hedging instruments, there is an economic relationship between the hedged items and the hedging instruments as the terms of the hedge contracts match the terms of hedge items. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and interest rate are identical to the hedged risk components. To test the hedge effectiveness, the Company compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

**(iv) Source of Hedge ineffectiveness**

For derivatives designated as hedging instruments, in case of foreign currency risk and interest rate risk, the main source of hedge ineffectiveness is the effect of the counterparty's credit risk on the fair value of hedge contracts, which is not reflected in the fair value of the hedged items. The effect of this is not expected to be material.

**(v) Disclosures of effects of Cash Flow Hedge Accounting:**

**Hedging instruments**

The Company has taken derivatives to hedge its loan given to its related party.

(₹ in Lakhs)

| Particulars | Less than 1 year | 1 to 5 year | More than 5 Years |
|---|---|---|---|
| **Cross currency interest rate swap** | | | |
| **As at March 31, 2023** | | | |
| Nominal Amount | - | - | 6,416.80 |
| **As at March 31, 2022** | | | |
| Nominal Amount | - | - | - |

**(vi) The effect of the cash flow hedge in the Statement of Profit and Loss and Other Comprehensive Income is as follows:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash flow Hedge Reserve at the beginning of the year | - | - |
| Total hedging (loss) recognised in other comprehensive income | (347.78) | - |
| Income tax on above | 87.53 | - |
| Ineffectiveness recognised in profit or loss | (1,322.29) | - |
| Line item in the statement of profit and loss that includes the recognised ineffectiveness | Net Loss on Foreign Currency Forward Contracts in "Other expenses" | - |
| Amount reclassified from Other comprehensive Income to profit or loss | - | - |
| Income tax on above | - | - |
| Cash flow Hedge Reserve at the end of the year | (260.25) | - |
| Line item in the statement of profit and loss that includes the reclassification adjustments | Not Applicable | - |

**(vii) The outstanding position of derivative instrument is as under:**

| Nature | Currency | Purpose | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Nominal value (₹ in Lakhs) | Notional value (FC in Lakhs) | Nominal value (₹ in Lakhs) | Notional value (FC in Lakhs) |
| Cross currency interest rate swap | EURO | Hedging of Foreign Currency Loans Principal & Interest | 6,416.80 | 80.00 | - | - |
| Principal Only Swap | EURO | Hedging of equity investment in foreign subsidiary | 9,390.00 | 120.00 | - | - |
| **Total** | | | **15,806.80** | **200.00** | | |

# Notes to Standalone Financial Statements
for the year ended March 31, 2023

**Exchange rates used for conversion of foreign currency exposure:**

| Currency | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| EURO | 89.61 | 82.13 |

**(viii) The impact of the hedging instruments on the statement of financial position is as under:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Nominal Amount | 6,416.80 | - |
| Carrying Amount (net) | 7,168.61 | - |
| Line item in the statement of financial position that's includes Hedging Instruments | Other current financial liabilities | - |
| Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the year - Gain / (Loss) (net of tax) | (260.25) | - |

**(ix) Hedge Items**

The impact of the Hedged Items on the statement of financial position is as follows:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax) | (260.25) | - |
| Change in value of the hedged item used for measuring ineffectiveness for the year (net of tax) | (260.25) | - |

**(x) Particulars of unhedged foreign currency exposure as at balance sheet date:**

| Particulars | Currency | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | FC in Lakhs | ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs |
| Trade payables | USD | (28.68) | (2,358.02) | (25.34) | (1,961.53) |
| | EURO | (0.36) | (32.36) | (0.55) | (47.79) |
| | GBP | (0.20) | (20.00) | (0.19) | (19.28) |
| | AUD | (0.00) | (0.15) | (0.00) | (0.16) |
| Trade receivables | USD | 2.48 | 204.06 | 2.42 | 178.82 |
| | AUD | 5.19 | 285.35 | 2.47 | 135.89 |
| | AED | 7.45 | 166.55 | - | - |
| | EURO | - | - | 0.72 | 59.39 |
| Interest Accrued | EURO | 2.67 | 239.69 | 1.00 | 83.27 |
| Loan to Subsidiary Company | EURO | - | - | 80.00 | 6,570.40 |
| Bank balance | AED | - | - | 0.01 | 0.11 |
| | USD | - | - | 0.02 | 1.36 |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 59 : INCOME TAX EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| In respect of current year | 6,815.87 | 7,054.57 |
| Tax expenses related to earlier years | (70.49) | (22.27) |
| | **6,745.38** | **7,032.30** |
| **Deferred tax** | | |
| Origination and reversal of temporary differences including tax impact on other comprehensive income | (293.43) | (346.52) |
| | **(293.43)** | **(346.52)** |
| **Total income tax expense recognised in the current year including tax impact on other comprehensive income** | **6,451.95** | **6,685.78** |

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Profit before tax (Including Other comprehensive income)** | 25,553.97 | 26,300.90 |
| Income tax expense calculated at 25.168% | 6,431.42 | 6,619.41 |
| Effect of income that is exempt from taxation | (15.89) | - |
| Effect of expenses that are not deductible in determining taxable profit | 405.65 | 115.15 |
| Effect of difference in tax rates | (101.52) | (39.25) |
| Others | (197.22) | 12.74 |
| | **6,522.44** | **6,708.05** |
| Adjustments recognised in the current year in relation to tax of prior years | (70.49) | (22.27) |
| **Income tax expense recognised in the Statement of Profit and Loss** | **6,451.95** | **6,685.78** |
| Effective Tax Rate | 25.25% | 25.42% |

## NOTE 60 : THE CODE ON SOCIAL SECURITY 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

# Notes to Standalone Financial Statements

for the year ended 31st March, 2023

## NOTE 61 : DISCLOSURE FOR SPECIFIC RATIOS

| Particulars | Formula | Particulars | | For the year ended March 31, 2023 | For the year ended March 31, 2022 | Variance | Reasons for variances |
|---|---|---|---|---|---|---|---|
| | | Numerator | Denominator | | | | |
| Current Ratio | Current Assets / Current Liabilities | Current Assets= Inventories+Financial assets+ Other current assets | Current Liabilities= Financial Liabilities+Short Term Provisions+ Current Tax Liabilities+Other current liabilities | 3.11 | 1.54 | -102% | Substantial increase in current investment as compared to previous year |
| Debt equity Ratio | Debt / Equity | Debts = Lease liabilities | Equity = Equity share capital + Other Equity | 0.01 | 0.02 | 28% | Increase in other equity |
| Trade payable turnover Ratio | Net Credit Purchases / Average Trade Payables | Net credit purchases =Purchase of raw material and packing material +Purchase of traded goods +Other manufacturing expenses | Average Trade Payables (refer note no. 28) | 7.16 | 6.52 | -10% | |
| Net capital turnover Ratio | Revenue / Working Capital | Revenue =Revenue from operations | Working Capital= Current assets -Current Liabilities | 2.67 | 11.67 | 77% | There is reduction in Capital turnover ratio due to increase in working capital on account of increase in current investment |
| Debt Service coverage ratio | Net Operating Income / Debt Service | Net Operating Income = Profit before tax for the year + Finance costs + Depreciation and amortisation expense | Debt service=Finance costs + Lease payments | 37.30 | 38.32 | 3% | |
| Net Profit Ratio | Net Profit / Net Sales | Net Profit = Profit for the year | Net Sales =Revenue from operations | 0.10 | 0.10 | 2% | |
| Return on Equity Ratio | Profit after tax / Shareholder's Equity | Total comprehensive income for the year | Shareholders Equity=Total Equity | 0.14 | 0.16 | 16% | |
| Return on capital employed | EBIT / Capital Employed | EBIT= Profit before tax + Finance costs | Capital Employed = Total assets -current liabilities | 0.18 | 0.21 | 12% | |
| Inventory turnover Ratio | Cost of Goods Sold / Average Inventory | Cost of goods sold =Cost of material consumed +Purchase of traded goods +Other manufacturing expenses +Changes in inventories of finished goods , traded goods & work in progress | Average Inventory | 6.70 | 6.32 | -6% | |
| Return on investment | Net Profit / Net Investment | Net Profit= Profit before tax + Finance costs | Net Investment = Total Equity | 0.19 | 0.22 | 15% | |
| Trade receivables turnover ratio | Net Credit Sales / Average Trade Receivables | Net Credit sales =Revenue from operations | Average Trade Receivables | 13.46 | 13.43 | 0% | |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 62: UTILISATION OF BORROWED FUNDS

(i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## NOTE 63 : EVENTS AFTER THE REPORTING PERIOD

There are no significant adjusting events after the reporting period.

## NOTE 64 : DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

## NOTE 65 : UNDISCLOSED INCOME

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## NOTE 66: DETAILS OF BENAMI PROPERTY HELD

The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

## NOTE 67: RELATIONSHIP WITH STRUCK OFF COMPANIES UNDER SECTION 248 OF THE COMPANIES ACT, 2013 OR SECTION 560 OF COMPANIES ACT, 1956

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

## NOTE 68: RECONCILIATION OF QUARTERLY RETURNS OR STATEMENTS OF CURRENT ASSETS FILED WITH BANKS OR FINANCIAL INSTITUTIONS

**As at March 31, 2023**

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account (₹ in Lakhs) | Amount as reported in the quarterly statement (₹ in Lakhs) | Amount of difference | Reason for material discre-pancies |
|---|---|---|---|---|---|---|
| Jun-22 | CITI BANK, KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 28,747.00 | 28,747.00 | - | |
| Sep-22 | CITI BANK, KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 31,359.00 | 31,359.00 | - | |
| Dec-22 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 24,490.00 | 24,490.00 | - | |
| Mar-23 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 29,274.00 | 29,274.00 | - | |

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

**As at March 31, 2022**

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account (₹ in Lakhs) | Amount as reported in the quarterly statement (₹ in Lakhs) | Amount of difference | Reason for material discre-pancies |
|---|---|---|---|---|---|---|
| Jun-21 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 23,930.09 | 23,930.09 | - | |
| Sep-21 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 29,075.37 | 29,075.37 | - | |
| Dec-21 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 27,449.27 | 27,449.27 | - | |
| Mar-22 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 26,924.84 | 26,924.84 | - | |

## NOTE 69: THE FOLLOWING DISCLOSURES SHALL BE MADE WHERE LOANS OR ADVANCES IN THE NATURE OF LOANS ARE GRANTED TO PROMOTERS, DIRECTORS, KMPS AND THE RELATED PARTIES (AS DEFINED UNDER COMPANIES ACT, 2013), EITHER SEVERALLY OR JOINTLY WITH ANY OTHER PERSON, THAT ARE:

| Particulars | | | | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|---|---|---|
| Type of Borrower | Loans/Advances granted Individually or Jointly with other (₹ In Lakhs) | Repayable on demand (Yes / No) | Terms/Period of repayment is specified (Yes / No) | Amount outstanding (₹ In Lakhs) | % of Total | Amount outstanding (₹ In Lakhs) | % of Total |
| Related Parties (Subsidiary Companies) | 3,850.00 | Yes | Yes | 5,050.00 | 41.10% | 1,200.00 | 14.40% |
| | 598.21 | No | Yes | 7,168.61 | 58.34% | 6,570.40 | 78.85% |

## NOTE 70: REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

| A brief description of the charges or satisfaction | The location of the Registrar | The period (in days or months) by which such charge had to be registered as on March 31, 2023 | The period (in days or months) by which such charge had to be registered as on March 31, 2022 | Reason for delay in registration |
|---|---|---|---|---|
| The floating charge is created on current assets including book debt & on Immovable property or any interest therein. | ROC-DELHI | 30 days from the certified copy of hypothecation deed execute between bank & Company | 30 days from the certified copy of hypothecation deed execute between bank & Company. | There is no delay in registration of Charge. |

## NOTE 71 : COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

# Notes to Standalone Financial Statements

for the year ended March 31, 2023

## NOTE 72:

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

## NOTE 73: SCHEME OF AMALGAMATION WITH WOS OF THE COMPANY

The Scheme of Amalgamation of the wholly owned subsidiary of the Company, i.e., International Comfort Technologies Private Limited ("ICTPL" or "Transferor Company") with Sheela Foam Limited ("SFL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Delhi ("NCLT"). The same will be accounted for in the books of accounts, in accordance with appendix C to Ind AS-103 on the approval from NCLT.

## NOTE 74: FOLLOWING ARE THE RECLASSIFICATIONS MADE IN THE PREVIOUS YEAR FIGURES TO MAKE THEM COMPARABLE/ BETTER PRESENTATION WITH THE CURRENT YEAR FIGURES:

(₹ in Lakhs)

| Particulars | March 31,2022 (Revised) | March 31,2022 (Published) | Nature |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| Other financial assets | 1,907.09 | 1,802.46 | Reclassification items |
| Non Current Tax Assets (Net) | 463.33 | 445.33 | Reclassification items |
| **Current Assets** | | | |
| Trade Receivable | 13,601.78 | 15,163.44 | Reclassification items |
| Other financial assets | 2,817.77 | 2,925.59 | Reclassification items |
| Other Current Assets | 1,922.97 | 1,937.78 | Reclassification items |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| Long Term Provisions | 602.57 | 1,408.32 | Reclassification items |
| **Current Liabilities** | | | |
| Trade payables | 18,941.42 | 20,503.08 | Reclassification items |
| Short term provisions | 1,053.41 | 247.66 | Reclassification items |
| **Income** | | | |
| Revenue from Operations | 2,00,820.99 | 2,12,443.99 | Reclassification items |
| **Expenses** | | | |
| Cost of materials consumed | 1,28,594.54 | 1,25,119.54 | Reclassification items |
| Other expenses | 27,787.27 | 42,885.27 | Reclassification items |

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Independent Auditor's Report

## To the Members of Sheela Foam Limited

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### OPINION

We have audited the accompanying consolidated financial statements of Sheela Foam Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2023, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### DESCRIPTION OF KEY AUDIT MATTER

| Sr. No | Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|---|---|---|
| 1 | **Impairment of Goodwill**<br><br>Refer Note 2.1(d)(6) to the consolidated financial statements<br><br>Group has a Goodwill on account of consolidation of ₹ 26,366.16 Lakhs as on March 31, 2023. In determining the fair value/value in use of subsidiaries, the Group has applied judgment in estimating future revenues, operating profit margins, longterm growth rate and discount rates. The carrying value of goodwill is tested annually for impairment. The Group performed its annual impairment test of goodwill and determined that there was no impairment.<br><br>Due to the significance of the carrying value of goodwill and judgment involved in performing impairment test, we have identified this as a key audit matter | Description of Auditor's response:<br><br>• Obtained an understanding from the management with respect to process and controls followed by the Group and tested the design, implementation and operating effectiveness of controls over<br><br>• the process of impairment assessment to perform annual impairment test related to goodwill.<br><br>• Obtained the impairment analysis model from the management and reviewed their conclusions.<br><br>• Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results. |

| Sr. No | Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|---|---|---|
| | | • Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate.<br>• Reconciled the future operating cash flow forecasts with the business plan approved by the Company's board of directors.<br>• Evaluated the appropriateness of the disclosures made in the consolidated financial statement in relation to the above as required under applicable accounting standards.<br>• Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards. |
| 2 | **Revenue recognition – Discounts and rebates**<br>Refer Note 2.10 to the consolidated financial statements, revenue is measured net of any trade discounts and volume rebates to customers (i.e, to the Wholesale traders and Retail traders).<br>As per the secondary scheme, discounts and rebates are passed on to the customers only on secondary sales made by wholesaler to retailer. Further, certain discounts and rebates for goods sold during the year are only finalised when the precise amounts are known, and revenue therefore includes an estimate of variable consideration. This includes establishing an accrual at year end, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. The unsettled portion of the variable consideration, results in accrual of discounts and rebates due to customers as at year end.<br>Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.<br>In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter. | Description of Auditor's response:<br>• Assessed the appropriateness of the Company's revenue recognition accounting policies, including those relating to discounts, incentives and rebates as required under the applicable accounting standards.<br>• Understood the process followed by the Company to determine the amount of accrual for discounts and rebates.<br>• Verified the design and implementation and tested operating effectiveness of key application controls over the Company's automated systems and manual controls over rebates agreements/ arrangements, rebate payments / settlements and Company's review over the rebate accruals.<br>• Verified on a test check basis, key customer contracts to identify the relevant terms and conditions related to discounts and rebates.<br>• Verified on test check basis, discounts and rebates transactions recorded during the year including period end discounts and rebates accruals and ensured the computation is in accordance with the policy and relevant source documents.<br>• Examined historical rebate accrual together with our understanding of current year developments to form an expectation of the rebate accrual as at year end and compared the same with the accrual for the year ended March 31, 2023.<br>• Verified completeness and accuracy of the data used by the Company for accrual of discounts and rebates through test of controls.<br>• Verified on a test check basis, rebate accruals after the reporting date to validate whether the accrual is recorded in the correct period.<br>• Verified payments made after reporting/year end date and where relevant, comparing the payment to the related rebate accrual. |

| Sr. No | Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|---|---|---|
| | | • Verified the credit notes for rebates and discounts issued subsequent to the balance sheet date to assess the reasonableness of the amounts recognised and to identify any significant unaccounted secondary trade accruals.<br>• Verified manual journal entries posted to revenue, on a test check basis, to identify unusual items and examining the underlying documentation.<br>• Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards. |

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. but does not include the consolidated financial statements and our auditor's report thereon. The Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. is expected to be made available to us subsequent to this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc., if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

## OTHER MATTERS

We did not audit the financial statements of ten subsidiaries whose financial statements reflect total assets of Rs. 1,05,539.17 Lakhs as at March 31, 2023, total revenues of Rs. 87,152.57 Lakhs and net cash flows amounting to Rs. 162 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries, are located outside India whose financial statements and/or other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

    b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group Companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.

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

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 53 to the consolidated financial statements.

        ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

        iv. (1) The respective Managements of the Holding Company and its subsidiaries which are incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, as disclosed in the Note 64 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities("intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The respective Managements of the Holding Company and its subsidiaries, which are companies which are incorporated in India and whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in Note 64 to the Consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiaries, from any persons or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement

v. The Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company, and its subsidiary companies incorporated in India only w.e.f. April 1, 2023, reporting under this clause is not applicable.

2. As required by the Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company and the subsidiary companies to the extent applicable to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

3. According to the information and explanations given to us and based on the Company (Auditor's Report) Order, 2020 (hereinafter referred as "CARO Reports") issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of subsidiaries included in the consolidated financial statements of the Group to which reporting under CARO is applicable, we report that there are no Qualifications/adverse remarks.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUR3640

Place: Gurugram
Date: May 17, 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

# ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUR3640

Place: Gurugram
Date: May 17, 2023

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

# OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Sheela Foam Limited on the consolidated Financial Statements for the year ended March 31, 2023

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

**Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls reference to consolidated financial statements of Sheela Foam Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal financial controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI").

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies which are companies incorporated in India.

## Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

## Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

## Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to four subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896
UDIN: 23502896BGTEUR3640

Place: Gurugram
Date: May 17, 2023

# Consolidated Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

| Particulars | Note no. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 42,903.60 | 43,547.55 |
| Right-of-use assets | 4 | 10,854.80 | 13,935.72 |
| Capital work-in-progress | 3 | 28,749.03 | 11,989.21 |
| Intangible assets | 5 | 27,402.04 | 25,203.15 |
| Investment property | 6 | 5,338.81 | 5,617.11 |
| Financial assets | | | |
| (i) Investments | 7 | 5,641.29 | 52,883.17 |
| (ii) Loans | 8 | 193.91 | 7.59 |
| (iii) Other financial assets | 9 | 518.97 | 453.61 |
| Deferred tax asset | 10 | 1,367.82 | 783.19 |
| Non current tax assets (net) | 11 | 1,238.76 | 693.34 |
| Other non-current assets | 12 | 3,543.14 | 2,563.97 |
| **Total non current assets** | | **1,27,752.17** | **1,57,677.61** |
| **Current assets** | | | |
| Inventories | 13 | 33,132.68 | 31,445.89 |
| Financial assets | | | |
| (i) Investments | 14 | 71,195.73 | 8,938.05 |
| (ii) Trade receivables | 15 | 28,197.60 | 26,939.30 |
| (iii) Cash and cash equivalents | 16 | 4,227.05 | 4,081.28 |
| (iv) Bank balances other than cash and cash equivalents | 17 | 26.65 | 31.58 |
| (v) Loans | 18 | 67.05 | 557.36 |
| (vi) Other financial assets | 19 | 99.98 | 2,634.23 |
| Other current assets | 20 | 6,381.02 | 4,021.98 |
| **Total current assets** | | **1,43,327.76** | **78,649.67** |
| **Total assets** | | **2,71,079.93** | **2,36,327.28** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 21 | 4,878.28 | 2,439.14 |
| Other equity | 22 | 1,55,160.90 | 1,36,817.48 |
| **Equity attributable to shareholders of the Holding Company** | | **1,60,039.18** | **1,39,256.62** |
| Non-controlling Interest | | 826.46 | 763.33 |
| **Total equity** | | **1,60,865.64** | **1,40,019.95** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 23 | 28,380.63 | 22,818.18 |
| (ii) Lease liabilities | 24 | 8,749.07 | 10,564.79 |
| (iii) Other non current financial liabilities | 25 | 2,593.96 | 5,034.08 |
| Provisions | 26 | 1,304.19 | 1,932.59 |
| Other non current liabilities | 27 | 19.85 | 22.70 |
| Deferred tax liabilities | 28 | 831.69 | 966.99 |
| **Total non current liabilities** | | **41,879.39** | **41,339.33** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 29 | 18,380.43 | 10,957.32 |
| (ii) Lease liabilities | 24 | 1,598.40 | 2,306.18 |
| (iii) Trade payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises | 30 | 722.01 | 506.29 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 30 | 25,219.37 | 28,036.46 |
| (iv) Other financial liabilities | 31 | 9,170.50 | 4,402.60 |
| Provisions | 26 | 2,050.75 | 1,056.13 |
| Current tax liabilities (net) | 32 | 117.14 | - |
| Other current liabilities | 33 | 11,076.30 | 7,703.02 |
| **Total current liabilities** | | **68,334.90** | **54,968.00** |
| **Total liabilities** | | **1,10,214.29** | **96,307.33** |
| **Total equity and liabilities** | | **2,71,079.93** | **2,36,327.28** |

Significant accounting policies 2

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date
For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

For and on behalf of the Board of Directors of
**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Nipun Gupta**
Partner
Membership No.: 502896

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Gurugram
Date: May 17, 2023

Place: Noida
Date: May 17, 2023

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | Note no. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 34 | 2,87,332.09 | 2,86,557.84 |
| Other income | 35 | 8,650.12 | 7,916.32 |
| **Total Income** | | **2,95,982.21** | **2,94,474.16** |
| **Expenses** | | | |
| Cost of materials consumed | 36 | 1,61,830.43 | 1,83,325.03 |
| Purchase of stock-in-trade | 37 | 18,063.14 | 5,353.84 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 38 | (1,208.72) | (977.78) |
| Other manufacturing expenses | 39 | 6,764.73 | 6,228.69 |
| Employee benefits expense | 40 | 27,915.33 | 25,547.57 |
| Finance costs | 41 | 2,107.07 | 1,697.31 |
| Depreciation and amortisation expense | 42 | 8,962.43 | 8,077.73 |
| Other expenses | 43 | 44,239.52 | 35,585.89 |
| **Total Expenses** | | **2,68,673.93** | **2,64,838.28** |
| **Profit before tax** | | **27,308.28** | **29,635.88** |
| **Income Tax expense** | 62 | | |
| Current tax | | 7,875.59 | 8,331.47 |
| Tax expenses related to earlier years | | (77.20) | (22.04) |
| Deferred tax (net) | | (796.33) | (546.35) |
| **Total Income tax expense** | | **7,002.06** | **7,763.08** |
| **Profit for the year** | | **20,306.22** | **21,872.80** |
| **Other comprehensive income (net of tax)** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurements gain / (loss) of the net defined benefit plans | | (181.17) | (506.09) |
| Income tax on above item | 62 | 45.60 | 128.67 |
| *Items that will be reclassified to profit or loss* | | | |
| Fair value gain / (loss) on investments and other financial instruments | | (347.78) | 323.91 |
| Income tax on above item | 62 | 87.53 | (81.52) |
| Exchange differences on translation of foreign operations | | 1,647.08 | (50.04) |
| **Total Other comprehensive income/ (loss) (net of tax)** | | **1,251.26** | **(185.07)** |
| **Total comprehensive income for the year** | | **21,557.48** | **21,687.73** |
| **Profit for the year attributable to:** | | | |
| Shareholders of the Holding Company | | 20,115.67 | 21,732.97 |
| Non-controlling Interest | | 190.55 | 139.83 |
| | | **20,306.22** | **21,872.80** |
| **Other Comprehensive Income for the year attributable to:** | | | |
| Shareholders of the Holding Company | | 1,251.26 | (185.07) |
| Non-controlling Interest | | - | - |
| | | **1,251.26** | **(185.07)** |
| **Total Comprehensive Income for the year attributable to:** | | | |
| Shareholders of the Holding Company | | 21,366.93 | 21,547.90 |
| Non-controlling Interest | | 190.55 | 139.83 |
| | | **21,557.48** | **21,687.73** |
| **Earnings per equity share (face value of ₹ 5/- each):** | | | |
| Basic and diluted (₹) | 44 | 20.81 | 22.42 |

Significant accounting policies 2

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit before tax** | **27,308.28** | **29,635.88** |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 8,962.43 | 8,077.73 |
| Finance costs | 2,107.07 | 1,697.31 |
| Advances/Balances written off (including bad debts) | 510.60 | 15.16 |
| Provision for doubtful receivables | 360.20 | 5.07 |
| Provision for warranty | 1,175.79 | 970.42 |
| Subsidy income | (37.43) | (2.84) |
| Net loss on foreign currency forward contracts | 1,322.29 | - |
| Fair value (gain) / loss on investments (net) | (899.08) | 382.97 |
| (Profit) / Loss on sale of investments (net) | (1,868.80) | (1,228.00) |
| Liabilities/provisions no longer required written back | (12.15) | (59.43) |
| Unrealised foreign exchange loss / (gain) (net) | 404.61 | 256.93 |
| Rental Income | (1,256.62) | (1,138.54) |
| Interest Income | (3,276.10) | (3,759.41) |
| (Profit) / Loss on sale of property, plant and equipment (net) | (48.72) | 28.16 |
| **Operating profit before working capital changes** | **34,752.37** | **34,881.41** |
| **Changes in working capital:** | | |
| (Increase) / Decrease in inventories | (1,184.69) | 84.84 |
| (Increase) / Decrease in loans and trade receivables | (1,860.96) | 1,698.52 |
| (Increase) / Decrease in other financial and non-financial assets | (2,826.29) | (2,918.69) |
| (Decrease) / Increase in trade payables | (2,925.23) | (3,078.38) |
| (Decrease) / Increase in other financial liabilities, non-financial liabilities and provisions | 3,315.53 | (1,522.72) |
| **Cash generated from operations** | **29,270.73** | **29,144.98** |
| Income tax paid (net of refunds) | (8,070.06) | (9,430.14) |
| **Net cash flow from operating activities (A)** | **21,200.67** | **19,714.84** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment and change in capital work-in-progress | (21,162.24) | (16,345.59) |
| Proceeds from sales of property, plant and equipment | 173.98 | 2,054.84 |
| Investment in bonds, debentures and mutual funds (net) | (12,669.62) | (19,915.07) |
| Proceeds from bank deposits | 4.93 | - |
| Loans and advances given | 303.99 | (40.00) |
| Rental income | 1,256.62 | 1,138.54 |
| Interest income received | 5,251.45 | 2,469.06 |
| **Net cash flow (used in) investing activities (B)** | **(26,840.89)** | **(30,638.22)** |
| **C. Cash flow from financing activities** | | |
| Payment of Dividend during the year | (279.86) | (372.73) |
| Subsidy received during the year | - | 13.59 |
| Fees paid for increase in authorised share capital | (50.39) | - |
| Proceeds from long term borrowings | 7,684.38 | 9,587.46 |
| Repayment of long term borrowings | (3,759.87) | (32.77) |
| Proceeds from short term borrowings | 6,482.11 | 9,310.96 |
| Repayment of short term borrowings | - | (5,652.79) |
| Payment of lease liabilities (principal and interest) | (2,821.38) | (2,445.30) |
| Finance costs | (1,642.59) | (1,140.07) |
| **Net cash flow from financing activities (C)** | **5,612.40** | **9,268.35** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(27.82)** | **(1,655.03)** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 173.59 | - |
| Cash and cash equivalents at the beginning of the year | 4,081.28 | 5,736.31 |
| **Cash and cash equivalents at the end of the year** | **4,227.05** | **4,081.28** |

# Consolidated Statement of Cash Flows

for the year ended March 31,2023

**Notes :**

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

2. Figures in brackets represent cash outflow.

3. Components of cash and cash equivalents:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 13.11 | 20.95 |
| Deposits having original maturity of less than 3 months | 141.76 | 933.87 |
| Balance with banks in current accounts | 4,072.18 | 3,126.46 |
| **Balance as per Statement of Cash Flows** | **4,227.05** | **4,081.28** |

4. Changes in liabilites arising from financing activities:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Borrowings** | | |
| Borrowings at the beginning of the year | 33,775.50 | 20,562.64 |
| Proceeds from the borrowings | 14,166.49 | 18,898.42 |
| Repayment of borrowings | (3,759.87) | (5,685.56) |
| Exchange differences on translation of foreign operations | 2,578.94 | - |
| **Borrowings as at year end** | **46,761.06** | **33,775.50** |
| **Lease liabilities** | | |
| Lease liabilites at the beginning of the year | 12,870.97 | 12,860.24 |
| Addition during the year | 40.54 | 2,490.99 |
| Finance charges | 464.48 | 557.25 |
| Payment of lease liabilites | (2,821.38) | (2,445.30) |
| Cancellation / adjustments | (207.14) | (592.21) |
| **Lease liabilites as at year end** | **10,347.47** | **12,870.97** |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iqubal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

## A. EQUITY SHARE CAPITAL

| Particulars | ₹ In Lakhs |
|---|---|
| **Balance as at April 01, 2021** | 2,439.14 |
| Add: Issued during the year | - |
| **Balance as at March 31, 2022** | **2,439.14** |
| Add: Bonus shares issued during the year | 2439.14 |
| **Balance as at March 31, 2023** | **4,878.28** |

## B. OTHER EQUITY

(₹ in Lakhs)

| Particulars | Reserves and surplus | | | | | Items of Other Comprehensive Income | | Total equity attributable to equity holders of the Company | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Retained earnings | Capital reserve | General Reserve | Foreign Currency Translation Reserve | Capital Subsidy | Debt instruments through OCI | Cash flow hedge reserve | | | |
| **Balance as at April 01, 2021** | **1,10,120.96** | **2,364.58** | **1,716.27** | **1,549.57** | **56.98** | **181.59** | **-** | **1,15,989.95** | **891.81** | **1,16,881.76** |
| Profit for the year | 21,732.97 | - | - | - | - | - | - | 21,732.97 | 139.83 | 21,872.80 |
| Capital Subsidy received during the year | - | - | - | - | 13.59 | - | - | 13.59 | - | 13.59 |
| Dividend paid | (146.02) | - | - | - | - | - | - | (146.02) | (226.76) | (372.78) |
| Other comprehensive income for the year (net of tax) | (377.42) | - | - | - | - | 242.38 | - | (135.04) | - | (135.04) |
| Other adjustments | 0.70 | - | - | - | - | - | - | 0.70 | 0.95 | 1.65 |
| Exchange gain/(loss) on translation (net) | - | (1,968.96) | - | 1,330.29 | - | - | - | (638.67) | (42.50) | (681.17) |
| **Total comprehensive income for the year** | **21,210.23** | **(1,968.96)** | **-** | **1,330.29** | **13.59** | **242.38** | **-** | **20,827.53** | **(128.48)** | **20,699.05** |
| **Balance as at March 31, 2022** | **1,31,331.19** | **395.62** | **1,716.27** | **2,879.86** | **70.57** | **423.97** | **-** | **1,36,817.48** | **763.33** | **1,37,580.81** |
| Profit for the year | 20,115.67 | - | - | - | - | - | - | 20,115.67 | 190.55 | 20,306.22 |
| Capital Subsidy received during the year | - | - | - | - | - | - | - | - | - | - |
| Bonus shares issued during the year | (394.30) | (328.57) | (1,716.27) | - | - | - | - | (2,439.14) | - | (2,439.14) |
| Expenses towards increase in authorised share capital | (50.39) | - | - | - | - | - | - | (50.39) | - | (50.39) |
| Dividend paid | (103.00) | - | - | - | - | - | - | (103.00) | - | (103.00) |

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

## B. OTHER EQUITY

(₹ in Lakhs)

| Particulars | Reserves and surplus | | | | | Items of Other Comprehensive Income | | Total equity attributable to equity holders of the Company | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Retained earnings | Capital reserve | General Reserve | Foreign Currency Translation Reserve | Capital Subsidy | Debt instruments through OCI | Cash flow hedge reserve | | | |
| Other comprehensive income for the year (net of tax) | (135.57) | - | - | - | - | - | - | (135.57) | - | (135.57) |
| Other adjustments | 0.16 | - | - | - | (7.17) | - | - | (7.01) | (127.42) | (134.43) |
| Exchange gain/(loss) on translation (net) | - | - | - | 1,647.08 | - | - | - | 1,647.08 | - | 1,647.08 |
| Loss on cash flow hedge reserve (net of tax) | - | - | - | - | - | - | (260.25) | (260.25) | - | (260.25) |
| Realised gain from debt instruments transferred to profit and loss (net of tax) | - | - | - | - | - | (423.97) | - | (423.97) | - | (423.97) |
| **Total comprehensive income for the year** | **19,432.57** | **(328.57)** | **(1,716.27)** | **1,647.08** | **(7.17)** | **(423.97)** | **(260.25)** | **18,343.42** | **63.13** | **18,406.55** |
| **Balance as at March 31, 2023** | **1,50,763.76** | **67.05** | **-** | **4,526.94** | **63.40** | **-** | **(260.25)** | **1,55,160.90** | **826.46** | **1,55,987.36** |

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## 1. GROUP INFORMATION

Sheela Foam Limited ('the Holding Company') is a ISO 9001:2000 public limited Group incorporated in India with its registered office in New Delhi. The Holding Group is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

The Holding Company, pioneered in the manufacturing of polyurethane foams, has eleven subsidiary companies (including step down subsidiaries) (two Foreign Subsidiaries 'Joyce Foam PTY Ltd., Australia and its Controlled Entity Joyce W C NSW Pty Limited' and 'International Foam Technologies Spain, S.L.U and its Controlled Entity Interplasp S.L') and (four Indian Subsidiaries 'Divya Software Solutions Private Limited', 'Sleepwell Enterprises Private Limited', 'International Comfort Technologies Private Limited' and 'Staqo World Private Limited and its three Controlled Foreign Entities 'Staqo World Kft, Hungry, Staqo Incorporated, USA and Staqo Technologies L.L.C, Dubai').

The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its eleven subsidiary companies (including step down subsidiaries) (together referred as "the Group").

The consolidated financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on May 17, 2023.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The consolidated financial statements have been prepared on accrual and going concern basis. All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except, except for the following:

- certain financial assets and liabilities (including derivative instruments), measured at fair value (refer accounting policy regarding financial instruments).
- defined benefit plans – plan asset measured at fair value.

#### b. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees ('Rs.'), which is the Holding Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimal places, unless stated otherwise.

#### c. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is: -

- expected to be realized, or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities:

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating Cycle:

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalent. The Group has identified twelve months as its operating cycle.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**d. Use of estimates and judgments**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure and the disclosure of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

These estimates and assumptions are based on the facts and events, that existed as at the date of Balance Sheet, or that occurred after that date but provide additional evidence about conditions existing as at the Balance Sheet date.

**1. Useful lives of Property Plant and Equipment**

The Property, Plant and Equipment are depreciated on a pro-rate basis on written down value basis, in case of Holding Group (Sheela Foam Limited) and Indian Subsidiaries and on a straight line basis, in the case of foreign Subsidiaries, over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 2.3 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the financial position in future years.

**2. Retirement benefit obligation**

The cost of retirement benefits and present value of the retirement benefit obligations in respect of Gratuity and Leave Encashment is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, these retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long-term government bonds with extrapolated maturity corresponding to the expected duration of these obligations.

The mortality rate is based on publically available mortality table for the specific countries. Future salary, seniority, promotion and other relevant factors and pension increases are based on expected future inflation on a long-term basis. Further details about the assumptions used, including a sensitivity analysis are given in Note 44.

**3. Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

**4. Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot .be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**5. Impairment of Financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**6. Impairment of Goodwill**

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

less any accumulated amortisation and accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a Cash Generating Unit is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes. The value in use calculation is based on a discounted future cash flows model. The recoverable amount is sensitive to the discount rate used for the discounted future cash flows model as well as the expected future cash-inflows.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset.In determining fair value less costs of disposal, recent market transactions are taken into account. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell.

### Determination of Cash Generating Unit

While assessing impairment, the management has identified every company in which goodwill has generated on acquisition of its subsidiary as the cash generating unit for the purposes of determining the recoverable value.

### Significant Cash Generating Units (CGUs)

The management has determined one of the foreign step down subsidiary company located in Spain that is Interplasp S.L. as the significant cash generating unit for the purposes of determining the recoverable value.

(₹ in Lakhs)

| Particular | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Acquired Goodwill | 26,366.16 | 24,165.95 |

Following key assumptions were considered while performing impairment testing:

(₹ in Lakhs)

| Factors tested | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Average Sales Growth rate for 5 years | 10% | 10% |

(₹ in Lakhs)

| Factors tested | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Average terminal growth rate | 1.5% | 1.5% |
| Margin | 10.8% | 10.8% |
| Weighted Average Cost Capital % (WACC) post tax (Discount rate) | 8.25% | 8% |

The projections cover a period of five years, as the Company believes this to be the most appropriate timescale over which to review and consider annual performances before applying a terminal value multiple to the final year cash flows. The growth rates and segmental margins used to estimate cash flows for the first five years are based on past performance, and on the Company's five-year strategic plan.

Weighted Average Cost of Capital % (WACC) for the Company = Risk free return + (Market risk premium x Beta).

### Impairment

As per the computation, the value in use exceeds the carrying value of subsidiary company and accordingly the management has concluded that no impairment needs to be recognised for the current year.

The Company has performed sensitivity analysis and has concluded that there are no reasonably possible changes to key assumptions that would cause the carrying amount of a CGU to exceed its recoverable amount.

## 2.2 BASIS OF CONSOLIDATION

Control is achieved when the group is exposed or has rights to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins with the group obtains control over the subsidiary and ceases when group losses control of the subsidiary. The Consolidated Financial Statements have been prepared on the following basis: -

### Basis of Accounting:

i) The financial statements of all subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Holding company, i.e., year ended on 31 March. When the end of the reporting period of the holding company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

as the financial statements of the holding company to enable the holding company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

ii) In case of foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rates prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.

iii) The consolidated financial statements have been prepared in accordance with Indian Accounting Standard - 110 "Consolidated Financial Statements".

**Principles of Consolidation:**

i) The financial statements of the Holding Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Indian Accounting Standard - 110 on "Consolidated Financial Statements". Non – controlling interests in the results and equity of subsidiaries are shown separately in the consolidated financials statement .

ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Group's separate financial statements except as otherwise stated in the Significant Accounting Policies.

iii) The difference between the costs of investments in the Subsidiaries over the net assets at the time of acquisition of shares in the Subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

The Consolidated Financial Statements of the Holding Group includes the results of following entities:

| Name of Company | Country of Incorporation | Proportion (%) of Shareholding as on 31.03.2023 | Proportion (%) of Shareholding as on 31.03.2022 |
|---|---|---|---|
| Subsidiary Companies | | | |
| Joyce Foam Pty. Limited and its Controlled Entity (Joyce W C NSW Pty Limited) | Australia | 100% | 100% |
| International Foam Technologies SL, Spain and its Controlled Entity (Interplasp S.L) | Spain | 100% | 100% |
| Divya Software Solutions Private Limited | India | 100% | 100% |
| Sleepwell Enterprises Private Limited | India | 100% | 100% |
| Staqo World Pvt. Ltd. and its 3 Controlled Entities (Staqo Technologies L.L.C. , Staqo World LLC and Staqo Incorporated) | India | 100% | 100% |
| International Comfort Technologies Private Limited | India | 100% | -- |

**2.3 Property, Plant & Equipment**

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till the date of commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Cost of leasehold land is amortized over the period of lease. Leasehold improvements are amortized over the lease period, which corresponds with the useful life of assets .

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

In the case of the Holding Company (Sheela Foam Limited) and Indian Subsidiaries (Divya Software Solutions Private Limited, Sleepwell Enterprises Private Limited, Staqo World Private Limited and International Comfort Technologies Private Limited)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Depreciation on property, plant & equipment is provided on a pro-rata basis on written down value basis, over the useful life of the assets estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The property, plant and equipment costing upto Rs. 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

| Asset | Useful life as per Schedule II of the Companies Act, 2013 (No. of Years) | Useful life as assessed / estimated by the Group (No. of Years) |
|---|---|---|
| **Buildings :** | | |
| - Factory (including roads & lanes) | 30 | 29 |
| - Office | 60 | 4-59 |
| - Residential | 60 | 59 |
| Plant & Equipment | 15 | 20 |
| Furniture & Fixtures | 10 | 15 |
| **Vehicles :** | | |
| - Motor Cars | 8 | 10 |
| Office Equipment | 5 | 20 |
| **Date Processing Equipment :** | | |
| - Computer Equipment | 3 | 6 |
| Electrical Fittings | 10 | 20 |

Based on usage pattern, technical evaluation and internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

In the case of foreign Subsidiaries (Joyce Foam Pty. Ltd. and its Controlled Entities, and International Foam Technologies SL, Spain and its Controlled Entities)

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight line basis over the estimated useful lives to the Group commencing from time the assets is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

| Asset | Useful Life range |
|---|---|
| Buildings | 34 to 36 years |
| Technical Installations | 10 to 20 years |
| Plant & Machinery | 8 to 20 years |
| Furniture & Furnishings | 3 to 7 years |
| Tooling & Other Facilities | 10 years |
| Data Processing Equipment | 4 to 6 years |
| Vehicles | 6 to 7 years |
| Other Assets | 8 to 9 years |

### Transition to Ind AS

On transition to Ind AS, the Group (in respect of companies incorporated in India) has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01, 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.a

### 2.4 Investment Property

Property that is held for long- term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are added to the carrying amount only when it is probable that it will increase its useful life. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Though the Group measures investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer applying a recognized and recommended valuation model.

Depreciation on investment property, is provided on a pro-rate basis on written down value basis, over the useful life of the property estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The property's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

| Asset | Useful life as per Schedule II of the Companies Act, 2013 (No. of Years) | Useful life as assessed / estimated by the Group (No. of Years) |
|---|---|---|
| **Buildings :** | | |
| - Factory | 30 | 29 |
| - Office | 60 | 59 |
| - Residential | 60 | 59 |

Based on usage pattern, technical evaluation and internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these properties. Hence the useful lives of these properties is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on de-recognition of the investment property is included in the Statement of Profit and Loss.

Transfers are made to / from investment property only when there is a change in its use. Transfers between investment property is made at the carrying amount of the property transferred.

**Transition to Ind AS**

On transition to Ind AS, since there is no change in the functional currency, the Group (in respect of companies incorporated in India) has elected to continue with the carrying value for all of its investment property as recognized in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 01, 2016.

## 2.5 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (i) Financial Assets

**(a) Initial recognition and measurement**

At initial recognition, all financial assets are recognized at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(b) Classification and subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

a. at amortized cost;

b. at fair value through other comprehensive income (FVTOCI); and

c. at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(1) Financial assets measured at amortized cost:

A financial asset is measured at amortized cost if both the following conditions are met:

- Business Model Test: The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and

- Cash Flow Characteristics Test: The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income is the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents and employee loans, etc.

(2) Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- Business Model Test:The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and

- Cash Flow Characteristics Test: The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss.

(3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in Statement of Profit and Loss.

**(c) Impairment of financial assets**

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial Assets measured at amortized cost;

- Financial Assets measured at FVTOCI.

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with banks, security deposits and employee loans etc.

- Financial assets that are debt instruments, and are measured at FVTOCI,

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12-months ECL.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

**(d) Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's Balance Sheet) when:

a. The rights to receive cash flows from the asset have been expired/transferred, or

b. The Group retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Group has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### (ii) Financial Liabilities

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, borrowings, security deposits and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income. These gains/ losses are not subsequently transferred to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of Profit and Loss.

**Borrowings & Security Deposits**

Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in Statement of profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR.

**Financial Guarantee Contract**

Financial guarantee contracts issued by the Holding Group are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

**Trade and other payables**

Trade and other payables are obligations incurred by the Group towards purchase of raw material and other

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

goods and availing the services that have been acquired or availed in the ordinary course of business. Trade and other payables are classified under current liabilities, if payment is due within 12 months as at Balance Sheet date, if not, they are classified under non-current liabilities.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

### (iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (iv) Derivative Financial Instruments :

**Initial recognition and subsequent measurement**

The Holding Company uses derivative financial instruments to hedge its foreign currency risk and interest rate risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of Profit or Loss and Other Comprehensive Income. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Hedge Accounting**

The Holding Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements: -

There is an economic relationship between the hedged items and the hedging instruments,

- the effect of credit risk does not dominate the value changes that result from that economic relationship,
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Holding Company documents whether the hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk.

**Cash flow hedges**

The Holding Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit or Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit or Loss upon the occurrence of the underlying transaction.

## 2.6 Inventories

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable

# Notes to Consolidated Financial Statements

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value. Cost of work in progress and manufactured finished goods comprises is determined on weighted average and its cost comprises of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods includes cost of purchase and such other costs.

In determining the cost of inventories, first-in-first-out cost method is used.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made on item-by-item basis.

### 2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short- term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

### 2.8 Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets, other than deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cashgenerating unit to which the asset belongs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU on a pro rata basis. Refer note 3 for the use of estimates and judgments for assessing impairment of goodwill.

### 2.9 Provisions and Contingent Liabilities

#### a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### b) Provision for Warranty

Warranty provision is determined based on the historical percentage of warranty expense to sales for the same types of goods depending upon the warranty period offered. The percentage to the sales is applied to derive the warranty expense to be accrued. Actual warranty claims are settled against warranty provision. The warranty claims may not exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence. Closing warranty provision is bifurcated into Current and Non-current based on the past settlement trend with the non-current portion being discounted to derive the present value. The assumptions are consistent with prior years.

#### c) Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### 2.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

# Notes to Consolidated Financial Statements

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IND As 115 five step model is used to recognise revenue as below:

**Step 1:** Identify the contract(s) with a customer.

**Step 2:** Identify the performance obligation in contract.

**Step 3:** Determine the transaction price.

**Step 4:** Allocate the transaction price to the performance obligations in the contract.

**Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation.

Sales are recognized at the fair value of the consideration that can be reliably measured and reduced by variable consideration. Variable consideration includes sales returns, trade discounts, volume based incentives, and cost of promotional programs, indirect taxes as may be applicable.

The Group provides various volume based rebates to certain customers once the goods are purchased by them above a certain threshold as specified in the scheme letter. Rebates outstanding at the balance sheet date are adjusted against the amount receivable from the customer. To estimate and recognise the liability for the incentives the Group used the methods which best predicts the amount of incentives and is primarily driven by the number of volume thresholds mentioned in the contracts.

#### i) Sale of goods – distributors

The Group operates via chain of distributors selling mattresses and home comfort products. Revenue from the such sales is recognised when control of the products being sold is transferred to distributor and when there are no longer any unfulfilled obligations. As per Group's policies the performance obligations are fulfilled at the time of dispatch from the factory or warehouse.

Group's contract with trade customers do not have financing component or non-cash consideration and the Group does not have any unbilled revenue or deferred revenue.

It is the Group's policy to sell its products to the end customer with a right of return within a stipulated time period. Therefore, a refund liability (included in other current liabilities) and a right to recover the returned goods (included in other current assets) are recognised for the products expected to be returned, based on estimate. Historical data and past trends are used to estimate such returns. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The Group's obligation to replace faulty products under the standard warranty terms is recognised as a provision (Refer Note 25).

#### ii) Sale of goods – B2B

The Group manufactures and sells a range of industrial foam and cushioning foam to B2B segment. Sales are recognised when control of the products has transferred, that is when the products are dispatched from the factory or the warehouse.

#### iii) Sale of services

The IT consulting division provides business IT management, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables, such as the sale of hardware and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

### Other Income

#### i) Interest income from Bonds

Interest income from bonds at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

#### ii) Rental income

Rental income from operating leases where the Group's entity is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**iii) Income from sale of investments**

The Group earns profit/loss on sale of bonds and mutual funds. When these investments are sold, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.

### 2.11 Government Grants / Subsidy

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### 2.12 Employee Benefits

In the case of the Holding Company (Sheela Foam Limited) and Indian Subsidiaries (Divya Software Solutions Private Limited, Sleepwell Enterprises Private Limited, Staqo World Private Limited and International Comfort Technologies Private Limited)

**a. Short Term Employee Benefits**

All Employee benefits payable within twelve months of rendering the services are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/pay etc. and the same are recognized in the period in which the employee renders the related services.

**b. Long Term Benefit**

The employees are entitled to long service award (LSA), as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. The liability towards LSA is provided for on accrual basis as estimated by the management.

**c. Post-Employment Benefits**

**i. Defined contribution plan:**

Approved provident fund scheme, employees' state insurance fund scheme and employees' pension scheme are defined contribution plans. There is no obligation, other than the contribution paid/ payable under such schemes. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

**ii. Defined benefit plan:**

Gratuity

Gratuity, being a defined benefit plan (the 'Gratuity Plan") covers eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise. The Holding Company Liability is funded through a separate Gratuity Trust. The short/ excess of gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ asset as at the Balance Sheet date.

**d. Other Long Term Benefits**

**Compensated Absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Leaves under defined benefit plans can be encashed only on discontinuation of service by employee.

ii. **Employees State Insurance Scheme**

Contribution towards employees' state insurance scheme is made to the regulatory authorities, as applicable and has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

In the case of foreign Subsidiaries (Joyce Foam Pty. Ltd. and its Controlled Entity, and International Foam Technologies SL, Spain and its Controlled Entity)

Provision is made for the liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those of benefits.

### 2.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, for a period of time in exchange for consideration even if that right is not explicitly specified in an arrangement.

#### Group as a lessee

The Group's lease assets classes primarily consist of leases for Land & Buildings. The Group assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these short-term and leases of low value assets, the Group recognises the lease payments as an operating expense in the statement of profit and loss.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Group separately recognizes the interest expense on the lease liability as finance cost and the depreciation expense on the right-of-use asset.

#### Group as a lessor

Lease income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as lease income.

### 2.14 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing as at the balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. The long term foreign currency monetary items are carried at the exchange rate prevailing on the date of initial transaction.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Non- monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions.

**2.15 Taxation**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

**a) Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

**b) Deferred Tax**

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**2.16 Dividend Distribution:**

The group recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Entity and is declared by the shareholders. A corresponding amount is recognized directly in the Equity.

**2.17 Earnings per Share:**

Basic earnings per share is calculated by dividing net profit of the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding without a corresponding change in the resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**2.18 Goodwill**

Business Combinations are accounted for using the acquisition method of accounting, except for common control transactions which are accounted using the pooling of interest method that is accounted at carrying values.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities assumed at their acquisition date i.e. the date on which control is acquired. Contingent consideration to be transferred is recognised at fair value and included as part of cost of acquisition. Transaction related costs are expensed in the period in which the costs are incurred.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill arising on business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

liabilities assumed. After initial recognition, Goodwill is tested for impairment annually and measured at cost less any accumulated impairment losses if any

Goodwill is not amortized; however, it is tested annually for impairment and whenever there is an indication that the unit may be impaired and carried at cost less any accumulated impairment losses.

For the purpose of impairment testing, the goodwill is allocated to a cash-generating-unit ('CGU') or group of CGUs ('CGUs'), which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying value of a CGU / CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU / CGUs. The recoverable amount of a CGU / CGUs is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to be derived from the CGU / CGUs.

The total impairment loss of a CGU / CGUs is allocated first to reduce the carrying value of goodwill allocated to that CGU / CGUs and then to the other assets of that CGU / CGUs - on pro-rata basis of the carrying value of each asset.

**2.19 Transactions within Group**

Transactions including expenses to be shared between the companies within the Group are initially recorded under operational heads by the respective Group, and reduced on actual or proportionate (where those are not directly attributable) basis during consolidation.

**2.20 Business Combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

**2.21 Contributed equity**

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction , net of tax , from the proceeds.

**2.22 Standards (including amendments) issued but not yet effective.**

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023, to amend certain Ind ASs which are effective from 01 April, 2023: Below is a summary of such amendments:

**(i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements**

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors**

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The amendments are not expected to have a material impact on the Company's financial statements.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**2.23 Standards that became effective during the year**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from 01 April 2022

(i) Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37

Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

These amendments have no impact on the financial statements of the Company.

(ii) References to the Conceptual Framework - Amendments to Ind AS 103

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendment also add a new exception in Ind AS 103 for liabilities and contingent liabilities.

These amendments have no impact on the financial statements of the Company.

(iii) Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16

The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

(iv) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liability

The amendment clarifies which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

| Particulars | Land - freehold | Buildings (Including Roads & Lanes) | Plant & Equipment Free Hold | Plant & Equipment Lease Hold | Furniture and fixtures | Vehicles | Office equipment | Electrical fittings | Total property, plant and equipment | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **At cost or deemed cost** | | | | | | | | | | |
| **As at April 1, 2021** | 1,850.65 | 24,387.13 | 36,875.94 | 116.00 | 1,252.16 | 994.92 | 2,097.34 | 1,371.34 | 68,945.48 | 3,256.48 |
| Additions | - | 51.81 | 5,567.86 | - | 148.36 | 319.51 | 279.35 | 143.51 | 6,510.40 | 15,698.22 |
| Disposals/transfer | (6.69) | (359.78) | (1,426.26) | (1.34) | (3.86) | (85.38) | (19.04) | (2.62) | (1,904.97) | (6,965.49) |
| **As at March 31, 2022** | **1,843.96** | **24,079.16** | **41,017.54** | **114.66** | **1,396.66** | **1,229.05** | **2,357.65** | **1,512.23** | **73,550.91** | **11,989.21** |
| Additions | 29.11 | 1,892.09 | 1,517.81 | - | 99.58 | 539.07 | 330.11 | 8.54 | 4,416.31 | 17,919.08 |
| Disposals/transfer | - | (9.02) | (166.83) | - | (17.40) | (80.82) | (88.11) | (0.23) | (362.41) | (1,173.15) |
| Foreign currency translation reserve | 13.19 | 636.73 | 933.07 | (0.08) | 3.49 | (0.17) | 10.91 | - | 1,597.14 | 13.89 |
| **As at March 31, 2023** | **1,886.26** | **26,598.96** | **43,301.59** | **114.58** | **1,482.33** | **1,687.13** | **2,610.56** | **1,520.54** | **79,201.95** | **28,749.03** |
| **Accumulated depreciation** | | | | | | | | | | |
| **As at April 1, 2021** | - | 5,785.65 | 17,499.28 | 10.98 | 532.33 | 544.58 | 1,082.06 | 493.21 | 25,948.09 | - |
| Depreciation charge for the year | - | 1,229.57 | 2,958.66 | 5.77 | 133.53 | 136.30 | 240.21 | 131.14 | 4,835.18 | - |
| Disposals/adjustments | - | (62.19) | (635.60) | (4.82) | (2.14) | (60.56) | (14.19) | (0.41) | (779.91) | - |
| **As at March 31, 2022** | **-** | **6,953.03** | **19,822.34** | **11.93** | **663.72** | **620.32** | **1,308.08** | **623.94** | **30,003.36** | **-** |
| Depreciation charge for the year | - | 1,815.99 | 3,069.81 | 5.73 | 152.57 | 233.01 | 342.59 | 130.65 | 5,750.35 | - |
| Disposals/adjustments | - | (3.03) | (107.33) | - | (7.77) | (44.96) | (73.86) | (0.20) | (237.15) | - |
| Foreign currency translation reserve | - | 153.13 | 618.08 | (0.01) | 1.53 | (0.13) | 9.19 | - | 781.79 | |
| **As at March 31, 2023** | **-** | **8,919.12** | **23,402.90** | **17.65** | **810.05** | **808.24** | **1,586.00** | **754.39** | **36,298.35** | **-** |
| **Net carrying amount** | | | | | | | | | | |
| **As at March 31, 2022** | **1,843.96** | **17,126.13** | **21,195.20** | **102.73** | **732.94** | **608.73** | **1,049.57** | **888.29** | **43,547.55** | **11,989.21** |
| **As at March 31, 2023** | **1,886.26** | **17,679.84** | **19,898.69** | **96.93** | **672.28** | **878.89** | **1,024.56** | **766.15** | **42,903.60** | **28,749.03** |

**Notes:**

a. Property, plant and equipment and capital work-in-progress has been pledged as security amounted ₹ 49,039.43 Lakhs (March 31, 2022: ₹ 37,222.83 Lakhs).

b. Refer note no. 52 for disclosure of commitment for expenditure on account of acquisition of Property, plant and equipment.

c. There are no title deeds of Immovable Properties, which are not held in name of the Group.

d. Capital work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

(₹ in Lakhs)

| Particulars | March 31, 2023 | | | | | March 31, 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount in Capital Work-in-progress for a period of | | | | Total | Amount in Capital Work-in-progress for a period of | | | | Total |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 25,580.91 | 3,168.12 | - | - | **28,749.03** | 11,989.21 | - | - | - | **11,989.21** |

e. Schedule for Capital work-in-progress whose completion is overdue compared to its original plan:

(₹ in Lakhs)

| Particulars | March 31, 2023 | | | | | March 31, 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount in Capital Work-in-progress for a period of | | | | Total | Amount in Capital Work-in-progress for a period of | | | | Total |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 10,390.22 | - | - | - | **10,390.22** | - | - | - | - | - |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in Lakhs)

| Particulars | Leasehold land | Buildings | Plant & Equipment | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **At April 1, 2021** | **2,104.72** | **14,506.09** | **174.19** | **16,785.00** |
| Additions | 2,628.77 | 787.57 | - | 3,416.34 |
| Disposal/Transfer | (594.33) | (166.90) | (2.01) | (763.24) |
| **As at March 31, 2022** | **4,139.16** | **15,126.76** | **172.18** | **19,438.10** |
| Additions | - | 40.54 | - | 40.54 |
| Disposal/Transfer | (5.61) | (277.77) | (0.14) | (283.52) |
| **As at March 31, 2023** | **4,133.55** | **14,889.53** | **172.04** | **19,195.12** |
| **Accumulated Depreciation** | | | | |
| At April 1, 2021 | 100.37 | 2,434.02 | 70.73 | 2,605.12 |
| Charge for the year | 111.12 | 2,803.89 | 39.05 | 2,954.06 |
| Disposal/transfer | (12.10) | (43.66) | (1.04) | (56.80) |
| **As at March 31, 2022** | **199.39** | **5,194.25** | **108.74** | **5,502.38** |
| Charge for the year | 203.07 | 2,691.89 | 37.23 | 2,932.19 |
| Disposal/transfer | - | (94.15) | (0.10) | (94.25) |
| **As at March 31, 2023** | **402.46** | **7,791.99** | **145.87** | **8,340.32** |
| **Net book value as at March 31, 2022** | **3,939.77** | **9,932.51** | **63.44** | **13,935.72** |
| **Net book value as at March 31, 2023** | **3,731.09** | **7,097.54** | **26.17** | **10,854.80** |

(i) Refer note no. 47 for detailed disclosures as per Ind AS 116 'Leases'.

(ii) Leasehold land has been pledged as security amounted ₹730.27 Lakhs ( March 31, 2022 ₹ 737.91 Lakhs).

## NOTE 5 : INTANGIBLE ASSETS

(₹ in Lakhs)

| Particulars | Goodwill | Other Intangible assets | Total |
|---|---|---|---|
| **Cost** | | | |
| **At April 1, 2021** | **26,306.69** | **292.99** | **26,599.68** |
| Additions | - | 4.73 | 4.73 |
| Disposal/Transfer | (1,108.13) | (12.93) | (1,121.06) |
| **As at March 31, 2022** | **25,198.56** | **284.79** | **25,483.35** |
| Additions | - | - | - |
| Disposal/Transfer | - | - | - |
| Foreign currency translation reserve | 2,200.19 | 25.93 | 2,226.12 |
| **As at March 31, 2023** | **27,398.75** | **310.72** | **27,709.47** |
| **Depreciation** | | | |
| **At April 1, 2021** | **-** | **292.99** | **292.99** |
| Charge for the year | - | 0.14 | 0.14 |
| Disposal/Transfer | - | (12.93) | (12.93) |
| **As at March 31, 2022** | **-** | **280.20** | **280.20** |
| Charge for the year | - | 1.59 | 1.59 |
| Disposal/Transfer | - | - | - |
| Foreign currency translation reserve | - | 25.64 | 25.64 |
| **As at March 31, 2023** | **-** | **307.43** | **307.43** |
| **Net book value as at March 31, 2022** | **25,198.56** | **4.59** | **25,203.15** |
| **Net book value as at March 31, 2023** | **27,398.75** | **3.29** | **27,402.04** |

**Note :** Intangible assets has been pledged as security amounted ₹ 33.65 Lakhs (March 31, 2022: ₹ 33.67 Lakhs).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 6 : INVESTMENT PROPERTY

(₹ in Lakhs)

| Particulars | Freehold land | Leasehold land | Buildings | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At April 1, 2021 | 10.90 | 68.47 | 6,328.54 | 6,407.91 |
| Additions | - | - | - | - |
| Disposal/Transfer | - | - | - | - |
| **As at March 31, 2022** | **10.90** | **68.47** | **6,328.54** | **6,407.91** |
| Additions | - | - | - | - |
| Disposal/Transfer | - | - | - | - |
| **As at March 31, 2023** | **10.90** | **68.47** | **6,328.54** | **6,407.91** |
| **Accumulated Depreciation** | | | | |
| At April 1, 2021 | - | 4.55 | 497.89 | 502.44 |
| Charge for the year | - | 0.91 | 287.45 | 288.36 |
| Disposal/Transfer | - | - | - | - |
| **As at March 31, 2022** | **-** | **5.46** | **785.34** | **790.80** |
| Charge for the year | - | 0.91 | 277.39 | 278.30 |
| Disposal/Transfer | - | - | - | - |
| **As at March 31, 2023** | **-** | **6.37** | **1,062.73** | **1,069.10** |
| **Net book value as at March 31, 2022** | **10.90** | **63.01** | **5,543.20** | **5,617.11** |
| **Net book value as at March 31, 2023** | **10.90** | **62.10** | **5,265.81** | **5,338.81** |

**Notes:**

a. Refer 'Para- 2.4' of Significant Accounting Policies for depreciation and measurement of Investment property.

b. The leasehold land has been amortised during the year by ₹ 0.91 lakhs (March 31, 2022: ₹ 0.91 lakhs) as per the accounting policy in terms of the Ind AS40 on 'Investment Property'.

c. Income from investment property :

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Rental Income derived from investment property | 216.63 | 214.73 |
| Profit arising from investment property before depreciation | 216.63 | 214.73 |
| (Less): Depreciation for the year | (278.30) | (288.36) |
| **Net profit/(loss) arising from investment property** | **(61.67)** | **(73.63)** |

d. The Group has obtained independent valuation for its investment properties at ₹ 11,431.96 Lakhs as on March 31, 2023 and ₹ 10,857.04 Lakhs as on March 31, 2022. These valuations are based on valuations performed by K.S. Agrawal Associates, an accredited independent valuer. K.S. Agrawal Associates is a specialist in valuing these types of investment properties and reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Group shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where is' basis.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

e. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements thereof and there are no restriction on remittance of income and proceeds of disposal.

f. The investment properties which are leasehold properties, realisability of the same is subject to the terms and conditions under the respective lease agreements.

g. The Group's Investment Properties are given on cancellable lease for a period 1-10 years.

## NOTE 7 : INVESTMENTS (NON CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **In Bonds & Debentures - fully paid up** | | |
| Carried at amortised cost - Unquoted | 0.35 | 0.35 |
| Carried at fair value through Other Comprehensive Income - Quoted | - | 47,876.02 |
| Carried at fair value through Profit & Loss - Unquoted | 5,640.94 | 5,006.80 |
| **Total Investments** | **5,641.29** | **52,883.17** |
| **Aggregate amount of Quoted Investments** | **-** | **47,876.02** |
| **Market value of Quoted Investments** | **-** | **47,876.02** |
| **Aggregate amount of Unquoted Investment** | **5,641.29** | **5,007.15** |
| **Aggregate amount of impairment in value of investments** | **-** | **-** |

The above bonds and debentures carries coupon rate ranging from 8% to 10.50% (March 31, 2022: 8% to 10.50%).

## NOTE 8 : LOANS (NON CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| **At amortised cost** | | |
| Loans to employees | 10.53 | 7.59 |
| Other Loans | 183.38 | - |
| **Total** | **193.91** | **7.59** |

## NOTE 9 : OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Security deposits | 517.63 | 452.27 |
| Deposits with Banks: | | |
| - held as margin money | 1.34 | 1.34 |
| | **518.97** | **453.61** |

## NOTE 10 : DEFERRED TAX ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets | 1,367.82 | 783.19 |
| **Total** | **1,367.82** | **783.19** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Movement of deferred tax assets**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax assets in relation to** | | |
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes | (24.23) | (97.29) |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | 37.75 | 29.69 |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit & loss (net) | (9.03) | (2.36) |
| Remeasurements gain / (loss) of the net defined benefit plans | 11.62 | (0.53) |
| Lease Liabilities (net) | (149.72) | 10.62 |
| Business loss | 815.33 | 233.46 |
| Others | 686.10 | 609.60 |
| **Total** | **1,367.82** | **783.19** |

## NOTE 11 : NON CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance income tax (net of provision of ₹ 13,963.88 Lakhs (March 31,2022: ₹ 26,077.86 Lakhs)) | 1,238.76 | 693.34 |
| **Total** | **1,238.76** | **693.34** |

## NOTE 12 : OTHER NON CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Capital advances* | 3,357.30 | 2,485.15 |
| Prepaid rent | 38.48 | 38.82 |
| Loan and advances | 147.36 | 40.00 |
| **Total** | **3,543.14** | **2,563.97** |

*For value of contracts in capital account remaining to be executed (refer note no. 52)

## NOTE 13 : INVENTORIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Valued at lower of cost and net realisable value unless otherwise stated)** | | |
| Raw materials | 17,906.82 | 16,417.46 |
| Raw materials (In transit) | 1,913.61 | 2,975.91 |
| Work-in-progress | 5,397.21 | 5,331.22 |
| Finished goods | 3,429.56 | 4,016.91 |
| Stock-in-trade | 2,590.31 | 840.21 |
| Packing materials | 593.20 | 839.91 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Packing materials (In transit) | 40.68 | 54.88 |
| Stores and spares | 1,236.80 | 938.29 |
| Stores & spares (In transit) | 24.49 | 31.10 |
| **Total** | **33,132.68** | **31,445.89** |

Notes:

(i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to ₹ 655.58 Lakhs (March 31, 2022: ₹ 126.98 Lakhs) for write-down to net realisable value and provision for slow-moving and obsolete items.

(ii) Inventories held by the Group are subject to hypothecation by bankers towards working capital limits obtained by the Group (refer note no. 54).

## NOTE 14 : INVESTMENTS (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **In Mutual Funds - fully paid up** | | |
| Carried at fair value through profit and loss- Quoted | 71,168.46 | 8,913.05 |
| **In Bonds & Debentures - fully paid up** | | |
| Carried at amortised cost - Unquoted | 27.27 | 25.00 |
| **Total Investments** | **71,195.73** | **8,938.05** |
| **Aggregate amount of Quoted Investments** | **71,168.46** | **8,913.05** |
| **Aggregate market value of Quoted Investments** | **71,168.46** | **8,913.05** |
| **Aggregate amount of Unquoted Investments** | **27.27** | **25.00** |
| **Aggregate amount of impairment in value of investment** | **-** | **-** |

## NOTE 15 : TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(At amortised cost)** | | |
| **Unsecured** | | |
| Trade receivables - considered good (refer note below) | 28,197.60 | 26,939.30 |
| Trade receivables - considered doubtful | 2,553.65 | 800.02 |
| **Trade receivables (gross)** | **30,751.25** | **27,739.32** |
| Less: Impairment allowance for trade receivables considered doubtful | (2,553.65) | (800.02) |
| **Total** | **28,197.60** | **26,939.30** |

**Notes :**

a. No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

b. Trade receivables are usually non-interest bearing and are on trade terms of 0 - 60 days.

c. For trade receivables, the Group has applied the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognized from initial recognition of the receivables.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

d. Movement in the expected credit loss allowance:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | 800.02 | 1,557.95 |
| Charge / (reversal) in allowance during the year (net) | 1,753.63 | (757.93) |
| **Balance at the end of the year** | **2,553.65** | **800.02** |

e. Refer note no. 50 for information about credit and market risk of trade receivables.

f. Realization from trade receivables held by Group are subject to hypothecation by bankers towards working capital limits obtained by the Group.

g. Below is the ageing analysis of trade receivables:

**As on March 31, 2023** (₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| (i) Undisputed trade receivables | | | | | | | |
| - considered good | 9,819.90 | 18,164.40 | 114.68 | 71.44 | 5.84 | 21.34 | 28,197.60 |
| - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (ii) Disputed trade receivables | | | | | | | |
| - considered good | - | - | - | - | - | - | - |
| - which have significant increase in credit risk | - | 284.52 | 463.80 | 701.93 | 83.86 | 1,019.54 | 2,553.65 |
| **Total** | **9,819.90** | **18,448.92** | **578.48** | **773.37** | **89.70** | **1,040.88** | **30,751.25** |

**As on March 31, 2022** (₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| (i) Undisputed trade receivables | | | | | | | |
| - considered good | 14,289.28 | 12,407.13 | 190.67 | 17.59 | 2.97 | 28.86 | 26,936.50 |
| - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (ii) Disputed trade receivables | | | | | | | |
| - considered good | - | - | - | 2.80 | - | - | 2.80 |
| - which have significant increase in credit risk | - | 38.29 | 76.03 | 241.88 | 175.13 | 268.69 | 800.02 |
| **Total** | **14,289.28** | **12,445.42** | **266.70** | **262.27** | **178.10** | **297.55** | **27,739.32** |

## NOTE 16 : CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance with banks : | | |
| Current accounts | 4,072.18 | 3,126.46 |
| Fixed deposits account with an original maturity of less than three months | 141.76 | 933.87 |
| Cash on hand | 13.11 | 20.95 |
| **Total** | **4,227.05** | **4,081.28** |

**Notes:**

a. There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior years.

b. Cash balances with bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

## NOTE 17 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits having original maturity more than 3 months but less than 12 months | 26.65 | 31.58 |
| **Total** | **26.65** | **31.58** |

**Note:** Other bank balances represents fixed deposits with banks.

## NOTE 18 : LOANS (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| **(At amortised cost)** | | |
| Loans to employees | 67.05 | 57.36 |
| Inter-corporate deposits | - | 500.00 |
| **Total** | **67.05** | **557.36** |

**Note:** In the above no loans or advances are granted to promoters, directors, KMP and related parties.

## NOTE 19 : OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Interest accrued but not due on deposits with Banks, bonds and debentures | 7.83 | 1,983.18 |
| Insurance claim receivable | 0.22 | 0.11 |
| Other Receivables | - | 6.00 |
| Rodtep incentive receivable | 14.71 | 1.59 |
| Other loans and advances (refer note below) | 77.22 | 643.35 |
| **Total** | **99.98** | **2,634.23** |

**Note:** Other loans & advances comprise of advances to staff for expenses and advances to other parties etc.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 20 : OTHER CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| Advance to contractors/suppliers | 1,874.32 | 1,425.74 |
| Balances with Statutory/Government authorities: | | |
| - Excise & Custom | 250.80 | 13.58 |
| - GST | 2,804.17 | 1,046.54 |
| - VAT/Sales Tax | 488.11 | 742.08 |
| Prepaid expenses (refer note (a)) | 625.29 | 490.89 |
| Lease equalisation | 68.24 | 66.33 |
| Other loans and advances | 123.97 | 70.68 |
| Right to recover return goods (refer note (b)) | 146.12 | 166.14 |
| **Total** | **6,381.02** | **4,021.98** |

**Notes:**

a. Prepaid expenses includes amount of ₹ 47 Lakhs towards amount available for set off in pursuant of sub-rule(3) of rule 7 of the Companies (Corporate social responsibility policy) rules, 2014 (refer note no. 58).

b. In certain cases, the Company provides its customers right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled.

The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Company recognises Liability for expected sales return, a receivables on expected sales return (and corresponding adjustment to change in inventory is also recognised for the receivables on expected sales return from a customer).

## NOTE 21 : EQUITY SHARE CAPITAL

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Authorised share capital:** | | |
| 20,00,00,000 fully paid equity shares of ₹ 5 /- each | 10,000.00 | 4,401.05 |
| (March 31, 2022 : 8,80,21,000 fully paid equity shares of ₹ 5 /- each) | | |
| | **10,000.00** | **4,401.05** |
| **Issued, subscribed & paid up share capital:** | | |
| 9,75,65,616 fully paid equity shares of ₹ 5 /- each | 4,878.28 | 2,439.14 |
| (March 31, 2022 : 4,87,82,808 equity shares of ₹ 5 /- each) | | |
| **Total** | **4,878.28** | **2,439.14** |

**(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares | ₹ in Lakhs | Number of shares | ₹ in Lakhs |
| At the beginning of the year | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |
| Bonus shares issued during the year (refer note no. 21(e)) | 4,87,82,808 | 2,439.14 | - | - |
| **Outstanding at the end of the year** | **9,75,65,616** | **4,878.28** | **4,87,82,808** | **2,439.14** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**(c) Terms and rights attached to equity shares**

The Holding Company has one class of equity shares having a par value of ₹ 5/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Holding Company in proportion of their shareholding.

**(d) Details of shareholders holding more than 5% shares in the Holding Company**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares | % of holding | Number of shares | % of holding |
| Sh. Rahul Gautam | 1,24,18,970 | 12.73% | 62,09,485 | 12.73% |
| Smt. Namita Gautam | 1,14,31,758 | 11.72% | 57,15,879 | 11.72% |
| Sh. Tushaar Gautam | 3,41,72,628 | 35.03% | 1,70,86,314 | 35.03% |
| Rangoli Resorts Private Limited | 1,31,50,818 | 13.47% | 65,63,391 | 13.45% |
| SBI Small Cap Fund | 84,70,282 | 8.68% | 43,84,301 | 8.99% |
| DSP Midcap Fund | 43,11,428 | 4.42% | 24,38,196 | 5.00% |
| Kotak Emerging Equity Scheme | 63,00,647 | 6.46% | 30,84,942 | 6.32% |

**(e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares**

During the year 4,87,82,808 fully paid up equity shares of ₹ 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:1.

**(f) Shareholding of promoters & promoter group**

| Shares held by promoters at the end of the year | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| Promoter name | Number of shares | % of holding | % Change during the year | Number of shares | % of holding | % Change during the year |
| Sh. Rahul Gautam | 1,24,18,970 | 12.73% | - | 62,09,485 | 12.73% | - |
| Smt. Namita Gautam | 1,14,31,758 | 11.72% | - | 57,15,879 | 11.72% | - |
| Sh. Tushaar Gautam | 3,41,72,628 | 35.03% | - | 1,70,86,314 | 35.03% | - |
| Rangoli Resorts Private Limited | 1,31,50,818 | 13.47% | 0.02% | 65,63,391 | 13.45% | - |
| Core Mouldings Private Limited | - | - | -0.02% | 12,018 | 0.02% | - |
| **Total** | | **72.95%** | | | **72.95%** | |

**(g)** No class of shares have been issued as bonus shares or for consideration other than cash by the Holding Company during the period of five years immediately preceding the current year end. However, certain bonus shares has been issued during the year, refer (e) above.

## NOTE 22 : OTHER EQUITY

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital reserve (refer note (a) below) | 67.05 | 395.62 |
| General reserve (refer note (b) below) | - | 1,716.27 |
| Retained earnings | 150,763.76 | 131,331.19 |
| Other comprehensive income | - | 423.97 |
| Cash flow hedge reserve (refer note (c) below) | (260.25) | - |
| Foreign currency translation reserve (refer note (d) below) | 4,526.94 | 2,879.86 |
| Capital Subsidy | 63.40 | 70.57 |
| **Total** | **1,55,160.90** | **1,36,817.48** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Capital reserve** | | |
| Opening balance | 395.62 | 2,364.58 |
| Foreign exchange gain/(loss) on reserve | - | (1,968.96) |
| Bonus Shares issued during the year | (328.57) | - |
| **Closing balance** | **67.05** | **395.62** |
| **General Reserve** | | |
| Opening balance | 1,716.27 | 1,716.27 |
| Bonus Shares issued during the year | (1,716.27) | - |
| **Closing balance** | **-** | **1,716.27** |
| **Retained earnings** | | |
| Opening balance | 1,31,331.19 | 1,10,120.96 |
| Net profit for the year | 20,115.67 | 21,732.97 |
| Bonus shares issued during the year | (394.30) | - |
| Expenses towards increase in authorised capital | (50.39) | - |
| Dividend paid to non-controlling interest | (103.00) | (146.02) |
| Remeasurements of the net defined benefit plans (net of tax) | (135.57) | (377.42) |
| Other adjustments | 0.16 | 0.70 |
| **Closing balance** | **1,50,763.76** | **1,31,331.19** |
| **Other Comprehensive Income** | | |
| Opening balance | 423.97 | 181.59 |
| Fair value gain/(loss) on debt instruments (net of tax) | - | 242.38 |
| Realised gain from debt instruments transferred to profit and loss (net of tax) | (423.97) | |
| **Closing balance** | **-** | **423.97** |
| **Cash flow hedge reserve** | | |
| Opening balance | - | - |
| Loss on cash flow hedge reserve (net of tax) | (260.25) | - |
| **Closing balance** | **(260.25)** | **-** |
| **Foreign currency translation reserve** | | |
| Opening balance | 2,879.86 | 1,549.57 |
| Exchange gain on translation (net) during the year | 1,647.08 | 1,330.29 |
| **Closing balance** | **4,526.94** | **2,879.86** |
| **Capital Subsidy** | | |
| Opening balance | 70.57 | 56.98 |
| Receipts during the year | - | 13.59 |
| Amortizations/repayments | (7.17) | - |
| **Closing balance** | **63.40** | **70.57** |

**Notes:**

**(a) Capital reserve**

During amalgamation of the subsidiaries in the year 2012-13, the excess of net assets taken, over the cost of consideration paid was treated as capital reserve. During the year, Holding Company had issued bonus share in the ratio of 1:1 out of capital reserve of ₹ 328.57 Lakhs.

**(b) General reserve**

The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. During the year, Company had issued bonus share in the ratio of 1:1 out of general reserve of ₹ 1,716.27 Lakhs.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**(c) Cash flow hedge reserve**

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

**(d) Foreign currency translation reserve**

The amount represents reserve arising from gain/loss on translation of the financial statements of foreign subsidiaries in the presentation currency of the Holding Company.

## NOTE 23 : NON CURRENT BORROWINGS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured** | | |
| Term loan from banks | | |
| - INR Bank loan | 4,072.83 | 352.68 |
| - USD Bank loan | 5,802.25 | 7,247.32 |
| - AUD Term Loan | 6,045.95 | 5,368.35 |
| - EURO Term Loan | 12,459.60 | 9,767.62 |
| | **28,380.63** | **22,735.97** |
| **Unsecured** | | |
| Loan from financial credit institutions | - | 82.21 |
| | **-** | **82.21** |
| **Total** | **28,380.63** | **22,818.18** |

**Notes:**

a. INR & USD Term loans taken by International Comfort Technologies Private Limited have been taken from JP Morgan chase bank, N.A, India & Kotak Mahindra Bank respectively for purchase of capital equipments for its Nandigram & towards construction of Mandla (Jabalpur) manufacturing facilities and has been secured by hypothecation of first charge on entire fixed assets (Movable fixed assets and immovable fixed assets).

b. INR Term Loan taken by International Comfort Technologies Private Limited carries interest to be charged on loan linked to 1.37% over 3M T- Bill. Rates as applicable on the date of agreement shall be revised at interval of every 3 months .The loan is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period from the first disbursement.

c. USD Term Loan taken by International Comfort Technologies Private Limited carries interest of 2.25% p.a. and is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period from the first disbursement.

d. Euro Term Loan from Citi Bank is taken by International Foam Technologies Spain S.L based on Stand by Letter of Credit from Citi Bank, India secured by exclusive charge on certain fixed assets of the Holding Company.

The term loan carry the arithmetic sum of the reference Interest rate viz. 3 month EURIBOR communicated by the bank for the period and accepted by the borrower. The principal amount of Loan will be repaid by the Company in 20 quarterly equated installments as per predefined schedule and with first installment started from October, 2020 and last installment due in October, 2025.

e. AUD Term Loan from Citi Bank, Australia is taken by Joyce Foam PTY Ltd. secured by a first registered mortgage over the freehold property and by a fixed and floating charge over all the assets and undertaking of the consolidated group including plant & machinery. The term loans carry an interest rate which is aggregate of the applicable Margin and BBSY Bid communicated by the bank for the interest period and accepted by the borrower. The principal amount of the loan will be repaid in 60 monthly installments as per predefined schedule with the first installement started from July 2021 and the last installments due in June 2026. The facility agreement with Citi Bank requires the following covenants to be maintained at a group and a company level mention below:

# Notes to Consolidated Financial Statements
for the year ended March 31, 2023

i. Gross Leverage ratio (Group) less than 2.5

ii. Debt Service Coverage Ratio (Group) greater than 1.4

iii. Debt to Tangible Net Worth (Group) less than 2.0

iv. Fixed Asset Coverage Ratio (Company) greater than 1.25

As at the end of the reporting period, the above ratios has been complied with.

**f. Purpose of loan and its utilization:**

(₹ in Lakhs)

| Particulars of loan | Purpose (as per Loan Agreement) | Whether used for the purpose stated in the loan Agreement | If no, mention the purpose for which it is utilised |
|---|---|---|---|
| JP Morgan (INR Loan) | The facility shall be used by the borrower towards Capex at their new plants in Nandigram and Jabalpur. | Yes | Not Applicable |
| Kotak Mahindra (USD Loan) | For capex at Maneri, Medhi Niwas, Jabalpur, Madhya Pradesh and Nandigram, Umbergaon, Valsad, Gujrat. | Yes | Not Applicable |
| Citi Bank (EURO Loan) | The purpose of the loan is the acquistion of the shares of the target company. | Yes | Not Applicable |
| Citi Bank (AUD Loan) | The facility shall be used for capital expenditure for acquisition of Plant , Machinery and equipment. | Yes | Not Applicable |

**g. Repayment schedule for secured loan taken during the year:**

(₹ in Lakhs)

| Particulars | Citi Bank, Spain (AUD Loan) | Citi Bank, Spain (EURO Loan) | JP Morgan (INR loan) | Kotak Mahindra (USD Loan) |
|---|---|---|---|---|
| Number of installments due (Nos) | 39 | 10 | 16 | 16 |
| Frequency of Installments | Montlhly | Quarterly | Quarterly | Quarterly |
| Rate of Interest (%) | BBSY+ Applicable Margin | 3 Month EURIBOR | 1.37% over 3M T- Bill rates | 2.25% |
| Within one year (₹ in Lakhs) (refer note no. 29) | 1,886.50 | 5,960.88 | 1,357.61 | 1,934.08 |
| After one year but not more than 5 years (₹ in Lakhs) | 6,045.95 | 12,459.60 | 4,072.83 | 5,802.25 |
| More than 5 years (₹ in Lakhs) | - | - | - | - |

h. During Previous financial year, ₹ 82.21 lakhs obtained from various financials credit institutions. These unsecured loans carried interest rate 0.90%.

## NOTE 24 : LEASE LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Lease liabilities (refer note no. 47) | 10,347.47 | 12,870.97 |
| **Total** | **10,347.47** | **12,870.97** |
| | | |
| Current | 1,598.40 | 2,306.18 |
| Non current | 8,749.07 | 10,564.79 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 25 : OTHER NON CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits from dealers and others | 2,528.16 | 4,941.19 |
| Unearned Interest Income on Deposits | - | 66.00 |
| Unearned Rent Income | 20.00 | 26.89 |
| Others | 45.80 | - |
| **Total** | **2,593.96** | **5,034.08** |

## NOTE 26 : PROVISIONS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Long term provisions:** | | |
| Provision for employee benefits: | | |
| - Compensated absences | 671.82 | 1,592.91 |
| - Gratuity | 149.04 | 101.37 |
| Other provisions: | | |
| - Provision for warranty (refer note below) | 483.33 | 238.31 |
| **Total (A)** | **1,304.19** | **1,932.59** |
| **Short term provisions:** | | |
| Provision for employee benefits: | | |
| - Compensated absences | 968.96 | 9.93 |
| - Gratuity | 441.90 | 605.18 |
| Other provisions: | | |
| - Provision for warranty (refer note below) | 639.89 | 441.02 |
| **Total (B)** | **2,050.75** | **1,056.13** |

**Note:**

**Provision for warranty:**

Provision is recognised for expected warranty claims on mattresses sold, based on past experience of the level of returns and in accordance with the Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Assumptions used for the said provision are sales return trend based on past warranty sales. The table below gives information about movement in warranty provision:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| At the beginning of the year | 679.33 | 622.07 |
| Add : Created during the year | 1,175.79 | 983.10 |
| Less : Utilised during the year | (731.90) | (925.84) |
| **At the end of the year** | **1,123.22** | **679.33** |

## NOTE 27 : OTHER NON CURRENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred capital grant | 19.85 | 22.70 |
| **Total** | **19.85** | **22.70** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

The table below gives information about movement in deferred capital grant:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| At the beginning of the year | 25.52 | 28.36 |
| Less : Realised to statement of profit and loss | 2.84 | 2.84 |
| **At the end of the year** | **22.68** | **25.52** |
| Non Current | 19.85 | 22.70 |
| Current | 2.84 | 2.82 |

## NOTE 28 : DEFERRED TAX LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax liabilities | 831.69 | 966.99 |
| **Total** | **831.69** | **966.99** |

**Movement of deferred tax liabilities**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax liabilities in relation to** | | |
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes | 586.13 | 322.72 |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | (109.58) | (289.83) |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit & loss (net) | 220.35 | 62.48 |
| Remeasurements gain / (loss) of the net defined benefit plans | (41.59) | - |
| MTM loss on forward currency swap contract | (420.32) | - |
| Lease Liabilities (net) | 17.69 | 387.94 |
| Others | 579.01 | 483.68 |
| **Total** | **831.69** | **966.99** |

## NOTE 29 : BORROWINGS (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured** | | |
| Term loan from banks | | |
| - INR bank loan | 1,357.61 | - |
| - USD bank loan | 1,934.08 | - |
| - AUD Term Loan | 1,886.50 | 1,337.17 |
| - EURO Term Loan | 5,960.88 | 2,800.61 |
| Working capital Loans from Banks (refer note (a)) | 1,925.80 | - |
| | **13,064.87** | **4,137.78** |
| Unsecured | | |
| Loan from financial credit institutions (refer note (b)) | 5,315.56 | 6,703.47 |
| Loan and advances from others (refer note (c)) | - | **116.07** |
| | **5,315.56** | **6,819.54** |
| **Total** | **18,380.43** | **10,957.32** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Notes:**

a. The Joyce Foam PTY Ltd., Australia has taken working capital facility to meet day to day funds requirement with interest rate for this facility @ 5.64% approx(refer note no. 54 for assets pledged as security).

b. The Interplasp S.L, Spain has taken discounting and foreign trade facilities to meet day to day working capital requirement with interest rate for these facilities ranging from 0.90% to 1.10% (March 31, 2022 : 0.70% to 1.35%).

c. Loan and advances from others carries interest charged equated to the lender's cost of borrowing plus a margin that does not exceed the cost charged by the Bank.

## NOTE 30 : TRADE PAYABLES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables other than acceptances: | | |
| (i) Total outstanding dues of micro enterprises and small enterprises (refer note no. 57) | 722.01 | 506.29 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 25,219.37 | 28,036.46 |
| **Total** | **25,941.38** | **28,542.75** |

**Notes:**

a. Trade payables for micro and small enterprises are non interest bearing and are normally settled on 7 days to 30 days credit terms.

b. Trade payables other than micro and small enterprises are non interest bearing and are normally settled on 60 days to 90 days credit terms.

c. Ageing Analysis for Trade payables:

**As on March 31, 2023**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Payables not due | Less than 1 Year | 1-2 years | 2-3 years | more than 3 years | |
| (i) MSME | - | 719.70 | 2.31 | - | - | - | 722.01 |
| (ii) Others | 1,216.98 | 17,815.64 | 6,167.64 | 18.63 | 0.48 | - | 25,219.37 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **1,216.98** | **18,535.34** | **6,169.95** | **18.63** | **0.48** | **-** | **25,941.38** |

**As on March 31, 2022**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Payables not due | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| (i) MSME | - | 505.27 | 1.02 | - | - | - | 506.29 |
| (ii) Others | 4,864.84 | 17,542.68 | 5624.77 | 0.68 | 3.49 | - | 28,036.46 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **4,864.84** | **18,047.95** | **5625.79** | **0.68** | **3.49** | **-** | **28,542.75** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 31 : OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits from dealers and others | 6,283.61 | 3,996.74 |
| Book overdraft | - | 26.77 |
| Creditors for capital goods | 587.55 | 270.24 |
| Liability against foreign currency swap contracts | 2,268.27 | - |
| Interest accrued but not due on borrowings | 16.01 | - |
| Other liabilities | 8.17 | 37.99 |
| Unearned Interest Income | - | 63.99 |
| Unearned Rent Income | 6.89 | 6.87 |
| **Total** | **9,170.50** | **4,402.60** |

## NOTE 32 : CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for income tax (Net of advance tax of ₹ 67 lakhs) | 117.14 | - |
| **Total** | **117.14** | **-** |

## NOTE 33 : OTHER CURRENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Refund liabilities | 235.95 | 265.82 |
| Deferred capital grant (refer note (a)) | 2.84 | 2.82 |
| Contract liabilities (refer note (b)) | 3,774.66 | 3,538.82 |
| Statutory dues payable | 2,390.84 | 1,813.70 |
| Employees & other Liabilities (refer note (c)) | 4,672.01 | 2,081.86 |
| **Total** | **11,076.30** | **7,703.02** |

**Notes :**

a) Refer note no. 27 for the movement in deferred capital grant.

b) Consists of advances received from customers towards supply of products.

c) Consists of liabilities pertaining to employees of ₹ 2,229.60 Lakhs (March 31, 2022: ₹ 2,322.80 Lakhs).

## NOTE 34 : REVENUE FROM OPERATIONS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Sale of products | 2,86,011.15 | 2,85,755.17 |
| Sale of services | 825.13 | 610.08 |
| | **2,86,836.28** | **2,86,365.25** |
| Other operating revenue | | |
| - Job Work Services | - | 4.25 |
| - Rodtep scheme subsidy | 13.68 | 10.70 |
| - Income from sale of processed scrap | 482.13 | 177.64 |
| **Total** | **2,87,332.09** | **2,86,557.84** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Reclassifications and comparative figures:-**

Certain reclassifications have been made to the comparative year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been reclassified in the statement of profit and loss, the details of which are as under:

**Items of Statement of Profit and Loss before and after reclassification for the year ended March 31, 2023**

(₹ in Lakhs)

| Particulars | Amount before reclassification | Reclassification | Amount after reclassification |
|---|---|---|---|
| Revenue from operations | 2,98,180.84 | (11,623.00) | 2,86,557.84 |
| Cost of materials consumed | 1,79,850.03 | 3,475.00 | 1,83,325.03 |
| Employee benefits expense | 25,768.82 | (221.25) | 25,547.57 |
| Other expenses | 50,462.64 | (14,876.75) | 35,585.89 |

## NOTE 34.1 : DISAGGREGATED REVENUE INFORMATION

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Geographical Revenue** | | |
| **Type of goods** | | |
| Revenue from external customers | 2,86,011.15 | 2,85,755.17 |
| **Total revenue from contracts with customers** | | |
| India | 1,98,852.01 | 1,95,001.30 |
| Outside India | 87,159.14 | 90,753.87 |
| | **2,86,011.15** | **2,85,755.17** |
| **Type of services ( IT Support Services)** | | |
| Revenue from external customers | 825.13 | 610.08 |
| **Total revenue from contracts with customers** | | |
| India | 450.15 | 297.64 |
| Outside India | 374.98 | 312.44 |
| | **825.13** | **610.08** |
| **Total revenue from contracts with customers** | **2,86,836.28** | **2,86,365.25** |

## NOTE 34.2 : CONTRACT BALANCES

The following table provides information about receivables and contract liabilites from contract with customers:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Contract Liabilities** | | |
| Advance from customers (refer note no. 33) | 3,774.66 | 3,538.82 |
| **Receivables** | | |
| Trade Receivables (refer note no. 15) | 28,197.60 | 26,939.30 |

**Note:**

Receivables is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customers in advance.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 34.3 : RECONCILING THE AMOUNT OF REVENUE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS WITH THE CONTRACTED PRICE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue as per contracted price (goods and services) | 3,07,616.84 | 3,03,349.28 |
| Less: Adjustments | | |
| Sales return | 1,118.38 | 1,260.72 |
| Rebate and discount | 19,662.18 | 15,723.31 |
| **Revenue from contracts with customers** | **2,86,836.28** | **2,86,365.25** |

## NOTE 34.4 : PERFORMANCE OBLIGATIONS

The performance obligation for sale of product is considered as fulfilled according to the terms agreed with the respective customer.

The performance obligation for sale of services is satisfied over the period of time as per contract with customers.

## NOTE 35 : OTHER INCOME

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Interest income from:** | | |
| Financial assets at amortised cost | | |
| Bank deposits | 16.01 | 7.67 |
| Inter-corporate-deposit | 28.48 | 45.00 |
| Currency swap forward contract | 335.17 | - |
| Security deposits | 2.23 | - |
| Others | 107.22 | 3.62 |
| Financial assets at fair value | | |
| Bonds | 2,646.85 | 3,713.11 |
| Unwinding of discount of deposits & lease receivable | 140.14 | - |
| Income tax refund | 176.37 | - |
| **Other non operating income** | | |
| Rental income (refer note (a)) | 1,256.62 | 1,138.54 |
| Gain on sale/disposal of fixed assets | 48.72 | - |
| Liabilities/provisions no longer required written back | 12.15 | 59.43 |
| Income from sale of Investments | 1,868.80 | 1,228.48 |
| Fair valuation adjustments of Investments through profit and loss (refer note (b)) | 899.08 | 13.77 |
| Subsidy income | 2.84 | 2.84 |
| Grant income | 34.59 | 134.70 |
| Sale of non-processed scrap | 675.79 | 578.69 |
| Net gain on foreign currency transactions and translations | 187.91 | 749.67 |
| Other miscellaneous income | 211.15 | 240.80 |
| **Total** | **8,650.12** | **7,916.32** |

**Notes:**

a. Includes rental income of ₹ 216.63 Lakhs (March 31, 2022: ₹ 214.73 Lakhs) from Investment property (refer note no. 5).

b. FVTPL of Investments represent fair valuation changes in mutual funds which includes dividend declared and not distributed (distributed based on record dates) as at reporting dates which have not been recognised in financial statements.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 36 : COST OF MATERIALS CONSUMED

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Raw material** | | |
| Opening inventory | 19,393.37 | 16,296.05 |
| Add: Purchases | 1,58,835.62 | 1,83,309.17 |
| Less: Sales/adjustments | (4,255.46) | (4,445.35) |
| Less: Closing inventory (including goods in transit of ₹ 1913.61 (March 31, 2022: ₹ 2,975.91 Lakhs) | (19,894.13) | (19,393.37) |
| **Raw materials consumed** | **1,54,079.40** | **1,75,766.50** |
| **Packing Material** | | |
| Opening inventory | 894.79 | 648.24 |
| Add: Purchases | 8,018.11 | 8,570.16 |
| Less: Sales/adjustments | (527.99) | (765.08) |
| Less: Closing inventory (including goods in transit of ₹ 40.68 Lakhs ( March 31, 2022: ₹ 54.88 Lakhs) | (633.88) | (894.79) |
| **Packing materials consumed** | **7,751.03** | **7,558.53** |
| **Cost of materials consumed** | **1,61,830.43** | **1,83,325.03** |

## NOTE 37 : PURCHASE OF STOCK-IN-TRADE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses | 18,063.14 | 5,353.84 |
| **Total** | **18,063.14** | **5,353.84** |

## NOTE 38 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Closing stock:** | | |
| Finished goods | 3,429.56 | 4,016.91 |
| Stock-in-trade | 2,590.31 | 840.21 |
| Work-in-progress | 5,397.21 | 5,331.22 |
| Right to recover return goods | 146.12 | 166.14 |
| | **11,563.20** | **10,354.48** |
| **Opening stock:** | | |
| Finished goods | 4,016.91 | 3,017.25 |
| Stock-in-trade | 840.21 | 138.23 |
| Work-in-progress | 5,331.22 | 6,221.22 |
| Right to recover return goods | 166.14 | - |
| | **10,354.48** | **9,376.70** |
| **Changes in Inventories of finished goods, stock-in-trade and work-in-progress** | **(1,208.72)** | **(977.78)** |

# Notes to Consolidated Financial Statements
for the year ended March 31, 2023

## NOTE 39 : OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Power and fuel | 1,731.44 | 1,568.18 |
| Repair and maintenance: | | |
| - Buildings | 241.33 | 173.56 |
| - Plant and equipment | 2,139.02 | 1,900.41 |
| Processing and other charges | 2,652.94 | 2,586.54 |
| **Total** | **6,764.73** | **6,228.69** |

## NOTE 40 : EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages, allowance, and other benefits | 24,839.81 | 22,702.21 |
| Contribution to gratuity (refer note no. 45) | 307.94 | 185.39 |
| Contribution to provident and other funds | 1,502.64 | 1,405.60 |
| Workmen and staff welfare expenses | 1,325.48 | 1,254.37 |
| | **27,975.87** | **25,547.57** |
| Less: Transfer to Capital work-in-progress / Capitalised | 60.54 | - |
| **Total** | **27,915.33** | **25,547.57** |

## NOTE 41 : FINANCE COSTS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest expense (on financial liabilities measured at amortised cost): | | |
| - On borrowings from banks | 1,171.85 | 297.91 |
| - Security deposits | 526.92 | 523.06 |
| - On lease liabilities | 464.48 | 557.25 |
| - Others | 111.58 | 131.68 |
| Bank Charges | 87.16 | 199.44 |
| | **2,361.99** | **1,709.34** |
| Less: Transfer to Capital work-in-progress / Capitalised | 254.92 | 12.03 |
| **Total** | **2,107.07** | **1,697.31** |

## NOTE 42 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Depreciation on property, plant and equipment (refer note no. 3) | 5,750.35 | 4,835.17 |
| Depreciation on right-of-use assets (refer note no. 4) | 2,932.19 | 2,954.06 |
| Amortisation of intangible assets (refer note no. 5) | 1.59 | 0.14 |
| Depreciation on investment property (refer note no. 6) | 278.30 | 288.36 |
| **Total** | **8,962.43** | **8,077.73** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 43 : OTHER EXPENSES

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Freight and forwarding | 13,660.00 | 12,900.42 |
| Rent and hire | 833.94 | 620.70 |
| Insurance | 1,537.60 | 1,247.87 |
| Rates and taxes | 417.44 | 356.72 |
| Legal and professional | 1,616.93 | 1,393.48 |
| Other Maintenance | 1,329.29 | 1,007.08 |
| Selling and promotion | 7,639.87 | 4,301.99 |
| Travelling and conveyance | 1,743.26 | 957.73 |
| Advertisement | 7,452.27 | 7,044.42 |
| Warranty | 1,175.79 | 970.42 |
| Net Loss on foreign currency forward contracts | 1,322.29 | - |
| Contribution towards corporate social responsibility expenditure (refer note no. 58) | 476.02 | 457.53 |
| Net loss on foreign currency transactions and translations | 441.08 | 256.93 |
| IT Support services | 218.13 | 221.25 |
| Bad debts | 510.60 | 15.16 |
| Provision for Bad debts | 360.20 | 5.07 |
| Advances/Balances written off | - | 34.18 |
| Fair value loss on Investments designated through profit and loss | - | 382.97 |
| Loss on sale/disposal of fixed assets | - | 28.16 |
| Miscellaneous | 3,695.10 | 3,494.52 |
| | **44,429.81** | **35,696.60** |
| Less: Transfer to Capital work-in-progress / Capitalised | 190.29 | 110.71 |
| **Total** | **44,239.52** | **35,585.89** |

## NOTE 43.1 : AUDITOR'S REMUNERATION INCLUDED IN LEGAL AND PROFESSIONAL (EXCLUDING GST)

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Statutory audit (including limited review)* | 38.00 | 41.00 |
| Certification* | 2.75 | 2.00 |
| Out of pocket expenses* | 1.95 | 1.00 |
| **Total** | **42.70** | **44.00** |

*Includes ₹ Nil (March 31, 2022 : ₹ 5.43 Lakhs) paid to erstwhile auditors.

## NOTE 44 : EARNINGS PER SHARE

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Profit for the year attributable to Equity shareholders | 20,306.22 | 21,872.80 |
| Earnings used in the calculation of basic earnings per share | 20,306.22 | 21,872.80 |
| Earnings used in the calculation of diluted earnings per share | 20,306.22 | 21,872.80 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(Numbers in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Weighted average number of equity shares for the purposes of basic and diluted earnings per share | 975.66 | 975.66 |

**Note:**

The EPS for year ended March 31, 2022 has been adjusted on account of bonus issue made during the year ended March 31, 2023, by Holding Company as required by Ind AS 33 'Earnings per Share'.

(₹ per share)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Basic and diluted earnings per share | 20.81 | 22.42 |

## NOTE 45 : EMPLOYEE BENEFITS (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)

**A. Defined contribution plans**

Employees are covered by Provident Fund and Employees State Insurance Scheme/Fund and National Pension Scheme, to which companies makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 774.14 Lakhs (March 31, 2022: ₹ 696.42 Lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Employer's contribution towards Provident Fund(PF) | 681.92 | 605.11 |
| Employer's contribution towards Employees State Insurance (ESI) | 47.61 | 56.49 |
| Employer's contribution towards National Pension Scheme (NPS) | 44.61 | 34.82 |
| **Total (Refer note no. 40)** | **774.14** | **696.42** |

**B. Long Term Benefit**

**Long service award**

Payable to the eligible employees as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. During the year, the Group had discontinued this policy. An amount of ₹ Nil (March 31, 2022: ₹ 146.01 Lakhs) has been charged to the Statement of Profit and Loss towards the said benefit.

**C. Post employment benefits**

**Defined benefit plans**

Gratuity

The employees' gratuity fund scheme, which is a defined benefit plan, is managed by a trust with effect from 2019 and is being maintained by SFL Employees gratuity trust. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure on 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

This plan is governed by the Payment of Gratuity Act 1972, which requires that each employee who has completed 5 years of service shall be entitled to gratuity which is equal to salary of 15 days for each completed year of service.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Discount rate | 7.36% | 7.51% |
| Future salary increase/salary escalation | 7.00% | 7.00% |
| Retirement age (years) | 60 | 60 |
| Mortality Tables | | |
| *Employee turnover* | | |
| 18 to 30 years | 3.40% | 3.00% |
| From 31 to 45 years | 3.70% | 2.00% |
| Above 45 years | 0.80% | 1.00% |

**Notes:**

i. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii. Information given for retirement age is based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

**Quantitative sensitivity analysis for significant assumptions as at March 31, 2023 is shown below:**

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Increase / (decrease) on present value of defined benefits obligations at the end of the year | | |
| **Discount rate** | | |
| Increase by 1.00% | (316.43) | (284.20) |
| Decrease by 1.00% | 360.67 | 331.38 |
| **Salary increase** | | |
| Increase by 1.00% | 358.37 | 329.76 |
| Decrease by 1.00% | (320.17) | (288.20) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, Other Comprehensive Income and the funded status and amounts recognised in the Balance Sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Service cost: | | |
| Current service cost | 241.43 | 178.11 |
| Net interest expense | 66.51 | 7.28 |
| **Components of defined benefit costs recognised in profit or loss** | **307.94** | **185.39** |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | 52.63 | 431.36 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | 1.35 | - |
| Actuarial (gains) / losses arising from experience adjustments | 148.43 | (11.05) |
| Return on Plan Asset | (21.24) | 5.37 |
| **Components of defined benefit costs recognised in other comprehensive income** | **181.17** | **425.68** |
| **Total** | **489.11** | **611.07** |

The current service cost and the net interest expense for the year are included in the ‘Employee benefits expense’ line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

**The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Present value of funded defined benefit obligation | 3,060.57 | 2,545.11 |
| Fair value of plan assets | (2,469.63) | (1,838.56) |
| **Net liability arising from defined benefit obligation (refer note no. 26)** | **590.94** | **706.55** |

**Movements in the present value of the defined benefit obligation are as follows:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening defined benefit obligation | 2,545.11 | 1,874.96 |
| Current service cost | 241.43 | 178.11 |
| Interest cost | 191.14 | 132.73 |
| Remeasurement (gains)/losses: | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | 52.63 | 433.18 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | 1.35 | (12.87) |
| Actuarial (gains) / losses arising from experience adjustments | 148.43 | 18.42 |
| Benefits paid | (119.52) | (79.42) |
| **Closing defined benefit obligation** | **3,060.57** | **2,545.11** |

**Change in plan assets are as follows:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening fair value of plan assets | 1,838.56 | 1,850.54 |
| Return on plan assets | 124.63 | 125.46 |
| Employer contribution | 603.04 | 5.00 |
| Actuarial (gain)/loss on Asset | 21.24 | 5.37 |
| Benefits paid | (117.84) | (147.81) |
| **Closing fair value of plan assets** | **2,469.63** | **1,838.56** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**The major categories of plan assets:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Insurance products | 2,469.63 | 1,838.56 |
| **Total** | **2,469.63** | **1,838.56** |

**Maturity profile of gratuity liability is as follows:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 0 to 1 year | 127.79 | 54.03 |
| 1 to 2 Year | 108.36 | 45.55 |
| 2 to 3 Year | 135.86 | 57.27 |
| 3 to 4 Year | 159.19 | 117.36 |
| 4 to 5 Year | 128.66 | 154.36 |
| 5 Year onwards | 2,400.71 | 2116.54 |
| **Expected contribution to the fund in next year ( ₹ In Lakhs)** | 688.52 | 823.87 |

**Risk exposure**

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

a. **Asset volatility:**

The plan liabilities are calculated using a discount rate set with reference to government bond yields. If plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk. A portion of the funds are invested in equity securities. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the continuing years.

b. **Changes in discount rate:**

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's assets holdings.

c. **Inflation risks:**

Gratuity payments are not linked to inflation, so this is a less material risk.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of unit linked group insurance plan which further invests in government and corporate bonds, equities, money market instruments & public deposits. The plan asset mix is in compliance with the requirements of the respective local regulations.

# Notes to Consolidated Financial Statements
for the year ended March 31, 2023

## NOTE 46 : RELATED PARTY TRANSACTIONS

**(A) Names of related parties and nature of relationship are given below :**

| Relationship | Name of the party |
|---|---|
| a. Enterprises exercising control (Parent Company) | Sheela Foam Limited |
| b. Entities in which Key Management Personnel or their Relatives have significance influence | Rangoli Resorts Private Limited |
| | Core Moulding Private Limited ( Merged with Rangoli Resorts Private Limited W.e.f 30.03.2022) |
| | Sleepwell Foundation (Trust) |
| c. Key management personnel (Executive Directors) | Mr. Rahul Gautam |
| | Mrs. Namita Gautam |
| | Mr. Tushaar Gautam |
| | Mr. Rakesh Chahar |
| | Mr. Kevin Graham |
| | Mr. Rajiv Dhar |
| | Mr. D. Alejandro Juan Palao Serrano |

**(B) Disclosure of transactions between the Group and related parties during the year:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(i) Sale of material/ capital goods** | | |
| Related entities | | |
| Sleepwell Foundation (Trust) | 0.18 | 0.36 |
| | **0.18** | **0.36** |
| **(ii) Key management personnel** | | |
| Compensation of Key management personnel | | |
| Short-term Employee Benefits | 1,431.86 | 1,419.73 |
| Post Employement Benefits | 25.19 | 13.56 |
| | **1,457.05** | **1,433.29** |
| **(iii) Contributions for CSR expenses** | | |
| Sleepwell Foundation (Trust) | 275.00 | 315.00 |
| | **275.00** | **315.00** |

**(C) Disclosure of balances outstanding at the end of the reporting year:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Post employee benefit plan for the benefitted employees** | | |
| SFL Employee Gratuity Trust | 439.04 | 603.04 |
| Payable to key managerial personnel | 693.06 | 748.02 |

## NOTE 47 : DISCLOSURES AS PER IND AS 116 'LEASES'

**(A) Group as lessee**

**(i)** The Group's significant leasing arrangements are in respect of the following assets:

The Group has lease of land and buildings for offices, warehouses and service centers. Right-of-use Assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The lease terms for leasehold buildings ranges between 3 years to 10 years.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**(ii)** The carrying amounts of lease liabilities and the movements during the year:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Opening Liabilities** | 12,870.97 | 12,860.24 |
| Additions | 40.54 | 2,490.99 |
| Accretion of interest | 464.48 | 557.25 |
| Repayment of Lease liabilities | (2,821.38) | (2,445.30) |
| Cancellation / adjustments | (207.14) | (592.21) |
| **Closing liabilities** | **10,347.47** | **12,870.97** |
| Current | 1,598.40 | 2,306.18 |
| Non current | 8,749.07 | 10,564.79 |
| | **10,347.47** | **12,870.97** |

**(iii)** Maturity analysis of the lease liabilities:

(₹ in Lakhs)

| Contractual undiscounted cash flows | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 3 months or less | 554.21 | 765.50 |
| 3-12 months | 1,459.28 | 2,380.51 |
| 1-2 years | 1,575.74 | 2,335.75 |
| 2-5 years | 3,086.61 | 4,406.38 |
| More than 5 years | 7,568.82 | 7,906.67 |
| **Total undiscounted lease liability** | **14,244.66** | **17,794.81** |
| Less: Impact of discounting and other adjustments | 3,897.19 | 4,923.84 |
| **Lease liabilities** | **10,347.47** | **12,870.97** |

**(iv)** The following are the amounts recognised in the Statement of Profit and Loss:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Finance cost | 464.48 | 557.25 |
| Depreciation and amortisation expense | 2,932.19 | 2,954.06 |
| Expenses relating to short term leases | 833.94 | 620.70 |

**(v)** The following are the amounts disclosed in the Statement of Cash Flows:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cash outflow from leases | 2,821.38 | 2,445.30 |

**(vi)** There are no variable lease payments considered in the initial measurement of the lease liability and asset.

**(vii)** Extension and termination options held are exercisable based on mutual agreement of the Company and the lessors.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**(B) Group as lessor**

The Group has entered into lease agreements to lease the following properties which have been treated as "Investment Property".

| | |
|---|---|
| Land & Factory Building situated at Sikkim | The lease agreement was executed on 1st December, 2016. The said lease is for a term of 10 years with a clause to enable upward revision of the rental charge after every 3 years. The total rent recognized as income during the year is ₹ 160.60 Lakhs (March 31, 2022: ₹ 158.40 Lakhs). |
| Residential Flat situated at Greater Noida | The lease agreement was executed w.e.f. 15th September, 2018. The said lease was initially for a term of 11 months with a clause of subsequent renewal by mutual consent and the same being ongoing renewed. The total rent recognized as income during the year is ₹ 8.52 Lakhs (March 31, 2022: ₹ 7.20 Lakhs). |
| Land & Factory Building situated at Silvassa | The lease agreement was executed w.e.f. 31st August, 2020. The said lease is for an initial period of 3 years with a clause of automatically renewal for year-on-year basis until receive termination from party. Lease rent will be increased by 5% if both parties agreed on year-on-year basis. The total rent recognized as income during the year is ₹ 47.51 Lakhs (March 31, 2022: ₹ 49.13 Lakhs ). |

## NOTE 48 : FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

1. The Group has disclosed financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

## NOTE 49 : FAIR VALUE HIERARCHY

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1 -** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

- **Level 2 -** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- **Level 3 -** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in preference shares, other investments, loans receivables and lease receivables included in level 3.

**Valuation Processes**

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Group Chief Financial Officer (CFO) including board of directors. Discussions of valuation processes and results are held between the CFO and the valuation team every month. The Group takes the help of independent valuers for valuation purposes.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Fair Valuation Technique**

The carrying amounts of trade receivables, trade payables, creditors towards capital goods, cash and cash equivalents, investment in pref. share, other investment and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of financial assets and liabilities consisting of loans receivable, lease receivable, lease liabilities, security deposits receivable and security deposit payable were calculated based on cash flows discounted using estimated borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023:**

**Fair Value measurement hierarchy of Assets:**

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial Assets measured at fair value though profit and loss** | | | | | |
| Other Investments | March 31, 2023 | 76,809.40 | 71,168.46 | 5,640.94 | - |
| **Financial Assets measured at fair value though other comprehensive income** | | | | | |
| Other Investments | March 31, 2023 | - | - | - | - |
| **Financial Assets measured at amortized cost** | | | | | |
| Other Investments | March 31, 2023 | 27.62 | - | - | 27.62 |
| Loans | March 31, 2023 | 260.96 | - | - | 260.96 |
| Trade receivables | March 31, 2023 | 28,197.60 | - | - | 28,197.60 |
| Cash and cash equivalents | March 31, 2023 | 4,227.05 | - | - | 4,227.05 |
| Bank balances other than cash and cash equivalents | March 31, 2023 | 26.65 | - | - | 26.65 |
| Other financial assets | March 31, 2023 | 618.95 | - | - | 618.95 |

(₹ in Lakhs)

| Assets for which Fair Values are disclosed: | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Invesment Property | 11,431.96 | 10,857.04 |

**Fair Value measurement hierarchy of Liabilities:**

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial liabilities measured at amortized cost** | | | | | |
| Borrowings | March 31, 2023 | 46,761.06 | - | - | 46,761.06 |
| Lease liabilities | March 31, 2023 | 10,347.47 | - | - | 10,347.47 |
| Trade payables | March 31, 2023 | 25,941.38 | - | - | 25,941.38 |
| Other financial liabilities | March 31, 2023 | 11,764.46 | - | - | 11,764.46 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2022:**

### Fair Value measurement hierarchy of Assets:

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial Assets measured at fair value though profit and loss** | | | | | |
| Other Investments | March 31, 2022 | 13,919.85 | 8,913.05 | 5,006.80 | - |
| **Financial Assets measured at fair value though other comprehensive income** | | | | | |
| Other Investments | March 31, 2022 | 47,876.02 | - | 47,876.02 | - |
| **Financial Assets measured at amortized cost** | | | | | |
| Other Investments | March 31, 2022 | 25.35 | - | - | 25.35 |
| Loans | March 31, 2022 | 564.95 | - | - | 564.95 |
| Trade receivables | March 31, 2022 | 26,939.30 | - | - | 26,939.30 |
| Cash and cash equivalents | March 31, 2022 | 4,081.28 | - | - | 4,081.28 |
| Bank balances other than cash and cash equivalents | March 31, 2022 | 31.58 | - | - | 31.58 |
| Other financial assets | March 31, 2022 | 3,087.84 | - | - | 3,087.84 |

### Fair Value measurement hierarchy of Liabilities:

(₹ in Lakhs)

| Particulars | Date of Valuation | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial liabilities measured at amortized cost** | | | | | |
| Borrowings | March 31, 2022 | 33,775.50 | - | - | 33,775.50 |
| Lease liabilities | March 31, 2022 | 12,870.97 | - | - | 12,870.97 |
| Trade payables | March 31, 2022 | 28,542.75 | - | - | 28,542.75 |
| Other financial liabilities | March 31, 2022 | 9,436.68 | - | - | 9,436.68 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 50 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

### a) Market risk

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

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The analysis exclude the impact of movements in market variables on, the carrying values of gratuity and other post-retirement obligations, provisions and the non-financial assets and liabilities.

The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2023 and March 31, 2022.

#### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency). The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. The Group is exposed to foreign currencies such as "USD", "AED", "GBP", "NZD" and "EURO".

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(₹ in Lakhs)

| Particulars | Currency | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Financial assets:** | | | |
| Trade receivables | USD | 817.82 | 778.46 |
| Trade receivables | AED | 205.88 | - |
| Bank balances | AED | - | 0.11 |
| Bank balances | USD | - | 268.87 |
| **Financial liabilities:** | | | |
| Trade payables | USD | (2,358.02) | (2,030.66) |
| Trade payables | EURO | (33.08) | (79.48) |
| Trade payables | GBP | (20.00) | (19.28) |
| Trade payables | NZD | - | (127.14) |
| Creditors for Capital Goods | EURO | (59.44) | - |
| Term Loan | USD | (7,736.33) | (7,247.32) |
| **Net assets / (liabilities)** | | **(9,183.17)** | **(8,456.44)** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**Foreign currency sensitivity analysis**

The Group is mainly exposed to USD, EURO, GBP, AUD, AED and NZD. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for sensitivity change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

**Foreign currency sensitivity**

(₹ in Lakhs)

| Currency | % | As at March 31, 2023 | % | As at March 31, 2022 |
|---|---|---|---|---|
| USD | 2% | (185.53) | 2% | (164.61) |
| USD | -2% | 185.53 | -2% | 164.61 |
| EURO | 3% | (2.78) | 3% | (2.38) |
| EURO | -3% | 2.78 | 3% | 2.38 |
| GBP | 2% | (0.40) | 2% | (0.39) |
| GBP | -2% | 0.40 | 2% | 0.39 |
| NZD | 5% | - | 5% | (6.36) |
| NZD | -5% | - | 5% | 6.36 |
| AED | 2% | 4.12 | 2% | 0.00 |
| AED | -2% | (4.12) | -2% | (0.00) |

**(ii) Interest risk**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group's financial liabilities comprises mainly of interest-bearing project term loans. However, these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

**(iii) Commodity price risk**

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, the Group has entered into various purchase contracts for these material for which there is an active market. The Group's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further, the Group increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

**b) Credit risk**

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

**(i) Trade receivables**

Customer credit risk is managed by the Group through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit limits, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof. Concentration of credit risk with respect to trade receivables are limited, due to Group's customer base being large and diverse. All trade receivables are reviewed and assessed for default on monthly basis.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

### (ii) Financial instruments and cash deposits

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

The Group's maximum exposure to credit risk for the components of the Balance sheet at March 31, 2023 and March 31, 2022 is the carrying amounts which are given below. Trade receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-current assets** | | |
| Investments | 5,641.29 | 52,883.17 |
| Loans | 193.91 | 7.59 |
| Other financial assets | 518.97 | 453.61 |
| **Current assets** | | |
| Investments | 71,195.73 | 8,938.05 |
| Trade receivables | 28,197.60 | 26,939.30 |
| Cash and cash equivalents | 4,227.05 | 4,081.28 |
| Bank balances other than cash and cash equivalents | 26.65 | 31.58 |
| Loans | 67.05 | 557.36 |
| Other financial assets | 99.98 | 2,634.23 |
| **Total** | **1,10,168.23** | **96,526.17** |

### (c) Liquidity risk

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(₹ in Lakhs)

| Particulars | Less than 1 Year | More than 1 Year | |
|---|---|---|---|
| **As at March 31, 2023** | | | |
| Trade payables | 25,922.27 | 19.11 | 25,941.38 |
| Other financial liabilities | 9,170.50 | 2,593.96 | 11,764.46 |
| Borrowings | 18,380.43 | 28,380.63 | 46,761.06 |
| Lease Liability | 1,598.40 | 8,749.07 | 10,347.47 |
| | **55,071.60** | **39,742.77** | **94,814.37** |
| **As at March 31, 2022** | | | |
| Trade payables | 28,538.58 | 4.17 | 28,542.75 |
| Other financial liabilities | 4,402.60 | 5,034.08 | 9,436.68 |
| Borrowings | 10,957.32 | 22,818.18 | 33,775.50 |
| Lease Liability | 2,306.18 | 10,564.79 | 12,870.97 |
| | **46,204.68** | **38,421.22** | **84,625.90** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 51: CAPITAL MANAGEMENT

The Group's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The Group considers the following components of its Balance Sheet to manage capital:

1) Share Capital and 2) Other Reserves comprising of General Reserve and Retained Earnings. The Group capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities.

(₹ in Lakhs, unless otherwise stated)

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Equity | | 4,878.28 | 2,439.14 |
| Other equity | | 1,55,987.36 | 1,37,580.81 |
| **Total equity** | (i) | **1,60,865.64** | **1,40,019.95** |
| Borrowings | | 46,761.06 | 33,775.50 |
| Less: Cash and cash equivalents | | 4,227.05 | 4,081.28 |
| **Total debt** | (ii) | **42,534.01** | **29,694.22** |
| **Overall financing** | (iii) = (i) + (ii) | **2,03,399.65** | **1,69,714.17** |
| Gearing ratio (In %) | (ii) / (iii) | 21% | 17% |

The Holding Company has not distributed any dividend to its shareholders. The Group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. The capital structure of the Group is managed with a view of the overall macro economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Group, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Group. The Group's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Group. In order, to maintain or adjust the capital structure, the Group will take appropriate steps as may be necessary.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

## NOTE 52 : COMMITMENTS FOR EXPENDITURE

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹ 3,357.30 Lakhs (March 31, 2022: ₹ 2,485.15 Lakhs)) | 6,538.31 | 7,313.94 |
| | **6,538.31** | **7,313.94** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 53 : CONTINGENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Claims against the holding company not acknowledged as debt (refer note below)** | | |
| Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards: | | |
| Sales tax | 439.99 | 480.99 |
| Entry tax | 194.11 | 194.11 |
| Income tax | 564.99 | 439.12 |
| Excise Duty | 410.57 | 410.57 |

**Note:**

The Group is contesting these demands and the management including its advisers are of the view that these demands may not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Holding company's financial position and results of operations. The holding company does not expect any reimbursement in respect of these contingent liabilities and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the appellant proceedings.

## NOTE 54 : ASSET PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current Asset** | | |
| Inventories | 6,457.53 | 5,776.56 |
| Trade receivables | 6,355.16 | 6,252.66 |
| Other current financial assets | 28.72 | - |
| Other current assets | 552.41 | 2,452.68 |
| | **13,393.82** | **14,481.90** |
| **Non-Current assets** | | |
| Leasehold land | 730.27 | 737.91 |
| Property, plant and equipment | 24,416.66 | 25,466.33 |
| Capital work-in-progress | 24,622.77 | 11,756.50 |
| Intangible Assets | 33.65 | 33.67 |
| | **49,803.35** | **37,994.41** |
| **Total Assets pledged as security** | **63,197.17** | **52,476.31** |

**Note based on the terms and conditions written on sanction letters by Banks:**

1. Term loan with JP Morgan & Kotak Mahindra Bank in International Comfort Technologies Private Limited has been secured by hypothecation of first charge on entire fixed assets ( Movable fixed assets and immovable fixed assets & corporate guarantee provided by Holding Company.

2. Euro Term Loan with Citi Bank, Spain in International Foam Technologies S.L, Spain having exclusive charge on owned fixed assets (movable and immovable) in Holding company at manufacturing plant located at Jalpaiguri (West Bengal), Sahibabad (Uttar pradesh), Rajpura (Punjab) and Erode (Tamilnadu).

3. AUD Term Loan with Citi Bank, Australia in Joyce Foam Pty. Ltd. having fixed charge over present & future interest in Non -Disposable Property (which include both Movable & Immovable property ) & floating charge on all other assets which does not subject to fixed charge.

4. Working capital loan with Citi Bank Australia in Joyce foam PTY Ltd., has been secured by hypothecation of first charge on entire current assets.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 55 : SEGMENT INFORMATION

**Operating segment information**

The Group is majorly engaged in the manufacturing of the products of same type/class and as such there is no reportable segment. As per Indian Accounting Standard (Ind AS 108) dealing with the operating segments, Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors of the Holding Company.

**Geographical information**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Revenue from external customers** | | |
| Within India | 1,99,797.97 | 1,95,491.53 |
| Outside India | 87,534.12 | 91,066.31 |
| **Total revenue** | **2,87,332.09** | **2,86,557.84** |
| **Assets** | | |
| Within India | 52,341.67 | 42,962.28 |
| Outside India | 67,688.51 | 58,805.53 |
| **Total assets** | **1,20,030.18** | **1,01,767.81** |

The revenue information is based on location of customers and excluding other operating revenue.

## NOTE 56 : TRANSFER PRICING

The Group has appointed an independent consultant for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arm's length basis". The Transfer Pricing study under the Income Tax Act, 1961 in respect of transaction with the group companies for the financial year ended March 31, 2023 is not yet complete. Adjustments, if any, arising from Transfer Pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. During the current year, the Transfer Pricing certificate under section 92E of Income Tax Act, 1961 for the year ended March 31, 2022 has been obtained and there are no adverse comments requiring adjustments.

## NOTE 57 : EXPOSURE TOWARDS MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| I The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Group are as under: | | |
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier: | | |
| Principal amount | 722.01 | 506.29 |
| Interest | - | - |
| (ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ended | - | - |
| (iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year) | - | - |
| (iv) The amount of interest accrued and remaining unpaid for the year ended | - | - |
| (v) The amount of further interest remaining due and payable for the earlier years | - | - |

The information has been given in respect of such suppliers to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Group. Further, the amount payable to these parties is not overdue, hence no interest is required to provided/accrued as at March 31, 2023 and March 31, 2022.

II The credit period for purchase of goods and services are from up to 30 days. No interest is chargeable on trade payables.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 58 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

As per provisions of Section 135 of the Companies Act, 2013, the Holding Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed by the Holding company for carrying out CSR activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects as per the Schedule VII of the Companies Act, 2013.

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a) **Gross amount required to be spent as per section 135 of the Act.** | 476.02 | 409.07 |
| Add: Amount Unspent from previous years | - | - |
| Total Gross amount required to be spent during the year | **476.02** | **409.07** |
| b) **Amount approved by the Board to be spent during the year** | 523.02 | - |
| c) **Amount spent during the year on** | | |
| (i) Construction/acquisition of an asset | - | - |
| (ii) On purposes other than (i) above | 523.02 | 457.53 |
| d) **Details related to amount spent** | | |
| Contribution to Sleepwell Foundation Trust | 275.00 | 315.00 |
| Spent on Health Support, Promoting education including employment enhancing vocational skills | 248.02 | 142.53 |
| | **523.02** | **457.53** |
| e) **Details of CSR expenditure in respect of other than ongoing projects** | | |
| Balance (Short) / Excess as at opening | - | - |
| Amount deposited in Specified Fund of Schedule VII of the Act within 6 months | - | - |
| Amount required to be spent during the year | 476.02 | 457.53 |
| Amount spent during the year | 523.02 | 457.53 |
| **Balance (Short) / Excess Spent at end of the year** | **47.00** | **-** |

f) Corporate social responsibility expenses of Company are managed by related party -Sleepwell foundation (refer note no. 46).

## NOTE 59 : STATUTORY GROUP INFORMATION

**(₹ in Lakhs, unless otherwise stated)**

| Name of the entity in the Group | Net Assets, i.e. Total assets minus Total liabilities | | Share in Profit and loss | | Share in Other comprehensive income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit and loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Sheela Foam Limited | | | | | | | | |
| **Balance as at March 31, 2023** | **85%** | **1,36,446.09** | **81%** | **16,534.26** | **-31%** | **(383.92)** | **75%** | **16,150.34** |
| Balance as at March 31, 2022 | 87% | 1,21,172.09 | 91% | 19,884.05 | 63% | (116.36) | 91% | 19,767.69 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| 1 Divya Software Solutions Private Limited | | | | | | | | |
| **Balance as at March 31, 2023** | **-1%** | **(1,498.90)** | **-2%** | **(391.75)** | **0%** | **0.00** | **-2%** | **(391.75)** |
| Balance as at March 31, 2022 | -1% | (1,131.10) | -2% | (390.48) | 0% | 0.00 | -2% | (390.48) |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Lakhs, unless otherwise stated)

| Name of the entity in the Group | Net Assets, i.e. Total assets minus Total liabilities | | Share in Profit and loss | | Share in Other comprehensive income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit and loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| 2 Sleepwell Enterprises Private Limited | | | | | | | | |
| **Balance as at March 31, 2023** | **0%** | **230.19** | **0%** | **(20.30)** | **0%** | **0.00** | **0%** | **(20.30)** |
| Balance as at March 31, 2022 | 0% | 207.32 | 0% | (28.56) | 0% | 0.00 | 0% | (28.56) |
| 3 Staqo World Private Limited | | | | | | | | |
| **Balance as at March 31, 2023** | **-1%** | **(904.22)** | **-7%** | **(1,397.24)** | **0%** | **(5.95)** | **-7%** | **(1,403.19)** |
| Balance as at March 31, 2022 | -1% | (809.03) | -5% | (1,156.72) | 12% | (22.28) | -5% | (1,179.00) |
| 4 International Comfort Technologies Private Limited | | | | | | | | |
| **Balance as at March 31, 2023** | **1%** | **1,149.43** | **9%** | **1,881.40** | **-1%** | **-10.76** | **9%** | **1,870.64** |
| Balance as at March 31, 2022 | 0% | (587.51) | -3% | (591.13) | -2% | 3.61 | -3% | (587.52) |
| **Foreign** | | | | | | | | |
| 1 Joyce Foam Pty Ltd. | | | | | | | | |
| Balance as at March 31, 2023 | **9%** | **14,297.89** | **5%** | **1,087.99** | **-1%** | **(10.71)** | **5%** | **1077.28** |
| Balance as at March 31, 2022 | 10% | 13,782.87 | 9% | 2,038.01 | 22% | (41.51) | 9% | 1996.50 |
| 2 International Foam Technologies Spain SLU | | | | | | | | |
| **Balance as at March 31, 2023** | **6%** | **10,318.70** | **12%** | **2,421.31** | **133%** | **1,662.60** | **19%** | **4083.91** |
| Balance as at March 31, 2022 | 5% | 6,621.97 | 9% | 1,977.80 | 5% | (8.53) | 9% | 1969.27 |
| **Non-controlling interests in all subsidiaries** | | | | | | | | |
| **Balance as at March 31, 2023** | **1%** | **826.46** | **1%** | **190.55** | **0%** | **0.00** | **1%** | **190.55** |
| Balance as at March 31, 2022 | 1% | 763.34 | 1% | 139.83 | 0% | 0.00 | 1% | 139.83 |
| **Total** **Balance as at March 31, 2023** | **100%** | **1,60,865.64** | **100%** | **20,306.22** | **100%** | **1,251.26** | **100%** | **21,557.48** |
| **Balance as at March 31, 2022** | **100%** | **1,40,019.95** | **100%** | **21,872.80** | **100%** | **(185.07)** | **100%** | **21,687.73** |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 60 : INTEREST IN OTHER ENTITIES

**Subsidiaries**

The Group's subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Place of business/ Country of Incorporation | Ownership interest held by the Group | | Ownership interest held by non-controlling interests | | Principal activities |
|---|---|---|---|---|---|---|
| | | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | |
| Joyce Foam Pty. Ltd., Australia | Australia | 100% | 100% | 0% | 0% | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers) |
| Divya Software Solutions Private Limited, India | India | 100% | 100% | 0% | 0% | Software development and related ancillary activities |
| Sleepwell Enterprises Private Limited, India | India | 100% | 100% | 0% | 0% | Providing of its Trademarks, Patents, Logos etc. and earning royalty thereon |
| International Foam Technologies SL, Spain | Spain | 100% | 100% | 0% | 0% | To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam |
| Staqo World Private Limited, India | India | 100% | 100% | 0% | 0% | Information technology and related ancillary activities |
| International comfort Technologies Private Limited, India | India | 100% | 100% | 0% | 0% | Manufacturer of mattresses supplied to domestic & overseas customers |
| Interplasp, SL, Spain (Subsidiary of International Foam Technologies SL, Spain) | Spain | 93.66% | 93.66% | 6.34% | 6.34% | Engaged in manufacturing of Polyurethane Foam |
| Joyce WC NSW PTY Ltd. (Subsidiary of Joyce Foam Pty Ltd., Australia) | Australia | 100% | 100% | 0% | 0% | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers) |
| Staqo World Kft. (Subsidiary of Staqo World Private Limited) | Hungary | 100% | 100% | 0% | 0% | Information technology and related ancillary activities |
| Staqo Incorporated. (Subsidiary of Staqo World Private Limited) | U.S. | 100% | 100% | 0% | 0% | Information technology and related ancillary activities |
| Staqo Technologies L.L.C (Subsidiary of Staqo World Private Limited) | Dubai | 100% | 100% | 0% | 0% | Information technology and related ancillary activities |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 61 : DERIVATIVES AND HEDGING

### (i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. Information about the derivatives used by the Company and outstanding as at the end of the financial year is provided below:

(₹ in Lakhs)

| Particulars | Financial Assets | | Financial liabilities | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **Derivatives designated as Hedging Instruments:** | | | | |
| Cross currency interest rate swap | - | - | 945.98 | - |
| **Derivatives not designated as Hedging Instruments:** | | | | |
| Principal Only Swap | - | - | 1,322.29 | - |

### (ii) Hedging activities

**Foreign Currency Risk**

The Holding Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions.
Derivatives designated as hedging instruments are accounted for as cash flow hedges.

### (iii) Hedge Effectiveness

For derivatives designated as hedging instruments, there is an economic relationship between the hedged items and the hedging instruments as the terms of the hedge contracts match the terms of hedge items. The Holding Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and interest rate are identical to the hedged risk components. To test the hedge effectiveness, the Holding Company compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

### (iv) Source of Hedge ineffectiveness

For derivatives designated as hedging instruments, in case of foreign currency risk and interest rate risk, the main source of hedge ineffectiveness is the effect of the counterparty's credit risk on the fair value of hedge contracts, which is not reflected in the fair value of the hedged items. The effect of this is not expected to be material.

### (v) Disclosures of effects of Cash Flow Hedge Accounting:

**Hedging instruments**

The Holding Company has taken derivatives to hedge its loan given to its subsidiary.

(₹ in Lakhs)

| Particulars | Less than 1 year | 1 to 5 year | More than 5 Years |
|---|---|---|---|
| **Cross currency interest rate swap** | | | |
| **As at March 31, 2023** | | | |
| Nominal Amount | - | - | 6,416.80 |
| **As at March 31, 2022** | | | |
| Nominal Amount | - | - | - |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**(vi) The effect of the cash flow hedge in the Statement of Profit & Loss and Other Comprehensive Income is as follows:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash flow Hedge Reserve at the beginning of the year | - | - |
| Total hedging (loss) recognised in Other Comprehensive Income | (347.78) | - |
| Income tax on above | 87.53 | - |
| Ineffectiveness recognised in profit or loss | (1,322.29) | - |
| Line item in the statement of profit & loss that includes the recognised ineffectiveness | Net Loss on Foreign Currency Forward Contracts in "Other expenses" | - |
| Amount reclassified from Other Comprehensive Income to profit or loss | - | - |
| Income tax on above | - | - |
| Cash flow Hedge Reserve at the end of the year | (260.25) | - |
| Line item in the statement of profit & loss that includes the reclassification adjustments | Not Applicable | - |

**(vii) The outstanding position of derivative instrument is as under:**

(₹ in Lakhs)

| Nature | Currency | Purpose | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Nominal value (₹ in Lakhs) | Notional value Foreign Currency (in Lakhs) | Nominal value (₹ in Lakhs) | Notional value Foreign Currency (in Lakhs) |
| Cross currency interest rate swap | EURO | Hedging of Foreign Currency Loans Principal & Interest | 6,416.80 | 80.00 | - | - |
| Principal Only Swap | EURO | Hedging of equity investment in foreign subsidiary | 9,390.00 | 120.00 | - | - |
| **Total** | | | **15,806.80** | **200.00** | **-** | **-** |

**Exchange rates used for conversion of foreign currency exposure:**

| Currency | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| EURO | 89.61 | 82.13 |

**(viii) The impact of the hedging instruments on the statement of financial position is as under:**

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Nominal Amount | 6,416.80 | - |
| Carrying Amount (net) | 7,168.61 | - |
| Line item in the statement of financial position that includes Hedging Instruments | Other current financial liabilities | - |
| Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the year - Gain / (Loss) (net of tax) | (260.25) | |

**(ix) Hedge Items**

The impact of the Hedged Items on the statement of financial position is as follows:

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax) | (260.25) | - |
| Change in value of the hedged item used for measuring ineffectiveness for the year (net of tax) | (260.25) | - |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

**(x) Particulars of unhedged foreign currency exposure as at balance sheet date:**

| Particulars | Currency | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | FC in Lakhs | ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs |
| Trade payables | USD | (28.68) | (2,358.02) | (26.23) | (2,030.66) |
| | EURO | (0.37) | (33.08) | (0.92) | (79.48) |
| | GBP | (0.20) | (20.00) | (0.19) | (19.28) |
| | NZD | - | - | (2.41) | (127.14) |
| Creditors for Capital Goods | EURO | (0.66) | (59.44) | - | - |
| Term Loan | USD | (94.10) | (7,736.33) | (94.10) | (7,247.32) |
| Trade receivables | USD | 9.95 | 817.82 | 10.28 | 778.46 |
| | AED | 9.21 | 205.88 | - | - |
| Bank balance | AED | - | - | 590.00 | 0.11 |
| | USD | - | - | 1,833.46 | 268.87 |

## NOTE 62 : INCOME TAX EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Current tax** | | |
| In respect of current year | 7,875.59 | 8,331.47 |
| Tax expenses related to earlier years | (77.20) | (22.04) |
| | **7,798.39** | **8,309.43** |
| **Deferred tax** | | |
| Origination and reversal of temporary differences including tax impact on Other Comprehensive Income | (929.46) | (593.50) |
| | **(929.46)** | **(593.50)** |
| **Total income tax expense recognised in the current year including tax impact on Other Comprehensive Income** | **6,868.93** | **7,715.93** |

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Profit before tax (Including Other comprehensive income)** | 26,779.33 | 29,453.70 |
| Income tax expense calculated at 25.168% | 6,739.82 | 7,412.91 |
| Effect of income that is exempt from taxation | (31.29) | - |
| Effect of expenses that are not deductible in determining taxable profit | 407.17 | 115.15 |
| Effect of difference in tax rates | (31.80) | 197.17 |
| Others | (137.77) | 12.74 |
| | **6,946.13** | **7,737.97** |
| Adjustments recognised in the current year in relation to tax of prior years | (77.20) | (22.04) |
| **Income tax expense recognised in the Statement of Profit and Loss** | **6,868.93** | **7,715.93** |
| **Effective Tax Rate** | 25.65% | 26.20% |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 63 : THE CODE ON SOCIAL SECURITY 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Group will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

## NOTE 64 : UTILISATION OF BORROWED FUNDS

(i) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## NOTE 65 : EVENTS AFTER THE REPORTING PERIOD

There are no significant adjusting events after the reporting period.

## NOTE 66 : DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)

The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

## NOTE 67 : UNDISCLOSED INCOME (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## NOTE 68 : DETAILS OF BENAMI PROPERTY HELD (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)

The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

## NOTE 69 : RELATIONSHIP WITH STRUCK OFF COMPANIES UNDER SECTION 248 OF THE COMPANIES ACT, 2013 OR SECTION 560 OF COMPANIES ACT, 1956 (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)

The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 70 : RECONCILIATION OF QUARTERLY RETURNS OR STATEMENTS OF CURRENT ASSETS FILED WITH BANKS OR FINANCIAL INSTITUTIONS

**As at March 31, 2023**

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account (₹ in Lakhs) | Amount as reported in the Quarterly statement (₹ in Lakhs) | Amount of difference | Reason for material discrepancies |
|---|---|---|---|---|---|---|
| Jun-22 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 28,747.00 | 28,747.00 | - | |
| Sep-22 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 31,359.00 | 31,359.00 | - | |
| Dec-22 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 24,490.00 | 24,490.00 | - | |
| Mar-23 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 29,274.00 | 29,274.00 | - | |

**As at March 31, 2022**

| Month | Name of bank | Particulars of Securities Provided | Amount as per books of account (₹ in Lakhs) | Amount as reported in the Quarterly statement (₹ in Lakhs) | Amount of difference | Reason for material discrepancies |
|---|---|---|---|---|---|---|
| Jun-21 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 23,930.09 | 23,930.09 | - | |
| Sep-21 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 29,075.37 | 29,075.37 | - | |
| Dec-21 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 27,449.27 | 27,449.27 | - | |
| Mar-22 | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 26,924.84 | 26,924.84 | - | |

## NOTE 71 : COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES (IN RESPECT OF COMPANIES INCORPORATED IN INDIA)

The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

## Note 72

The Group did not have any material foreseeble losses on long term contracts including derivative contracts.

## Note 73

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2023

## NOTE 74 : FOLLOWING ARE THE RECLASSIFICATIONS MADE IN THE PREVIOUS YEAR FIGURES TO MAKE THEM COMPARABLE/ BETTER PRESENTATION WITH THE CURRENT YEAR FIGURES:

(₹ in Lakhs)

| Particulars | March 31,2022 (Revised) | March 31,2022 (Published) | Nature |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Loans | 7.59 | 8.47 | Reclassification items |
| Deferred tax asset | 783.19 | - | Reclassification items |
| Non Current Tax Assets (Net) | 693.34 | 675.35 | Reclassification items |
| Other non-current assets | 2,563.97 | 799.71 | Reclassification items |
| **Current Assets** | | | |
| Trade Receivables | 26,939.30 | 28,504.18 | Reclassification items |
| Loans | 557.36 | 555.07 | Reclassification items |
| Other financial assets | 2,634.23 | 2,637.42 | Reclassification items |
| Other current assets | 4,021.98 | 5,938.49 | Reclassification items |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Provisions | 1,932.59 | 2,738.34 | Reclassification items |
| Deferred tax liabilities | 966.99 | 183.80 | Reclassification items |
| **Current Liabilities** | | | |
| Trade payables | 28,036.46 | 29,625.31 | Reclassification items |
| Other financial liabilities | 4,402.60 | 4,538.64 | Reclassification items |
| Provisions | 1,056.13 | 250.38 | Reclassification items |
| Other current liabilities | 7,703.02 | 7,679.05 | Reclassification items |
| **Income** | | | |
| Revenue from Operations | 2,86,557.84 | 2,98,180.84 | Reclassification items |
| **Expenses** | | | |
| Cost of materials consumed | 1,83,325.03 | 1,79,850.03 | Reclassification items |
| Employee benefits expense | 25,547.57 | 25,768.82 | Reclassification items |
| Other expenses | 35,585.89 | 50,462.64 | Reclassification items |

## NOTE 75: SCHEME OF AMALGAMATION WITH WOS OF THE COMPANY

The Scheme of Amalgamation of the wholly owned subsidiary, i.e., International Comfort Technologies Private Limited ("ICTPL" or "Transferor Company") with Sheela Foam Limited ("SFL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Delhi ("NCLT"). The same will be accounted for in the books of accounts, in accordance with appendix C to Ind AS 103 on the approval from NCLT.

As per our report of even date

For **M S K A & Associates**
Chartered Accountants
Firm Registration No.: 105047W

**Nipun Gupta**
Partner
Membership No.: 502896

Place: Gurugram
Date: May 17, 2023

For and on behalf of the Board of Directors of

**Sheela Foam Limited**
CIN: L74899DL1971PLC005679

**Rahul Gautam**
Managing Director
DIN:00192999

**Tushaar Gautam**
Whole Time Director
DIN:01646487

**Amit Kumar Gupta**
Group Chief Financial Officer

**Md. Iquebal Ahmad**
Company Secretary
Membership No.: A20921

Place: Noida
Date: May 17, 2023

# Notes

# Notes

# Notes

SheelaFoam
INDIA • AUSTRALIA • EUROPE
50 YEARS OF EXCELLENCE


Registered Office:

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