SheelaFoam
INDIA • AUSTRALIA • EUROPE
50 YEARS OF EXCELLENCE

Upholding a rich legacy of delivering premium comfort

Sheela Foam Limited

ANNUAL REPORT 2022-23

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.

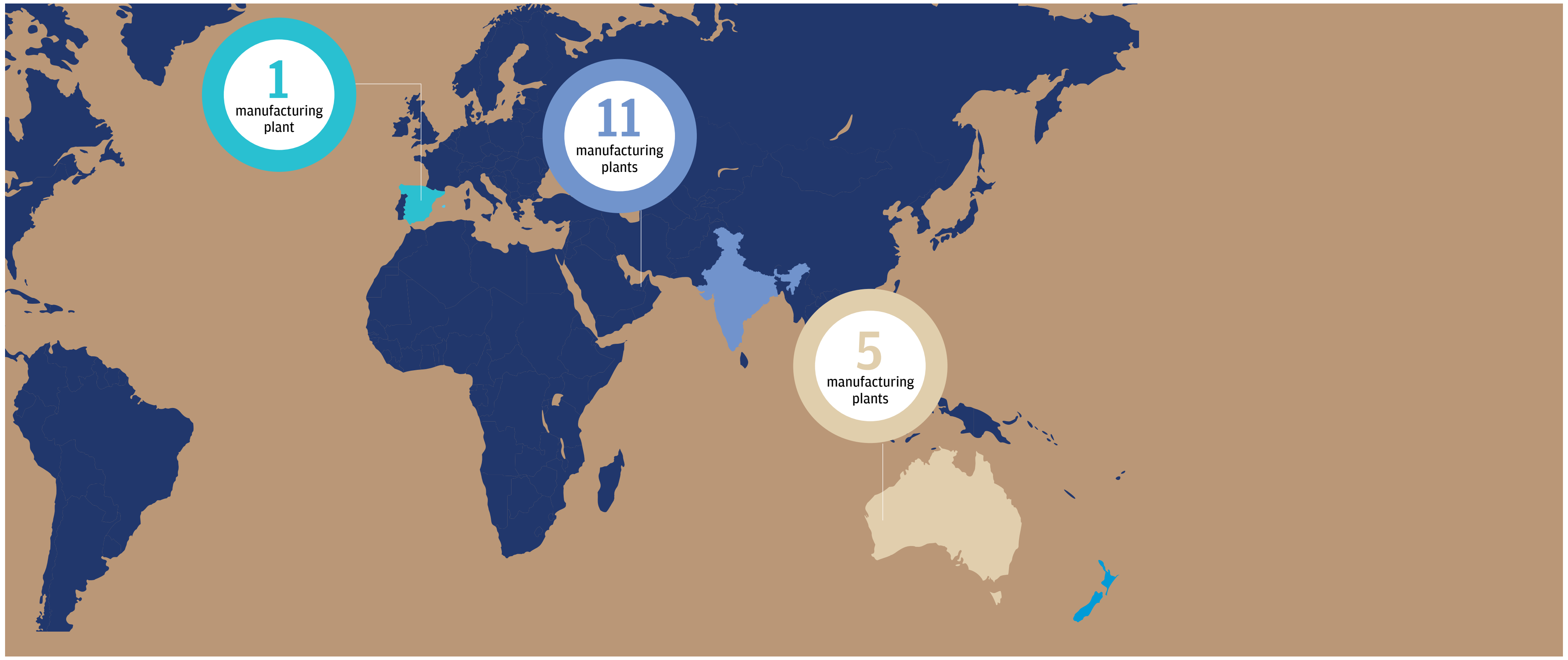
We specialize in the production of a diverse range of foam-based household comfort items, including mattresses, furniture cushions, as well as technical grades of polyurethane foams that cater to various industries such as the automotive, acoustics and many more.

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

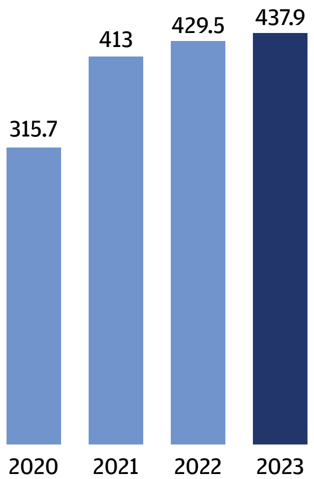
Moulded

Polystyrene

11,000 MTPA
Installed foam manufacturing capacity

~40%
Market share in Australia

Revenue
(₹ in Crore)



Interplasp S.L.

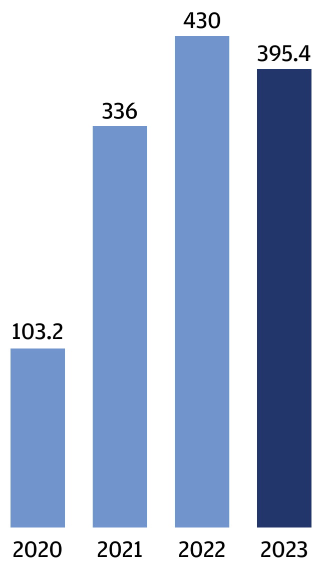
A subsidiary of Sheela Foam, Interplasp S.L. has an extensive 30-year experience in the industry. Situated in Yecla, Spain, Interplasp leverages its best-in-class manufacturing facility, located in one of Europe's most cost-effective manufacturing locations. This strategic positioning provides a competitive 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

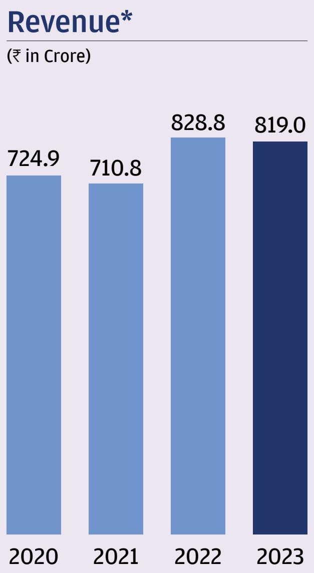
An impressive range of products to deliver lasting value

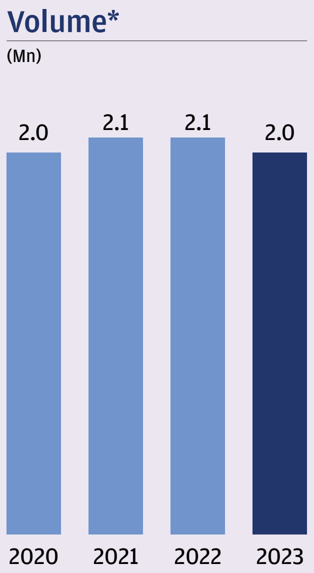
Through our industry-leading products and technologies, we have consistently provided very high levels of comfort and restful sleep to our customers.

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.

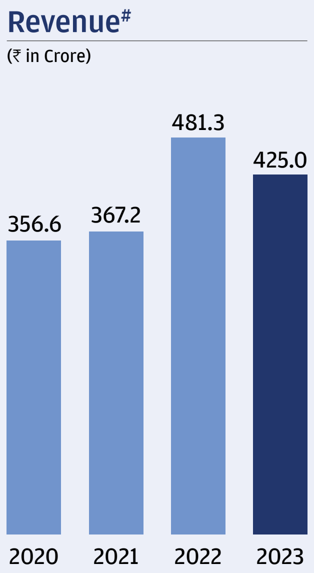


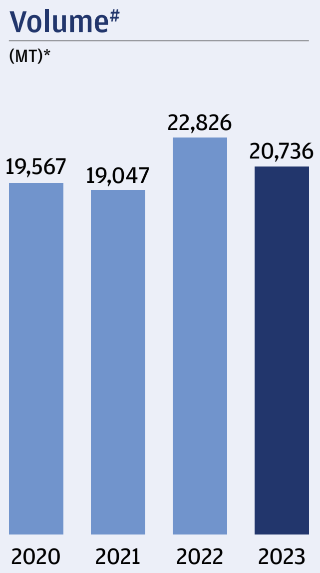


*Standalone

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.





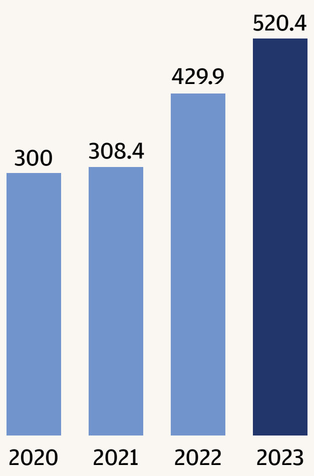
*Standalone

*Volume (MT) only includes Comfort foam

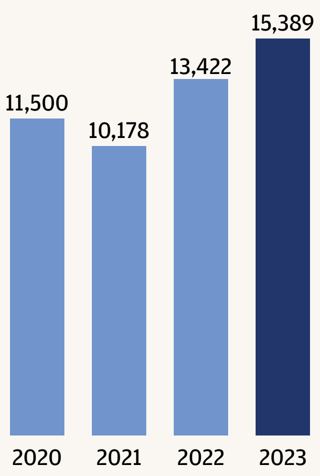
Technical foam

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

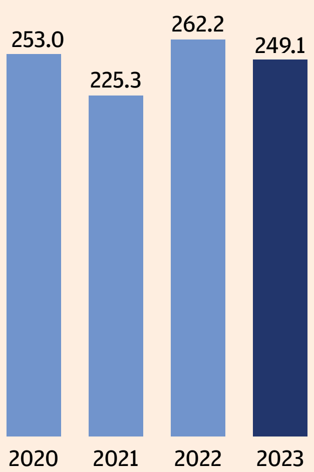
Furniture foam

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.

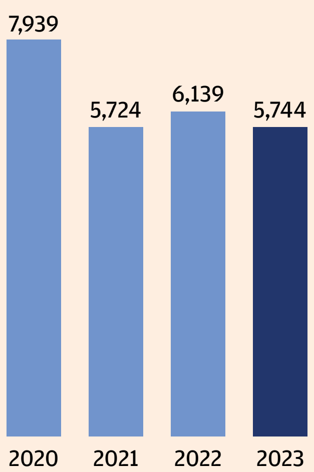
Our furniture cushioning range includes:

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)

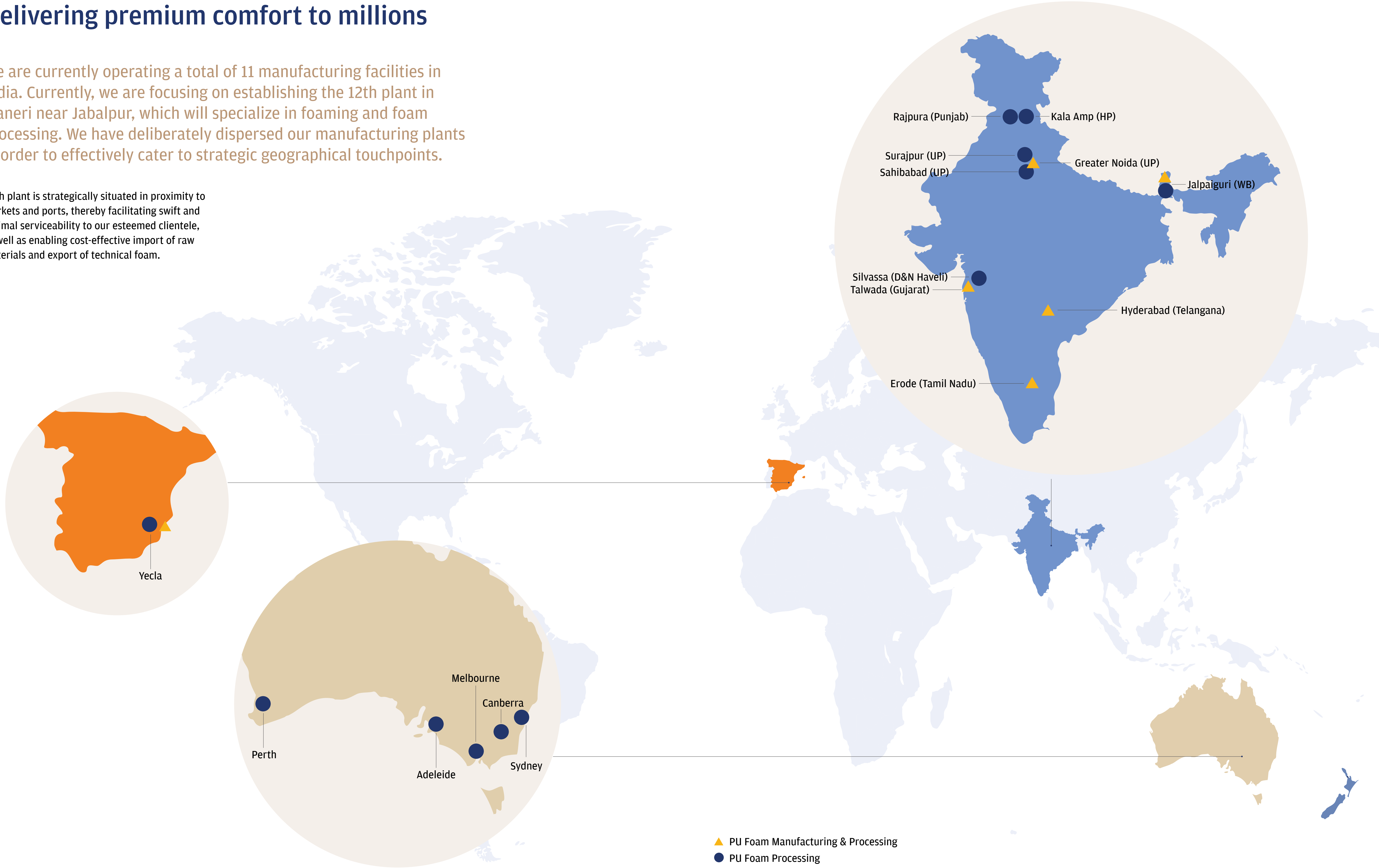


*Standalone

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.

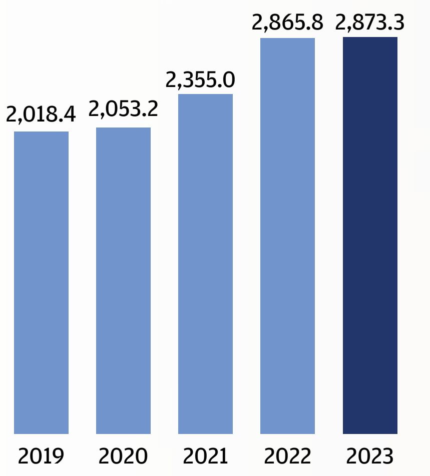
On behalf of everyone at Sheela Foam, I would like to take this opportunity to extend my sincere gratitude to all my colleagues, partners and stakeholders for your consistent trust and cooperation throughout our journey. ***It is refreshing to be part of an organisation that is creative, highly responsive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

With best regards,

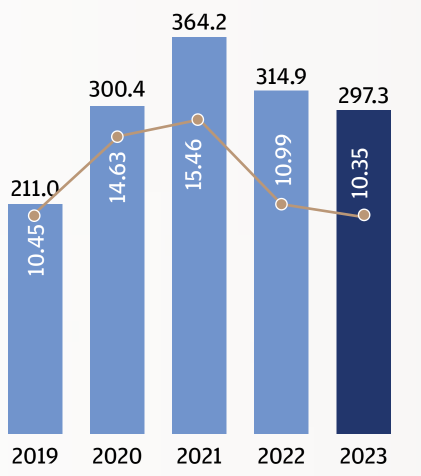
Rahul Gautam
Chairman & Managing Director,
Sheela Foam Limited

Financial highlights (Consolidated)

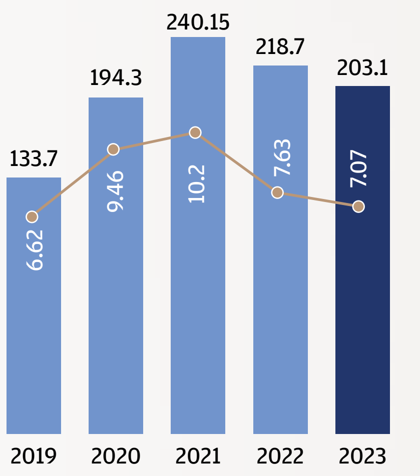
Operational revenue
(₹ in Crore)



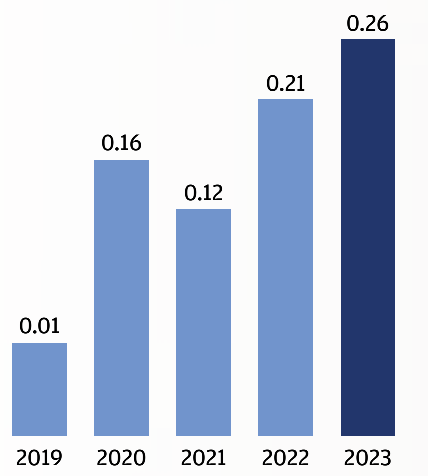
EBITDA
Absolute (₹ in Crore) Margins (in %)



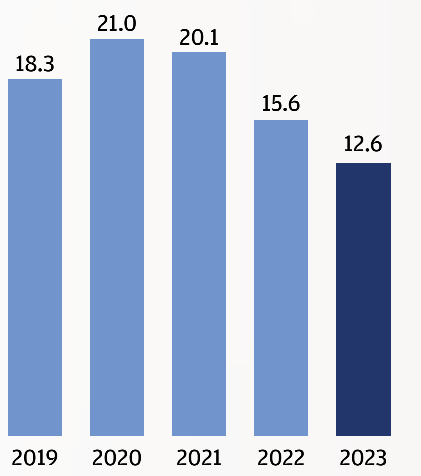
PAT
Absolute (₹ in Crore) Margins (in %)



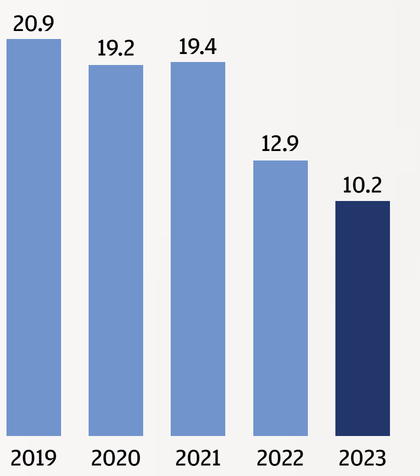
Net Debt to Equity ratio
(X)



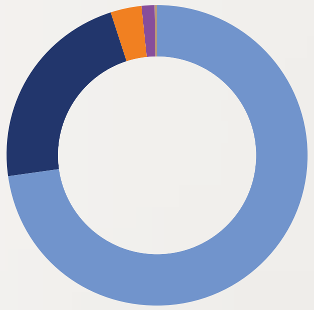
ROE
(in %)



ROCE
(in %)

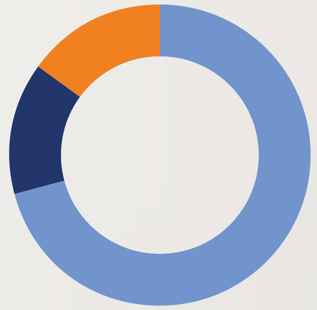


Shareholding pattern
(in %)



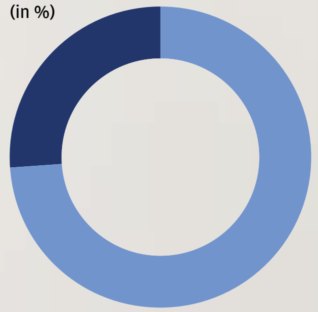
Promoters	72.95
Mutual funds	22.31
Foreign portfolio investors	3.19
Public	1.44
AIF	0.11

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

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.

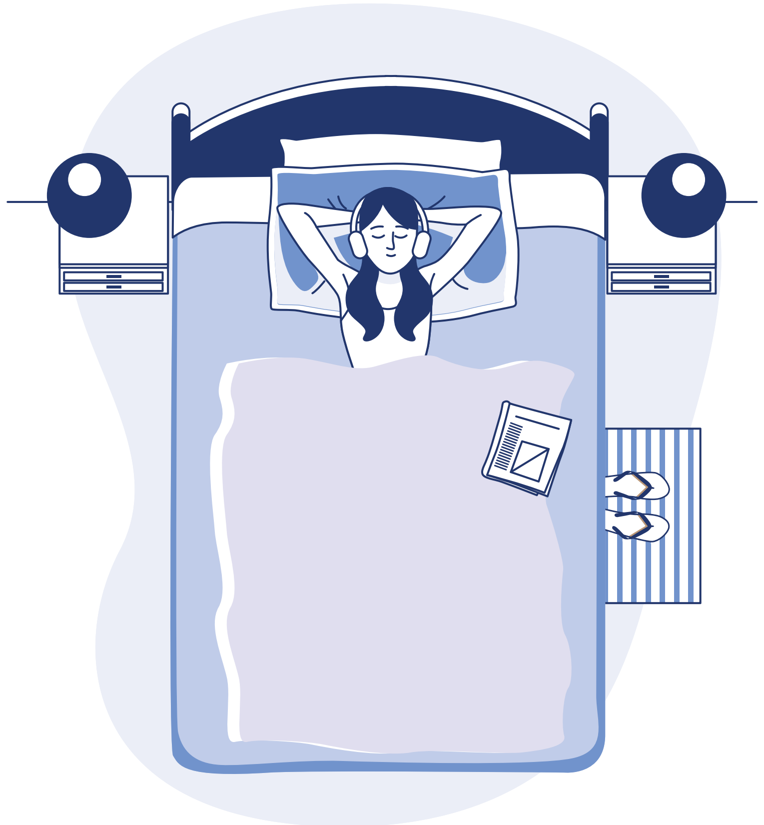
1,23,000 MTPA
Indian manufacturing capacity

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

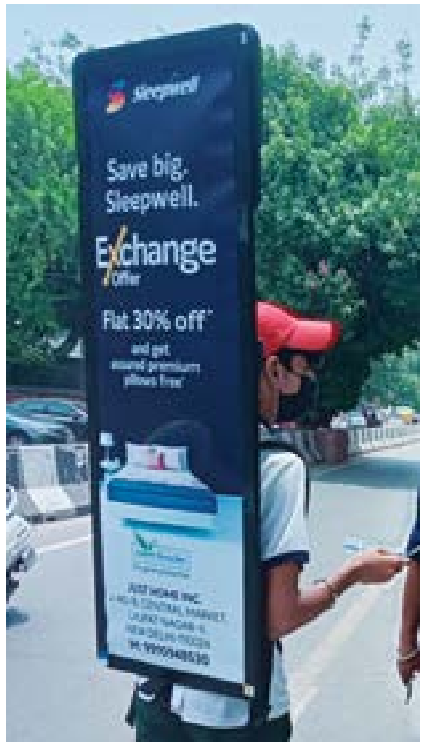
We are consistently expanding our Below The Line (BTL) marketing efforts for our legacy brands including Sleepwell and Feather Foam. We are also revitalising our e-commerce marketing with the help of content marketing. Some of our content marketing initiatives are as below

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.

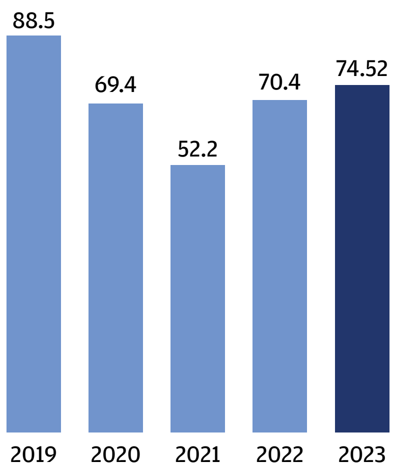


Sleep expert

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

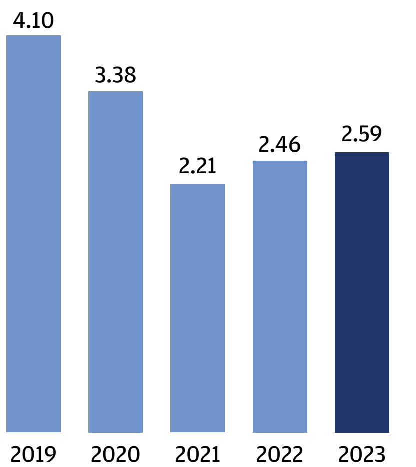
Advertising expense

(₹ 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

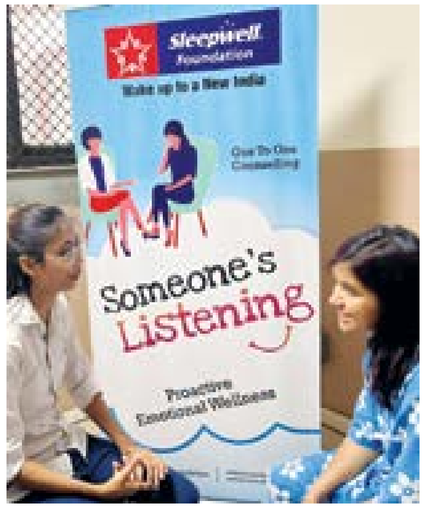
Caring for the community

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.

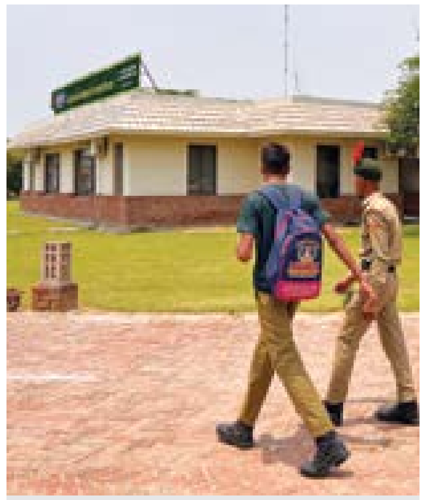


The workshops conducted by expert counsellors include topics like Perception & Communication, Emotional Wellness, Relationship, Preventing Addiction, Puberty, Gender Sensitization & Stress Management; custom made for the specific age-based target group   Primary Schools, Middle Schools, Senior Secondary 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 ventures.

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.

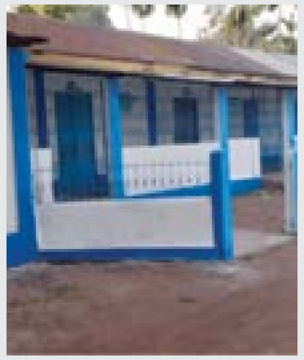
CSR Initiatives Near Our Plants

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:

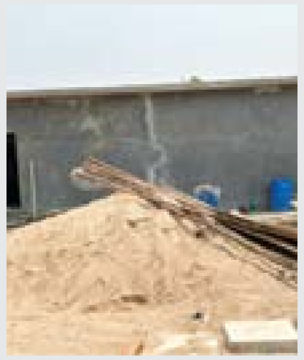
1) Near our Jabalpur plant, we constructed toilet blocks for a co-ed school.

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.

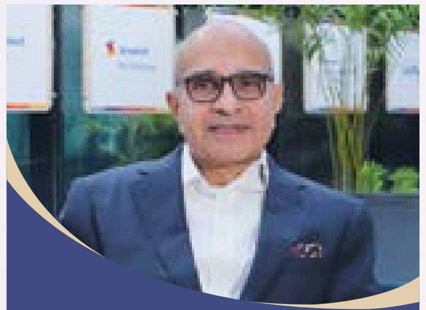
Underlying message of our CSR

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.

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

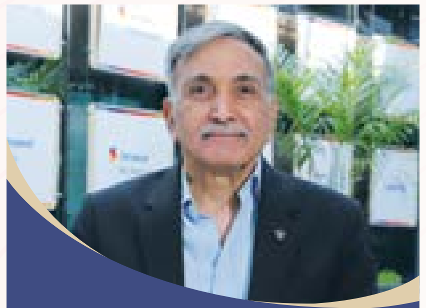
He has been associated with our Company since 7 June 2016. He is holding a bachelor's degree of Technology in Electrical Engineering from the Indian Institute of Technology, Kanpur and a Post-graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. Since 1995, he has been the 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.

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.



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

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. 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.

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.

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

M S K A & 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.

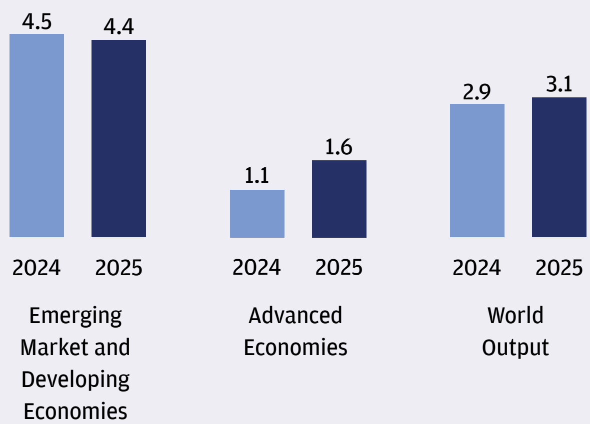
Outlook

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

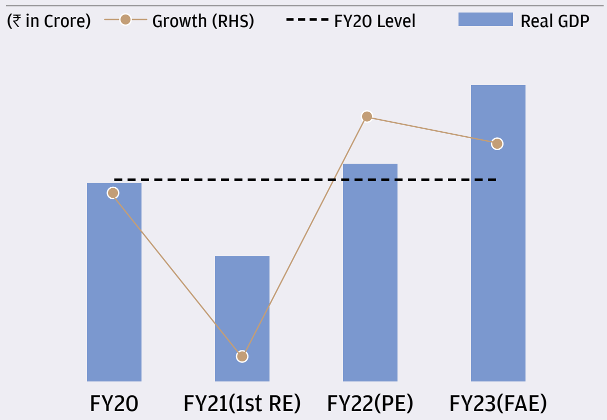


(source: IMF'S World Economic Outlook, April 2023)

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

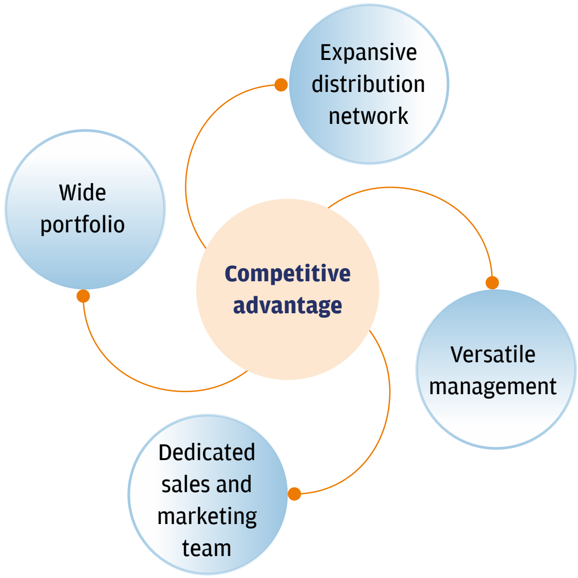
Automotive Foams, Reticulated Foams, UltraViolet Stable Foams and Silentech Foams

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 (%)	9.33	10.03
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 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. • 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. • 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 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. • Increased spending on R&D and innovative technologies enables the Company to create high-end, cutting-edge products. • Additionally, the Company's activities are supported by cutting-edge production machinery and inventive shop floor practices that offer a significant operational advantage. • 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. • 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. • 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 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. • 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. • 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 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. • It achieves a balance between importing raw materials and buying them locally. • The Company is able to obtain raw materials at the best prices because of its solid and established relationships. • By ensuring raw materials availability to meet market demand, it lowers the chance of an unexpected raw material shortfall.
Counterfeiting Risk 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 • The Company periodically checks the market to track and avoid sales of fraudulent and counterfeit products.
E-commerce Risk 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. • 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. M S K A & 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 06th June, 2022 and Mr Nikhil Datye had resigned from the post of group CFO w.e.f 05th December, 2022.

AUDITORS

M/s M S K A & 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 54th 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 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. 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, 3. Approve the ESOP 2022.
2020-21	20th Aug 2021	NA 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 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. 2. Resolution under section 180 (1) (c) of the Companies Act, 2013 to approve the borrowing limits of the Company 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. 2. Reappointment of Mr. Som Mittal as Non-Executive Independent Director of the Company for a period of four year. 3. Reappointment of Mr. Ravindra Dhariwal as Non-Executive Independent Director of the Company for a period of five year. 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. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.	540203
National Stock Exchange of India Ltd. 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, Greater Noida, Dist. GautamBudh Nagar 201306 (Uttar Pradesh)	N.H 8, Near Bhilad Check Post Village- Talwada-Taluka Umergoan Dist: Valsad - 396105 (Gujarat)
Village- Habibpur, Noida Dadri Road Gautambudh Nagar-201304	Survey No.-852, Medchal Industrial Area R.R.Disttrict-501401, Hyderabad (Telagana)
Village Mardanpur, Near Shamboo Teh. Rajpura, Dist. Patiala-140401 (Punjab)	MM-3, Phase-4, Sipcot Industrial Growth Centre, P.O.Palayam, Village:Perundurai, Erode- 638052 Tamilnadu
Mainthapal, Nahan Road Kalaamb, Dist. Sirmour, Himachal Pradesh-173030	Kanchanjanga Integrated Hub P.O. Fatapukur, P.S.Rajganj, Dist. Jalpaiguri.Pin-735134(West Bengal)
Survey No.257, Saily, Umarkui Road City- Silvassa,State-(U.T. Of DNH &DAMAN DIU) Pin code-396230	37/2, Site IV, Sahibabad Industrial Area, 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: A014190E000326282

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

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
Executive Director			
Mr. Rahul Gautam Managing Director	420.70	(2.59)	145
Mrs. Namita Gautam Wholetime Director	223.76	(2.39)	77
Mr. Rakesh Chahar Wholetime Director	221.18	(2.47)	76
Mr. Tushaar Gautam Wholetime Director	231.38	(2.16)	80
Non Executive Independent Director			
Mr. Vijay Kumar Chopra # Non Executive Independent Director	2.75	NA	9
Mr. Som Mittal Non Executive Independent Director	30.00	17.65	10
Mr. Ravindra Dhariwal Non Executive Independent Director	27.75	9.90	9
Mr. Anil Tandon Non Executive Independent Director	24.75	25.32	8
Lt. Gen (Dr.) Vijay Kumar Ahluwalia Non Executive Independent Director	26.00	20.93	9
Mrs. Meena Jagtiani Non Executive Independent Director	26.25	23.52	9
Key Managerial Personnel			
##Mr. Nikhil Datye, Group CFO	93.93	NA	NA
Mr. Md Iquebal Ahmad 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 ₹ 2,90,731

(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 Crores)	2019.82
Net worth (₹ in Crores)	1,395.57

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. Toll-free number: 18005705700 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. 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. 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. 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. 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. 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. 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. 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 ii. Offering opportunities for growth and development demonstrates our commitment to our employees' professional growth. iii. Building a robust talent pipeline across responsibility levels through requisite quality in key roles. iv. Maintaining the wages more than minimum wage as per applicable code. 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. 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,

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 2. All the polythene or plastic used in packaging of the products must be 100% recycled. 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. Various initiatives undertaken by the company to achieve sustainability goals include: 1. PVC has been eliminated from all our packaging. 2. Simplifying packaging from current multi-layer format to similar material layering for ease of recycling. 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 Mr. Rahul Gautam (Chairman & Managing Director) 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. Mr. Vijay Kumar Ahluwalia : Chairperson Mr. Som Mittal : Member Mr. Rakesh Chahar : Member Mr. Tushaar Gautam : Member 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 programmes
Board of Directors 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 2. Workshop on Major Accidents and Hazards Control, 3. Employee health and safety - Fire safety, electrical safety, etc. 4. POSH (Prevention of Sexual Harassment) 5. Slabstock PU Foam 6. Enhancing safety through effective leadership 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 P3: Safety 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. • 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. • VPF technology enables us to produce unique products with value enhancements leading to a competitive edge over other technologies. • During production on VPF technology, persons working around are quite comfortable because of no emissions and closed chamber production. • 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 • Annual General Meeting
Investor	No	Meeting, Notice, Newspaper, Email, Website	Regularly	• Resolve any queries received from investors. • 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 • Brand awareness • New product development • 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 • Selection of new projects based on needs • 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 • Query Resolution & Grievance Redressal. • Supplier performance assessment. • Addressing non-compliance issues • Signing / breach of contract.
Distributors and dealers	No	Physical meetings, Emails, Telephone, conferences	Frequent and as may be required	• Query Resolution & Grievance Redressal. • Distributor's performance assessment. • 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 • Seeking clarifications and relaxation • 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 CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	The Company is in the process of computing the GHG emissions generated	
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 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 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	1,34,701.83	1,18,513.31
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

For and on behalf of the Board of Directors of
Sheela Foam Limited
CIN: L74899DL1971PLC005679

Nipun Gupta
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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

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 (net of tax)	-	-	-	(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**

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

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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 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

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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

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(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.

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(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,

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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.

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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

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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

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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,

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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-

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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 April 01, 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 April 01, 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 April 01, 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 April 01, 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**
Accumulated Depreciation				
At April 1, 2021	4.55	-	122.68	127.23
Charge for the year	0.91	-	20.83	21.74
Disposal/transfer	-	-	-	-
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**

Notes :

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, KMPs 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 Magnum Midcap Fund	84,70,282	8.68%	43,84,301	8.99%
Kotak Emerging Equity Scheme	63,00,647	6.46%	30,84,942	6.32%
DSP Midcap Fund	43,11,428	4.42%	24,38,196	5.00%

(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**	**-**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

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
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

Note :

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
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 (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 (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 on 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

Notes to Standalone Financial Statements
for the year ended March 31, 2023

fixed range. Any deviations from the range are corrected by rebalancing the portfolio.

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
- Optionally 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 (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 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:

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	**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 w.e.f. 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
As at 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**
As at 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, unless otherwise stated)

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) Interest charged - 1.25 % to 3.34% (1.25% in March 31, 2022) 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	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) Interest charged - 6.17 % to 8.17% (5.07% in March 31, 2022) 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.

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 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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

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 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 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. Iqubal 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** Refer Note 2.1(d)(6) to the consolidated financial statements 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. 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: • 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 • the process of impairment assessment to perform annual impairment test related to goodwill. • Obtained the impairment analysis model from the management and reviewed their conclusions. • 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. • Reconciled the future operating cash flow forecasts with the business plan approved by the Company's board of directors. • Evaluated the appropriateness of the disclosures made in the consolidated financial statement in relation to the above as required under applicable accounting standards. • 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** 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). 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. 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.

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. • 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 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 consolidated 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 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	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 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

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 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

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 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.

Particular	March 31, 2023	March 31, 2022
Acquired Goodwill	26,366.16	24,165.95

Following key assumptions were considered while performing impairment testing:

Factors tested	March 31, 2023	March 31, 2022
Average Sales Growth rate for 5 years	10%	10%
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%	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.

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

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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

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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 'cash generating 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 CGU's. 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.

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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

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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.

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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.

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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

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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 April 01, 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 April 01, 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 April 01, 2023. The amendments are not expected to have a material impact on the Company's financial statements.

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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 April 01, 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, Rs. 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**
Accumulated Amortisation			
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 AS 40 on 'Investment Property'.

c. Income from investment property :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended 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 Investment	**-**	**-**

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
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 to Consolidated Financial Statements

for the year ended March 31, 2023

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**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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	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, KMPs 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 Magnum Midcap Fund	84,70,282	8.68%	43,84,301	8.99%
Kotak Emerging Equity Scheme	63,00,647	6.46%	30,84,942	6.32%
DSP Midcap Fund	43,11,428	4.42%	24,38,196	5.00%

(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 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:

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, Gujarat.	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:

Particulars	Citi Bank, Spain (AUD Loan)	Citi Bank, Spain (EURO Loan)	JP Morgan, India (INR loan)	Kotak Mahindra , India (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	**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	**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 Lakhs (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)**

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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	Total
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
Total	**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 and 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) and 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 and future interest in Non -Disposable Property (which include both Movable and 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
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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**	**-**

Note: 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 foreseeable 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

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the report

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Kurlon Enterprise Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the Cash Flow Statement and the Statement of Changes in Equity 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, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income/(loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

S.R. Batliboi & Associates LLP Bengaluru

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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.

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.

S. R. Batliboi & Associates LLP
Bengaluru

- 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.

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 the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 except that the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode.

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

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (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 is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

S.R. Batliboi & Associates LLP
Bengaluru

(f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 39 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. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 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, whether, 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;

b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 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, that the Company shall, whether, 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; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

S. R. Batliboi & Associates LLP
Bengaluru

v. As disclosed in note 15(g) to the standalone financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15(g) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S. R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAML4710

Place of Signature: Bangalore
Date: August 29,2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Standalone Financial Statements of Kurlon Enterprise Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(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 has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification to cover all the items in a phased manner over period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties of Free hold land included in property, plant and equipment are held in the name of the Company and in respect of immovable properties of land and buildings that have taken on lease and disclosed as Right-of-use assets in the standalone financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets (including Right-of – use assets) during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in Note 46 to the standalone financial statements.

(ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory have not been noted during the physical verification by the management. There are no inventories lying with third parties.

(b) As disclosed in Note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks in respect of gross value of collateral security (excluding the impact of period end cut off adjustments) are in agreement with the books of accounts of the Company.

S. R. Batliboi & Associates LLP
Bengaluru

(iii)(a) During the year, the Company has provided loans, advances in the nature of loans to companies and other parties as follows:

Particulars	Loans (Rs. in Lakhs)	Advances in the nature of Loans (Rs. in Lakhs)
Aggregate amount granted/provided during the year		
- Subsidiaries	883.12	-
- Others	-	63.83
Balance outstanding(principal) as at March 31, 2023		
- Subsidiaries *	215.89	-
- Others	10.00	54.24

* The aforesaid Balance outstanding as at balance sheet date in respect of subsidiaries is net of provision made for doubtful recovery of loans given to subsidiaries amounting to Rs 2,973.75 lakhs. Also, refer note 8 and 9 in the standalone financial statements.

The Company has not provided Guarantees or securities to companies, firms, Limited Liability Partnerships or any other parties.

(b) During the year, the terms and conditions of the grant of loans to subsidiaries and advances in nature of loans given to other parties (i.e., employees) are not prejudicial to the Company's interest. Other than above, the Company has not made investments, not provided Guarantees or not provided securities to companies, firms, Limited Liability Partnerships or any other parties. Also refer note 8 and 9 in the standalone financial statements as regards to interest rate, accrual of interest and terms of repayment.

(c) The Company has granted loans and advances in the nature of loans during the year to companies or any other parties where the schedule of repayment of principal and payment of interest has been stipulated. Loans provided to subsidiaries are repayable on demand along with interest and the Company has not demanded the same during the year. Also, refer note 8 and 9 in the standalone financial statements.

(d) There are no amounts of loans and advances in the nature of loans granted to companies or other parties which are overdue for more than ninety days. Also, refer note 8 and 9 in the standalone financial statements.

(e) There were no loans granted to subsidiary companies which had fallen due during the year. There were no loans or advance in the nature of loans granted to companies (other than subsidiaries) or other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties. Also, refer note 8 and 9 in the standalone financial statements.

S.R. Batliboi & Associates LLP
Bengaluru
*

(f) As disclosed in note 8 in the standalone financial statements, the Company has granted loans which are repayable on demand to subsidiary companies. Following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

	Related Parties (Amount Rs' lakhs)
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (Gross amount)	3,189.64
Percentage of loans/ advances in nature of loans to the total loans	99.70%

Except for the above, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies or any other parties. Also, refer note 8 and 9 in the standalone financial statements.

(iv) The provisions of section 185 and 186 of the Act in respect of loans and investments have been complied with by the Company. There are no guarantees and security in respect of which provisions of sections 186 of the Act are applicable. Also, refer note 8 and 9 in the standalone financial statements.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of mattresses and other products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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Bengaluru

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the Statue	Nature of Dues	Amount Disputed (Rs. in Lakhs) *	Period to which the amount relates to	Forum where Dispute is Pending
The Central Excise Act, 1944	Excise Duty	1,440.18	2011-14	Central Excise and Service Tax Appellate Tribunal
The Income Tax act, 1961	Income tax	1,072.45	2017-18	Commissioner Of Income Tax (Appeals)
Goods and Services Tax Act, 2018	Goods and Services Tax	546.15	2017-18	Office of Deputy Commissioners of State Tax Jurisdiction, Mumbai, Gujarat, Uttarakhand and Pune
		5.37	2018-19	
		-	2020-21	
		0.40	2022-23	
Value Added Tax, Sales Tax and Entry Tax	Value Added Tax, Sales Tax and Entry Tax	24.97	2014-15	The Joint Commissioner – Commercial Taxes
		3379.28	2014-15	
		252.42	2015-16	
		382.14	2016-17	
		101.30	2017-18	

* net of Rs 238.73 lakhs paid under protest.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in Note 46 to the standalone financial statements. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

S.R. Batliboi & Associates LLP
Bengaluru
*

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. The company does not have any associate or joint venture.

(x)(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii)(a) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

(c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

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(xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 45 to the standalone financial statements, 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)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 40 to the standalone financial statements.

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Bengaluru

(b) There are no ongoing projects and hence the requirement to report on clause (xx)(b) of the Order is not applicable to the Company. This matter has been disclosed in note 40 to the standalone financial statements.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

S. R. Batliboi & Associates LLP
Bengaluru

per Rajeev Kumar
Partner
Membership Number: 213803

UDIN: 23213803BGXAML4710

Place of Signature: Bangalore
Date: August 29,2023

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED

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

We have audited the internal financial controls with reference to standalone financial statements of Kurlon Enterprise Limited ("the Company") 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.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these 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 these 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 these 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 these standalone financial statements.

S. R. Batliboi & Associates LLP
Bengaluru

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls 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 controls 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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.

Opinion

In our opinion, the Company has, in all material respects, 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S. R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAML4710

Place of Signature: Bangalore
Date: August 29,2023

Kurlon Enterprise Limited
Standalone Balance Sheet as at March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	Notes	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,585.69	20,706.94
Capital work-in-progress	4	98.26	398.26
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	129.77	263.75
Right of use assets	6	2,362.69	2,051.16
Financial assets			
Investments	7	1,785.57	1,785.57
Loans	8	215.89	2,614.36
Other financial assets	9	2,590.03	665.71
Income tax assets (net)	10	1,496.05	1,445.98
Other non-current assets	11	1,510.85	2,149.04
		30,877.96	34,183.93
Current assets			
Inventories	12	7,890.94	11,540.36
Financial assets			
Investments	7	1,602.30	10,710.91
Trade receivables	13	5,868.23	5,446.95
Cash and cash equivalents	14	214.01	147.50
Other bank balances	14	149.31	4,247.50
Loans	8	10.00	56.74
Other financial assets	9	15,568.74	158.79
Other current assets	11	10,180.13	6,056.71
		41,483.66	38,365.46
Total		72,361.62	72,549.39
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	45,982.34	47,514.47
		47,809.96	49,342.09
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	921.21	547.88
Other financial liabilities	18	5,781.90	5,361.77
Provisions	19	377.03	500.79
Deferred tax liabilities (net)	20	638.84	1,698.54
		7,718.98	8,108.98
Current liabilities			
Financial liabilities			
Borrowings	21	1,660.91	687.56
Lease liabilities	17	413.24	454.78
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,714.21	11,314.77
Other financial liabilities	18	917.38	1,085.21
Provisions	19	632.68	531.21
Other current liabilities	23	668.18	669.34
Liabilities for current tax (net)	24	512.99	-
		16,832.68	15,098.32
Total		72,361.62	72,549.39
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No. 213803

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Monu Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

Kurlon Enterprise Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	Notes	March 31, 2023	March 31, 2022
Income			
Revenue from operations	25	84,287.22	77,225.58
Other income	26	665.67	966.79
Total income		84,952.89	78,192.37
Expenses			
Cost of raw material consumed	27	37,930.92	36,337.47
Purchase of traded goods	28	9,079.51	8,749.41
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,311.94	341.82
Employee benefit expense	30	5,260.55	5,144.30
Finance costs	31	376.40	286.96
Depreciation and amortisation expense	32	2,532.52	2,511.98
Other expenses	33	27,680.34	24,383.71
Total expenses		84,172.18	77,755.65
Profit before exceptional items and tax		780.71	436.72
Exceptional items	33(A)	2,555.67	418.08
Profit/(Loss) before tax		(1,774.96)	18.64
Tax expense	44		
Current tax		647.68	475.96
Tax relating to earlier years		(45.49)	(130.20)
Deferred tax (credit)/charge		(1,059.70)	(685.08)
Total tax expense		(457.51)	(339.32)
Profit/(Loss) for the year		(1,317.45)	357.96
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss in subsequent period			
Re-measurement gain/(loss) on defined benefit plan		(42.05)	(149.68)
Income tax effect		10.58	37.68
Total other comprehensive income/(loss) for the year		(31.47)	(112.00)
Total comprehensive income/(loss) for the year		(1,348.92)	245.96
Earnings per equity share (EPS):			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	(3.60)	0.98
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298
Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853
Place: Bengaluru
Date: August 29, 2023

Monu Kumar
Company Secretary
Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer
Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer
Place: Bengaluru
Date: August 29, 2023

Kurlon Enterprise Limited Bangalore-42

Kurlon Enterprise Limited
Standalone Cash Flow Statement for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	March 31, 2023	March 31, 2022
A. Cash flow from operating activities		
Profit before exceptional items and tax	780.71	436.72
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,532.52	2,511.98
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Gain on modification of lease	(11.18)	(0.92)
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Fair value gain on mutual fund at fair value through profit or loss	511.28	(125.48)
Gain on sale of investments in mutual funds	(491.04)	(355.41)
Liabilities no longer required written back	(16.82)	(40.48)
Interest expenses	190.00	169.30
Interest income	(105.10)	(263.60)
Operating cash flow before working capital changes	4,242.12	3,563.62
Movements in working capital :		
Increase/(decrease) in trade payables	373.80	3,114.04
Increase/(decrease) in other financial liabilities	252.30	198.72
Increase/(decrease) in other liabilities	(147.25)	(45.28)
Increase/(decrease) in provisions	(416.83)	(262.54)
Decrease/(increase) in inventories	3,649.42	(435.28)
Decrease/(increase) in trade receivables	(495.37)	(568.29)
Decrease/(increase) in loans	(110.46)	(712.50)
Decrease/(increase) in other financial assets	(17,334.27)	142.12
Decrease/(increase) in other assets	(2,847.04)	360.89
Cash (used in) generated from operations	(12,833.58)	5,355.50
Direct taxes paid (net of refunds)	(139.27)	(1,110.38)
Net cash flow (used in) from operating activities (A)	(12,972.85)	4,245.12
B. Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(1,513.03)	(2,195.69)
Investment in bank deposits		(3,790.00)
Redemption in bank deposits	4,090.65	3,563.05
Purchase of investments	(7,803.66)	(8,999.58)
Sale of investments	16,892.03	9,901.28
Proceeds from sale of property, plant and equipment	1,188.02	17.91
Movement in earmarked balances, net	7.54	(1.60)
Interest received	105.10	236.53
Net cash flow from (used in) investing activities (B)	12,966.65	(1,268.10)
C. Cash flows from financing activities		
Net (repayment of)/proceeds from short-term borrowings	973.35	(499.68)
Payment of principal portion of lease liabilities	(527.43)	(395.35)
Interest paid	(190.00)	(146.71)
Dividend paid	(183.21)	(1,827.61)
Net cash flow (used in) financing activities (C)	72.71	(2,869.35)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	66.51	107.67
Cash and cash equivalents at the beginning of the year	147.50	39.83
Cash and cash equivalents at the end of the year	214.01	147.50

S.R. Batliboi & Associates LLP Bengaluru

Kurlon Enterprise Limited Bangalore-42

Kurlon Enterprise Limited
Standalone Cash Flow Statement for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	March 31, 2023	March 31, 2022
Components of cash and cash equivalents as at end of the year		
Cash in hand	4.53	3.13
Balances with banks:		
In current accounts	209.48	144.37
Total cash and cash equivalents (Refer Note 14)	214.01	147.50
Non-cash investing and financing activities		
Acquisitions to right-of-use assets (Refer Note 6)	2,596.17	1,005.00

Refer Note 21 for change in liabilities arising from financing activities

Summary of significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership No. 213803

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298
Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853
Place: Bengaluru
Date: August 29, 2023

Manu Kumar
Company Secretary
Place: Bengaluru
Date: August 29, 2023

Jyothi Pradhan

Jyothi Ashish Pradhan
Chief Executive Officer
Place: Bengaluru
Date: August 29, 2023

Abhilash P

Abhilash Padmanabh Kamti
Chief Financial Officer
Place: Bengaluru
Date: August 29, 2023

KURLON ENTERPRISE LIMITED Bangalore-42

Kurlon Enterprise Limited
Statement of Changes in Equity for year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

(a) Equity share capital
Equity share of Rs. 5 each (March 31, 2022 Rs. 5)
issued, subscribed and fully paid

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	36,552,261	1,827.62	36,552,261	1,827.62
Changes during the year	-	-	-	-
At the end of the year	36,552,261	1,827.62	36,552,261	1,827.62

(b) Other equity

	Securities premium	General reserve	Retained earnings	Total
Balance as at April 01, 2021	14,860.49	1,286.11	32,949.52	49,096.12
Profit for the year	-	-	357.96	357.96
Other comprehensive income/(loss)	-	-	(112.00)	(112.00)
Dividend paid	-	-	(1,827.61)	(1,827.61)
Balance as at March 31, 2022	14,860.49	1,286.11	31,367.87	47,514.47
Profit for the year	-	-	(1,317.45)	(1,317.45)
Other comprehensive income/(loss)	-	-	(31.47)	(31.47)
Dividend paid	-	-	(183.21)	(183.21)
Balance as at March 31, 2023	14,860.49	1,286.11	29,835.74	45,982.34

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings - Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership No.: 213803

S.R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tomse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

K N Srinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Mohan Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

Kurlon Enterprise Limited
Bangalore-42

1. Corporate information

Kurlon Enterprise Limited (the 'Company') was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

The Company's standalone financial statements for the year ended March 31, 2023, were approved by Board of Directors on August 29, 2023.

1.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The standalone financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These standalone financial statements are presented in Indian Rupee, which is also functional currency of the Company. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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-Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated 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 twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:
- Note 3.1 and Note 3.2 - Useful life of property, plant and equipment and intangible assets;
- Note 3.8 - Measurement of defined benefit obligations: key actuarial assumptions.
- Note 3.9 - Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 3.14 - Valuation of financial instrument; and
- Note 3.15 - Lease classification and determination of lease term;

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All amounts in Rs. Lakhs, unless otherwise stated

Assumption and estimation uncertainties:
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:
- Note 2(a) - Fair value measurement
- Note 3.3 - Impairment of financial assets
- Note 3.3 - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 3.9 - Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- Note 3.11 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

2. Summary of significant accounting policies

3.1. Property, plant and equipment

Recognition and measurement
Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Buildings	30	30
Plant and equipment	15	10 and 15
Furniture and fixtures	10	10
Office equipment	5	5
Vehicles	8	8
Computers	3 and 6	3 and 6

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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3.2. Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill being the excess of the aggregate consideration transferred over the net identifiable assets acquired and liabilities assured, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset description	Useful life in years
Computer software	6

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

3.3. Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

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Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.4. Borrowing costs

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.

3.5. Foreign currency transactions

i) Functional and presentation currency:

Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

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3.6. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/services.

To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others
- The Company accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.

- The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance- type warranties are accounted under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Trade receivable
A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income
Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income
Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

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3.7. Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.8. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations
The company operates the following post-employment schemes:
(a) defined benefit plans - gratuity, and
(b) defined contribution plans such as provident fund.

Gratuity obligations
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan
Retirement benefit in the form of provident fund scheme, ESI, Superannuation, are the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

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3.9. Income taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax

Current income 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 Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

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 liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets 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, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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-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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

The Company 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.

3.10. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period (including treasury share).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

3.11. Provision and contingent liabilities

Provisions
Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related cost are recognized when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty- related costs is revised annually.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence 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 that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the standalone financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.12. Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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For the purpose of the Standalone Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.13. Cash flow statement

Cash flows are reported using the indirect method, whereby net (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14. Financial instruments

Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI
If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15. Leases

The Company has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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.

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 right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.3 for policy on impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

3.16. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
-Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
-Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the standalone financial statements relate to the company's single business segment.

3.18. Use of judgements, estimates and assumptions

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

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(i) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 41.

(ii) Impairment of financial and non-financial assets:

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash 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. In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

3.19. Insurance claims

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

3.20. Business Combination

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 Company 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.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

i) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

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ii) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

iii) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

3.21. Changes in accounting policies and disclosures - New and amended standards

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(b) Reference to the Conceptual Framework - Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use - Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that 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.

(d) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that 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.

The aforesaid standards and amendments did not have any material impact on the standalone financial statements of the Company.

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3.22. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Company's standalone financial statements.

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All amounts in Rs. Lakhs, unless otherwise stated

4. Property, plant and equipment and Capital working in progress

	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2021	991.42	8,453.90	19,926.40	2,833.78	613.70	535.22	350.32	**33,704.74**	701.18
Additions	-	1,071.33	668.41	403.53	169.42	121.03	65.31	**2,499.03**	339.36
Disposals	-	(63.25)	(36.35)	(225.50)	-	-	(24.25)	**(349.35)**	(642.28)
Adjustments *	-	-	126.92	19.70	16.03	22.99	49.52	**235.16**	-
At March 31, 2022	**991.42**	**9,461.98**	**20,685.38**	**3,031.51**	**799.15**	**679.24**	**440.90**	**36,089.58**	**398.26**
Additions	-	389.16	508.07	265.66	66.43	43.04	48.57	**1,320.93**	342.28
Disposals **	-	(981.95)	(1,036.20)	(310.18)	(9.53)	(4.56)	(46.14)	**(2,388.56)**	(642.28)
At March 31, 2023	**991.42**	**8,869.19**	**20,157.25**	**2,986.99**	**856.05**	**717.72**	**443.33**	**35,021.95**	**98.26**
Depreciation									
At April 01, 2021	-	1,012.74	9,922.31	1,392.91	435.64	450.87	80.56	**13,295.03**	-
Charge for the year	-	280.04	1,363.36	218.13	71.64	53.88	44.67	**2,031.72**	-
Disposals	-	(17.15)	(20.36)	(136.25)	-	-	(5.51)	**(179.27)**	-
Adjustments *	-	-	51.20	90.06	21.43	22.96	49.51	**235.16**	
At March 31, 2022	-	**1,275.63**	**11,316.51**	**1,564.85**	**528.71**	**527.71**	**169.23**	**15,382.64**	-
Charge for the year	-	282.87	1,283.65	211.03	74.55	63.80	46.54	**1,962.44**	-
Disposals **	-	(230.60)	(479.70)	(169.20)	(8.30)	(4.30)	(16.72)	**(908.82)**	-
At March 31, 2023	-	**1,327.90**	**12,120.46**	**1,606.68**	**594.96**	**587.21**	**199.05**	**16,436.26**	-
Net block									
At March 31, 2022	**991.42**	**8,186.35**	**9,368.87**	**1,466.66**	**270.44**	**151.53**	**271.67**	**20,706.94**	**398.26**
At March 31, 2023	**991.42**	**7,541.29**	**8,036.79**	**1,380.31**	**261.09**	**130.51**	**244.28**	**18,585.69**	**98.26**

* Represents reclass adjustments between gross block and accumulated depreciation.

** Includes, deletion of assets on account of fire accident occurred at one of the Company's factory located at Jhagadia which were damaged/burnt in such fire accident, as below:

Asset block	Gross block	Accumulated depreciation	Net block
Buildings	981.95	230.60	751.35
Plant & Equipment	1,018.10	470.87	547.23
Furniture & Fixtures	73.23	64.05	9.18
Office Equipment	4.68	4.22	0.46
Computers	4.43	4.21	0.22
Total	**2,082.39**	**773.95**	**1,308.44**

Capital work-in-progress (CWIP) ageing schedule

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2023					
Projects in progress	20.86	29.25	37.31	10.84	98.26
Projects temporarily suspended	-	-	-	-	-
Total	**20.86**	**29.25**	**37.31**	**10.84**	**98.26**
As at March 31, 2022					
Projects in progress	339.36	37.31	2.08	19.51	398.26
Projects temporarily suspended	-	-	-	-	-
Total	**339.36**	**37.31**	**2.08**	**19.51**	**398.26**

The Company does not have any projects under capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

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5. Intangible assets

	Goodwill*	Computer Software	Total
Cost			
At April 01, 2021	2,103.16	1,074.70	**3,177.86**
Additions	-	2.90	**2.90**
Disposals	-	-	-
At March 31, 2022	**2,103.16**	**1,077.60**	**3,180.76**
Additions	-	-	-
Disposals	-	-	-
At March 31, 2023	**2,103.16**	**1,077.60**	**3,180.76**
Amortisation			
At April 01, 2021	-	676.89	**676.89**
Charge for the year	-	136.96	**136.96**
Disposals	-	-	-
At March 31, 2022	-	**813.85**	**813.85**
Charge for the year	-	133.98	**133.98**
Disposals	-	-	-
At March 31, 2023	-	**947.83**	**947.83**
Net block			
At March 31, 2022	**2,103.16**	**263.75**	**2,366.91**
At March 31, 2023	**2,103.16**	**129.77**	**2,232.93**

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Company including SABCIL has been considered as a single cash generating unit. The Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

6. Right to use assets

	Leasehold Land	Buildings	Total
Cost			
At April 01, 2021	1,145.27	1,155.50	**2,300.77**
Additions	-	1,005.00	**1,005.00**
Disposals	-	(625.22)	**(625.22)**
Adjustments *	-	(84.38)	**(84.38)**
At March 31, 2022	**1,145.27**	**1,450.90**	**2,596.17**
Additions	-	1,022.99	**1,022.99**
Disposals	-	(391.56)	**(391.56)**
At March 31, 2023	**1,145.27**	**2,082.33**	**3,227.60**
Depreciation			
At April 01, 2021	38.90	732.64	**771.54**
Charge for the year	19.45	454.66	**474.11**
Disposals	-	(616.24)	**(616.24)**
Adjustments *	-	(84.38)	**(84.38)**
At March 31, 2022	**58.35**	**486.68**	**545.03**
Charge for the year	19.45	539.42	**558.87**
Disposals	-	(238.99)	**(238.99)**
At March 31, 2023	**77.80**	**787.11**	**864.91**
Net block			
At March 31, 2022	**1,086.92**	**964.22**	**2,051.14**
At March 31, 2023	**1,067.47**	**1,295.22**	**2,362.69**

* Represents reclass adjustments between gross block and accumulated depreciation.

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All amounts in Rs. Lakhs, unless otherwise stated

7. **Investment**

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Measured at cost				
Non-current investments, unquoted				
Investments in equity instruments of subsidiary (all fully paid)				
Kurlon Retail Limited (Formerly known as Kurlon Retail Private Limited) (Shares of Rs. 5/- each fully paid up) (refer Note 7(i) below)	15,265,466	1,760.00	15,265,466	1,760.00
Sirar Solar Energies Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sevalal Solar Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sirar Dhotre Solar Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Belvedore International Limited (Shares of Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Komfort Universe Products and Services Limited (Shares of Rs. 10/- each fully	50,000	5.00	50,000	5.00
Starship Value Chain and Manufacturing Private Limited (Formerly known as Starship Manufacturing & Services Private Limited) (Shares of Rs. 10/- each	5,000	0.50	5,000	0.50
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000	1.00	10,000	1.00
Total	**15,394,536**	**1,785.57**	**15,394,536**	**1,785.57**
Measured at fair value through profit and loss				
Current investments, quoted				
Investments in mutual funds				
Nippon Money Market Fund - D G	2,847	101.00	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	2,033,681	1,103.94
Axis Short Term Plan-D-G	-	-	3,596,142	959.55
DSP Banking and PSU Debt Fund-Direct Growth	-	-	4,232,783	845.36
IDFC Corporate Bond Fund Regular Plan-Growth	-	-	4,534,078	713.42
ICICI Prudential Banking & PSU Debt Fund	-	-	2,200,468	592.37
Kotak Bond Short Term Fund - Direct Growth	-	-	1,256,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund-R G	-	-	4,846,475	505.80
LIC MF PSU Banking Fund Direct Growth	-	-	1,642,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	3,927,087	419.78
Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	-	-	29,009	306.34
ICICI Prudential Ultra short term Fund -D G	-	-	1,271,606	304.05
JM Low Duration Fund - R G	-	-	996,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-	-	1,109,397	209.37
PGIM India Low Duration Fund D G	-	-	796,144	203.30
Mahindra Manulife Short Term Fund D G	-	-	1,922,171	203.04
Trust MF Short Term Fund D G	-	-	19,695	202.27
Tata Corporate Bond Fund D G	-	-	1,999,900	202.26
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G	-	-	1,883,463	201.97
Axis CPSE Plus SDL 2025 Debt Index Fund D G	-	-	1,999,900	201.65
Canara Robeco Short Term Duration Fund -D G	-	-	898,208	201.47
Trust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	415,282	102.10
Nippon Short Term Fund - D G	-	-	223,873	101.92
ABSL Floating Rate Fund -Dg	-	-	35,907	101.81
Tata Banking & PSU Debt Fund D G	-	-	856,480	101.73
Invesco India Corporate Bond Fund - D G	-	-	3,716	101.63
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	-	-	993,561	101.41
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	-	-	993,996	101.38
Invesco India Medium Duration Fund- D G	-	-	9,826	101.33
L & T Low Duration Fund Direct Growth	-	-	421,328	100.53
Nippon India Corporate Bond Fund - D G	-	-	202,851	100.51
DSP Short Term Fund-D G	-	-	247,808	100.47
ABSL Crisil Aaa Jun 2023 Index Fund D G	-	-	1,000,261	100.43
Axis Money Market Fund - D G	8,277	100.79	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,849	100.10	-	-
DSP Savings Fund - D G	435,394	200.23	-	-
Kotak Liquid Fund D G	4,400	200.12	-	-
Axis Liquid Fund D G	8,002	200.11	-	-
Edelweiss Money Market Fund D G	753,258	199.99	-	-
LIC MF Saving Fund -D G	552,000	199.99	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,425	100.00	-	-
Bandhan Ultra short term fund D G	1,528,742	199.98	-	-
Total	**4,094,193**	**1,602.30**	**46,638,045**	**10,710.91**
Aggregate value of unquoted investments		**1,785.57**		**1,785.57**
Aggregate book value of quoted investments		**1,602.30**		**10,710.91**
Aggregate market value of quoted investments		**1,602.30**		**10,710.91**

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7. Investment (contd.)

(i) As at March 31, 2023, the carrying value of investment in 15,265,466 equity shares of Rs. 5 each of Kurlon Retail Limited amounting to Rs. 1,760.00 lakhs is tested for decline otherthan temporary in view of negative networth. The management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and future profitability, the carrying value is considered appropriate. However, the loan recievable of Rs 23,98.69 has been provided for (refer note 8(a)).

8. Loans

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost (considered good)				
Loans				
- Subsidiaries (Refer Note 36)	215.89	2,614.36	-	-
- Others	-	-	10.00	56.74
	215.89	**2,614.36**	**10.00**	**56.74**
Loans				
- Subsidiaries (Refer Note 36)	2,973.75	418.08	-	-
Less : Loss allowance	(2,973.75)	(418.08)	-	-
	-	-	-	-
	215.89	**2,614.36**	**10.00**	**56.74**

(a) The details of unsecured loans to subsidiaries given for the purpose of working capital requirements are as follows :

Name of the subsidiary	Rate of interest	Due date of repayment (Note (b))	March 31, 2023		March 31, 2022	
			Gross	Allowance (Note (c))	Gross	Allowance (Note (c))
Kurlon Retail Limited	8.50%	On demand	2,398.69	(2,398.69)	2,601.34	-
Kanvas Concepts Private Limited	8.50%	On demand	162.91	(162.91)	162.76	(162.76)
Komfort Universe Products and Services Private Limited	8.50%	On demand	412.15	(412.15)	81.40	(81.40)
Sirar Solar Energies Private Limited (refer note (e))	8.50%	On demand	98.71	-	74.59	(74.59)
Sirar Dhotre Solar Private Limited(refer note (e))	8.50%	On demand	81.78	-	68.81	(68.81)
Sevalal Solar Private Limited(refer note (e))	8.50%	On demand	22.08	-	30.53	(30.53)
Belvedore International Limited	8.50%	On demand	13.31	-	13.01	-
Total			**3,189.64**	**(2,973.75)**	**3,032.44**	**(418.08)**

(b) The Company has granted various loans to its subsidiary companies to meet their working capital requirements which has been approved by the Board of Directors. The aforesaid loans are repayable on demand along with interest and management believes that these terms are not prejudicial to the Company's interests. The Company has not demanded the aforesaid loans along with interest during the year.

(c) Considering the financial position of these subsidiaries, the Company has provided loss allowance on the aforesaid outstanding loan amount and same has been disclosed as exceptional item (Refer note 33A).

(d) Except as disclosed above, there are no loans to Directors or other officers of the Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

(e) As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable and hence Rs 173.93 lakhs provided earlier has been reversed.

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9. Other financial assets

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Considered good unless otherwise stated				
Unsecured, at amortised cost				
Interest accrued on fixed deposits	-	-	6.38	84.44
Security deposits #	567.74	665.71	15,548.70	74.35
Insurance Receivable *	2,022.29	-	-	-
Interest accrued on loans given to subsidiaries	-	-	13.66	-
	2,590.03	**665.71**	**15,568.74**	**158.79**
Unsecured, credit impaired				
Interest accrued on loan given to subsidiaries	-	-	42.12	16.82
Less : Loss allowance (Refer Note 36 and below)	-	-	(42.12)	(16.82)
	-	-	-	-
	2,590.03	**665.71**	**15,568.74**	**158.79**

Pertains to interest on loan given to subsidiaries which are payable on demand along with respective principal amounts. Considering the financial position of these subsidiaries, the Company has provided loss allowance on the interest accrued on loan given to subsidiaries on outstanding interest amount as of March 31, 2023. Refer Note 8(a) for details.

* During the year, there is fire accident occurred at one of the Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & eqipment were damaged/burnt againt which the Company has filed claim with the insurer for Rs 4,177.98 lakhs of which, the Company has recieved interim claim of Rs 465 lakhs. Insurance receivable of Rs 2,022.29 lakhs as of 31 March 2023 represents book of value of damaged/burn assets including inventories. The Company is confident of realising the aforesaid claim in near future.

Includes lease deposit amount of Rs 15,300 lakhs paid by the Company to Kanara Consumer Products Limited during the year 2022-23, towards various premises taken on lease from Kanara Consumer Products Limited basis renegotiation of terms and conditions of on-going lease arrangements. As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

10. Income tax assets (net)

	March 31, 2023	March 31, 2022
Advance income tax including tax deducted at source	6,197.81	10,449.88
Provision for current tax	(4,701.76)	(9,003.90)
	1,496.05	**1,445.98**

11. Other assets

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-
Advances recoverable in cash or kind				
- Related parties (Refer Note 36)	-	-	7,713.74	4,715.56
- Others	-	-	1,583.37	698.39
Advance to employees	-	-	70.20	50.23
Prepaid expenses	-	-	504.77	285.69
Leave encashment fund	-	-	-	7.23
Balances with statutory/government authorities	-	-	308.05	299.61
	1,510.85	**2,149.04**	**10,180.13**	**6,056.71**
Unsecured, credit impaired				
Advances recoverable in cash or kind				
- Others	-	-	24.92	24.92
Less : Provision for doubtful advances	-	-	(24.92)	(24.92)
	-	-	-	-
Total	**1,510.85**	**2,149.04**	**10,180.13**	**6,056.71**

(i) Capital advances includes the following :

(a) During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as "Kulron Limited" or "Holding Company") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kanara Consumer Products Limited. During the financial year 2014-2015, the advance was transferred by Holding Company to the Company and has been carried in the books till date.

As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

(b) Out of Capital advances as of March 31, 2022, Rs 622.07 lakhs has been adjusted against security deposit towards modified lease agreement entered with the Holding Company.

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12. Inventories (valued at lower of cost and net realizable value)

	March 31, 2023	March 31, 2022
Raw materials (includes goods in transit Rs. Nil (March 31, 2022 - Rs. 657.89))	2,962.94	5,242.40
Work in progress	987.57	1,836.54
Finished goods (includes in transit Rs. Nil (March 31, 2022 - Rs. Nil))	3,068.02	3,536.69
Spares and consumables	488.28	546.30
Traded goods	384.13	378.43
	7,890.94	**11,540.36**

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 619.84 lakhs (March 31, 2022 : Rs. 706.79 lakhs).

13. Trade receivables

	March 31, 2023	March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	5,868.23	5,446.95
Unsecured, credit impaired	1,666.42	1,592.89
	7,534.65	**7,039.84**
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	5,868.23	**5,446.95**

Notes:

(i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

(ii) For balances with related parties, refer Note 36.

(iii) Trade Receivables ageing schedule:.

	Outstanding for following periods from the due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023							
Undisputed trade receivables - considered good	3,931.86	1,336.37	372.51	12.67	214.82	-	5,868.23
Undisputed trade receivables - credit impaired	-	-	181.29	208.73	514.78	475.90	1,380.70
Disputed trade receivables - credit impaired	-	0.87	7.04	17.70	16.60	243.51	285.72
	3,931.86	**1,337.24**	**560.84**	**239.10**	**746.20**	**719.41**	**7,534.65**
March 31, 2022							
Undisputed trade receivables - considered good	571.63	4,673.51	185.51	13.65	1.83	0.82	5,446.95
Undisputed trade receivables - credit impaired	-	-	-	872.50	227.37	151.86	1,251.73
Disputed trade receivables - credit impaired	-	-	-	76.28	104.38	160.50	341.16
	571.63	**4,673.51**	**185.51**	**962.43**	**333.58**	**313.18**	**7,039.84**

14. Cash and bank balances

	Non-Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash and cash equivalents				
Cash in hand	-	-	4.53	3.13
Balances with banks :				
In current accounts	-	-	209.48	144.37
	-	-	**214.01**	**147.50**
Other bank balances				
Deposits with remaining maturity for less than 12 months	-	-	0.05	4,090.00
Earmarked balances with banks *	-	-	134.25	141.79
Unclaimed dividend account	-	-	15.01	15.71
	-	-	**149.31**	**4,247.50**
	-	-	**363.32**	**4,395.00**

* Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

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All amounts in Rs. Lakhs, unless otherwise stated

15. Equity share capital

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	150,600,000	7,530.00	150,600,000	7,530.00
	150,600,000	**7,530.00**	**150,600,000**	**7,530.00**
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	36,552,261	1,827.62	36,552,261	1,827.62
	36,552,261	**1,827.62**	**36,552,261**	**1,827.62**

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	36,552,261	1,827.62	36,552,261	1,827.62
Issued during the year	-	-	-	-
Outstanding at the end of the year	**36,552,261**	**1,827.62**	**36,552,261**	**1,827.62**

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c. Shares held by Holding Company

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)				
Equity shares of Rs. 5/- each	32,338,830	88.47%	30,924,115	84.60%
	32,338,830	**88.47%**	**30,924,115**	**84.60%**

d. Details of shareholders holding more than 5% shares in the Company

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)*	32,338,830	88.47%	30,924,115	84.60%
Kurlon Trading and Invest management Private Limited	2,263,545	6.19%	-	-
Indian Business Excellence Fund II A	-	-	2,354,086	6.44%

* Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

e. Details of shares issued for consideration other than cash during the preceding five years

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares of Rs. 5/- each with voting rights					
Fully paid up bonus shares	-	-	-	-	8,595,013
	-	-	-	-	**8,595,013**

f. Details of shares held by promoters

As at March 31, 2023

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	30,924,115	1,414,715	32,338,830	88.47%	4.57%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	2,300	2,647	0.01%	663%
	30,924,809	**1,417,015**	**32,341,824**	**88.48%**	**4.58%**

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15. Equity share capital (contd.)

As at March 31, 2022

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	30,949,615	(25,500)	30,924,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	30,950,309	**(25,500)**	**30,924,809**	**84.60%**	**-0.08%**

g. Dividend made and proposed

	March 31, 2023		March 31, 2022	
	Dividend/Share	Rs.	Dividend/Share	Rs.
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2022 paid in financial year 2022-23: Rs 182.76 lakhs (for the year ended March 31, 2021 paid in financial year 2021-22: Rs 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2023 : Rs 731.04 Lakhs(for the year ended March 31, 2022: Rs 182.76 lakhs)	2.00	731.04	0.50	182.76

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

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All amounts in Rs. Lakhs, unless otherwise stated

16. Other equity

	March 31, 2023	March 31, 2022
Securities premium account		
Balance at the beginning of the year	14,860.49	14,860.49
Add : Premium on issue of shares	-	
Balance as at end of the year	**14,860.49**	**14,860.49**
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	**1,286.11**	**1,286.11**
Retained earnings		
Balance at the beginning of the year	31,367.87	32,949.52
Add : Profit/(Loss) for the year	(1,317.45)	357.96
Add : Other comprehensive income/(loss) for the year	(31.47)	(112.00)
Less : Dividend paid	(183.21)	(1,827.61)
Balance as at end of the year	**29,835.74**	**31,367.87**
Total	**45,982.34**	**47,514.47**

17. Lease liabilities

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	921.21	547.88	413.24	454.78
	921.21	**547.88**	**413.24**	**454.78**

The movement of lease liabilities during the year is as below:

	March 31, 2023	March 31, 2022
At the beginning of the year	1,002.66	446.12
Additions	979.49	961.79
Interest expense	102.91	82.30
Payments	(586.86)	(477.65)
Termination of leases	(163.75)	(9.90)
At the end of the year	**1,334.45**	**1,002.66**

The maturity analysis of lease liabilities are disclosed in Note 43.

18. Other financial liabilities

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Security deposits	5,781.90	5,361.77	-	-
Employee related liabilities	-	-	897.40	918.57
Payable for capital goods	-	-	4.84	150.93
Unpaid dividend account	-	-	15.14	15.71
	5,781.90	**5,361.77**	**917.38**	**1,085.21**

19. Provisions

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for warranty*	332.57	374.32	486.27	444.52
Provision for employee benefits				
Gratuity (Refer Note 41)	44.46	126.47	74.45	86.69
Leave Encashment	-	-	71.96	-
	377.03	**500.79**	**632.68**	**531.21**

*** Provision for warranty :**

The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

	March 31, 2023	March 31, 2022
Balance as at beginning of the year	818.84	798.84
Provisions created during the year	361.79	328.64
Amounts utilised during the year	(361.79)	(308.64)
Balance as at end of the year	**818.84**	**818.84**
Current	**486.27**	**444.52**
Non-current	**332.57**	**374.32**

20. Deferred tax liabilities (net)

	Non - current	
	March 31, 2023	March 31, 2022
Deferred tax liabilities	2,414.33	2,609.66
Deferred tax assets	(1,775.49)	(911.12)
	638.84	**1,698.54**

Refer Note 44 for further details.

21. Borrowings

	March 31, 2023	March 31, 2022
Secured borrowings		
Loans from banks	1,010.91	11.26
Unsecured borrowings		
Loans from related parties (Refer Note 36)	650.00	676.30
	1,660.91	**687.56**

(a) Loan from banks of Rs. 1010.91 lakhs (March 31, 2022 : Rs. 11.26 lakhs)

(i) The Company has obtained various facilities from Axis Bank and Kotak Bank. The loan is secured by first pari passu charge on entire current assets of the Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a. and 6 months MCLR + 0.1% p.a. on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,001.71 (March 31, 2022 : Rs. Nil).

(ii) The Company has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 9.20 lakhs (March 31, 2022 : Rs. 11.26 lakhs).

(b) Loan from related parties of Rs. 650 lakhs (March 31, 2022 : Rs. 676.30 lakhs)
The Company has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 10% p.a.

The table below depicts changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes :

Reconciliation of liabilities arising from financing activities

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	11.26	999.65	-	1,010.91
Loans from related parties	676.30	(26.30)	-	650.00
Lease liabilities	1,002.66	(483.95)	815.74	1,334.45
	1,690.22	**489.40**	**815.74**	**2,995.36**
March 31, 2022				
Loans from banks	510.94	(499.68)	-	11.26
Loans from related parties	676.30	-	-	676.30
Lease liabilities	446.12	(395.35)	951.89	1,002.66
	1,633.36	**(895.03)**	**951.89**	**1,690.22**

22. Trade payables

	March 31, 2023	March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,714.21	11,314.77
	12,027.30	**11,670.22**

Ageing of trade payables

	Outstanding for following periods from the date of transaction					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
Undisputed trade payables - Non MSME	10,443.35	1,233.47	25.27	7.70	4.42	11,714.21
Total	**10,707.41**	**1,250.95**	**47.86**	**16.66**	**4.42**	**12,027.30**
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
Undisputed trade payables - Non MSME	4,861.25	6,356.19	65.68	10.29	21.36	11,314.77
Total	**4,892.79**	**6,680.10**	**65.68**	**10.29**	**21.36**	**11,670.22**

23. Other current liabilities

	March 31, 2023	March 31, 2022
Contract liabilities - Advance from customers	393.60	436.82
Statutory dues payables	274.58	232.52
	668.18	**669.34**

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

24. Liabilities for current tax (net)

	March 31, 2023	March 31, 2022
Current tax liabilities	512.99	-
	512.99	-

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All amounts in Rs. Lakhs, unless otherwise stated

25. Revenue from operations

	March 31, 2023	March 31, 2022
Revenue from contracts with customers		
Sale of products		
Finished goods	93,612.02	73,182.76
Traded goods	828.80	12,677.06
Less : Schemes & rebates	(10,402.42)	(8,858.68)
Other operating revenue		
Scrap sales	248.82	224.44
Revenue from operations	**84,287.22**	**77,225.58**

(a) Timing of revenue from operations

	March 31, 2023	March 31, 2022
Goods transferred at a point in time	84,287.22	77,225.58
	84,287.22	**77,225.58**

(b) Reconciliation of amount of revenue recognised with contract price

	March 31, 2023	March 31, 2022
Revenue as per contract price	94,689.64	86,084.26
Less : Discounts	(10,402.42)	(8,858.68)
	84,287.22	**77,225.58**

(c) Movement in contract liabilities during the year *

	March 31, 2023	March 31, 2022
Opening balance	436.82	574.52
Less : Revenue recognised during the year	(436.82)	(574.52)
Add : Amount of consideration received during the year	393.60	436.82
Closing balance	**393.60**	**436.82**

* Contract liabilities consists of advances received from customers towards supply of products.

26. Other income

	March 31, 2023	March 31, 2022
Gain on sale of investments in mutual funds	491.04	355.41
Fair value gain on mutual fund at fair value through profit or loss	-	125.48
Interest income		
- On fixed deposits	65.24	235.17
- On security deposits	24.84	20.74
- On Others	15.02	7.69
Liabilities no longer required written back	16.82	40.48
Gain on early termination of lease	11.18	0.92
Miscellaneous income	41.53	180.90
	665.67	**966.79**

27. Cost of raw materials consumed

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,092.04
Less: Inventories at the end of the year	(2,962.94)	(5,242.40)
Cost of raw materials consumed	**37,930.92**	**36,337.47**

28. Purchase of traded goods

	March 31, 2023	March 31, 2022
Purchase of traded goods	9,079.51	8,749.41
	9,079.51	**8,749.41**

29. Changes in inventories of finished goods, work-in-progress and traded goods

	March 31, 2023	March 31, 2022
Inventories at the end of the year		
Finished goods	3,068.02	3,536.69
Work in progress	987.57	1,836.54
Traded goods	384.13	378.43
	4,439.72	**5,751.66**
Inventories at the beginning of the year		
Finished goods	3,536.69	3722.45
Work in progress	1,836.54	1786.97
Traded goods	378.43	584.06
	5,751.66	**6,093.48**
	1,311.94	**341.82**

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30. Employee benefit expenses

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	4,772.52	4,660.38
Gratuity expenses (Refer Note 41)	65.37	58.10
Contribution to provident and other funds (Refer Note 41)	221.77	244.97
Staff welfare expenses	200.89	180.85
	5,260.55	**5,144.30**

31. Finance costs

	March 31, 2023	March 31, 2022
Interest expenses		
- On borrowings	87.09	87.00
- On lease liabilities	102.91	82.30
Customer financing costs	157.23	89.79
Other	29.17	27.87
	376.40	**286.96**

32. Depreciation and amortisation expense

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment *	1,839.67	1,900.91
Amortisation of intangible assets	133.98	136.96
Depreciation of right to use assets	558.87	474.11
	2,532.52	**2,511.98**

* Net of depreciation cross charged to group companies amounting to Rs. 122.77 lakhs (March 31, 2022 : Rs.130.81 lakhs)

33. Other expenses

	March 31, 2023	March 31, 2022
Consumption of stores, spares and consumables	374.74	324.71
Power and fuel	1,055.11	861.72
Freight outward	7,252.09	6,574.02
Rent	2,186.26	58.96
Repairs and maintenance		
Buildings	162.24	81.83
Plant and machinery	112.03	147.73
Others	277.94	289.02
Tailoring and fabrication	3,235.48	3,093.63
Rates and taxes	295.89	126.46
Expenditure on corporate social responsibility	135.46	202.99
Insurance expenses	423.47	305.62
Foreign currency exchange loss (net)	9.46	16.51
Fair value loss on mutual fund at fair value through profit or loss	511.28	-
Security expenses	595.53	565.34
Warehouse charges	983.81	974.47
Postage and telephone expenses	97.12	134.42
Payment to auditors *	66.50	55.00
Advertisement, promotion and selling expenses	3,268.71	3,852.45
Travelling and conveyance expenses	932.10	916.95
Legal and consultancy charges	4,697.35	4,423.34
Director's sitting fees	3.75	1.67
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Deposits written off	-	-
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Miscellaneous expenditure	152.27	145.36
	27,680.34	**24,383.71**

*** Payment to auditors (excluding goods and service tax)**		
Audit services :		
Statutory audit	65.00	55.00
Tax audit	-	-
Out of pocket expenses	1.50	-
	66.50	**55.00**

33(A) Exceptional Item

	March 31, 2023	March 31, 2022
Provision for loans to related parties [Refer Note 8(a)]	2,555.67	418.08
	2,555.67	**418.08**

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All amounts in Rs. Lakhs, unless otherwise stated

34. Earnings per share (EPS)

	March 31, 2023	March 31, 2022
Profit/(Loss) for the year	(1,317.45)	357.96
Weighted average number of equity shares outstanding (Basic and diluted)	36,552,261	36,552,261
Earnings per share (Basic and diluted)	(3.60)	0.98

35. Segment reporting

The Company primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single segment. As the Company's assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

36. Related party disclosure

Names of related parties and related party relationships

Names of related parties where control exists irrespective of whether transactions have occurred or not

Holding Company	Kanara Consumer Products Limited (Formerly known as Kurlon Limited)

Other related parties with whom transactions have taken place during the year

Wholly Owned Subsidiaries	Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedore International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited Home Komfort Retail LLP (Acquired by Belvedore International Limited w.e.f September 01, 2022) Starship Global VCT LLP
Subsidiary Entities	Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahal Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels Private Limited
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Ms. Jyothi Pradhan, Chief Executive Officer Mr. H N Shrinivas, Non-Executive Director (w.e.f May 07,2021) Mr. Nagarajan S, Non-Executive Director (w.e.f May 07,2021) Mr. Nitin G Khot, Non- Executive Director (up to May,07,2021) Mr. S Ananthanarayanan, Non- Executive Director (up to May,07,2021) Mr. Jamsheed Minoo Panday, Non- Executive Director (w.e.f September 01, 2022) Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022) Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021) Mr. Monu Kumar, Company Secretary

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All amounts in Rs. Lakhs, unless otherwise stated

36. Related party disclosure (Contd)

The transactions that have been entered into with related parties during the year are as follows:

	March 31, 2023	March 31, 2022
Sale of products		
Kurlon Retail Limited	1,193.32	945.39
Belvedore International Limited	578.91	-
Home Komfort Retail LLP	391.84	988.94
Komfort Universe Products & Services Limited	76.56	4,990.85
Manipal Advertising Services Private Limited	0.05	0.30
	2,240.68	**6,925.48**

	March 31, 2023	March 31, 2022
Scheme expenses		
Kurlon Retail Limited	190.21	226.28
Komfort Universe Products & Services Limited	23.98	1,236.92
Home Komfort Retail LLP	-	0.05
	214.19	**1,463.25**
Interest income on loan given		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Sirar Solar Energies Private Limited	7.13	3.63
Sirar Dhotre Solar Private Limited	6.41	6.37
Belvedore International Limited	1.11	-
Sevalal Solar Private Limited	0.12	6.82
	55.79	**16.82**
Provision for doubtful recovery of interest income on loans		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Belvedore International Limited	1.11	-
Sirar Solar Energies Private Limited	-	3.63
Sirar Dhotre Solar Private Limited	-	6.37
Sevalal Solar Private Limited	-	6.82
	42.13	**16.82**
Rental income		
Starship Value Chain and Manufacturing Private Limited	4.11	-
Starship Global VCT LLP	-	4.31
	4.11	**4.31**
Purchases		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,079.51	8,749.41
Komfort Universe Products & Services Limited	43.86	8.81
Belvedore International Limited	35.61	-
	9,158.98	**8,758.22**
Managerial remuneration		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Ritesh Shroff	-	41.83
Abhilash Kamti	18.00	-
Monu Kumar	13.63	12.77
	181.44	**209.59**
Repair & Maintenance - Others		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
Kurlon Retail Limited	0.10	-
	71.60	-
Interest paid on unsecured loan		
Jaya S Pai	62.63	52.88
	62.63	**52.88**

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All amounts in Rs. Lakhs, unless otherwise stated

36. Related party disclosure (Contd)

	March 31, 2023	March 31, 2022
Freight outward		
Starship Global VCT LLP	-	4,436.18
Starship Value Chain and Manufacturing Private Limited	6,585.84	1,290.94
	6,585.84	**5,727.12**
Warehouse charges		
Starship Global VCT LLP	-	799.94
Starship Value Chain and Manufacturing Private Limited	983.81	174.53
	983.81	**974.47**
Legal and consultancy charges		
Starship Value Chain and Manufacturing Private Limited	2,825.26	560.59
Starship Global VCT LLP	-	2,282.90
Manipal Software & E-Commerce Private Limited	403.30	344.38
Komfort Universe Products & Services Limited	55.53	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	-
Kanvas Concepts Private Limited	-	33.34
	3,334.75	**3,221.21**
Advertisement and sales promotion expenses		
Komfort Universe Products & Services Limited	211.74	10.00
Manipal Advertising Services Private Limited	668.26	1,301.93
Kurlon Retail Limited	2.92	47.75
Belvedore International Limited	39.13	-
Kanvas Concepts Private Limited	-	18.75
	922.05	**1,378.43**
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	247.28	134.31
Komfort Universe Products & Services Limited	9.72	-
	257.00	**134.31**
Sitting fees		
H N Shrinivas	1.17	0.39
S Nagarajan	1.17	0.39
Jaya S Pai	1.02	0.64
Jamsheed Minoo Panday	0.39	-
Nitin G Khot	-	0.13
S Ananthanarayanan	-	0.13
	3.75	**1.68**

	March 31, 2023	March 31, 2022
Dividend paid		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	162.09	**1,546.24**
Reimbursement of expenses to related parties		
Komfort Universe Products & Services Limited	298.73	13.23
Home Komfort Retail LLP	123.48	180.74
Starship Value Chain and Manufacturing Private Limited	0.34	-
Kurlon Retail Limited	-	99.09
Kanvas Concepts Private Limited	-	18.75
	422.55	**311.81**
Lease Rentals to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,209.00	18.00
Metropolis Builders Private Limited	29.78	28.25
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahal Trade and Investments Private Limited	22.94	20.85
	2,267.72	**73.10**

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All amounts in Rs. Lakhs, unless otherwise stated

36. Related party disclosure (Contd)

The balances receivable from and payable to related parties as at year end are as follows :

	March 31, 2023	March 31, 2022
Investment in subsidiaries		
Kurlon Retail Limited	1,760.00	1,760.00
Sevalal Solar Private Limited	4.69	4.69
Sirar Dhotre Solar Private Limited	4.69	4.69
Sirar Solar Energies Private Limited	4.69	4.69
Komfort Universe Products & Services Limited	5.00	5.00
Belvedore International Limited	5.00	5.00
Kanvas Concepts Private Limited	1.00	0.50
Starship Manufacturing and Services Private Limited	0.50	1.00
	1,785.57	**1,785.57**
Capital advances		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	622.00
	1,222.76	**1,844.76**
Security deposit		
Jayamahal Trade and Investments Private Limited	9.00	9.00
Metropolis Builders Private Limited	30.00	30.00
Jai Bharath Mills Private Limited	30.00	30.00
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	15,300.00	-
	15,369.00	**69.00**
Trade receivables		
Belvedore International Limited	175.68	-
Komfort Universe Products & Services Limited	474.63	218.14
Starship Value Chain and Manufacturing Private Limited	0.74	-
Home Komfort Retail LLP	41.09	-
Manipal Advertising Services Private Limited	0.06	-
	692.20	**218.14**
Loan to related parties (Gross)		
Kurlon Retail Limited	2,398.69	2,601.34
Kanvas Concepts Private Limited	162.91	162.76
Komfort Universe Products & Services Limited	412.15	81.40
Sirar Solar Energies Private Limited	98.71	74.59
Sirar Dhotre Solar Private Limited	81.78	68.81
Sevalal Solar Private Limited	22.08	30.53
Belvedore International Limited	13.01	13.01
	3,189.33	**3,032.44**
Loss allowance on loans given to related parties		
Kurlon Retail Limited	2,398.69	-
Kanvas Concepts Private Limited	162.91	162.76
Komfort Universe Products & Services Limited	412.15	81.40
Sirar Solar Energies Private Limited	-	74.59
Sirar Dhotre Solar Private Limited	-	68.81
Sevalal Solar Private Limited	-	30.53
	2,973.75	**418.08**
Interest income receivable		
Sevalal Solar Private Limited	0.12	6.82
Sirar Dhotre Solar Private Limited	6.41	6.37
Sirar Solar Energies Private Limited	7.13	3.63
	13.66	**16.82**
Advance against supply of goods and services to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.19
Starship Global VCT LLP	280.37	280.37
Manipal Advertising Services Private Limited	-	140.00
	7,713.95	**4,715.56**
Unsecured loans payable		
Jaya S Pai	650.00	676.30
	650.00	**676.30**

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35. Related party disclosure (contd.)

	March 31, 2023	March 31, 2022
Trade payables		
Komfort Universe Products and Services Private Limited	732.90	-
Belvedore International Limited	40.67	-
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	3.03	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Manipal Travels Private Limited	-	10.73
Starship Value Chain and Manufacturing Private Limited	781.81	1,131.93
	1,596.67	**1,188.49**
Advance from customers		
Home Komfort Retail LLP	0.38	22.19
	0.38	**22.19**
Lease liabilities		
Jayamahal Trade and Investments Private Limited	153.70	163.90
Metropolis Builders Private Limited	86.67	108.55
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	96.24
Jai Bharath Mills Private Limited	-	5.75
	240.37	**374.44**

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development

	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	279.97	323.91
Interest due on above	33.12	31.54
	313.09	**355.45**
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	1.58	21.32
The amount of interest accrued and remaining unpaid at the end of each accounting year	33.12	31.54
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	-

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

38. Leases

Short-term leases and lease of low-value assets

The Company also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,186.26 lakhs (March 31, 2022: Rs. 58.96 lakhs) have been recognised in the statement of profit and loss.

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All amounts in Rs. Lakhs, unless otherwise stated

39. Contingent liabilities and capital commitments

(a) Contingent liabilities

	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	1,072.45
- Sales tax	4,293.80	4,394.26
- Excise duty	2,212.13	2,212.13
- GST	636.97	-

The Company is contesting these demands and the management, based on the advise from its tax consultants, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised as of March 31, 2023. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(b) Capital commitments

	March 31, 2023	March 31, 2022
Capital commitments (net of advances)	21.04	35.21

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013. The Company has spent towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors of the Company.

	March 31, 2023	March 31, 2022
Gross amount required to be spent by the Company during the year	142.94	217.01

Amount spent during the year ended March 31, 2023

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	135.46	-	135.46

Amount spent during the year ended March 31, 2022

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	202.99	-	202.99

In case of Section 135(5) (Other than ongoing projects)

	March 31, 2023	March 31, 2022
Opening balance	7.98	22.00
Amount required to be spent during the year	142.94	217.01
Amount spent during the year	135.46	202.99
Closing balance *	0.50	7.98

* Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

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41. Employee benefits

Defined contribution plans

The Company makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Company recognised Rs. 213.58 lakhs (March 31, 2022 : Rs 230.18 lakhs) towards Provident fund contributions, Rs 8.13 lakhs (March 31, 2022 : Rs 14.66 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022 : Rs 0.13 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the standalone financial statements :

Balance Sheet

	March 31, 2023	March 31, 2022
Defined benefit obligation	731.30	673.94
Plan assets	612.39	460.78
Net liability	**118.91**	**213.16**
Current	**74.45**	**86.69**
Non-current	**44.46**	**126.47**

Changes in the present value of defined benefit obligation

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	673.94	523.48
Service cost	57.36	57.36
Interest cost	44.94	30.09
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Benefit paid	(87.33)	(124.01)
Balance at end of the year	**731.30**	**673.94**

Changes in the fair value of plan assets

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	460.78	506.26
Contributions made	201.67	11.85
Interest income	36.93	29.35
Payments	(87.33)	(124.01)
Return on plan assets	0.34	37.33
Balance at end of the year	**612.39**	**460.78**

Statement of profit and loss

	March 31, 2023	March 31, 2022
Service cost	57.36	57.36
Interest cost net of income	8.01	0.74
Total	**65.37**	**58.10**

Other comprehensive (income)/loss

	March 31, 2023	March 31, 2022
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Return on plan assets	(0.34)	(37.33)
Total	**42.05**	**149.69**

Principal assumptions used in determinining defined benefit obligation

	March 31, 2023	March 31, 2022
Discount rate	7.50%	7.13%
Expected return on plan assets	7.13%	6.52%
Salary escalation	5.00%	5.00%
Employee turnover	10.00%	10.00%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	March 31, 2023	March 31, 2022
Investment with insurance companies	100.00%	100.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

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All amounts in Rs. Lakhs, unless otherwise stated

41. Employee benefits - (Contd)

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	March 31, 2023	March 31, 2022
Discount rate		
1% increase	(43.27)	(43.67)
1% decrease	48.87	49.56
Salary escalation		
1% increase	45.59	46.90
1% decrease	(41.89)	(42.27)
Employee turnover		
1% increase	5.54	4.51
1% decrease	(6.17)	(5.05)

Maturity profile of defined benefit obligation

	March 31, 2023	March 31, 2022
Within 1 year	78.52	50.67
1-2 year	72.77	63.75
2-3 year	78.48	57.15
3-4 year	77.43	65.81
4-5 year	32.98	54.16
5-10 year	219.11	192.20
10 years onwards	172.02	190.19

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 years (March 31, 2022: 9.73 years).

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Kurlon Enterprise Limited Bangalore

All amounts in Rs. Lakhs, unless otherwise stated

42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below :

	March 31, 2023		March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value through profit and loss				
Current assets				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	1,602.30	**1,602.30**	**10,710.91**	**10,710.91**
Financial assets measured at amortised cost				
Non-current assets				
Investments	1,785.57	1,785.57	1,785.57	1,785.57
Loans	215.89	215.89	2,614.36	2,614.36
Other financial assets	2,590.03	2,590.03	665.71	665.71
Current assets				
Trade receivables	5,868.23	5,868.23	5,446.95	5,446.95
Cash and cash equivalents	214.01	214.01	147.50	147.50
Other bank balances	149.31	149.31	4,247.50	4,247.50
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,568.74	15,568.74	158.79	158.79
	26,401.78	**26,401.78**	**15,123.12**	**15,123.12**
Financial liabilities measured at amortised cost				
Non-current liabilities				
Lease liabilities	921.21	921.21	547.88	547.88
Other financial liabilities	5,781.90	5,781.90	5,361.77	5,361.77
Current liabilities				
Borrowings	1,660.91	1,660.91	687.56	687.56
Lease liabilities	413.24	413.24	454.78	454.78
Trade payables	12,027.30	12,027.30	11,670.22	11,670.22
Other financial liabilities	917.38	917.38	1,085.21	1,085.21
	21,721.94	**21,721.94**	**19,807.42**	**19,807.42**

43. Financial risk management objectives and policies

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a) Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

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Kurlon Enterprise Limited Bangalore-42

43. Financial risk management objectives and policies (contd.)

i. Currency risk

The Company's exposure to currency risk as at year end is as below :

	March 31, 2023			March 31, 2022		
	Currency	Foreign currency	Rs. Lakhs	Currency	Foreign currency	Rs. Lakhs
Trade payables	USD	119,988	99.59	USD	360,732	272.58
	EUR	31,113	27.03	EUR	40,529	34.89
Advances from customers	USD	-	-	USD	2,242	1.70
Advance to suppliers	USD	-	-	USD	53,257	40.81
	EUR	-	-	EUR	6,223	5.42
Trade receivables	USD	27,732	22.39	USD	24,859	18.70

	March 31, 2023	March 31,
Basis point	Effect on profit before tax	
+5%	(5.21)	(12.21)
-5%	5.21	12.21

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows :

	March 31, 2023	March 31,
Basis point	Effect on profit before tax	
+1%	(10.11)	-
-1%	10.11	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets.

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

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

The loans to subsidiaries are unsecured loans. The management makes an assessment, of the credit risk on the loans based on the evaluation of the subsidiary's ability to repay the loans, as at date of reporting. The Company uses expected credit loss model to assess the impairment loss. Based on an evaluation of the credit risk of the subsidiaries, loss allowance on the loans and on interest accrued thereon have been recognised.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows :

	Trade receivables		Loans & other financial assets		Other assets	
	March 31,	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	1,592.89	1,045.17	434.90	-	24.92	-
Allowance created/(reversed) during the year	73.53	547.72	2,580.97	434.90	-	24.92
At the end of the year	**1,666.42**	**1,592.89**	**3,015.87**	**434.90**	**24.92**	**24.92**

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All amounts in Rs. Lakhs, unless otherwise stated

43. Financial risk management objectives and policies (contd.)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of financial liabilities :

	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	1,660.91	-	-	1,660.91
Lease liabilities	430.23	1,073.13	100.94	1,604.30
Trade payables	12,027.30	-	-	12,027.30
Other financial liabilities	917.38	5,781.90	-	6,699.28
Total	**15,035.82**	**6,855.03**	**100.94**	**21,991.79**
March 31, 2022				
Borrowings	687.56	-	-	687.56
Lease liabilities	474.40	554.08	162.18	1,190.66
Trade payables	11,670.22	-	-	11,670.22
Other financial liabilities	1,085.21	5,361.77	-	6,446.98
Total	**13,917.39**	**5,915.85**	**162.18**	**19,995.42**

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk is perceived.

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All amounts in Rs. Lakhs, unless otherwise stated

44. Income tax

Income tax expense in the statement of profit and loss consists of :

Statement of profit or loss	**March 31, 2023**	**March 31, 2022**
Current tax	647.68	475.96
Deferred tax charge/(credit)	(1,059.70)	(685.08)
Income tax expense/(credit)	**(412.02)**	**(209.12)**
Tax relating to earlier years	(45.49)	(130.20)
Income tax expense/(credit) reported in the statement of profit and loss	**(457.51)**	**(339.32)**
Income tax recognised in other comprehensive income/(loss)		
- Tax arising on income and expense recognised in other comprehensive income/(loss)	10.58	37.68
Total	**10.58**	**37.68**

The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian income tax rate to profit/(loss) before taxes is as follows :

	March 31, 2023	**March 31, 2022**
Profit/(Loss) before tax	(1,774.96)	18.64
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	(446.76)	4.69
Effect of :		
(Reversal)/Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of provision for current tax relating to earlier year	(45.49)	(130.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	0.64	32.84
Total income tax expense	**(457.51)**	**(339.32)**

Deferred tax

Deferred tax relates to the following :

	Balance Sheet		**Statement of Profit and Loss**	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Property, plant and equipment	(1,588.11)	(1,718.31)	(130.20)	(56.64)
Right of use assets	(594.64)	(516.30)	78.34	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
Gross deferred tax liability	**(2,414.33)**	**(2,609.66)**	**(195.33)**	**(170.11)**
Deferred tax asset				
Temporary differences arising on account of disallowance under section 36(1)(vii)	1,185.98	524.21	(661.77)	(261.14)
Section 43B disallowance	72.45	69.65	(2.80)	(69.65)
Section 35DD disallowance on amalgamation expenses	4.45	12.62	8.17	8.17
Lease liabilities	335.89	252.35	(83.54)	(140.06)
Provision for gratuity	29.93	52.29	22.36	(52.29)
Provision for leave encashment	18.11	-	(18.11)	-
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Net deferred tax assets (net)	**(638.84)**	**(1,698.54)**	**(1,059.70)**	**(685.08)**
Net deferred tax credit/(charge)			**(1,059.70)**	**(685.08)**

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All amounts in Rs. Lakhs, unless otherwise stated

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.46	2.54	-3%	
Debt equity ratio	Total debt	Shareholder's equity	0.03	0.01	149%	Due to increase in borrowings & incurring loss in current year leading to the deterioration of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating	Debt service = Interest and lease payments + Principal repayments	2.99	3.35	-11%	
Return on equity ratio	Net profits after taxes – Preference dividend	Average shareholder's equity	-0.03	0.01	-480%	Due to increase in loss in current year leading to the deterioration of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.97	4.01	24%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	14.90	14.14	5%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.11	6.95	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	3.42	3.32	3%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	-0.02	0.00	-437%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax	-0.03	0.01	-572%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on investment	Interest (Finance income) + profit on sale of	Investment	0.06	0.04	57%	Due to sale of investments in current year leading to the improvement of the ratio.

46. Other statutory information

(i) The Company do not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
(ii) The Company does not have any transactions with companies struck off except as follows:

Name of the Struck off Company	Nature of transaction with stuck off company	Amount Receivable
Marz Furniture Center Private Limited	Sale of Furniture	2.70

(iii) The Company do not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.
(iv) The Company have not traded or invested in crypto currency or virtual currency during the financial year.
(v) The Company have 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

(vi) The Company have 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,

(vii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period 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).

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All amounts in Rs. Lakhs, unless otherwise stated

47. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Company includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

	March 31, 2023	March 31, 2022
Borrowings	1,660.91	687.56
Lease liabilities	1,334.45	1,002.66
Less: Cash and cash equivalents and other bank balances	(363.32)	(4,395.00)
Net debt (A)	**2,632.04**	**(2,704.78)**
Equity	47,809.96	49,342.09
Total equity capital (B)	**47,809.96**	**49,342.09**
Total debt and equity (C)=(A)+(B)	**50,442.00**	**46,637.31**
Gearing ratio (A)/(C)	**5%**	**-6%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

48. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company ("SPA"). The aforesaid transaction is subject to fulfillment of prescribed conditions as mentioned in SPA.

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49. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U361[illegible]H2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Monu Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

KURLON ENTERPRISE LIMITED
Bangalore-42

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Kurlon Enterprise Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the Cash Flow Statement and the Statement of Changes in Equity 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, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income/(loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

S.R. Batliboi & Associates LLP Bengaluru

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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.

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.

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- 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.

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 the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 except that the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode.

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

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (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 is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

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(f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 39 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. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 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, whether, 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;

b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 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, that the Company shall, whether, 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; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

S. R. Batliboi & Associates LLP
Bengaluru

v. As disclosed in note 15(g) to the standalone financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15(g) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

S. R. Batliboi & Associates LLP
Bengaluru

per Rajeev Kumar
Partner
Membership Number: 213803

UDIN: 23213803BGXAML4710

Place of Signature: Bangalore
Date: August 29,2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Standalone Financial Statements of Kurlon Enterprise Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(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 has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification to cover all the items in a phased manner over period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties of Free hold land included in property, plant and equipment are held in the name of the Company and in respect of immovable properties of land and buildings that have taken on lease and disclosed as Right-of-use assets in the standalone financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets (including Right-of – use assets) during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in Note 46 to the standalone financial statements.

(ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory have not been noted during the physical verification by the management. There are no inventories lying with third parties.

(b) As disclosed in Note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks in respect of gross value of collateral security (excluding the impact of period end cut off adjustments) are in agreement with the books of accounts of the Company.

S.R. Batliboi & Associates LLP
Bengaluru

(iii)(a) During the year, the Company has provided loans, advances in the nature of loans to companies and other parties as follows:

Particulars	Loans (Rs. in Lakhs)	Advances in the nature of Loans (Rs. in Lakhs)
Aggregate amount granted/provided during the year		
- Subsidiaries	883.12	-
- Others	-	63.83
Balance outstanding(principal) as at March 31, 2023		
- Subsidiaries *	215.89	-
- Others	10.00	54.24

* The aforesaid Balance outstanding as at balance sheet date in respect of subsidiaries is net of provision made for doubtful recovery of loans given to subsidiaries amounting to Rs 2,973.75 lakhs. Also, refer note 8 and 9 in the standalone financial statements.

The Company has not provided Guarantees or securities to companies, firms, Limited Liability Partnerships or any other parties.

(b) During the year, the terms and conditions of the grant of loans to subsidiaries and advances in nature of loans given to other parties (i.e., employees) are not prejudicial to the Company's interest. Other than above, the Company has not made investments, not provided Guarantees or not provided securities to companies, firms, Limited Liability Partnerships or any other parties. Also refer note 8 and 9 in the standalone financial statements as regards to interest rate, accrual of interest and terms of repayment.

(c) The Company has granted loans and advances in the nature of loans during the year to companies or any other parties where the schedule of repayment of principal and payment of interest has been stipulated. Loans provided to subsidiaries are repayable on demand along with interest and the Company has not demanded the same during the year. Also, refer note 8 and 9 in the standalone financial statements.

(d) There are no amounts of loans and advances in the nature of loans granted to companies or other parties which are overdue for more than ninety days. Also, refer note 8 and 9 in the standalone financial statements.

(e) There were no loans granted to subsidiary companies which had fallen due during the year. There were no loans or advance in the nature of loans granted to companies (other than subsidiaries) or other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties. Also, refer note 8 and 9 in the standalone financial statements.

S.R. Batliboi & Associates LLP
Bengaluru
*

(f) As disclosed in note 8 in the standalone financial statements, the Company has granted loans which are repayable on demand to subsidiary companies. Following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

	Related Parties (Amount Rs' lakhs)
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (Gross amount)	3,189.64
Percentage of loans/ advances in nature of loans to the total loans	99.70%

Except for the above, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies or any other parties. Also, refer note 8 and 9 in the standalone financial statements.

(iv) The provisions of section 185 and 186 of the Act in respect of loans and investments have been complied with by the Company. There are no guarantees and security in respect of which provisions of sections 186 of the Act are applicable. Also, refer note 8 and 9 in the standalone financial statements.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of mattresses and other products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

S.R. Batliboi & Associates LLP
Bengaluru

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the Statue	Nature of Dues	Amount Disputed (Rs. in Lakhs) *	Period to which the amount relates to	Forum where Dispute is Pending
The Central Excise Act, 1944	Excise Duty	1,440.18	2011-14	Central Excise and Service Tax Appellate Tribunal
The Income Tax act, 1961	Income tax	1,072.45	2017-18	Commissioner Of Income Tax (Appeals)
Goods and Services Tax Act, 2018	Goods and Services Tax	546.15	2017-18	Office of Deputy Commissioners of State Tax Jurisdiction, Mumbai, Gujarat, Uttarakhand and Pune
		5.37	2018-19	
		-	2020-21	
		0.40	2022-23	
Value Added Tax, Sales Tax and Entry Tax	Value Added Tax, Sales Tax and Entry Tax	24.97	2014-15	The Joint Commissioner – Commercial Taxes
		3379.28	2014-15	
		252.42	2015-16	
		382.14	2016-17	
		101.30	2017-18	

* net of Rs 238.73 lakhs paid under protest.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in Note 46 to the standalone financial statements. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

S.R. Batliboi & Associates LLP Bengaluru *

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. The company does not have any associate or joint venture.

(x)(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii)(a) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

(c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

S.R. Batliboi & Associates LLP
Bengaluru

(xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 45 to the standalone financial statements, 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)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 40 to the standalone financial statements.

S.R. Batliboi & Associates LLP
Bengaluru

(b) There are no ongoing projects and hence the requirement to report on clause (xx)(b) of the Order is not applicable to the Company. This matter has been disclosed in note 40 to the standalone financial statements.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S. R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAML4710

Place of Signature: Bangalore
Date: August 29,2023

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED

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

We have audited the internal financial controls with reference to standalone financial statements of Kurlon Enterprise Limited ("the Company") 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.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these 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 these 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 these 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 these standalone financial statements.

S. R. Batliboi & Associates LLP
Bengaluru

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls 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 controls 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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.

Opinion

In our opinion, the Company has, in all material respects, 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S. R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAML4710

Place of Signature: Bangalore
Date: August 29,2023

Kurlon Enterprise Limited
Standalone Balance Sheet as at March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	Notes	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,585.69	20,706.94
Capital work-in-progress	4	98.26	398.26
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	129.77	261.75
Right of use assets	6	2,362.69	2,051.16
Financial assets			
Investments	7	1,785.57	1,785.57
Loans	8	215.89	2,614.36
Other financial assets	9	2,590.03	665.71
Income tax assets (net)	10	1,496.05	1,445.98
Other non-current assets	11	1,510.85	2,149.04
		30,877.96	34,183.93
Current assets			
Inventories	12	7,890.94	11,540.36
Financial assets			
Investments	7	1,602.30	10,710.91
Trade receivables	13	5,868.23	5,446.95
Cash and cash equivalents	14	214.01	147.50
Other bank balances	14	149.31	4,247.50
Loans	8	10.00	56.74
Other financial assets	9	15,568.74	158.79
Other current assets	11	10,180.13	6,056.71
		41,483.66	38,365.46
Total		72,361.62	72,549.39
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	45,982.34	47,514.47
		47,809.96	49,342.09
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	921.21	547.88
Other financial liabilities	18	5,781.90	5,361.77
Provisions	19	377.03	500.79
Deferred tax liabilities (net)	20	638.84	1,698.54
		7,718.98	8,108.98
Current liabilities			
Financial liabilities			
Borrowings	21	1,660.91	687.56
Lease liabilities	17	413.24	454.78
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,714.21	11,314.77
Other financial liabilities	18	917.38	1,085.21
Provisions	19	632.68	531.21
Other current liabilities	23	668.18	669.34
Liabilities for current tax (net)	24	512.99	-
		16,832.68	15,098.32
Total		72,361.62	72,549.39
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Monu Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

Kurlon Enterprise Limited
Bangalore-42

Kurlon Enterprise Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	Notes	March 31, 2023	March 31, 2022
Income			
Revenue from operations	25	84,287.22	77,225.58
Other income	26	665.67	966.79
Total income		84,952.89	78,192.37
Expenses			
Cost of raw material consumed	27	37,930.92	36,337.47
Purchase of traded goods	28	9,079.51	8,749.41
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,311.94	341.82
Employee benefit expense	30	5,260.55	5,144.30
Finance costs	31	376.40	286.96
Depreciation and amortisation expense	32	2,532.52	2,511.98
Other expenses	33	27,680.34	24,383.71
Total expenses		84,172.18	77,755.65
Profit before exceptional items and tax		780.71	436.72
Exceptional items	33(A)	2,555.67	418.08
Profit/(Loss) before tax		(1,774.96)	18.64
Tax expense	44		
Current tax		647.68	475.96
Tax relating to earlier years		(45.49)	(130.20)
Deferred tax (credit)/charge		(1,059.70)	(685.08)
Total tax expense		(457.51)	(339.32)
Profit/(Loss) for the year		(1,317.45)	357.96
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss in subsequent period			
Re-measurement gain/(loss) on defined benefit plan		(42.05)	(149.68)
Income tax effect		10.58	37.68
Total other comprehensive income/(loss) for the year		(31.47)	(112.00)
Total comprehensive income/(loss) for the year		(1,348.92)	245.96
Earnings per equity share (EPS):			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	(3.60)	0.98
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN : 00043298

Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN : 07178853

Place: Bengaluru
Date: August 29, 2023

Monu Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

Kurlon Enterprise Limited Bangalore-42

Kurlon Enterprise Limited
Standalone Cash Flow Statement for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	March 31, 2023	March 31, 2022
A. Cash flow from operating activities		
Profit before exceptional items and tax	780.71	436.72
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,532.52	2,511.98
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Gain on modification of lease	(11.18)	(0.92)
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Fair value gain on mutual fund at fair value through profit or loss	511.28	(125.48)
Gain on sale of investments in mutual funds	(491.04)	(355.41)
Liabilities no longer required written back	(16.82)	(40.48)
Interest expenses	190.00	169.30
Interest income	(105.10)	(263.60)
Operating cash flow before working capital changes	4,242.12	3,563.62
Movements in working capital :		
Increase/(decrease) in trade payables	373.80	3,114.04
Increase/(decrease) in other financial liabilities	252.30	198.72
Increase/(decrease) in other liabilities	(147.25)	(45.28)
Increase/(decrease) in provisions	(416.83)	(262.54)
Decrease/(increase) in inventories	3,649.42	(435.28)
Decrease/(increase) in trade receivables	(495.37)	(568.29)
Decrease/(increase) in loans	(110.46)	(712.50)
Decrease/(increase) in other financial assets	(17,334.27)	142.12
Decrease/(increase) in other assets	(2,847.04)	360.89
Cash (used in) generated from operations	(12,833.58)	5,355.50
Direct taxes paid (net of refunds)	(139.27)	(1,110.38)
Net cash flow (used in) from operating activities (A)	(12,972.85)	4,245.12
B. Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(1,513.03)	(2,195.69)
Investment in bank deposits	-	(3,790.00)
Redemption in bank deposits	4,090.65	3,563.05
Purchase of investments	(7,803.66)	(8,999.58)
Sale of investments	16,892.03	9,901.28
Proceeds from sale of property, plant and equipment	1,188.02	17.91
Movement in earmarked balances, net	7.54	(1.60)
Interest received	105.10	236.53
Net cash flow from (used in) investing activities (B)	12,966.65	(1,268.10)
C. Cash flows from financing activities		
Net (repayment of)/proceeds from short-term borrowings	973.35	(499.68)
Payment of principal portion of lease liabilities	(527.43)	(395.35)
Interest paid	(190.00)	(146.71)
Dividend paid	(183.21)	(1,827.61)
Net cash flow (used in) financing activities (C)	72.71	(2,869.35)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	66.51	107.67
Cash and cash equivalents at the beginning of the year	147.50	39.83
Cash and cash equivalents at the end of the year	214.01	147.50

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Bengaluru

Kurlon Enterprise Limited
Bangalore-42

Kurlon Enterprise Limited
Standalone Cash Flow Statement for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	March 31, 2023	March 31, 2022
Components of cash and cash equivalents as at end of the year		
Cash in hand	4.53	3.13
Balances with banks:		
In current accounts	209.48	144.37
Total cash and cash equivalents (Refer Note 14)	214.01	147.50
Non-cash investing and financing activities		
Acquisitions to right-of-use assets (Refer Note 6)	2,596.17	1,005.00

Refer Note 21 for change in liabilities arising from financing activities

Summary of significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Manu Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Pradhan

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash P

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

KURLON ENTERPRISE LIMITED Bangalore-42

Kurlon Enterprise Limited
Statement of Changes in Equity for year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

(a) Equity share capital
Equity share of Rs. 5 each (March 31, 2022 Rs. 5)
issued, subscribed and fully paid

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	36,552,261	1,827.62	36,552,261	1,827.62
Changes during the year	-	-	-	-
At the end of the year	36,552,261	1,827.62	36,552,261	1,827.62

(b) Other equity

	Securities premium	General reserve	Retained earnings	Total
Balance as at April 01, 2021	14,860.49	1,286.11	32,949.52	49,096.12
Profit for the year	-	-	357.96	357.96
Other comprehensive income/(loss)	-	-	(112.00)	(112.00)
Dividend paid	-	-	(1,827.61)	(1,827.61)
Balance as at March 31, 2022	14,860.49	1,286.11	31,367.87	47,514.47
Profit for the year	-	-	(1,317.45)	(1,317.45)
Other comprehensive income/(loss)	-	-	(31.47)	(31.47)
Dividend paid	-	-	(183.21)	(183.21)
Balance as at March 31, 2023	14,860.49	1,286.11	29,835.74	45,982.34

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings - Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No. 213803

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36101MH2011PLC222657

Tomse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

K N Srinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Mohan Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

1. Corporate information

Kurlon Enterprise Limited (the 'Company') was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

The Company's standalone financial statements for the year ended March 31, 2023, were approved by Board of Directors on August 29, 2023.

1.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The standalone financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These standalone financial statements are presented in Indian Rupee, which is also functional currency of the Company. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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-Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated 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 twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:
- Note 3.1 and Note 3.2 - Useful life of property, plant and equipment and intangible assets;
- Note 3.8 - Measurement of defined benefit obligations: key actuarial assumptions.
- Note 3.9 - Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 3.14 - Valuation of financial instrument; and
- Note 3.15 - Lease classification and determination of lease term;

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All amounts in Rs. Lakhs, unless otherwise stated

Assumption and estimation uncertainties:
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:
- Note 2(a) - Fair value measurement
- Note 3.3 - Impairment of financial assets
- Note 3.3 - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 3.9 - Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- Note 3.11 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

2. Summary of significant accounting policies

3.1. Property, plant and equipment

Recognition and measurement
Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Buildings	30	30
Plant and equipment	15	10 and 15
Furniture and fixtures	10	10
Office equipment	5	5
Vehicles	8	8
Computers	3 and 6	3 and 6

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2. Goodwill and other intangible assets

Recognition and measurement

Goodwill
Goodwill being the excess of the aggregate consideration transferred over the net identifiable assets acquired and liabilities assured, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset description	Useful life in years
Computer software	6

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

3.3. Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance
b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

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Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.4. Borrowing costs

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.

3.5. Foreign currency transactions

i) Functional and presentation currency:

Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

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3.6. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/services.

To recognize revenues, the Company applies the following five-step approach:
- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others
- The Company accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.

- The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance- type warranties are accounted under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Trade receivable
A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income
Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income
Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

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3.7. Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.8. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations
The company operates the following post-employment schemes:
(a) defined benefit plans - gratuity, and
(b) defined contribution plans such as provident fund.

Gratuity obligations
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan
Retirement benefit in the form of provident fund scheme, ESI, Superannuation, are the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

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3.9. Income taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax
Current income 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 Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

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 liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets 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, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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-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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

The Company 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.

3.10. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period (including treasury share).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

3.11. Provision and contingent liabilities

Provisions
Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related cost are recognized when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty- related costs is revised annually.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence 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 that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the standalone financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.12. Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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For the purpose of the Standalone Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.13. Cash flow statement

Cash flows are reported using the indirect method, whereby net (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14. Financial instruments

Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI
If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15. Leases

The Company has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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.

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 right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.3 for policy on impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option
The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

The Company as a lessor
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

3.16. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
-Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
-Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the standalone financial statements relate to the company's single business segment.

3.18. Use of judgements, estimates and assumptions

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

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(i) Defined benefit plans
The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 41.

(ii) Impairment of financial and non-financial assets:
The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash 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. In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

3.19. Insurance claims

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

3.20. Business Combination

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 Company 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.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

i) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

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ii) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

iii) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

3.21. Changes in accounting policies and disclosures – New and amended standards

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(b) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that 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.

(d) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that 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.

The aforesaid standards and amendments did not have any material impact on the standalone financial statements of the Company.

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3.22. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Company's standalone financial statements.

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All amounts in Rs. Lakhs, unless otherwise stated

4. Property, plant and equipment and Capital working in progress

	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2021	991.42	8,453.90	19,926.40	2,833.78	613.70	535.22	350.32	**33,704.74**	701.18
Additions	-	1,071.33	668.41	403.53	169.42	121.03	65.31	**2,499.03**	339.36
Disposals	-	(63.25)	(36.35)	(225.50)	-	-	(24.25)	**(349.35)**	(642.28)
Adjustments *	-	-	126.92	19.70	16.03	22.99	49.52	**235.16**	-
At March 31, 2022	**991.42**	**9,461.98**	**20,685.38**	**3,031.51**	**799.15**	**679.24**	**440.90**	**36,089.58**	**398.26**
Additions	-	389.16	508.07	265.66	66.43	43.04	48.57	**1,320.93**	342.28
Disposals **	-	(981.95)	(1,036.20)	(310.18)	(9.53)	(4.56)	(46.14)	**(2,388.56)**	(642.28)
At March 31, 2023	**991.42**	**8,869.19**	**20,157.25**	**2,986.99**	**856.05**	**717.72**	**443.33**	**35,021.95**	**98.26**
Depreciation									
At April 01, 2021	-	1,012.74	9,922.31	1,392.91	435.64	450.87	80.56	**13,295.03**	-
Charge for the year	-	280.04	1,363.36	218.13	71.64	53.88	44.67	**2,031.72**	-
Disposals	-	(17.15)	(20.36)	(136.25)	-	-	(5.51)	**(179.27)**	-
Adjustments *	-	-	51.20	90.06	21.43	22.96	49.51	**235.16**	
At March 31, 2022	-	**1,275.63**	**11,316.51**	**1,564.85**	**528.71**	**527.71**	**169.23**	**15,382.64**	-
Charge for the year	-	282.87	1,283.65	211.03	74.55	63.80	46.54	**1,962.44**	-
Disposals **	-	(230.60)	(479.70)	(169.20)	(8.30)	(4.30)	(16.72)	**(908.82)**	-
At March 31, 2023	-	**1,327.90**	**12,120.46**	**1,606.68**	**594.96**	**587.21**	**199.05**	**16,436.26**	-
Net block									
At March 31, 2022	**991.42**	**8,186.35**	**9,368.87**	**1,466.66**	**270.44**	**151.53**	**271.67**	**20,706.94**	**398.26**
At March 31, 2023	**991.42**	**7,541.29**	**8,036.79**	**1,380.31**	**261.09**	**130.51**	**244.28**	**18,585.69**	**98.26**

* Represents reclass adjustments between gross block and accumulated depreciation.
** Includes, deletion of assets on account of fire accident occurred at one of the Company's factory located at Jhagadia which were damaged/burnt in such fire accident, as below:

Asset block	Gross block	Accumulated depreciation	Net block
Buildings	981.95	230.60	751.35
Plant & Equipment	1,018.10	470.87	547.23
Furniture & Fixtures	73.23	64.05	9.18
Office Equipment	4.68	4.22	0.46
Computers	4.43	4.21	0.22
Total	**2,082.39**	**773.95**	**1,308.44**

Capital work-in-progress (CWIP) ageing schedule

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2023					
Projects in progress	20.86	29.25	37.31	10.84	98.26
Projects temporarily suspended	-	-	-	-	-
Total	**20.86**	**29.25**	**37.31**	**10.84**	**98.26**
As at March 31, 2022					
Projects in progress	339.36	37.31	2.08	19.51	398.26
Projects temporarily suspended	-	-	-	-	-
Total	**339.36**	**37.31**	**2.08**	**19.51**	**398.26**

The Company does not have any projects under capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

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5. Intangible assets

	Goodwill*	Computer Software	Total
Cost			
At April 01, 2021	2,103.16	1,074.70	3,177.86
Additions	-	2.90	2.90
Disposals	-	-	-
At March 31, 2022	2,103.16	1,077.60	3,180.76
Additions	-	-	-
Disposals	-	-	-
At March 31, 2023	2,103.16	1,077.60	3,180.76
Amortisation			
At April 01, 2021	-	676.89	676.89
Charge for the year	-	136.96	136.96
Disposals	-	-	-
At March 31, 2022	-	813.85	813.85
Charge for the year	-	133.98	133.98
Disposals	-	-	-
At March 31, 2023	-	947.83	947.83
Net block			
At March 31, 2022	2,103.16	263.75	2,366.91
At March 31, 2023	2,103.16	129.77	2,232.93

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Company including SABCIL has been considered as a single cash generating unit. The Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

6. Right to use assets

	Leasehold Land	Buildings	Total
Cost			
At April 01, 2021	1,145.27	1,155.50	2,300.77
Additions	-	1,005.00	1,005.00
Disposals	-	(625.22)	(625.22)
Adjustments *	-	(84.38)	(84.38)
At March 31, 2022	1,145.27	1,450.90	2,596.17
Additions	-	1,022.99	1,022.99
Disposals	-	(391.56)	(391.56)
At March 31, 2023	1,145.27	2,082.33	3,227.60
Depreciation			
At April 01, 2021	38.90	732.64	771.54
Charge for the year	19.45	454.66	474.11
Disposals	-	(616.24)	(616.24)
Adjustments *	-	(84.38)	(84.38)
At March 31, 2022	58.35	486.68	545.03
Charge for the year	19.45	539.42	558.87
Disposals	-	(238.99)	(238.99)
At March 31, 2023	77.80	787.11	864.91
Net block			
At March 31, 2022	1,086.92	964.22	2,051.14
At March 31, 2023	1,067.47	1,295.22	2,362.69

* Represents reclass adjustments between gross block and accumulated depreciation.

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All amounts in Rs. Lakhs, unless otherwise stated

7. Investment

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Measured at cost				
Non-current investments, unquoted				
Investments in equity instruments of subsidiary (all fully paid)				
Kurlon Retail Limited (Formerly known as Kurlon Retail Private Limited) (Shares of Rs. 5/- each fully paid up) (refer Note 7(i) below)	15,265,466	1,760.00	15,265,466	1,760.00
Sirar Solar Energies Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sevalal Solar Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sirar Dhotre Solar Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Belvedore International Limited (Shares of Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Komfort Universe Products and Services Limited (Shares of Rs. 10/- each fully	50,000	5.00	50,000	5.00
Starship Value Chain and Manufacturing Private Limited (Formerly known as Starship Manufacturing & Services Private Limited) (Shares of Rs. 10/- each	5,000	0.50	5,000	0.50
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000	1.00	10,000	1.00
Total	**15,394,536**	**1,785.57**	**15,394,536**	**1,785.57**
Measured at fair value through profit and loss				
Current investments, quoted				
Investments in mutual funds				
Nippon Money Market Fund - D G	2,847	101.00	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	2,033,681	1,103.94
Axis Short Term Plan-D-G	-	-	3,596,142	959.55
DSP Banking and PSU Debt Fund-Direct Growth	-	-	4,232,783	845.36
IDFC Corporate Bond Fund Regular Plan-Growth	-	-	4,534,078	713.42
ICICI Prudential Banking & PSU Debt Fund	-	-	2,200,468	592.37
Kotak Bond Short Term Fund - Direct Growth	-	-	1,256,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund-R G	-	-	4,846,475	505.80
LIC MF PSU Banking Fund Direct Growth	-	-	1,642,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	3,927,087	419.78
Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	-	-	29,009	306.34
ICICI Prudential Ultra short term Fund -D G	-	-	1,271,606	304.05
JM Low Duration Fund - R G	-	-	996,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-	-	1,109,397	209.37
PGIM India Low Duration Fund D G	-	-	796,144	203.30
Mahindra Manulife Short Term Fund D G	-	-	1,922,171	203.04
Trust MF Short Term Fund D G	-	-	19,695	202.27
Tata Corporate Bond Fund D G	-	-	1,999,900	202.26
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G	-	-	1,883,463	201.97
Axis CPSE Plus SDL 2025 Debt Index Fund D G	-	-	1,999,900	201.65
Canara Robeco Short Term Duration Fund -D G	-	-	898,208	201.47
Trust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	415,282	102.10
Nippon Short Term Fund - D G	-	-	223,873	101.92
ABSL Floating Rate Fund -Dg	-	-	35,907	101.81
Tata Banking & PSU Debt Fund D G	-	-	856,480	101.73
Invesco India Corporate Bond Fund - D G	-	-	3,716	101.63
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	-	-	993,561	101.41
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	-	-	993,996	101.38
Invesco India Medium Duration Fund- D G	-	-	9,826	101.33
L & T Low Duration Fund Direct Growth	-	-	421,328	100.53
Nippon India Corporate Bond Fund - D G	-	-	202,851	100.51
DSP Short Term Fund-D G	-	-	247,808	100.47
ABSL Crisil Aaa Jun 2023 Index Fund D G	-	-	1,000,261	100.43
Axis Money Market Fund - D G	8,277	100.79	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,849	100.10	-	-
DSP Savings Fund - D G	435,394	200.23	-	-
Kotak Liquid Fund D G	4,400	200.12	-	-
Axis Liquid Fund D G	8,002	200.11	-	-
Edelweiss Money Market Fund D G	753,258	199.99	-	-
LIC MF Saving Fund -D G	552,000	199.99	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,425	100.00	-	-
Bandhan Ultra short term fund D G	1,528,742	199.98	-	-
Total	**4,094,193**	**1,602.30**	**46,638,045**	**10,710.91**
Aggregate value of unquoted investments		**1,785.57**		**1,785.57**
Aggregate book value of quoted investments		**1,602.30**		**10,710.91**
Aggregate market value of quoted investments		**1,602.30**		**10,710.91**

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7. Investment (contd.)

(i) As at March 31, 2023, the carrying value of investment in 15,265,466 equity shares of Rs. 5 each of Kurlon Retail Limited amounting to Rs. 1,760.00 lakhs is tested for decline otherthan temporary in view of negative networth. The management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and future profitability, the carrying value is considered appropriate. However, the loan recievable of Rs 23,98.69 has been provided for (refer note 8(a)).

8. Loans

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost (considered good)				
Loans				
- Subsidiaries (Refer Note 36)	215.89	2,614.36	-	-
- Others	-	-	10.00	56.74
	215.89	**2,614.36**	**10.00**	**56.74**
Loans				
- Subsidiaries (Refer Note 36)	2,973.75	418.08	-	-
Less : Loss allowance	(2,973.75)	(418.08)	-	-
	-	-	-	-
	215.89	**2,614.36**	**10.00**	**56.74**

(a) The details of unsecured loans to subsidiaries given for the purpose of working capital requirements are as follows :

Name of the subsidiary	Rate of interest	Due date of repayment (Note (b))	March 31, 2023		March 31, 2022	
			Gross	Allowance (Note (c))	Gross	Allowance (Note (c))
Kurlon Retail Limited	8.50%	On demand	2,398.69	(2,398.69)	2,601.34	-
Kanvas Concepts Private Limited	8.50%	On demand	162.91	(162.91)	162.76	(162.76)
Komfort Universe Products and Services Private Limited	8.50%	On demand	412.15	(412.15)	81.40	(81.40)
Sirar Solar Energies Private Limited (refer note (e))	8.50%	On demand	98.71	-	74.59	(74.59)
Sirar Dhotre Solar Private Limited(refer note (e))	8.50%	On demand	81.78	-	68.81	(68.81)
Sevalal Solar Private Limited(refer note (e))	8.50%	On demand	22.08	-	30.53	(30.53)
Belvedore International Limited	8.50%	On demand	13.31	-	13.01	-
Total			**3,189.64**	**(2,973.75)**	**3,032.44**	**(418.08)**

(b) The Company has granted various loans to its subsidiary companies to meet their working capital requirements which has been approved by the Board of Directors. The aforesaid loans are repayable on demand along with interest and management believes that these terms are not prejudicial to the Company's interests. The Company has not demanded the aforesaid loans along with interest during the year.

(c) Considering the financial position of these subsidiaries, the Company has provided loss allowance on the aforesaid outstanding loan amount and same has been disclosed as exceptional item (Refer note 33A).

(d) Except as disclosed above, there are no loans to Directors or other officers of the Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

(e) As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable and hence Rs 173.93 lakhs provided earlier has been reversed.

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9. Other financial assets

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Considered good unless otherwise stated				
Unsecured, at amortised cost				
Interest accrued on fixed deposits	-	-	6.38	84.44
Security deposits #	567.74	665.71	15,548.70	74.35
Insurance Receivable *	2,022.29	-	-	-
Interest accrued on loans given to subsidiaries	-	-	13.66	-
	2,590.03	665.71	15,568.74	158.79
Unsecured, credit impaired				
Interest accrued on loan given to subsidiaries	-	-	42.12	16.82
Less : Loss allowance (Refer Note 36 and below)	-	-	(42.12)	(16.82)
	-	-	-	-
	2,590.03	665.71	15,568.74	158.79

Pertains to interest on loan given to subsidiaries which are payable on demand along with respective principal amounts. Considering the financial position of these subsidiaries, the Company has provided loss allowance on the interest accrued on loan given to subsidiaries on outstanding interest amount as of March 31, 2023. Refer Note 8(a) for details.

* During the year, there is fire accident occurred at one of the Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & eqipment were damaged/burnt againt which the Company has filed claim with the insurer for Rs 4,177.98 lakhs of which, the Company has recieved interim claim of Rs 465 lakhs. Insurance receivable of Rs 2,022.29 lakhs as of 31 March 2023 represents book of value of damaged/burn assets including inventories. The Company is confident of realising the aforesaid claim in near future.

Includes lease deposit amount of Rs 15,300 lakhs paid by the Company to Kanara Consumer Products Limited during the year 2022-23, towards various premises taken on lease from Kanara Consumer Products Limited basis renegotiation of terms and conditions of on-going lease arrangements. As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

10. Income tax assets (net)

	March 31, 2023	March 31, 2022
Advance income tax including tax deducted at source	6,197.81	10,449.88
Provision for current tax	(4,701.76)	(9,003.90)
	1,496.05	1,445.98

11. Other assets

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-
Advances recoverable in cash or kind				
- Related parties (Refer Note 36)	-	-	7,713.74	4,715.56
- Others	-	-	1,583.37	698.39
Advance to employees	-	-	70.20	50.23
Prepaid expenses	-	-	504.77	285.69
Leave encashment fund	-	-	-	7.23
Balances with statutory/government authorities	-	-	308.05	299.61
	1,510.85	2,149.04	10,180.13	6,056.71
Unsecured, credit impaired				
Advances recoverable in cash or kind				
- Others	-	-	24.92	24.92
Less : Provision for doubtful advances	-	-	(24.92)	(24.92)
	-	-	-	-
Total	1,510.85	2,149.04	10,180.13	6,056.71

(i) Capital advances includes the following :

(a) During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as "Kulron Limited" or "Holding Company") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honorable Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with it's permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kanara Consumer Products Limited. During the financial year 2014-2015, the advance was transferred by Holding Company to the Company and has been carried in the books till date.

As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party recievables/payables as applicable. Hence, the carrying value is considered recoverable.

(b) Out of Capital advances as of March 31, 2022, Rs 622.07 lakhs has been adjusted against security deposit towards modified lease agreement entered with the Holding Company.

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12. Inventories (valued at lower of cost and net realizable value)

	March 31, 2023	March 31, 2022
Raw materials (includes goods in transit Rs. Nil (March 31, 2022 - Rs. 657.89))	2,962.94	5,242.40
Work in progress	987.57	1,836.54
Finished goods (includes in transit Rs. Nil (March 31, 2022 - Rs. Nil))	3,068.02	3,536.69
Spares and consumables	488.28	546.30
Traded goods	384.13	378.43
	7,890.94	**11,540.36**

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 619.84 lakhs (March 31, 2022 : Rs. 706.79 lakhs).

13. Trade receivables

	March 31, 2023	March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	5,868.23	5,446.95
Unsecured, credit impaired	1,666.42	1,592.89
	7,534.65	**7,039.84**
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	5,868.23	**5,446.95**

Notes:

(i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

(ii) For balances with related parties, refer Note 36.

(iii) Trade Receivables ageing schedule:.

	Outstanding for following periods from the due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023							
Undisputed trade receivables - considered good	3,931.86	1,336.37	372.51	12.67	214.82	-	5,868.23
Undisputed trade receivables - credit impaired	-	-	181.29	208.73	514.78	475.90	1,380.70
Disputed trade receivables - credit impaired	-	0.87	7.04	17.70	16.60	243.51	285.72
	3,931.86	**1,337.24**	**560.84**	**239.10**	**746.20**	**719.41**	**7,534.65**
March 31, 2022							
Undisputed trade receivables - considered good	571.63	4,673.51	185.51	13.65	1.83	0.82	5,446.95
Undisputed trade receivables - credit impaired	-	-	-	872.50	227.37	151.86	1,251.73
Disputed trade receivables - credit impaired	-	-	-	76.28	104.38	160.50	341.16
	571.63	**4,673.51**	**185.51**	**962.43**	**333.58**	**313.18**	**7,039.84**

14. Cash and bank balances

	Non-Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash and cash equivalents				
Cash in hand	-	-	4.53	3.13
Balances with banks :				
In current accounts	-	-	209.48	144.37
	-	-	**214.01**	**147.50**
Other bank balances				
Deposits with remaining maturity for less than 12 months	-	-	0.05	4,090.00
Earmarked balances with banks *	-	-	134.25	141.79
Unclaimed dividend account	-	-	15.01	15.71
	-	-	**149.31**	**4,247.50**
	-	-	**363.32**	**4,395.00**

* Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

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All amounts in Rs. Lakhs, unless otherwise stated

15. Equity share capital

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	150,600,000	7,530.00	150,600,000	7,530.00
	150,600,000	**7,530.00**	**150,600,000**	**7,530.00**
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	36,552,261	1,827.62	36,552,261	1,827.62
	36,552,261	**1,827.62**	**36,552,261**	**1,827.62**

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	36,552,261	1,827.62	36,552,261	1,827.62
Issued during the year	-	-	-	-
Outstanding at the end of the year	**36,552,261**	**1,827.62**	**36,552,261**	**1,827.62**

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c. Shares held by Holding Company

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)				
Equity shares of Rs. 5/- each	32,338,830	88.47%	30,924,115	84.60%
	32,338,830	**88.47%**	**30,924,115**	**84.60%**

d. Details of shareholders holding more than 5% shares in the Company

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)*	32,338,830	88.47%	30,924,115	84.60%
Kurlon Trading and Invest management Private Limited	2,263,545	6.19%	-	-
Indian Business Excellence Fund II A	-	-	2,354,086	6.44%

* Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

e. Details of shares issued for consideration other than cash during the preceding five years

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares of Rs. 5/- each with voting rights					
Fully paid up bonus shares	-	-	-	-	8,595,013
	-	-	-	-	**8,595,013**

f. Details of shares held by promoters

As at March 31, 2023

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	30,924,115	1,414,715	32,338,830	88.47%	4.57%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	2,300	2,647	0.01%	663%
	30,924,809	**1,417,015**	**32,341,824**	**88.48%**	**4.58%**

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15. Equity share capital (contd.)

As at March 31, 2022

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	30,949,615	(25,500)	30,924,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	30,950,309	**(25,500)**	**30,924,809**	**84.60%**	**-0.08%**

g. Dividend made and proposed

	March 31, 2023		March 31, 2022	
	Dividend/Share	Rs.	Dividend/Share	Rs.
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2022 paid in financial year 2022-23: Rs 182.76 lakhs (for the year ended March 31, 2021 paid in financial year 2021-22: Rs 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2023 : Rs 731.04 Lakhs(for the year ended March 31, 2022: Rs 182.76 lakhs)	2.00	731.04	0.50	182.76

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

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All amounts in Rs. Lakhs, unless otherwise stated

16. Other equity

	March 31, 2023	March 31, 2022
Securities premium account		
Balance at the beginning of the year	14,860.49	14,860.49
Add : Premium on issue of shares	-	
Balance as at end of the year	**14,860.49**	**14,860.49**
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	**1,286.11**	**1,286.11**
Retained earnings		
Balance at the beginning of the year	31,367.87	32,949.52
Add : Profit/(Loss) for the year	(1,317.45)	357.96
Add : Other comprehensive income/(loss) for the year	(31.47)	(112.00)
Less : Dividend paid	(183.21)	(1,827.61)
Balance as at end of the year	**29,835.74**	**31,367.87**
Total	**45,982.34**	**47,514.47**

17. Lease liabilities

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	921.21	547.88	413.24	454.78
	921.21	**547.88**	**413.24**	**454.78**

The movement of lease liabilities during the year is as below:

	March 31, 2023	March 31, 2022
At the beginning of the year	1,002.66	446.12
Additions	979.49	961.79
Interest expense	102.91	82.30
Payments	(586.86)	(477.65)
Termination of leases	(163.75)	(9.90)
At the end of the year	**1,334.45**	**1,002.66**

The maturity analysis of lease liabilities are disclosed in Note 43.

18. Other financial liabilities

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Security deposits	5,781.90	5,361.77	-	-
Employee related liabilities	-	-	897.40	918.57
Payable for capital goods	-	-	4.84	150.93
Unpaid dividend account	-	-	15.14	15.71
	5,781.90	**5,361.77**	**917.38**	**1,085.21**

19. Provisions

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for warranty*	332.57	374.32	486.27	444.52
Provision for employee benefits				
Gratuity (Refer Note 41)	44.46	126.47	74.45	86.69
Leave Encashment	-	-	71.96	-
	377.03	**500.79**	**632.68**	**531.21**

*** Provision for warranty :**

The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

	March 31, 2023	March 31, 2022
Balance as at beginning of the year	818.84	798.84
Provisions created during the year	361.79	328.64
Amounts utilised during the year	(361.79)	(308.64)
Balance as at end of the year	**818.84**	**818.84**
Current	**486.27**	**444.52**
Non-current	**332.57**	**374.32**

20. Deferred tax liabilities (net)

	Non - current	
	March 31, 2023	March 31, 2022
Deferred tax liabilities	2,414.33	2,609.66
Deferred tax assets	(1,775.49)	(911.12)
	638.84	**1,698.54**

Refer Note 44 for further details.

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21. Borrowings

	March 31, 2023	March 31, 2022
Secured borrowings		
Loans from banks	1,010.91	11.26
Unsecured borrowings		
Loans from related parties (Refer Note 36)	650.00	676.30
	1,660.91	**687.56**

(a) Loan from banks of Rs. 1010.91 lakhs (March 31, 2022 : Rs. 11.26 lakhs)

(i) The Company has obtained various facilities from Axis Bank and Kotak Bank. The loan is secured by first pari passu charge on entire current assets of the Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a. and 6 months MCLR + 0.1% p.a. on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,001.71 (March 31, 2022 : Rs. Nil).

(ii) The Company has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 9.20 lakhs (March 31, 2022 : Rs. 11.26 lakhs).

(b) Loan from related parties of Rs. 650 lakhs (March 31, 2022 : Rs. 676.30 lakhs)

The Company has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 10% p.a.

The table below depicts changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes :

Reconciliation of liabilities arising from financing activities

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	11.26	999.65	-	1,010.91
Loans from related parties	676.30	(26.30)	-	650.00
Lease liabilities	1,002.66	(483.95)	815.74	1,334.45
	1,690.22	**489.40**	**815.74**	**2,995.36**
March 31, 2022				
Loans from banks	510.94	(499.68)	-	11.26
Loans from related parties	676.30	-	-	676.30
Lease liabilities	446.12	(395.35)	951.89	1,002.66
	1,633.36	**(895.03)**	**951.89**	**1,690.22**

22. Trade payables

	March 31, 2023	March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,714.21	11,314.77
	12,027.30	**11,670.22**

Ageing of trade payables

	Outstanding for following periods from the date of transaction					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
Undisputed trade payables - Non MSME	10,443.35	1,233.47	25.27	7.70	4.42	11,714.21
Total	**10,707.41**	**1,250.95**	**47.86**	**16.66**	**4.42**	**12,027.30**
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
Undisputed trade payables - Non MSME	4,861.25	6,356.19	65.68	10.29	21.36	11,314.77
Total	**4,892.79**	**6,680.10**	**65.68**	**10.29**	**21.36**	**11,670.22**

23. Other current liabilities

	March 31, 2023	March 31, 2022
Contract liabilities - Advance from customers	393.60	436.82
Statutory dues payables	274.58	232.52
	668.18	**669.34**

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

24. Liabilities for current tax (net)

	March 31, 2023	March 31, 2022
Current tax liabilities	512.99	-
	512.99	-

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All amounts in Rs. Lakhs, unless otherwise stated

25. Revenue from operations

	March 31, 2023	March 31, 2022
Revenue from contracts with customers		
Sale of products		
Finished goods	93,612.02	73,182.76
Traded goods	828.80	12,677.06
Less : Schemes & rebates	(10,402.42)	(8,858.68)
Other operating revenue		
Scrap sales	248.82	224.44
Revenue from operations	**84,287.22**	**77,225.58**

(a) Timing of revenue from operations

	March 31, 2023	March 31, 2022
Goods transferred at a point in time	84,287.22	77,225.58
	84,287.22	**77,225.58**

(b) Reconciliation of amount of revenue recognised with contract price

	March 31, 2023	March 31, 2022
Revenue as per contract price	94,689.64	86,084.26
Less : Discounts	(10,402.42)	(8,858.68)
	84,287.22	**77,225.58**

(c) Movement in contract liabilities during the year *

	March 31, 2023	March 31, 2022
Opening balance	436.82	574.52
Less : Revenue recognised during the year	(436.82)	(574.52)
Add : Amount of consideration received during the year	393.60	436.82
Closing balance	**393.60**	**436.82**

* Contract liabilities consists of advances received from customers towards supply of products.

26. Other income

	March 31, 2023	March 31, 2022
Gain on sale of investments in mutual funds	491.04	355.41
Fair value gain on mutual fund at fair value through profit or loss	-	125.48
Interest income		
- On fixed deposits	65.24	235.17
- On security deposits	24.84	20.74
- On Others	15.02	7.69
Liabilities no longer required written back	16.82	40.48
Gain on early termination of lease	11.18	0.92
Miscellaneous income	41.53	180.90
	665.67	**966.79**

27. Cost of raw materials consumed

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,092.04
Less: Inventories at the end of the year	(2,962.94)	(5,242.40)
Cost of raw materials consumed	**37,930.92**	**36,337.47**

28. Purchase of traded goods

	March 31, 2023	March 31, 2022
Purchase of traded goods	9,079.51	8,749.41
	9,079.51	**8,749.41**

29. Changes in inventories of finished goods, work-in-progress and traded goods

	March 31, 2023	March 31, 2022
Inventories at the end of the year		
Finished goods	3,068.02	3,536.69
Work in progress	987.57	1,836.54
Traded goods	384.13	378.43
	4,439.72	**5,751.66**
Inventories at the beginning of the year		
Finished goods	3,536.69	3722.45
Work in progress	1,836.54	1786.97
Traded goods	378.43	584.06
	5,751.66	**6,093.48**
	1,311.94	**341.82**

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30. Employee benefit expenses

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	4,772.52	4,660.38
Gratuity expenses (Refer Note 41)	65.37	58.10
Contribution to provident and other funds (Refer Note 41)	221.77	244.97
Staff welfare expenses	200.89	180.85
	5,260.55	**5,144.30**

31. Finance costs

	March 31, 2023	March 31, 2022
Interest expenses		
- On borrowings	87.09	87.00
- On lease liabilities	102.91	82.30
Customer financing costs	157.23	89.79
Other	29.17	27.87
	376.40	**286.96**

32. Depreciation and amortisation expense

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment *	1,839.67	1,900.91
Amortisation of intangible assets	133.98	136.96
Depreciation of right to use assets	558.87	474.11
	2,532.52	**2,511.98**

* Net of depreciation cross charged to group companies amounting to Rs. 122.77 lakhs (March 31, 2022 : Rs.130.81 lakhs)

33. Other expenses

	March 31, 2023	March 31, 2022
Consumption of stores, spares and consumables	374.74	324.71
Power and fuel	1,055.11	861.72
Freight outward	7,252.09	6,574.02
Rent	2,186.26	58.96
Repairs and maintenance		
Buildings	162.24	81.83
Plant and machinery	112.03	147.73
Others	277.94	289.02
Tailoring and fabrication	3,235.48	3,093.63
Rates and taxes	295.89	126.46
Expenditure on corporate social responsibility	135.46	202.99
Insurance expenses	423.47	305.62
Foreign currency exchange loss (net)	9.46	16.51
Fair value loss on mutual fund at fair value through profit or loss	511.28	-
Security expenses	595.53	565.34
Warehouse charges	983.81	974.47
Postage and telephone expenses	97.12	134.42
Payment to auditors *	66.50	55.00
Advertisement, promotion and selling expenses	3,268.71	3,852.45
Travelling and conveyance expenses	932.10	916.95
Legal and consultancy charges	4,697.35	4,423.34
Director's sitting fees	3.75	1.67
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Deposits written off	-	-
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Miscellaneous expenditure	152.27	145.36
	27,680.34	**24,383.71**

*** Payment to auditors (excluding goods and service tax)**		
Audit services :		
Statutory audit	65.00	55.00
Tax audit	-	-
Out of pocket expenses	1.50	-
	66.50	**55.00**

33(A) Exceptional Item

	March 31, 2023	March 31, 2022
Provision for loans to related parties [Refer Note 8(a)]	2,555.67	418.08
	2,555.67	**418.08**

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All amounts in Rs. Lakhs, unless otherwise stated

34. Earnings per share (EPS)

	March 31, 2023	March 31, 2022
Profit/(Loss) for the year	(1,317.45)	357.96
Weighted average number of equity shares outstanding (Basic and diluted)	36,552,261	36,552,261
Earnings per share (Basic and diluted)	(3.60)	0.98

35. Segment reporting

The Company primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single segment. As the Company's assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

36. Related party disclosure

Names of related parties and related party relationships

Names of related parties where control exists irrespective of whether transactions have occurred or not

Holding Company	Kanara Consumer Products Limited (Formerly known as Kurlon Limited)

Other related parties with whom transactions have taken place during the year

Wholly Owned Subsidiaries	Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedore International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited Home Komfort Retail LLP (Acquired by Belvedore International Limited w.e.f September 01, 2022) Starship Global VCT LLP
Subsidiary Entities	Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahal Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels Private Limited
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Ms. Jyothi Pradhan, Chief Executive Officer Mr. H N Shrinivas, Non-Executive Director (w.e.f May 07,2021) Mr. Nagarajan S, Non-Executive Director (w.e.f May 07,2021) Mr. Nitin G Khot, Non- Executive Director (up to May,07,2021) Mr. S Ananthanarayanan, Non- Executive Director (up to May,07,2021) Mr. Jamsheed Minoo Panday, Non- Executive Director (w.e.f September 01, 2022) Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022) Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021) Mr. Monu Kumar, Company Secretary

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All amounts in Rs. Lakhs, unless otherwise stated

36. Related party disclosure (Contd)

The transactions that have been entered into with related parties during the year are as follows:

	March 31, 2023	March 31, 2022
Sale of products		
Kurlon Retail Limited	1,193.32	945.39
Belvedore International Limited	578.91	-
Home Komfort Retail LLP	391.84	988.94
Komfort Universe Products & Services Limited	76.56	4,990.85
Manipal Advertising Services Private Limited	0.05	0.30
	2,240.68	**6,925.48**

	March 31, 2023	March 31, 2022
Scheme expenses		
Kurlon Retail Limited	190.21	226.28
Komfort Universe Products & Services Limited	23.98	1,236.92
Home Komfort Retail LLP	-	0.05
	214.19	**1,463.25**
Interest income on loan given		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Sirar Solar Energies Private Limited	7.13	3.63
Sirar Dhotre Solar Private Limited	6.41	6.37
Belvedore International Limited	1.11	-
Sevalal Solar Private Limited	0.12	6.82
	55.79	**16.82**
Provision for doubtful recovery of interest income on loans		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Belvedore International Limited	1.11	-
Sirar Solar Energies Private Limited	-	3.63
Sirar Dhotre Solar Private Limited	-	6.37
Sevalal Solar Private Limited	-	6.82
	42.13	**16.82**
Rental income		
Starship Value Chain and Manufacturing Private Limited	4.11	-
Starship Global VCT LLP	-	4.31
	4.11	**4.31**
Purchases		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,079.51	8,749.41
Komfort Universe Products & Services Limited	43.86	8.81
Belvedore International Limited	35.61	-
	9,158.98	**8,758.22**
Managerial remuneration		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Ritesh Shroff	-	41.83
Abhilash Kamti	18.00	-
Monu Kumar	13.63	12.77
	181.44	**209.59**
Repair & Maintenance - Others		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
Kurlon Retail Limited	0.10	-
	71.60	-
Interest paid on unsecured loan		
Jaya S Pai	62.63	52.88
	62.63	**52.88**

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All amounts in Rs. Lakhs, unless otherwise stated

36. Related party disclosure (Contd)

	March 31, 2023	March 31, 2022
Freight outward		
Starship Global VCT LLP	-	4,436.18
Starship Value Chain and Manufacturing Private Limited	6,585.84	1,290.94
	6,585.84	**5,727.12**
Warehouse charges		
Starship Global VCT LLP	-	799.94
Starship Value Chain and Manufacturing Private Limited	983.81	174.53
	983.81	**974.47**
Legal and consultancy charges		
Starship Value Chain and Manufacturing Private Limited	2,825.26	560.59
Starship Global VCT LLP	-	2,282.90
Manipal Software & E-Commerce Private Limited	403.30	344.38
Komfort Universe Products & Services Limited	55.53	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	-
Kanvas Concepts Private Limited	-	33.34
	3,334.75	**3,221.21**
Advertisement and sales promotion expenses		
Komfort Universe Products & Services Limited	211.74	10.00
Manipal Advertising Services Private Limited	668.26	1,301.93
Kurlon Retail Limited	2.92	47.75
Belvedore International Limited	39.13	-
Kanvas Concepts Private Limited	-	18.75
	922.05	**1,378.43**
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	247.28	134.31
Komfort Universe Products & Services Limited	9.72	-
	257.00	**134.31**
Sitting fees		
H N Shrinivas	1.17	0.39
S Nagarajan	1.17	0.39
Jaya S Pai	1.02	0.64
Jamsheed Minoo Panday	0.39	-
Nitin G Khot	-	0.13
S Ananthanarayanan	-	0.13
	3.75	**1.68**

	March 31, 2023	March 31, 2022
Dividend paid		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	162.09	**1,546.24**
Reimbursement of expenses to related parties		
Komfort Universe Products & Services Limited	298.73	13.23
Home Komfort Retail LLP	123.48	180.74
Starship Value Chain and Manufacturing Private Limited	0.34	-
Kurlon Retail Limited	-	99.09
Kanvas Concepts Private Limited	-	18.75
	422.55	**311.81**
Lease Rentals to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,209.00	18.00
Metropolis Builders Private Limited	29.78	28.25
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahal Trade and Investments Private Limited	22.94	20.85
	2,267.72	**73.10**

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All amounts in Rs. Lakhs, unless otherwise stated

36. Related party disclosure (Contd)

The balances receivable from and payable to related parties as at year end are as follows :

	March 31, 2023	March 31, 2022
Investment in subsidiaries		
Kurlon Retail Limited	1,760.00	1,760.00
Sevalal Solar Private Limited	4.69	4.69
Sirar Dhotre Solar Private Limited	4.69	4.69
Sirar Solar Energies Private Limited	4.69	4.69
Komfort Universe Products & Services Limited	5.00	5.00
Belvedore International Limited	5.00	5.00
Kanvas Concepts Private Limited	1.00	0.50
Starship Manufacturing and Services Private Limited	0.50	1.00
	1,785.57	**1,785.57**
Capital advances		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	622.00
	1,222.76	**1,844.76**
Security deposit		
Jayamahal Trade and Investments Private Limited	9.00	9.00
Metropolis Builders Private Limited	30.00	30.00
Jai Bharath Mills Private Limited	30.00	30.00
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	15,300.00	-
	15,369.00	**69.00**
Trade receivables		
Belvedore International Limited	175.68	-
Komfort Universe Products & Services Limited	474.63	218.14
Starship Value Chain and Manufacturing Private Limited	0.74	-
Home Komfort Retail LLP	41.09	-
Manipal Advertising Services Private Limited	0.06	-
	692.20	**218.14**
Loan to related parties (Gross)		
Kurlon Retail Limited	2,398.69	2,601.34
Kanvas Concepts Private Limited	162.91	162.76
Komfort Universe Products & Services Limited	412.15	81.40
Sirar Solar Energies Private Limited	98.71	74.59
Sirar Dhotre Solar Private Limited	81.78	68.81
Sevalal Solar Private Limited	22.08	30.53
Belvedore International Limited	13.01	13.01
	3,189.33	**3,032.44**
Loss allowance on loans given to related parties		
Kurlon Retail Limited	2,398.69	-
Kanvas Concepts Private Limited	162.91	162.76
Komfort Universe Products & Services Limited	412.15	81.40
Sirar Solar Energies Private Limited	-	74.59
Sirar Dhotre Solar Private Limited	-	68.81
Sevalal Solar Private Limited	-	30.53
	2,973.75	**418.08**
Interest income receivable		
Sevalal Solar Private Limited	0.12	6.82
Sirar Dhotre Solar Private Limited	6.41	6.37
Sirar Solar Energies Private Limited	7.13	3.63
	13.66	**16.82**
Advance against supply of goods and services to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.19
Starship Global VCT LLP	280.37	280.37
Manipal Advertising Services Private Limited	-	140.00
	7,713.95	**4,715.56**
Unsecured loans payable		
Jaya S Pai	650.00	676.30
	650.00	**676.30**

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35. Related party disclosure (contd.)

	March 31, 2023	March 31, 2022
Trade payables		
Komfort Universe Products and Services Private Limited	732.90	-
Belvedore International Limited	40.67	-
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	3.03	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Manipal Travels Private Limited	-	10.73
Starship Value Chain and Manufacturing Private Limited	781.81	1,131.93
	1,596.67	**1,188.49**
Advance from customers		
Home Komfort Retail LLP	0.38	22.19
	0.38	**22.19**
Lease liabilities		
Jayamahal Trade and Investments Private Limited	153.70	163.90
Metropolis Builders Private Limited	86.67	108.55
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	96.24
Jai Bharath Mills Private Limited	-	5.75
	240.37	**374.44**

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development

	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	279.97	323.91
Interest due on above	33.12	31.54
	313.09	**355.45**
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	1.58	21.32
The amount of interest accrued and remaining unpaid at the end of each accounting year	33.12	31.54
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	-

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

38. Leases

Short-term leases and lease of low-value assets

The Company also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,186.26 lakhs (March 31, 2022: Rs. 58.96 lakhs) have been recognised in the statement of profit and loss.

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All amounts in Rs. Lakhs, unless otherwise stated

39. Contingent liabilities and capital commitments

(a) Contingent liabilities

	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	1,072.45
- Sales tax	4,293.80	4,394.26
- Excise duty	2,212.13	2,212.13
- GST	636.97	-

The Company is contesting these demands and the management, based on the advise from its tax consultants, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised as of March 31, 2023. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(b) Capital commitments

	March 31, 2023	March 31, 2022
Capital commitments (net of advances)	21.04	35.21

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013. The Company has spent towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors of the Company.

	March 31, 2023	March 31, 2022
Gross amount required to be spent by the Company during the year	142.94	217.01

Amount spent during the year ended March 31, 2023

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	135.46	-	135.46

Amount spent during the year ended March 31, 2022

	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	202.99	-	202.99

In case of Section 135(5) (Other than ongoing projects)

	March 31, 2023	March 31, 2022
Opening balance	7.98	22.00
Amount required to be spent during the year	142.94	217.01
Amount spent during the year	135.46	202.99
Closing balance *	0.50	7.98

* Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

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41. Employee benefits

Defined contribution plans

The Company makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Company recognised Rs. 213.58 lakhs (March 31, 2022 : Rs 230.18 lakhs) towards Provident fund contributions, Rs 8.13 lakhs (March 31, 2022 : Rs 14.66 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022 : Rs 0.13 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the standalone financial statements :

Balance Sheet

	March 31, 2023	March 31, 2022
Defined benefit obligation	731.30	673.94
Plan assets	612.39	460.78
Net liability	**118.91**	**213.16**
Current	**74.45**	**86.69**
Non-current	**44.46**	**126.47**

Changes in the present value of defined benefit obligation

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	673.94	523.48
Service cost	57.36	57.36
Interest cost	44.94	30.09
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Benefit paid	(87.33)	(124.01)
Balance at end of the year	**731.30**	**673.94**

Changes in the fair value of plan assets

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	460.78	506.26
Contributions made	201.67	11.85
Interest income	36.93	29.35
Payments	(87.33)	(124.01)
Return on plan assets	0.34	37.33
Balance at end of the year	**612.39**	**460.78**

Statement of profit and loss

	March 31, 2023	March 31, 2022
Service cost	57.36	57.36
Interest cost net of income	8.01	0.74
Total	**65.37**	**58.10**

Other comprehensive (income)/loss

	March 31, 2023	March 31, 2022
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Return on plan assets	(0.34)	(37.33)
Total	**42.05**	**149.69**

Principal assumptions used in determinining defined benefit obligation

	March 31, 2023	March 31, 2022
Discount rate	7.50%	7.13%
Expected return on plan assets	7.13%	6.52%
Salary escalation	5.00%	5.00%
Employee turnover	10.00%	10.00%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	March 31, 2023	March 31, 2022
Investment with insurance companies	100.00%	100.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

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Kurlon Enterprise Limited Bangalore-42 *

All amounts in Rs. Lakhs, unless otherwise stated

41. Employee benefits - (Contd)

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	March 31, 2023	March 31, 2022
Discount rate		
1% increase	(43.27)	(43.67)
1% decrease	48.87	49.56
Salary escalation		
1% increase	45.59	46.90
1% decrease	(41.89)	(42.27)
Employee turnover		
1% increase	5.54	4.51
1% decrease	(6.17)	(5.05)

Maturity profile of defined benefit obligation

	March 31, 2023	March 31, 2022
Within 1 year	78.52	50.67
1-2 year	72.77	63.75
2-3 year	78.48	57.15
3-4 year	77.43	65.81
4-5 year	32.98	54.16
5-10 year	219.11	192.20
10 years onwards	172.02	190.19

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 years (March 31, 2022: 9.73 years).

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All amounts in Rs. Lakhs, unless otherwise stated

42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below :

	March 31, 2023		March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value through profit and loss				
Current assets				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	1,602.30	**1,602.30**	**10,710.91**	**10,710.91**
Financial assets measured at amortised cost				
Non-current assets				
Investments	1,785.57	1,785.57	1,785.57	1,785.57
Loans	215.89	215.89	2,614.36	2,614.36
Other financial assets	2,590.03	2,590.03	665.71	665.71
Current assets				
Trade receivables	5,868.23	5,868.23	5,446.95	5,446.95
Cash and cash equivalents	214.01	214.01	147.50	147.50
Other bank balances	149.31	149.31	4,247.50	4,247.50
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,568.74	15,568.74	158.79	158.79
	26,401.78	**26,401.78**	**15,123.12**	**15,123.12**
Financial liabilities measured at amortised cost				
Non-current liabilities				
Lease liabilities	921.21	921.21	547.88	547.88
Other financial liabilities	5,781.90	5,781.90	5,361.77	5,361.77
Current liabilities				
Borrowings	1,660.91	1,660.91	687.56	687.56
Lease liabilities	413.24	413.24	454.78	454.78
Trade payables	12,027.30	12,027.30	11,670.22	11,670.22
Other financial liabilities	917.38	917.38	1,085.21	1,085.21
	21,721.94	**21,721.94**	**19,807.42**	**19,807.42**

43. Financial risk management objectives and policies

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a) Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

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43. Financial risk management objectives and policies (contd.)

i. Currency risk

The Company's exposure to currency risk as at year end is as below :

	March 31, 2023			March 31, 2022		
	Currency	Foreign currency	Rs. Lakhs	Currency	Foreign currency	Rs. Lakhs
Trade payables	USD	119,988	99.59	USD	360,732	272.58
	EUR	31,113	27.03	EUR	40,529	34.89
Advances from customers	USD	-	-	USD	2,242	1.70
Advance to suppliers	USD	-	-	USD	53,257	40.81
	EUR	-	-	EUR	6,223	5.42
Trade receivables	USD	27,732	22.39	USD	24,859	18.70

	March 31, 2023	March 31,
Basis point	Effect on profit before tax	
+5%	(5.21)	(12.21)
-5%	5.21	12.21

ii. Interest rate risk
Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows :

	March 31, 2023	March 31,
Basis point	Effect on profit before tax	
+1%	(10.11)	-
-1%	10.11	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets.

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

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

The loans to subsidiaries are unsecured loans. The management makes an assessment, of the credit risk on the loans based on the evaluation of the subsidiary's ability to repay the loans, as at date of reporting. The Company uses expected credit loss model to assess the impairment loss. Based on an evaluation of the credit risk of the subsidiaries, loss allowance on the loans and on interest accrued thereon have been recognised.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows :

	Trade receivables		Loans & other financial assets		Other assets	
	March 31,	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	1,592.89	1,045.17	434.90	-	24.92	-
Allowance created/(reversed) during the year	73.53	547.72	2,580.97	434.90	-	24.92
At the end of the year	**1,666.42**	**1,592.89**	**3,015.87**	**434.90**	**24.92**	**24.92**

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All amounts in Rs. Lakhs, unless otherwise stated

43. Financial risk management objectives and policies (contd.)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of financial liabilities :

	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	1,660.91	-	-	1,660.91
Lease liabilities	430.23	1,073.13	100.94	1,604.30
Trade payables	12,027.30	-	-	12,027.30
Other financial liabilities	917.38	5,781.90	-	6,699.28
Total	**15,035.82**	**6,855.03**	**100.94**	**21,991.79**
March 31, 2022				
Borrowings	687.56	-	-	687.56
Lease liabilities	474.40	554.08	162.18	1,190.66
Trade payables	11,670.22	-	-	11,670.22
Other financial liabilities	1,085.21	5,361.77	-	6,446.98
Total	**13,917.39**	**5,915.85**	**162.18**	**19,995.42**

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk is perceived.

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All amounts in Rs. Lakhs, unless otherwise stated

44. Income tax

Income tax expense in the statement of profit and loss consists of :

Statement of profit or loss	**March 31, 2023**	**March 31, 2022**
Current tax	647.68	475.96
Deferred tax charge/(credit)	(1,059.70)	(685.08)
Income tax expense/(credit)	**(412.02)**	**(209.12)**
Tax relating to earlier years	(45.49)	(130.20)
Income tax expense/(credit) reported in the statement of profit and loss	**(457.51)**	**(339.32)**
Income tax recognised in other comprehensive income/(loss)		
- Tax arising on income and expense recognised in other comprehensive income/(loss)	10.58	37.68
Total	**10.58**	**37.68**

The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian income tax rate to profit/(loss) before taxes is as follows :

	March 31, 2023	**March 31, 2022**
Profit/(Loss) before tax	(1,774.96)	18.64
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	(446.76)	4.69
Effect of :		
(Reversal)/Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of provision for current tax relating to earlier year	(45.49)	(130.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	0.64	32.84
Total income tax expense	**(457.51)**	**(339.32)**

Deferred tax

Deferred tax relates to the following :

	Balance Sheet		**Statement of Profit and Loss**	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Property, plant and equipment	(1,588.11)	(1,718.31)	(130.20)	(56.64)
Right of use assets	(594.64)	(516.30)	78.34	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
Gross deferred tax liability	**(2,414.33)**	**(2,609.66)**	**(195.33)**	**(170.11)**
Deferred tax asset				
Temporary differences arising on account of disallowance under section 36(1)(vii)	1,185.98	524.21	(661.77)	(261.14)
Section 43B disallowance	72.45	69.65	(2.80)	(69.65)
Section 35DD disallowance on amalgamation expenses	4.45	12.62	8.17	8.17
Lease liabilities	335.89	252.35	(83.54)	(140.06)
Provision for gratuity	29.93	52.29	22.36	(52.29)
Provision for leave encashment	18.11	-	(18.11)	-
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Net deferred tax assets (net)	**(638.84)**	**(1,698.54)**	**(1,059.70)**	**(685.08)**
Net deferred tax credit/(charge)			**(1,059.70)**	**(685.08)**

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All amounts in Rs. Lakhs, unless otherwise stated

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.46	2.54	-3%	
Debt equity ratio	Total debt	Shareholder's equity	0.03	0.01	149%	Due to increase in borrowings & incurring loss in current year leading to the deterioration of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating	Debt service = Interest and lease payments + Principal repayments	2.99	3.35	-11%	
Return on equity ratio	Net profits after taxes – Preference dividend	Average shareholder's equity	-0.03	0.01	-480%	Due to increase in loss in current year leading to the deterioration of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.97	4.01	24%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	14.90	14.14	5%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.11	6.95	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	3.42	3.32	3%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	-0.02	0.00	-437%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax	-0.03	0.01	-572%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on investment	Interest (Finance income) + profit on sale of	Investment	0.06	0.04	57%	Due to sale of investments in current year leading to the improvement of the ratio.

46. Other statutory information

(i) The Company do not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
(ii) The Company does not have any transactions with companies struck off except as follows:

Name of the Struck off Company	Nature of transaction with stuck off company	Amount Receivable
Marz Furniture Center Private Limited	Sale of Furniture	2.70

(iii) The Company do not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.
(iv) The Company have not traded or invested in crypto currency or virtual currency during the financial year.
(v) The Company have 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

(vi) The Company have 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,

(vii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period 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).

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All amounts in Rs. Lakhs, unless otherwise stated

47. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Company includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

	March 31, 2023	March 31, 2022
Borrowings	1,660.91	687.56
Lease liabilities	1,334.45	1,002.66
Less: Cash and cash equivalents and other bank balances	(363.32)	(4,395.00)
Net debt (A)	**2,632.04**	**(2,704.78)**
Equity	47,809.96	49,342.09
Total equity capital (B)	**47,809.96**	**49,342.09**
Total debt and equity (C)=(A)+(B)	**50,442.00**	**46,637.31**
Gearing ratio (A)/(C)	**5%**	**-6%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

48. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company ("SPA"). The aforesaid transaction is subject to fulfillment of prescribed conditions as mentioned in SPA.

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49. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP
Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited
CIN: U36[illegible]H2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN: 00043298

Place: San Diego, USA
Date: August 29, 2023

H N Shrinivas
Director
DIN: 07178853

Place: Bengaluru
Date: August 29, 2023

Monu Kumar
Company Secretary

Place: Bengaluru
Date: August 29, 2023

Jyothi Ashish Pradhan
Chief Executive Officer

Place: Bengaluru
Date: August 29, 2023

Abhilash Padmanabh Kamti
Chief Financial Officer

Place: Bengaluru
Date: August 29, 2023

KURLON ENTERPRISE LIMITED
Bangalore-42

53/B, LOLS Citadel Level 2 & 3
1st Main Road, 3rd Phase
Sarakki Industrial Layout
J P Nagar
Bengaluru 560 078 INDIA
T +91 80 4907 9600

INDEPENDENT AUDITOR'S REPORT

To the Members of Belvedore International Limited.,

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **Belvedore International Limited** (the "Company"), which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss (including other comprehensive income), and the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the 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 financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive loss, 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 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 together with the ethical requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

1. We draw attention to Note.47 to the financial statements, as at 31st March 2023, which explains in detail the Business Transfer transaction and accounting treatment in the books of the transferee company, and the impact adjusted in other equity. Accordingly, the restatement of the Financials Statements is made from the first day of the comparative period presented. Our opinion is not modified in this regard.

ASA & Associates LLP Chartered Accountants

2. We draw attention to Note.51 to the financial statements, as at 31st March 2023, the net worth of the company stands completely eroded and its current liabilities exceeds its current assets, these conditions indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statement of the company has been prepared by the management, on the basis of internal assessment and is reasonably certain that the company would operate as a going concern and accordingly no adjustments are considered necessary in these financial statements. Our opinion is not modified in this matter.

Information Other than 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 Company's Director's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Associates LLP Chartered Accountants

ASA

In preparing the financial statements, the management and the Board of Directors are 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.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 the management and Board of Directors 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 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.

ASA & Associates LLP Chartered Accountants

ASA

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by 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 the "Annexure A", 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 flows dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

ASA & Associates LLP Chartered Accountants

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

(g) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, in our opinion, according to the information and explanation give to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act, and

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

i. The Company has does not have any pending litigations as at March 31, 2023, on its 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. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 48 to the financial statement, 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 ("Ultimate Beneficiaries") by or on behalf of the Company, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 48 to the financial statement, 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, 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.

ASA & Associates LLP
Chartered Accountants

(c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under para (iv) (a) & (b) above contain any material misstatement.

v. The dividend declared/ paid during the year by the company is in compliance with section 123 of the Act.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

Vinay K S
Partner
Membership No. 223085

UDIN: 23223085BGVUAI8808

Place: Bangalore
Date: 25th July 2023

Annexure - A to the Independent Auditors' Report for the year ended 31st March 2023

As referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date

(i)

a) According to the information and explanations given to us and audit procedures performed by us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Intangible Assets.

b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to information and explanations given to us and audit procedures performed by us, the title deeds of all of the immovable properties (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

d) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.

e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

a) The company does not hold any physical inventories during the year. Accordingly reporting under clause 3(ii)(a) of the Order is not applicable.

b) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or any other parties. Accordingly, reporting under clause 3(iii)(a) to 3(iii)(f) of the Order is not applicable.

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(iv) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has neither made any investments nor has given loans or provided guarantee or security and therefore the relevant provisions of Section 185 and 186 of the Companies Act, 2013 are not applicable to the Company. Accordingly, reporting under clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, reporting under clause 3(v) of the Order is not applicable.

(vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it and/ or services provided by it. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) a) According to the information provided and explanations given to us and based on our examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. There are no material outstanding statutory dues existing as on the last day of the financial year which is outstanding for more than six months from the day these become payable.

b) According to the information provided and explanations given to us, there are no statutory dues relating to Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessment under the Income Tax Act, 1961 as income during the year and accordingly reporting under clause 3(viii) of the Order is not applicable.

(ix) a) According to the information and explanations given to us and on the basis of our examination of the records made available to us, The Company has not availed any loans and borrowings during the year. Accordingly, reporting under clause (ix)(a) of the Order is not applicable.

b) According to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

ASA & Associates LLP Chartered Accountants

c) According to the information and explanations given to us, the Company has not obtained any term loans during the year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable.

d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the company has not raised any funds on short term basis during the current year. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable.

e) The Company does not hold any investment in any subsidiary, associate or joint venture as defined under the Companies Act, 2013 during the year. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable.

f) The Company does not hold any investment in any subsidiary, associate or joint venture as defined under the Companies Act, 2013 during the year. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable.

(x) a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

b) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable.

(xi) a) According to the information and explanations given by the management and based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

b) According to the information and explanations available with us, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) As represented to us by the management, there have been no whistleblower complaints received by the Company during the year.

ASA & Associates LLP Chartered Accountants

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions entered with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv)
a) According to the information and explanations given to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Companies Act, 2013.
b) The Company is not required to and does not have an internal audit system as per Section 138 of the Companies Act, 2013. Accordingly, reporting under clause 3(xiv)(b) of the Order is not applicable.

(xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)
a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities.

c) The Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) and (d) of the Order are not applicable.

(xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.

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(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 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 the 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) The requirements as stipulated by the provisions of Section 135 of the Companies Act, 2013 are not applicable to the company. Accordingly, reporting under clause 3(XX)(a) and (b) of the order are not applicable.

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

Vinay K S
Partner
Membership No. 223085

UDIN: 23223085BGVUAI8808

Place: Bengaluru
Date: 25th July 2023

ASA

Annexure - B to the Independent Auditors' Report for the year ended 31st March 2023.

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

We have audited the internal financial controls over financial reporting of **Belvedore International Limited** (the "Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

ASA Associates LLP Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

Vinay K S
Partner
Membership No. 223085

UDIN: 23223085BGVUAI8808

Place: Bangalore
Date: 25th July 2023

BELVEDORE INTERNATIONAL LIMITED
Balance Sheet as at March 31, 2023
CIN : U52520KA2020PLC142418
(All amounts in Indian rupees lakhs, unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non- current assets			
Property, plant and equipment	3	11.31	-
Financial assets			
Trade receivables	4	-	20.15
Deferred tax assets (net)	24	1.48	-
		12.79	**20.15**
Current assets			
Financial assets			
Trade receivables	4	184.07	179.48
Cash and cash equivalents	5	43.65	13.62
Other financials assets	6	0.06	-
Current tax asset (net)	7	5.36	-
Other current assets	8	33.47	32.37
		266.61	**225.47**
Total assets		**279.40**	**245.62**
Equity and liabilities			
Equity			
Equity share capital	9	5.00	5.00
Other equity	10	-137.76	-44.10
Total equity		**-132.76**	**-39.10**
Non-current liabilities			
Financial liabilities			
Other financial liabilities	11	53.70	41.35
Provisions	12	2.99	-
		56.69	**41.35**
Current liabilities			
Financial liabilities			
Borrowings	13	16.39	13.09
Trade payables :	14		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		234.61	217.02
Other financial liabilities	15	11.13	0.11
Other current liabilities	16	13.23	12.74
Provisions	12	80.11	-
Current tax liabilities		-	0.41
		355.47	**243.37**
Total liabilities		**412.16**	**284.72**
Total equity and liabilities		**279.40**	**245.62**
Summary of significant accounting policies	1&2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 25/07/2023

For and on behalf of Board of Directors of
Belvedore International Limited
CIN : U52520KA2020PLC142418

Jaya Sudhakar Pai
Director
DIN: 00030515

Place: Bangalore
Date: 25/07/2023

T Sudhakar Pai
Director
DIN: 00043298

Place: Bangalore
Date: 25/07/2023

BELVEDORE INTERNATIONAL LIMITED
Statement of Profit and Loss for the year ended March 31, 2023
CIN : U52520KA2020PLC142418
(All amounts in Indian rupees lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	17	1,320.66	1,362.28
Other income	18	39.15	0.09
Total income		**1,359.81**	**1,362.37**
Expenses			
Purchase of Stock in trade		1,006.99	988.94
Changes in Inventories of Traded Goods	19	-	0.16
Employee benefits expense	20	93.67	-
Finance cost	21	1.63	0.03
Depreciation and amortisation expense	22	0.69	-
Other expenses	23	351.97	417.45
Total expenses		**1,454.95**	**1,406.58**
Profit / (Loss) before tax		**-95.14**	**-44.21**
Tax expense			
Current tax		-	-
Deferred tax	24	(1.48)	-
Total tax expense		**-1.48**	**-**
Profit/(loss) for the year		**-93.66**	**-44.21**
Other comprehensive income			
Items that will not to be reclassified to profit or loss in subsequent years:			
Re-measurement gains/ (losses) on defined benefit plan		-	-
Income tax effect		-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total Comprehensive Income/(loss) for the year		**-93.66**	**-44.21**
Earnings/(Loss) per equity share ('EPS')	25		
(Nominal Value per equity share Rs. 10)			
Basic and diluted		-187.33	-88.42
Weighted average number of equity shares		50,000	50,000
Summary of significant accounting policies	1&2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 25/07/2023

For and on behalf of Board of Directors of
Belvedore International Limited
CIN : U52520KA2020PLC142418

Jaya Sudhakar Pai
Director
DIN: 00030515

Place: Bangalore
Date: 25/07/2023

T Sudhakar Pai
Director
DIN: 00043298

Place: Bangalore
Date: 25/07/2023

BELVEDORE INTERNATIONAL LIMITED
Statement of cash flow for the year ended March 31, 2023
CIN : U52520KA2020PLC142418
(All amounts in Indian rupees lakhs, unless otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Operating activities		
Profit before tax	**(95.14)**	**(44.21)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	0.69	-
Finance costs	1.63	0.03
Working capital adjustments:		
(Increase)/ decrease in trade receivables	15.56	12.66
(Increase)/ decrease in other financial and non-financial assets	(1.16)	(31.56)
Increase/ (decrease) in trade payables	17.59	33.66
Increase/ (decrease) in provisions	82.69	-
Increase/ (decrease) in other financial and non-financial liabilities	23.87	-10.90
	45.72	(40.32)
Income tax paid	(5.36)	-
Net cash flows from/ (used in) operating activities (A)	**40.36**	**(40.32)**
Investing activities		
Purchase of property, plant and equipment and intangibles	(12.00)	-
Net cash flows from/ (used in) investing activities (B)	**(12.00)**	**-**
Financing activities		
Proceeds from borrowings	3.30	31.04
Finance costs	(1.63)	(0.03)
Net cash flows from/ (used in) financing activities (C)	**1.67**	**31.01**
Net increase/ (decrease) in cash and cash equivalents	30.03	(9.32)
Cash and cash equivalents at the beginning of the year	13.62	22.94
Effect of exchange fluctuations	-	-
Cash and cash equivalents at the end of the year	**43.65**	**13.62**
Components of cash and cash equivalents		
Cash on hand	-	-
Balance with banks		
- on current account	43.65	13.62
Total cash and cash equivalents	**43.65**	**13.62**

Summary of significant accounting policies 1 & 2

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 25/07/2023

For and on behalf of Board of Directors of
Belvedore International Limited
CIN : U52520KA2020PLC142418

Jaya S Pai

Jaya Sudhakar Pai
Director
DIN: 00030515

Place: Bangalore
Date: 25/07/2023

T Sudhakar Pai
Director
DIN: 00043298

Place: Bangalore
Date: 25/07/2023

BELVEDORE INTERNATIONAL LIMITED
Statement of Changes in Equity
(All amounts in Indian rupees lakhs, unless otherwise stated)

a. Equity share capital

	No of Shares*	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
At March 31, 2021	50,000	5.00
Issued during the year	-	-
At March 31, 2022	50,000	5.00
Issued during the year	-	-
At March 31, 2023	50,000	5.00

*The number of shares are given in absolute number

b. Other equity
For the year ended March 31, 2023

	Reserves and Surplus		Total
	Common control transactions capital reserve	Retained earnings	
At March 31, 2021	-	(0.15)	**(0.15)**
Profit/(Loss) for the year 2021-22	-	(44.22)	(44.22)
Other comprehensive income	-	-	-
Total comprehensive income	-	**(44.37)**	**(44.37)**
Adjustment on account of Business transfer (April 1, 2021)	0.27	-	0.27
At March 31, 2022	**0.27**	**(44.37)**	**(44.10)**
Profit/(Loss) for the year 2022-23	-	(93.66)	(93.66)
Other comprehensive income	-	-	-
At March 31, 2023	**0.27**	**(138.03)**	**(137.76)**

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 25/07/2023

For and on behalf of Board of Directors of
Belvedore International Limited
CIN : U52520KA2020PLC142418

Jaya Sudhakar Pai
Director
DIN: 00030515

Place: Bangalore
Date: 25/07/2023

T Sudhakar Pai
Director
DIN: 00043298

Place: Bangalore
Date: 25/07/2023

BELVEDORE INTERNATIONAL LIMITED
Notes to accounts

1. CORPORATE INFORMATION

Belvedore International Limited was incorporated in Karnataka on 21.12.2020. The address of its registered office is N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road Bangalore Bangalore KA 560042 The Company is a wholly owned subsidiary company of Kurlon Enterprise Limited and is engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, promoting, marketinng, manufacturing or supplying, trading, dealing in any manner whatsoever in all type of goods including Mattresses, Pillows, Furniture and other related Products and Services of International Brands on retail and B2B basis in India.

The Company's Board of Directors authorised these standalone financial statements for issue on 25th July **2023.**

2. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India.

B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a historical cost convention and on an accrual basis of accounting, except for Investments classified as Fair Value Through Profit or Loss ('FVTPL') /Fair Value Through Other Comprehensive Income ('FVTOCI'). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current and non-current as per the Companies' normal operating cycle of 12 months. Current assets do not include assets which are not expected to be realised within 12 months and current liabilities include only items where the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The financial statements are presented in Indian Rupees lakhs unless otherwise stated.
The statements of cash flows have been prepared under the indirect method.
The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

The company has prepared its financial statements as at 31st March 2023, by giving effect to the business transfer. We have applied pooling of interest method under Ind AS 103 (Business combinations) for accounting the transferor company's assets and liabilities in the books of the company. The acquisition date is considered of first date of comparative reporting period as specified under point 9(iii) of Appendix C of Ind AS 103. (Refer Note 47 for further Details)

Business combinations between entities under common control is accounted based on pooling of interest method, at carrying value of the assets acquired and liabilities assumed in the financial statements.

The identity of the reserves are preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately as Common Control Transactions Capital reserve.

BASIS OF MEASUREMENT

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items, which have been measured at fair value as required by relevant Ind AS:
a) The defined benefit liability/(asset) is recognised as the present value of defined benefit obligation less fair value of plan assets;

C. USE OF ESTIMATES

In preparation of the financial statements in conformity with the recognition and measurement principles of Ind AS, the Management has made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, as at the date of the financial statements, and the reported amounts of revenue and expenses during the year under report. Contingencies are recorded, when it is probable that a liability will be incurred and the amount can be reasonably estimated. Appropriate changes in the estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Actual results could differ from those estimates.

Useful lives of property, plant and equipment

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

Provisions and Contingent Liabilities

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

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D. REVENUE RECOGNITION

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

To recognise revenues, the Company applies the following five step approach:

(1) Identify the contract with a customer,
(2) identify the performance obligations in the contract,
(3) determine the transaction price,
(4) allocate the transaction price to the performance obligations in the contract, and
(5) Recognise revenues when a performance obligation is satisfied.

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

Other Income

Interest income- Interest Income is recognised and accounted on the basis of the efffective Interest rate method.
Dividend Income- Dividend income is accounted for when the right to receive is established.

E. TAXATION

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

a) Income Tax

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

b) Deferred Tax

Deferred Tax assets and liabilities are recognized for the future tax consequences attributable to the timing differences that result between the profit offered for the income tax and profit as per financial statement of the company. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/ substantive enactment date.

F. PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Capital work in progress

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

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G. INTANGIBLE ASSETS

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

Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

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

Depreciation and amortization

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. Intangible assets are amortized on a straight-line basis over the estimated useful economic life.

The useful lives estimated by the management are given below:

Asset	Useful life (In Years) estimated by the management
Vehicles	8

In respect of plant and equipment, furniture and fixtures and vehicles, the management, basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

Impairment of assets

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

H. FINANCIAL INSTRUMENTS

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

A) Financial assets

Cash and cash equivalents

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

Financial assets at amortized cost

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

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

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

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

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

<u>**Foreign exchange gains and losses**</u>

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

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B) Financial liabilities and Equity

Financial liabilities at amortized cost

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

Equity instruments

An equity instrument is contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments

recognised by the Company are recognised at the proceeds received net off direct issue costs.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in "Other income". The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in the profit and loss.

I. CASH FLOW STATEMENT

The entity reports the cash flow from

a) Operating activities using indirect method by adjusting the profit or loss for the effects of transactions of non-cash nature, deferrals or accruals of past or future cash receipts or payments and item of income or expense associated with investing or financing cash flows.

b) From investing and financing activities by reporting separately the major cash receipts and cash payments that arises from investing and financing activities except to the extent permitted to be reported on net basis by IND AS -7.

J. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan(GratuityPlan)covering all employees. The Gratuity plan provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the year so employment with the Company. The Company makes provision. Gratuity is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur.

Compensated absences

The cost of short term compensated absences are provided for based on estimates. The expected cost of accumulating compensated absences is determined by actuarial valuation at each balance sheet date measured based on the amounts expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss. The Company presents the entire obligation for compensated absences as a current liability in the balance sheet since it does not have an unconditional right to defer its settlement beyond 12 months from the reporting date.

K. EARNINGS PER SHARE (EPS)

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

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

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

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L. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimates required to settle each obligation at balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

M. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

(All amounts in Indian rupees lakhs, unless otherwise stated)

3 Property, plant and equipment

	Vehicles	Total
Gross carrying amount		
At March 31, 2022	-	-
Additions	12.00	12.00
Disposals	-	-
At March 31, 2023	**12.00**	**12.00**
Depreciation and impairment		
At March 31, 2022	-	-
Charge for the year	0.69	0.69
Disposals	-	-
At March 31, 2023	**0.69**	**0.69**
Net carrying value		
At March 31, 2023	**11.31**	**11.31**

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BELVEDORE INTERNATIONAL LIMITED
Notes to financial statements
(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
4 Trade receivables		
(carried at amortised cost)		
Trade receivables (Unsecured)		
Considered good		
Non-current	-	20.15
Current	143.40	171.33
Related parties	40.67	8.15
Trade Receivables which have significant increase in credit risk	-	-
	184.07	199.62
Less: Loss allowance	-	
	184.07	**199.62**

Note:

a. Trade receivables are non-interest bearing and are generally on credit period of 30 days.

b. Trade receivables includes receivables from related parties. For details, refer note no 29.

Ageing Details For Trade Receivables

As at 31.03.2023

Particulars	Outstanding for following periods from due date of payment / date of transaction						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Billed receivables:							
Undisputed receivables:							
(a) Considered good	-	134.63	24.58	-	-	-	159.21
(b) which have significant increase in credit risk	-	-	-	24.86	-	-	24.86
Disputed receivables:							-
(a) Considered good	-	-	-	-	-	-	-
(b) which have significantincrease in credit risk	-	-	-	-	-	-	-
Unbilled receivables	-	-	-	-	-	-	-
Total	**-**	**134.63**	**24.58**	**24.86**	**-**	**-**	**184.07**
							-
Total							**184.07**

As at 31.03.2022

Particulars	Outstanding for following periods from due date of payment / date of transaction						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Billed receivables:							
Undisputed receivables:							
(a) Considered good	-	145.69	33.79	20.14	-	-	199.62
(b) which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed receivables:							
(a) Considered good	-	-	-	-	-	-	-
(b) which have significantincrease in credit risk	-	-	-	-	-	-	-
Unbilled receivables	-	-	-	-	-	-	-
Total	**-**	**145.69**	**33.79**	**20.14**	**-**	**-**	**199.62**
							-
Total							**199.62**

	As at March 31, 2023	As at March 31, 2022
5 Cash and cash equivalents		
Balances with banks		
On Current accounts	43.65	13.62
Cash on hand	-	-
	43.65	**13.62**
6 Other financials assets		
Current		
(Unsecured, considered good)		
Advance to employees	0.06	-
	0.06	**-**
7 Current tax asset (Net)		
Tax credit (net of provision for income tax)	5.36	-
	5.36	**-**
8 Other current assets		
Balances with statutory / government authorities	12.62	10.18
Advance to suppliers	20.85	22.20
	33.47	**32.37**

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9 Share Capital

	As at March 31, 2023	As at March 31, 2022
Authorised share capital		
50,000 equity shares of INR 10 per share (March 31, 2022: 50,000)	5.00	5.00
	5.00	**5.00**
Issued, subscribed and fully paid-up shares		
50,000 equity shares of INR 10 per share (March 31, 2022: 50,000)	5.00	5.00
	5.00	**5.00**

(a) Shareholding of promoters
The details of the shares held by promoters are as follows :

Promotor Name	As at March 31, 2023			As at March 31, 2022		
	No of Shares*	% of total share	% change during the year	No of Shares*	% of total share	% change during the year
Kurlon Enterprise Limited - HC	49,940	99.88%	-	49,940	99.88%	-
Manipal holdings private limited	10	0.02%	-	10	0.02%	-
Metropolis builders private limited	10	0.02%	-	10	0.02%	-
Jyothi Ashish Pradhan	10	0.02%	-	10	0.02%	-
Jaya s pai	10	0.02%	-	10	0.02%	-
T. Sudhakar pai	10	0.02%	-	10	0.02%	-
Mr. Ashish Vilas Pradhan	10	0.02%	-	10	0.02%	-
Total	**50,000**	**100%**	-	**50,000**	**100%**	-

(b) Reconciliation of the shares outstanding at the beginning and end of the reporting year

	As at March 31, 2023		As at March 31, 2022	
	No of Shares*	Amount	No of Shares*	Amount
Equity shares				
At the beginning of the year	50,000	5.00	50,000	5.00
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	**50,000**	**5.00**	**50,000**	**5.00**

(c) Shares held by holding/ ultimate holding Company : 49,940

(d) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2023		As at March 31, 2022	
	No of Shares*	Holding %	No of Shares*	Holding %
Kurlon Enterprise Limited - Holding Company	49,940	99.88%	49,940	99.88%

The company has only one class of equity shares having par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except, in case of interim dividend. In the event of liquidation , the equity shareholders are elgible to receive the remaining asset of the company after distribution of all preferential amount, in the proportion of their shareholding.

As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Shares issued for consideration other than cash
There are no shares reserved for issue under options and contracts or commitments. Further, there are no shares that have been issued during the last 5 years pursuant to a contract without payment being received in cash, shares allotted as fully paid up by way of bonus shares or shares bought back.

*The number of shares are given in absolute number

	As at March 31, 2023	As at March 31, 2022
10 Other equity		
Common control transactions capital reserve	0.27	0.27
Retained earnings	-138.03	-44.37
	-137.76	**-44.10**

- Common control transaction capital reserve is created on account of merger of Home Komfort Retail LLP with Belvedore International Limited (Refer note 47). This reserve amounting to Rs. 0.27 Lakhs is not freely available for distribution.

- Retained earnings comprises of prior/loss and current year's undistributed earnings after tax.

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BELVEDORE INTERNATIONAL LIMITED
Notes to financial statements
(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

		As at March 31, 2023	As at March 31, 2022
	Financial liabilities		
	Non-current		
11	**Other financial liabilities**		
	Security deposits	53.70	41.35
		53.70	**41.35**
12	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Gratuity (note 26)	2.54	-
	Leave encashment (note 26)	0.44	-
		2.99	**-**
	Current		
	Provision for employee benefits		
	Gratuity (note 26)	0.01	-
	Leave Encashment (note 26)	0.10	-
	Others :		
	Outstanding Laibilities	80.00	-
		80.11	**-**
13	**Borrowings**		
	Unsecured		
	Loans from related parties	16.39	13.09
		16.39	**13.09**

Terms and conditions of above borrowings:

a. Loan from KEL is the on demand loan for a period of 3 years, which may be extended and lender can recall loan as deem fit.
b. Interest @12% shall be paid on an annual basis
c. Payable in 3 years or as decided by the both the parties
d. Loan from KMP and related individuals is a on demand loan

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(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

		As at March 31, 2023	As at March 31, 2022
14	**Trade payables**		
	(Carried at amortised cost)		
	Dues of micro enterprises and small enterprises	-	-
	Dues of creditors other than micro enterprises and small enterprises	234.61	217.02
		234.61	**217.02**

Terms and conditions of above payables:

a. Trade payables are non-interest bearing and are normally settled within 30 days.

b. Disclosure relating to creditors registered under MSMED Act are based on the information available with the Company.

c. For explanation of the Company's risk management processes, refer note 32.

d. For related party transactions, refer note 29.

Ageing Details For Trade Payables

As at 31.03.2023

Particulars	Outstanding for following periods from due date of payment / date of transaction						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Billed dues:							
Undisputed dues:							
(a) MSME	-		-	-	-	-	-
(b) Others	-	226.92	-	-	-	-	226.92
Disputed dues:							
(a) MSME	-	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
Total	**-**	**226.92**	**-**	**-**	**-**	**-**	**226.92**

As at 31.03.2022

Particulars	Outstanding for following periods from due date of payment / date of transaction						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Billed dues:							
Undisputed dues:							
(a) MSME	-	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-
Disputed dues:							
(a) MSME	-	-	-	-	-	-	-
(b) Others	-	217.02	-	-	-	-	217.02
Unbilled dues	-	-	-	-	-	-	-
Total	**-**	**217.02**	**-**	**-**	**-**	**-**	**217.02**

15	**Other financial liabilities**		
	Current		
	Employee related payables	9.56	-
	Interest accrued on loan	1.57	-
	Purchase consideration payable	-	0.11
		11.13	**0.11**
16	**Other current liabilities**		
	Statutory liabilities	1.66	3.87
	Advance received from customers	10.26	7.36
	Provision for Expenses	1.32	1.50
		13.23	**12.74**

* Advance from customers include the payments received in excess/in advance and the Benefits/rewards granted to customers.

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(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

		For the year ended March 31, 2023	For the year ended March 31, 2022
17	**Revenue from operations**		
	Sale of products		
	Traded goods		
	Revenue	1,320.66	1,362.28
		1,320.66	**1,362.28**
18	**Other income**		
	Miscellaneous Income	39.15	-
	Interest income	-	0.09
		39.15	**0.09**
19	**Changes in Inventories of traded Goods**		
	Inventories at the end of the period:		
	- Goods in Transit	-	-
	Inventories at the beginning of the period:		
	- Goods in Transit	-	0.16
		-	**0.16**
20	**Employee benefits expense**		
	Salaries and allowances	87.53	-
	Contribution to provident fund & other funds	2.19	-
	Gratuity and leave encashment expense	3.50	-
	Staff welfare expenses	0.45	-
		93.67	**-**
21	**Finance costs**		
	Interest		
	On others*	1.57	-
	Bank charges	0.06	0.03
		1.63	**0.03**
	* Interest on loan form related partiies @ 12% p.a		
22	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	0.69	-
		0.69	**-**
23	**Other expenses**		
	Trade Load/Scheme Expenses	85.04	-
	Turn Over Disc-FOFO stores	10.20	22.29
	Freight	64.13	165.20
	Manpower charges	59.41	140.20
	Vehicle Maintenance - Petrol	2.13	-
	Audit fees	1.04	4.05
	Rates and taxes	0.99	0.04
	Cash Discount	10.75	-
	Advertisement - Expenses	30.34	63.61
	Royalty Expenses	37.71	20.77
	Travelling and conveyance	18.12	-
	Printing & Stationery	0.42	0.32
	Sales promotion	1.76	-
	Professional fees	3.13	0.97
	Store Maintains Charges	0.36	-
	Bad debts written off	24.86	-
	Rewards - Dealers	0.65	-
	Forex Loss	0.95	-
		351.97	**417.45**
	Payment to auditor		
	For Statutory and tax audit	1.04	4.05
	For other services	-	-
		1.04	**4.05**

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Notes to financial statements

(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

		As at March 31, 2023	As at March 31, 2022
24	**Deferred tax**		
	(A) Deferred tax liabilities		
	(i) Difference between written down value as per income-tax and written down value as per books of account.	0.05	-
	(ii) Other items giving rise to temporary differences	-	-
	Deferred tax liabilities	**0.05**	**-**
	(B) Deferred tax assets		
	Recognised deferred tax assets and liabilities in balance sheet		
	Provision for gratuity and leave encashment	0.80	-
	Provision for bonus	0.72	-
	Net deferred tax asset	**1.53**	**-**
	Net Deferred tax (liabilities) / assets	**1.48**	**-**
	Movement in deferred tax		
	Net deferred tax asset at the beginning of the year	-	-
	Tax income/(expense) during the year recognized in profit and loss	1.48	-
	Remeasurement of defined benefit obligation recognized in other comprehensive	-	-
		1.48	**-**

* Deferred tax asset and Deferred tax liability have been offset whenever the company has a legally enforceable to right to set off current tax and current tax liability and where the DTA and DTL relates to income tax levied by same taxation authorities.

Effective Tax Reconciliation :

	As at March 31, 2023	As at March 31, 2022
Loss before Tax	-95.14	-44.21
Effective Tax Rate	26%	26%
Computed expected tax income	(24.74)	(11.49)
Effect of:		
Expenses disallowed for Tax Purpose	1.53	-
Income Tax not recognized on losses	21.79	11.49
Others	-0.05	-
Income Tax Expenses	-1.48	-

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		For the year ended March 31, 2023	For the year ended March 31, 2022
24	**Income tax**		
	The major components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:		
	Profit or loss section:		
	Current tax:		
	Current income tax charge	-	-
	Adjustment in respect of current income tax of previous years	-	-
	Deferred tax:		
	Relating to origination/ reversal of temporary differences	-	-
	> Decrease/(increase) in deferred tax assets recognized	(1.48)	-
		(1.48)	-
	Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
	Accounting profit before income tax	**(95.14)**	**(44.21)**
	Effective tax rate in India	26.00%	26.00%

25 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit after tax attributable to equity holders of the Company (a) (INR in lakhs)	-93.66	-44.21
Weighted average number of equity shares outstanding during the year for basic/diluted EPS (b)	50,000	50,000
Basic/diluted earnings per share (in INR) (a/b)	-187.33	-88.42

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26 Employee benefits expenses

a. Defined contribution plans

The Company has defined contribution plan in form of Provident Fund for qualifying employees. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligation. The expense recognised during the year towards defined contribution plan is INR 2.19 Lakhs (March 31, 2022: INR Nil).

b. Defined benefit plans

i. Gratuity

The Company has a defined benefit gratuity plan (unfunded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on retirement or termination at 15 days salary (last drawn salary) for each completed years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, Demographic risk and salary risk.

Interest risk :

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase. Thus the plan exposes the Company to the risk of fall in interest rates. Some times, the fall can be permanent, due to a paradigm shift in interest rate scenarios because of economic or fiscal reasons. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements). Even for funded schemes, a paradigm downward shift in bond yields may affect the reinvestment yields and may increase ultimate costs.

Salary inflation risk:

The present value of the defined benefit plan is calculated with the assumption of salary escalation rate(SER), which is applied to find the salary of plan participants in future, at the time of separation Higher than expected increases in salary will increase the defined benefit obligation and will have an exponential effect.

Demographic risks:

Demographic assumptions are required to assess the timing and probability of a payment taking place. This is the risk of volatility of results due to unexpected nature of decrements that include mortality, attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short serving employees will be less compared to long service employees.

Investment risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the gratuity plan:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Gratuity	2.55	-
Non current	2.54	-
Current	0.01	-
Gratuity cost charged to profit or loss		
Current service cost	2.55	-
Past service cost	-	-
Net interest expense	-	-
	2.55	-
Gratuity cost charged to other comprehensive income		
Actuarial (gains)/losses	-	-
	-	-

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(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Changes in the defined benefit obligation as at March 31, 2023 and March 31, 2022		
Opening balance	-	-
Current service cost	2.55	-
Past service cost	-	-
Net interest expense	-	-
Fund management charges	-	-
Total amount recognised in profit or loss	2.55	-
Benefits paid	-	-
Remeasurement (gains)/losses in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	-	-
Experience adjustments	-	-
Total amount recognised in OCI	-	-
Closing balance	**2.55**	-
Discount rate	7.53%	-
Future salary increases	7.00%	-
Attrition Rate	10.00%	-
Retirement age	60 years	-

Mortality rate : Standard Indian Assured Lives (2012-14) Ultimate Table
Discount rate: Market yields on Government bonds as at balance sheet date for the estimated term of the obligation
The above numbers for the year ended March 31, 2023 is as per the actuarial valuation obtained for the year ended March 31, 2023.

A quantitative sensitivity analysis for significant assumption is as shown below:

Sensitivity level	Impact on defined benefit obligation	
	As at March 31, 2023	As at March 31, 2022
Discount Rate		
1% increase	-0.26	-
1% decrease	0.30	-
Salary escalation rate		
1% increase	0.29	-
1% decrease	-0.25	-
Attrition rate		
1% increase	-0.07	-
1% decrease	0.07	-
Mortality rate		
10% UP	-0.00	-

Above sensitivity analysis computed based on, if 100 basis points changes in the actuarial assumptions namely discount rates,salary growth, Attrition & Mortality.

Used P.U.C method.If an employee's service in later years will lead to a materially higher level of benefit than in earlier years, these benefits are attributed on a straight-line basis. The limitations are that in assessing the change other parameters are kept constant. As some of the assumptions may be correlated, it is unlikely that changes in assumptions will occur in isolation of one another.

The following represents maturity profile - future expected payments

	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	0.01	-
Between 2 and 5 years	0.03	-
Beyond 5 years	0.64	-
Above 10 Years	6.29	-
Total expected cash flow profile (payments)	**6.96**	-

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ii. Leave encashment

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance sheet date.

Employee Benefit expenses for the year include Rs. 0.40 Lakhs (FY 2021-22: Nil) towards compensated absences.
Provision for compensated absences as on 31st March, 2023 is Rs. 0.54 Lakhs(31st March, 2022: Nil).

	As at March 31, 2023	As at March 31, 2022
27 Contingent liabilities and capital commitments		
Contingent liabilities	-	-
Capital commitments		
Estimated amounts of contracts remaining to be executed on capital account not provided for.	-	-
28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
i. The principal amount due thereon remaining unpaid		
Interest amount due and remaining unpaid		
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
iv. The amount of interest accrued and remaining unpaid in respect of principal amount settled during the year	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

(All amounts in Indian rupees lakhs, unless otherwise stated)

29 Related Party Disclosure

a. List of related parties

i. Key managerial personnel

Jaya Sudhakar Pai
Tonse Pai
Jyothi Ashish Pradhan

ii. Related parties

Kurlon Limited	Ultimate Holding Company
Kurlon Enterprises Limited	Holding Company
Kurlon Retail Limited	Fellow Subsidiary
Home Komfort Retail LLP	Entity owned/significantly influenced by KMP
Ashish Pradhan	Related to KMP

b. Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transaction	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases		
Kurlon Enterprise Limited	578.91	988.94
Sales		
Kurlon Enterprise Limited	35.61	-
Kurlon Retail Limited	18.16	20.04
Other Income		
Kurlon Enterprise Limited	39.13	-
Borrowings		
Kurlon Enterprise Limited	-	13.01
Ashish Pradhan	1.65	-
T Sudhakar Pai	1.65	-
Reimbursement of Expenses		
Kurlon Enterprise Limited	-	305.40
Interest on borrowings		
Kurlon Enterprise Limited	1.57	-
Business transfer		
Home Komfort Retail LLP	-	0.38

* Net assets transferred as per BTA (Refer note - 47)

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d. Details of closing balances at the year end is as below:

Nature of transaction	As at March 31, 2023	As at March 31, 2022
Accounts Receivables		
a. Kurlon Enterprise Limted	40.67	8.15
b. Kurlon Retail Limited	2.26	-
Accounts Payables		
a. Kurlon Enterprise Limted	209.66	22.19
Borrowings		
a. Kurlon Enterprise Limted	13.09	13.09
b. Ashish Pradhan	1.65	-
c. T Sudhakar Pai	1.65	-
Other financial liabilities		
Purchase consideration payable to partners of HKR LLP	0.11	0.11
e. Compensation of key management personnel of the Company:		
Short-term employee benefits - Remuneration	-	-
	-	-

* During the year no remuneration and no contributation made post-retirement benefits (PY Nil Lakhs)

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: Nil lakhs).

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(All amounts in Indian rupees lakhs, unless otherwise stated)

30 Financial instruments- accounting classification and fair value measurement

The management assessed that cash and cash equivalents, trade receivables, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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 table presents the fair value hierarchy of assets and liabilities measured at fair value Level 3 - Unobservable inputs for the assets or liabilities:

	As at March 31, 2023		As at March 31, 2022	
	Total carrying value	Total fair value	Total carrying value	Total fair value
Financial assets				
Cash and cash equivalents	43.65	43.65	13.62	13.62
Trade receivables	184.07	184.07	199.62	199.62
Other financials assets	0.06	0.06	-	-
	227.78	**227.78**	**213.25**	**213.25**
Financial liabilities				
Borrowings	16.39	16.39	13.09	13.09
Trade payables	234.61	234.61	217.02	217.02
Other financial liabilities	64.84	64.84	41.46	41.46
	315.83	**315.83**	**271.57**	**271.57**

31 Fair value hierarchy

Ind AS 113 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a. Level 1 - Quoted prices (unadjusted) in an active market for identical assets or liabilities that the Company can assess at the measurement date.

b. Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

c. Level 3 - Unobservable inputs for the assets or liabilities.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire management.

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(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

32 a) Capital Management

The Company's objective when managing capital is to:

1. Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and
2. Maintain an optimal capital structure to reduce the cost of capital.

The company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
The capital structure of the Company consists of total equity. The Company is not subject to any externally imposed capital requirements.

b) Gearing Ratio

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings	16.39	13.09
Less: Cash and cash equivalents (note 5)	43.65	13.62
Net debt	**(27.26)**	**(0.53)**
Equity	5.00	5.00
Total capital	**5.00**	**5.00**
Capital and net debt	-22.26	4.47
Gearing ratio	-122.46%	-11.90%

33 Financial risk management objectives and policies

The Company's principal financial liabilities comprises borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, trade and other receivables that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below. There has been no change to the Company's exposure to the financial risks or the manner in which it manages and measures the risks.

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 risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company is not exposed to other price risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022. The analysis exclude the impact of movement in market variables on the carrying values of gratuity and other provisions.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The operations of the Company are carried out mainly in India. However, the Company pays the Royalty to foreign vendors which are denominated in USD. Hence the Company is currently exposed to the currency risk arising from fluctuation of the above foreign currency and Indian rupee exchange rates. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year Is NIL which is unhedged.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

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(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does have significant debt obligations with floating interest rates, hence, is exposed to significant interest rate risk.

The sensitivity analyses have been prepared on the basis that the amount of net debt and derivatives and the proportion of financial instruments in foreign currencies are NIL as at March 31, 2023.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have significant foreign currency exposure and hence, is not exposed to any significant foreign currency risk.

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating (primarily trade receivables) and from its financing activities (primarily cash and cash equivalents).

The Company monitors the exposure to credit risk on an ongoing basis through ageing analysis and historical collection experience. Outstanding customer receivables are regularly monitored by the Managing director.

i) Trade receivables

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

c. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Company's operations. The Company has substantial trade receivable balance which is expected to be recovered within 12 months.

The below table detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods.

	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2023				
Trade payables	-	234.61	-	234.61
Borrowings	-	16.39	-	16.39
Other financial liabilities	-	11.13	53.70	64.84
As at March 31, 2022				
Trade payables	-	217.02	-	217.02
Borrowings	-	13.09	-	13.09
Other financial liabilities	-	0.11	41.35	41.46

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34 Segment reporting

The Company is engaged in trading of mattresses, being the only operating segment and the operations are mainly in India. All assets of the Company are located in India. Accordingly there are no reportable segments as defined by the Ind AS 108 'Operating Segments'.

35 Ageing schedule of Capital work-in-progress

The company does not have any capital work-in-progress during FY 2022-23 and FY 2021-22.

36 Details of Benami property held

There are no proceedings that have been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibitions) Act, 1988 during FY 2022-23 and FY 2021-22.

37 Relationship with struck off companies

There are no transactions with companies struck off under Section 248 of Companies Act, 2013 or Section 560 of the Companies Act, 1956 during FY 2022-23 and FY 2021-22.

38 Details of security of current assets against borrowings

The Company has no borrowings from Banks or Financial Institutions.

39 Details of utilisation of borrowings

The Company has no borrowings from Banks or Financial Institutions.

40 Details of Title deeds of immovable property not held in the name of the Company

There is no immovable property held by the company which is not in its name during FY 2022-23 and FY 2021-22.

41 Details of undisclosed income

The company does not have any transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 during FY 2022-23 and FY 2021-22.

42 Details of crypto currency or virtual currency

The company has not traded or invested in any crypto currency or virtual currency during FY 2022-23 and FY 2021-22.

43 Wilful Defaulter

The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender during 2022-23 & 2021-22.

44 Details of charges or satisfaction yet to be registered with Registrar of companies

There are no pending charges or satisfaction yet to be registered with Registrar of Companies during FY 2022-23.

45 Details of compliance with number of layers of companies

The Company has complied with the number of layers prescribed under clause (87) of the Section 2 of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 during 2022-23 and 2021-22.

46 Corporate Social Responsibility

The Company is not required to contribute towards Corporate Social Responsibility ("CSR") as required by Schedule VII of the Act, as the Company does not meet criteria specified in the applicable rules and regulations relevant for contributions towards CSR.

47 Business transfer :

Company has entered into a business transfer agreeement on September 8, 2022 to transfer the business of Home Komfort Retail LLP to the Company effective from September 1, 2022 for a consideration of Rs. 0.11 Lakhs. The business transfer resulted in a transfer of net assets amounting to Rs. 0.38 Lakhs and Capital reserve resulted Rs. 0.27 Lakhs

Details of entities :

Name of Entity	Nature of Business	Date of effect	Consideration (in Lakhs)
Home comfort Retail LLP	Business of buying, selling, reselling, and to deal in all types of mattresses, pillows, cushions, on retial as well as on wholesale basis	1st September 2022	0.11

The details of the Assets and liabilities takenover upon business transfer are as follows:

Particulars	Amount
Assets	231.02
Liabilities	230.63
Consideration payable	0.11
Common control transactions capital reserve	0.27

48 Details of utilisation of borrowed funds and share premium

The company has not advanced or loaned or invested to any other persons out of the borrowed funds during FY 2022-23 and 2021-22.

The Company have 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.

The Company have 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.

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(All amounts are disclosed in Indian rupees lakhs, unless otherwise stated)

49 Analytical Ratios

Ratio	Description of numerator	Description of denominator	Ratio 31.03.2023	Ratio 31.03.2022	Variance	Reasons for variance (where variance > 25%)
(a) Current ratio	Current assets	Current liabilities	0.75	0.93	-19%	NA
(b) Debt-equity ratio	Total debt	Shareholder's Funds	-0.12	-0.33	-63%	Due to the HKRL loan balance got nullified under BTA transaction
(c) Debt service coverage ratio	Earnings available for debt service	Debt service	-56.93	-1399.95	-96%	Interest provided on loan in CY compared to PY
(d) Return on equity ratio	PAT - Preference dividend	Equity Shareholder's Funds	1.09	2.60	-58%	Due to increase in transactions and restatement of FY 21-22 balances
(e) Inventory turnover ratio	Sales (product sales)	Average inventory	NA	NA	NA	NA
(f) Trade receivables turnover ratio	Credit sales	Average accounts receivable	6.88	6.61	4%	NA
(g) Trade payables turnover ratio	Credit purchases	Average accounts payable	4.46	4.94	-10%	NA
(h) Net capital turnover ratio	Revenue from operations	Net assets	-35.78	68.15	-153%	Due to restatemnet of FY 21-22 and net assets of the company are in negative
(i) Net profit ratio	Profit after tax	Revenue from operations	-0.07	-0.03	122%	Expenses increased in CY compared to PY
(j) Return on capital employed	EBIT	Capital employed (Total equity + borrowings)	0.82	1.70	-52%	Due to increase in the loss during the year comapred to PY
(k) Return on investment	Interest (Finance Income)	Average Investments	NA	NA	NA	NA

(i) As the company has cleared majority of its debt, there is favourable debt service coverage ratio.

50 Previous year figures have been regrouped where necessary to conform with current year's classification / disclosure.

51 Going Concern - As at the year ended 31 March 2023, the net worth of the Company is negative, however, basis internal assessment of its operations, the management has prepared its financial statements of the Company on a going concern basis and will continue its operations for the foreseeable future.

As per our report of even date

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 25/07/2023

For and on behalf of Board of Directors of
Belvedore International Limited
CIN : U52520KA2020PLC142418

Jaya Sudhakar Pai
Director
DIN: 00030515

Place: Bangalore
Date: 25/07/2023

T Sudhakar Pai
Director
DIN: 00043298

Place: Bangalore
Date: 25/07/2023

Kanvas Concepts Private Limited
Balance Sheet as at 31st March 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	-	86.64
Other intangible assets	3(b)	-	9.21
Total non-current assets		**-**	**95.85**
Current assets			
Inventories	4	-	39.42
Financial assets			
Cash and cash equivalents	5	0.27	0.90
Other financial assets	6	0.05	6.11
Other current assets	7	82.05	13.01
Total current assets		**82.37**	**59.44**
TOTAL ASSETS		**82.37**	**155.29**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	8	1.00	1.00
Other Equity	9	(113.84)	(113.20)
Total equity		**(112.84)**	**(112.20)**
Non-current liabilities			
Financial Liabilities			
Borrowings	10	153.30	153.30
Non Current Tax Liabilities (Net)	11	-	4.12
Total non-current liabilities		**153.30**	**157.42**
Current liabilities			
Financial liabilities			
Trade Payable			
Total outstanding dues of micro enterprises and small enterprises	12	-	-
Total outstanding dues of Creditors other than micro and small enterprises		1.23	2.65
Other Current liabilities	13	40.68	107.42
Total current liabilities		**41.91**	**110.07**
TOTAL EQUITY AND LIABILITIES		**82.37**	**155.29**

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K.S
Partner
UDIN:
Membership No:223085

Place : Bengaluru
Date : 26.07.2023

For and on behalf of the Board of Directors
Kanvas Concepts Private Limited
CIN:U74999KA2020PTC138867

T Sudhakar Pai
Director
Place : Bengaluru
DIN:00043298

Place : Bengaluru
Date : 26.07.2023

Ashish Vilas Pradhan
Director
Place : Bengaluru
DIN: 08630024

Place : Bengaluru
Date : 26.07.2023

Kanvas Concepts Private Limited

Statement of profit and loss for the year ended 31st March 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	14	39.42	36.73
Other income, net	15	4.31	1.26
Total Income		**43.73**	**37.99**
Expenses			
Cost of materials consumed	16	39.42	2.84
Employee benefits expense	17	0.44	27.22
Depreciation and amortization expense	18	2.16	12.20
Other Expenses	19	6.47	85.00
Total expenses		**48.49**	**127.26**
Profit/ (loss) before Tax		**(4.76)**	**(89.27)**
Tax expenses			
Current tax			
Earlier year's tax			-
Deferred tax charge/(income)	11	-	-
		(4.12)	3.42
Total Tax expenses		**(4.12)**	**3.42**
Profit/(loss) for the year		**(0.64)**	**(92.69)**
Other comprehensive income			
Items that will not be reclassified to profit or (loss) in subsequent period			
Investment Revaluation		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
		-	-
Re-measurement of the net defined benefit liability/asset, net		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
		-	-
Total other Comprehensive Income/(loss) for the year		-	-
Total Comprehensive Income/ (loss) for the year		**(0.64)**	**(92.69)**
Earnings per share:			
Equity Share of par value of Rs. 10 each			
Basic and Diluted(Rs)	20	(0.43)	(926.87)

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K.S
Partner
UDIN:
Membership No:223085

Place : Bengaluru
Date : 26.07.2023

For and on behalf of the Board of Directors
Kanvas Concepts Private Limited
CIN:U74999KA2020PTC138867

T Sudhakar Pai
Director
Place : Bengaluru
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Place : Bengaluru
Date : 26.07.2023

Ashish Vilas Pradhan
Director
Place : Bengaluru
DIN: 08630024

Place : Bengaluru
Date : 26.07.2023

Kanvas Concepts Private Limited

Cash Flow Statement for the year ended 31 March 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit/(loss) for the year	(4.76)	(89.27)
Adjustments to reconcile net profit/ (loss) to net cash provided by opearting activities:		
Miscellenous Income written back	4.21	-
Depreciation / amortization	2.16	12.20
	1.61	**(77.07)**
Changes in Assets and Liabilities:		
Increase/(decrease) in trade payables	(1.42)	(6.88)
Increase/(decrease) in other current liabilities	(66.74)	82.20
Increase/(decrease) in other non current liabilities	-	68.30
(Increase)/decrease in other financial assets	6.06	(6.11)
(Increase)/decrease in other current assets	(75.61)	(9.63)
(Increase)/decrease in Inventories	39.42	(21.40)
Cash generated from /(used in) operations	**(96.68)**	**29.41**
Direct taxes paid during the year (net of refunds)	2.50	-
Net cash flow from/ (used in) operating activities (A)	**(94.18)**	**29.41**
Cash flow from investing activities		
Purchase of Property, Plant and Equipment (net)	-	(51.10)
Proceeds from Sale of Property, Plant and Equipment	95.86	-
Net cash flow from/(used in) investing activities (B)	**95.86**	**(51.10)**
Cash flow from financing activities		
Issue of share capital	-	-
Proceeds/ (repayment) from Borrowings	(2.30)	-
Net cash flow from/(used in) in financing activities (C)	**(2.30)**	**-**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(0.62)	(21.79)
Cash and cash equivalents at the beginning of the year	0.90	22.69
Cash and cash equivalents at the end of the year	**0.28**	**0.90**
Components of cash and cash equivalents		
Cash on hand	-	0.16
With banks - on current account	0.27	0.74
Total cash and cash equivalents - Closing Balance	0.27	0.90
Total cash and cash equivalents - Balance Sheet	**0.27**	**0.90**

Notes:

1) Cash Flow Statement has been prepared under the indirect method as set out in the Ind AS 7 "Cash Flow Statements".
2) Brackets indicate cash outflow/ Deduction.
3) Previous year figures have been regrouped/ reclassified wherever necessary.

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K.S
Partner
UDIN:
Membership No:223085

Place : Bengaluru
Date : 26.07.2023

For and on behalf of the Board of Directors
Kanvas Concepts Private Limited
CIN:U74999KA2020PTC138867

T Sudhakar Pai
Director
DIN:00043298

Place : Bengaluru
Date : 26.07.2023

Ashish Vilas Pradhan
Director
DIN: 08630024

Place : Bengaluru
Date : 26.07.2023

Kanvas Concepts Private Limited
Statement of Changes in Equity for the year ended 31 March 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

a. Equity Share Capital

Particulars	Amount
Balance as at April 1, 2021	1.00
Changes in equity share capital during the year	-
Balance as at March 31, 2022	1.00
Changes in equity share capital during the year	-
Balance as at March 31, 2023	1.00

b. Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2021	-	-	(20.51)	
Transferred to general reserve	-	-	-	
Profit for the year	-	-	(92.69)	
Balance as at March 31, 2022	-	-	(113.20)	
Profit for the period	-	-	(0.64)	
Balance as at March 31, 2023	-	-	(113.84)	

The above statement of changes in equity should be read in conjunction with the accompanying notes.
As per our report attached

For ASA & Associates LLP
Chartered Accountants
Firm registration number: 009571N/N500006

Vinay K S
Partner
UDIN:
Membership No:223085

Place: Bangalore
Date : 26.07.2023

For and on behalf of Board of Directors of
Kanvas Concepts Private Limited
CIN:U74999KA2020PTC138867

T Sudhakar Pai
Director
DIN:00043298

Place: Bangalore
Date : 26.07.2023

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date : 26.07.2023

Kanvas Concepts Private Limited
Notes to the financial statements for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

1 CORPORATE INFORMATION

Kanvas Concepts Private Limited was incorporate in Karnataka on 22.09.2020. The company is a wholly owned subsidiary of Kurlon Enterprise Limited and is engaged in the business of interiors & exteriors of Homes, stage designer, furnishing, designing, decorating, renovating and remodeling of bunglows, houses, shops, show rooms, complexes, apartments, offices, hotels, restaurants and other commercials and residential houses and for other purpose to act as organiser, consultant, advisor, trader, buyer, seller, supervisor, surveyor, broker, agent and to do all other incidential acts and things necessary for the attainment of above objects.

2 Summary of Significant Accounting Policies:

2A Statement of Compliance

The financial statements have been prepared in accordance with the provisions of Companies Act 2013 ("the Act") and Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015, issued by the Ministry of Corporate Affairs in exercise of powers conferred by section 133 of the Act.

2C Basis of preparation of financial statements

The Financial Statements have been prepared on an accrual basis and under the historical cost convention, except for certain Financial instruments that are measured at fair value at the end of each reporting period, as explained in the Accounting policies below. The accounts of the company have been prepared on a going concern basis.

Ministry of Corporate Affairs ("MCA") through a notification dated March 24, 2021, amended Division II of Schedule III of the Companies Act, 2013 and applicable for the reporting period beginning on or after April 1, 2021. The amendment encompasses certain additional disclosure requirements. The Company has applied and incorporated the requirements of amended Division II of Schedule III of the Companies Act, 2013, to the extent applicable on it while preparing these financial statements.

The operating cycle in the normal course has been identified to have a duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS – 1 "Presentation of Financial Statements" and Schedule – III to the Companies Act, 2013.

The Balance sheet, the Statement of Profit and Loss and the statements of Changes in Equity are prepared in the format prescribed in Schedule III to the Act. The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the Ind AS.

The Financial Statements are presented in Indian RupeesLakhs and all values are rounded off to two decimal lakh except as otherwise stated.

2D Significant accounting policies

i Use of Estimates

In preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iii Property, plant and equipment and depreciation/amortisation

A. Property, plant and equipment

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

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

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

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

Depreciation is provided for property, plant and equipment on the reducing balance method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Capital work in progress

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

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Chartered Accountants

B. Depreciation and amortisation methods, estimated useful lives and residual value

I a) Depreciation is provided on a pro rata basis on the Reducing Balance method to allocate the cost, net of residual value over the estimated useful lives of the assets.

b) Where a significant component (in terms of cost) of an asset has an estimated economic useful life shorter than that of it's corresponding asset, the component is depreciated over it's shorter life.

c) Useful life of assets are determined by the Management by internal technical assessments except in case where such assessment suggests a life significantly different from those prescribed by Schedule II- Part 'C', the useful life is as assessed and certified by a technical expert.

II Assets which are depreciated over useful life/residual value indicated by Schedule II are as follows:

Assets Class
Office Equipments-5 Years
Funiture and Fixtures - 10 Years
Computer and Accessories - 3Years
Software - 6 Years

III Depreciation on additions and deletions is being provided on pro rata basis from the month of such additions or deltions.

IV Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.

C. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

iv **Intangible assets and amortisation**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life of computer software in 5 years. The estimated useful life is reviewed at the end of each reporting period and the effect of any changes in estimate being accounted for prospectively.
Intangible assets are derecognised when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are determined as the carrying amount of the asset (net of disposal proceeds, if applicable) and recognised in the Statement of Profit and Loss when the asset is derecognised.

v **Inventories**

Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

vi **Investments & financial assets**

i) Classification

The Company classifies its financial assets in the following measurement categories :-
a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b) those measured at amortised cost.
The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value in the case of financial asset not at fair value through profit or loss', transaction costs that are directly 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.

Financial assets carried at amortised cost:

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

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Financial assets at fair value through other comprehensive income:

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

Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost, are measured at fair value through profit or loss e.g. investments in mutual funds. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises.

iii) Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

vii Income recognition

Interest Income

Interest income from Financial assets (Rent deposits) is recognised using the effective interest rate method.

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

viii 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 at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction of monetary items are recognized as income or expenses in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ix Cash & Cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

x Revenue Recognition

The Company has adopted IndAS 115-"Revenue from Contracts with Customer ", with effect from 01 April 2018. Company has applied the following accounting policy in the preparation of its financial statements:

The Company recognises revenue from contracts with customers based on a five step model as set out in IndAS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer that are distinct.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the compnay will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Company recognises revenue at a point in time when it satisfies a performance obligation by transferring promised goods/service to a customer. An asset is transferred when the customer obtains control of the same.

When the company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

xi Cash Flow Statements

The entity reports the cash flow from

a) operating activities using indirect method by adjusting the profit or loss for the effects of transactions of non-cash nature, deferrals or accruals of past or future cash receipts or payments and item of income or expense associated with investing or financing cash flows.

b) From investing and financing activities by reporting separately the major cash receipts and cash payments that arises from investing and financing activities except to the extent permitted to be reported on net basis by IND AS -7.

ASA & Associates LLP
Chartered Accountants

xii Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method.
Borrowing costs specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.
All other borrowing costs are charged to the Statement of Profit or Loss in the year in which it is incurred.

xiv Earnings Per Share

Basic earnings per share amounts are computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xvii Taxation

Current tax is determined based on the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on timing differences: being the difference between the taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are recognised at the rate that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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.

xviii Contingent Liabilities & Provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xix Leases

The lease asset classes primarily consist of leases for buildings . The Company assesses whether a contract contains a lease, at 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:
(1) the contract involves the use of an identified asset;
(2) the company has substantially all of the economic benefits from use of the asset through the period of the lease; and
(3) the company has the right to direct the use of the asset.
At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized 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.

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. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost 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 in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

xx Functional Currency

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (`) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (`).

Kanvas Concepts Private Limited
Notes to the financial statements for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3 - Property, Plant and Equipments
a. Tangible Assets

Particulars	Furnitures & Fixtures	Office Equipments	Electrical Fittings	Computers	Total
Gross Carrying Amount					
Balance as at 1st April 2021	56.43	0.23	0.46	-	57.12
Additions	31.71	0.71	-	7.91	40.33
Disposals	-	-			
Balance as at 31st March 2022	88.13	0.95	0.46	7.91	97.45
Additions					
Disposals					-
Balance as at 31st March 2023	88.13	0.95	0.46	7.91	97.45
	-	-	-	-	-
Accumulated Depreciation					
Balance as at 1st April 2021	0.15	0.01	0.01	-	0.17
Additions	8.12	0.17	0.04	2.30	10.64
Disposals	-	-	-	-	-
Balance as at 31st March 2022	8.27	0.18	0.06	2.30	10.81
Additions	0.55	0.03	0.85	0.42	1.85
Disposals					
Balance as at 31st March 2023	8.82	0.21	0.91	2.72	12.66
	-	-	-	-	-
Net Carrying Amount					
Balance as at 31st March 2022	79.86	0.77	0.41	5.61	86.64
Balance as at 31st March 2023	-	-	-	-	-

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Kanvas Concepts Private Limited
Notes to the financial statements for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3(b) Other intangible assets:

Particulars	Software	Total
Gross block:		
As on 1st April 2021	-	-
Additions	10.78	10.78
Disposals/ adjustments	-	-
As on 31 Mar 2022	**10.78**	**10.78**
Additions		
Disposals/ adjustments	10.78	10.78
As on 31 Mar 2023	-	-
Accumulated Depreciation:		
As on 1st April 2021	-	-
Amotisation expense	1.57	1.57
Disposals/ adjustments		-
As on 31 Mar 2022	**1.57**	**1.57**
Amotisation expense	0.29	0.29
Disposals/ adjustments	1.85	1.85
As on 31 Mar 2023	-	-
Net carrying value:		
At 31 March 2022	**9.21**	**9.21**
At 31 March 2023	-	-

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Kanvas Concepts Private Limited

Notes to the financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

4. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Work in progress	39.42	17.92
Closing Work in progress	-	39.42
Net Increase/(Decrease)	(39.42)	21.50

5.Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
-On current Accounts	0.27	0.74
Cash on Hand	-	0.16
Total	0.27	0.90

6. Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Security Deposits	0.05	6.11
Total	0.05	6.11

**The security deposit is subsequently repaid by Kurl On Enterprise Limited as on May 2022 since the hennur stores was transferred to Kurlon Enterprise Limited.

7.Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Statutory Authorities		
Advance Tax & TDS	0.83	10.51
Unbilled Revenue	-	2.50
Other Receivables	39.42	-
	41.80	-
Total	82.05	13.01

8. Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorized shares		
1,50,000 (March 31, 2022: 10,000) equity shares of Rs. 10 each	15.00	1.00
	15.00	1.00
Issued, subscribed and fully paid-up shares		
10,000 (March 31, 2022: 10,000) equity shares of Rs. each fully paid up	1.00	1.00
	1.00	1.00

8..1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	10,000	1.00	10,000	1.00
Issued during the year	-	-	-	-
Reduced during the year	-	-	-	-
Bought Back during the year	-	-	-	-
Outstanding at the end of the period	10,000	1.00	10,000.00	1.00

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Notes to the financial statements for the year ended March 31, 2023
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8.2 Terms/Rights attached to Equity Shares

Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.
The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.
In the event of liquidation of the company the holders of equity will be entitled to the remaining assets of the company, after distribution to all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Equity shareholder holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the year are as given below:

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	Number	Percentage	Number	Percentage
Kurlon Enterprise limited	10,000	100.00%	10,000	100.00%

8.4 The Company has not bought back any shares or issued shares for consideration other than cash or issued bonus shares during the five years immediately preceding the date of Balance Sheet (during the five years immediately preceding March 31st, 2022 - Nil Lakhs)

8.5 Shareholding of promoters:

Promoter Name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	Number	% of total shares	Number	% of total shares	
Kurlon Enterprise Limited	10,000	100.00%	10,000	100.00%	-

Kanvas Concepts Private Limited is the wholly owned subsidiary of Kurlon Enterprise Limited, there are 6 nominee shareholders who are holding shares out of the total 10,000 shares.

Ashish Vilas Pradhan	50	-	50	0.50%	0.00%
Mr.T Sudhakar Pai	10	-	10	0.10%	0.00%
Mr. N Srinivasa Ulloor	10	-	10	0.10%	0.00%
Mr. Ramakrishna Hegde	10	-	10	0.10%	0.00%
Mr. Sanjoy Khan	10	-	10	0.10%	0.00%
Mr. K Krishna Shettigar	10	-	10	0.10%	0.00%

9.Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Retained earnings		
Opening Balance	(113.20)	(20.51)
Profit /(Loss) attributable to owners of the Company	(0.64)	(92.69)
Closing Balance	**(113.84)**	**(113.20)**
Total Reserves And Surplus	(113.84)	(113.20)

10. Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
From related party		
Kurlon Enterprise Limited	153.30	153.30
Total	153.30	153.30

Kanvas Concepts Private Limited is the wholly owned subsidiary of Kurl On Enterprise Limited. And the company has invetsed in the business of its wholly owned subsidiary just to support its operations. And the advances received for the same do not carry any interest and same is not provided for in the books of its holding company as well.

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Kanvas Concepts Private Limited

Notes to the financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

11. Taxes (Net)

Income tax expenses in the statement of profit and loss consist of the following:

Particulars	As at March 31, 2023	As at March 31, 2022
Current taxes	-	-
Deferred Tax	-	4.12
Total Taxes	**-**	**4.12**

12. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1.23	2.65
Total	**1.23**	**2.65**

Note : The above disclosure is based upon the information available with the Company.There are no Micro and Small Enterprises vendors.

Trade Payables ageing schedule

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023							
Related party							
Micro, small and medium enterprises	-	-	-	-	-	-	-
Others	-	-	1.23	-	-	-	1.23
Total	**-**	**-**	**1.23**	**-**	**-**	**-**	**1.23**
As at 31 March 2022							
Related party	-	-	-	-	-	-	-
Micro, small and medium enterprises	-	-	-	-	-	-	-
Others	-	-	2.65		-	-	2.65
Total	**-**	**-**	**2.65**	**-**	**-**	**-**	**2.65**

13.Other Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advance for Project	21.29	21.29
Statutory Liabilities	0.05	0.48
Other liabilites	-	7.13
Payables to Related parties	19.33	78.52
Total	**40.68**	**107.42**

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Kanvas Concepts Private Limited
Notes to the financial statements for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

14. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interior Designing & Services	39.42	36.73
Total	**39.42**	**36.73**

15. Other Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Other non - operating income	4.31	1.26
Total	**4.31**	**1.26**

16. Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Material in Work-in-Progress	-	-
Materials as at beginning of the year	39.42	17.92
Purchases during the year	0.00	24.34
Materials as at end of the year	-	39.42
Total Cost of Materials Consumed	**39.42**	**2.84**

17. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and other employee benefits	0.44	26.53
Staff Welfare Expenses	-	0.69
Total	**0.44**	**27.22**

18. Depreciation and amortization expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment	2.14	12.20
Amortization of Intagibles	0.02	-
Total	**2.16**	**12.20**

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Notes to the financial statements for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

19. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit fee	0.50	0.50
Rates and Taxes	0.00	0.16
Bank Charges	0.05	
Electricity & Maintenance Charges	0.25	1.69
Manpower Service Charges Paid	-	1.09
Welfare Expenses	-	-
Rent Paid	4.95	19.68
Advertisement charges	-	21.06
Postage & Telephone	-	0.00
Travelling Expenses	-	0.71
Printing and Stationery	-	0.04
Legal and Professional Charges	0.46	33.86
Sales Promotion Expenses	-	0.28
Interior Items	-	3.44
Insurance-Others	-	0.61
Interest&Penalties	0.01	0.18
Miscelleneous Expenses	0.25	1.70
Total	**6.47**	**85.00**

Payment to auditor: *	For the year ended March 31, 2023	For the year ended March 31, 2022
As Auditor		
Statutory Audit Fee	0.50	0.50
Tax Audit Fee	-	-
Total	**0.50**	**0.50**

** Excluding Goods and Services Tax*

20. Earnings per Share (EPS)

a)Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

b)Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
The following reflects the profit and share data used in the basic and diluted EPS computation		
Basic & Diluted EPS		
Net Profit / (Loss) After tax	(0.64)	(92.69)
Less : Dividend on equity shares & tax thereon	-	-
Net profit / (loss) for calculation of EPS	**(0.64)**	**(92.69)**
Weighted Average No. of Equity Shares (Face Value of Rs.10/- Each)	1,50,000	10,000
Basic Earnings per share	**(0.43)**	**(926.87)**
Diluted Earnings per Share	**(0.43)**	**(926.87)**

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Kanvas Concepts Private Limited
Notes to the financial statements for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

21. Capital commitments & Contingent liabilities

During the year ended, there are no capital commitments and contingent liabilities.

22. Related Party Disclosure

a) Names of Related Parties:

Related Party disclosures

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

A) Retated parties with relationships

Relationship	Related Parties
Holding Company	Kurlon Enterprise Limited
Ultimate Holding Company	Kurlon Limited
Persons having substantial interest in the Company	Mr. T.Sudhakar Pai, Jyothi Ashish Pradhan
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Ltd General Investment & Commercial Corporation Ltd (GICC) Manipal Holdings Pvt. Ltd Manipal Home Finance Ltd Jayamahal Trade and Investments Pvt. Ltd Manipal Advertising Services Pvt Ltd. Metropolis Builders Private Limited Manipal Stock & Shares Brokers Limited Komfort Universe Products and Services Pvt Ltd Belvedore International Limited Manipal Software and Ecom Private limited
Key Management Personnel and their relatives	Mr. T. Sudhakar Pai Mrs. Jaya S Pai - Wife Mrs. Jyothi Pradhan - Daughter (From 27.07.2021) Mr. Ashish V Pradhan - Son-in-Law Sanjoy Khan(till 27.07.2021)

b) Transactions with related parties during the year:

Nature of Transaction / relationship	For the year ended March 31, 2023	For the year ended March 31, 2022
Sales Promotion, Insurance Expenses & Other Expenses:		
Kurlon Enterprise Limited	-	46.59
Kurlon Enterprise Limited GST	-	8.39
Kurlon Limited	-	0.09
Kurlon Limited GST	-	0.02
Kurlon Retail Limited	-	68.96
Kurlon Retail Limited GST	-	12.41
Sale of Property, Plant and Equipment:		
Kurlon Retail Limited	93.69	
Kurlon Retail Limited GST	16.92	
Printing & Stationery:	-	
Manipal Advertising Services (P)Ltd	-	0.01
Manipal Advertising Services (P)Ltd GST	-	0.00
Advances Received :		
Kurlon Enterprise Limited	-	68.30
Kurlon Limited	-	-
Kurlon Retail Limited	-	-
Other Receivable :		
Kurlon Retail Limited	41.80	-
Outstanding as at end of the Period		
Trade Payable :		
Kurlon Enterprise Limited	19.33	9.46
Manipal Advertising Services Pvt Ltd	-	0.01
Kurlon Limited	-	0.09
Kurlon Retail Limited	-	68.96
Advance Payable :		
Kurlon Enterprise Limited	153.30	153.30
	325.04	**436.58**

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Kanvas Concepts Private Limited

Notes to the financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

23. Ratios

Particulars	Numerator	Denominator	31-Mar-23	31-Mar-22	% Variance	Reason for Variance
(a) Current Ratio	Current assets	Current liabilities	1.97	0.54	263.95%	During the year receivables increased and reduction in payables due to decrease in operational expenses. The sale of assets has increased the receivables.
(b) Debt-Equity Ratio	Total Debt (Long term and Short term borrowings)	Shareholders' equity	-1.36	-1.37	-0.57%	To cover the losses the company has taken additional borrowings from its Parent company .There is no other external borrowing in the company.
(c) Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+Interest	Debt service = Interest & Lease Payments + Principal Repayments	NA	NA	NA	There are no interest expenses incurred
(d) Return on Equity Ratio	Net Profits after taxes	Average Shareholders equity	0.14%	35.19%	-99.59%	Reduction in Losses during the year as a result of reduction in operational expenses
(e) Inventory turnover ratio	Cost of Goods Sold	Average Inventory	-	0.07	-100.00%	There is no Inventory at the end of the Financial Period
(f) Trade Receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivables	NA	NA	NA	
(g) Trade payables turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	NA	NA	NA	
(h) Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	0.97	(0.73)	-234.29%	Higher revenue during the year as compared to previous year.
(i) Net profit %	Net Profit	Net sales = Total sales - sales return	-1.63%	-252.35%	-99.35%	Reduction in Losses as a result of significant decrease in operational expenses
(j) Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	-11.77%	-217.20%	-94.58%	Reduction in Losses as a result of significant decrease in operational expenses
(k) Return on Investment	Income	Investment	NA	NA	NA	

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Notes to the financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

24. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company's gearing ratio. which is total net borrowings divided by total capital employed is as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings (note 10)	153.30	153.30
Less: Cash and cash equivalents (note 5)	0.27	0.90
Net debt	**153.03**	**152.40**
Equity	(112.84)	(112.20)
Total capital	**(112.84)**	**(112.20)**
Capital and net debt	40.18	40.20
Gearing ratio	380.82%	379.09%

25. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

a) **Fair value of financial assets:**

Particulars	Carrying values		Fair values	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Financial assets measured at amortised cost				
Cash and cash equivalents (refer note 5)	0.27	0.90	0.27	0.90
Other assets	0.05	6.11	0.05	6.11
Total	**0.32**	**7.01**	**0.32**	**7.01**

b) **Fair value of financial liabilities:**

Particulars	Carrying values		Fair values	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Financial liabilities measured at amortised cost				
Borrowings (refer note 10)	153.30	153.30	153.30	153.30
Trade Payables	1.23	2.65	1.23	2.65
Total	**154.53**	**155.95**	**154.53**	**155.95**

Management has assessed that remaining financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Discount rate used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings of the Company and in case of financial asset is the average market rate of similar credit rated instrument. The company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

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.

26. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

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

The fair value hierarchy of assets and liabilities measured at fair value as of 31 March 2023 is as follows:

Particulars	Total (Carrying Value)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents (refer note 5)	0.27	-	-	0.27
Other assets	0.05	-	-	0.05

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Notes to the financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

The fair value hierarchy of assets and liabilities measured at fair value as of 31 March 2023 is as follows: (continued)

Particulars	Total (Carrying Value)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities				
Borrowings	153.30	-	-	153.30
Trade Payables	1.23	-	-	1.23

The fair value hierarchy of assets and liabilities measured at fair value as of 31 March 2022 is as follows:

Particulars	Total (Carrying Value)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents (refer note 5)	0.90	-	-	0.90
Other assets	6.11	-	-	6.11
Liabilities				
Borrowings (refer note 10)	153.30	-	-	153.30
Trade Payables	2.65	-	-	2.65

27. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade and other payables, borrowings, lease liability and payables for property, plant and equipment. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash, fixed deposits and security deposits that are derived directly from its operations.

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 risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at 31 March 2023 and 31 March 2022.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest bearing financial liabilities includes borrowings with fixed interest rates. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure 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 a foreign currency).

The Company transacts business only in local currency as well as in foreign currency therefore, not exposed to foreign exchange risk.

B. Credit risk

It is the risk of loss that may arise on the outstanding financial instruments should a counterparty default on its obligation.

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	-	-
Provision recognised/(reversed) during the year, net	-	-
Balance at the end of the year	-	-

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.

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Notes to the financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

27. Financial risk management objectives and policies (continued)

C. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 March 2023	Amount	Less than 1 year	1 to 5 years	> 5 years	Total
Financial liabilities :					
Borrowings (refer note 10)	153.30	-	153.30	-	153.30
Trade Payables	1.23	1.23	-		1.23
	154.53	**1.23**	**153.30**	**-**	**154.53**

As at 31 March 2022	Amount	Less than 1 year	1 to 5 years	> 5 years	Total
Financial liabilities :					
Borrowings (refer note10)	153.30	-	153.30	-	153.30
Trade Payables	2.65	2.65	-	-	2.65
	155.95	**2.65**	**153.30**	**-**	**155.95**

28. Segment reporting

Since the company falls under the small company under section 2(85) of the Companies Act,2013, the segment reporting is not applicable.

29 The company has accumulated losses of 113.84 Lakhs and networth being negative amounting to 112.84 Lakhs as on 31st March 3023. The company has also taken a loan from Kurl On Enterprise Limited to support its business which shall be repaid in the near future. And the company does not have any future business outlook as on date. Accordingly the financial statements have been prepared on going concern basis.

30 Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) 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.

(vi) 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.

(vii) The Company does not have any such transaction which is not recorded in the books of accounts 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.

32 Corporate Social Responsibility

The Company is not required to contribute towards Corporate Social Responsibility ("CSR") as required by Schedule VII of the Act, as the Company does not meet criteria specified in the applicable rules and regulations relevant for contributions towards CSR.

33 The Company has reclassified/regrouped previous year figures in standalone balance sheet, wherever necessary, to confirm to current year's classification.

The accompanying notes form an integral part of these Standalone Ind-AS Financial Statements.

As per our report of even date attached

As per our report attached
for ASA & Associates LLP
Chartered Accountants

Vinay K S
Partner
Membership Number : 223085
UDIN:

Place: Bangalore
Date : 26.07.2023

For and on behalf of Board of Directors of
Kanvas Concepts Private Limited

T Sudhakar Pai
Director
DIN:00043298

Place: Bangalore
Date : 26.07.2023

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date : 26.07.2023

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Kurlon Retail Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kurlon Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income/(loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the 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 financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income/(loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as 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 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 together with the ethical requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibility of Management for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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.

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- 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 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 financial statements, including the disclosures, and whether the 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.

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 the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 except that the Company does not have server physically located in India for the daily back-up of the books of account and other books and papers maintained in electronic mode.

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

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is 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 these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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(g) In our opinion, the managerial remuneration for the year ended March 31, 2023, has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act as applicable;

(h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

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

i. The Company does not have any pending litigations which would impact its financial position;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of its knowledge and belief, 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, whether, 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;

(b) The management has represented that, to the best of its knowledge and belief, 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, that the Company shall, whether, 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; and

(c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

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v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 01, 2023, reporting under this clause is not applicable.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S.R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAMK9370

Place of Signature: Bangalore
Date: August 29, 2023

ANNEXURE '1' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KURLON RETAIL LIMITED

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(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 has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification to cover all the items in a phased manner over period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There are no immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in Note 38 to the financial statements.

(ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory have not been noted during the physical verification by the management. There are no Inventories lying with third parties.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii)(a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

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(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii)(a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, duty of customs and other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, duty of customs, service tax, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in Note 38 to the financial statements. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

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(ix)(a) Loans availed from its holding company amounting to Rs. 2,398.69 Lakhs are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. Such loans and interest thereon have not been demanded for repayment during the relevant financial year. The Company did not have any other outstanding loans or borrowings or interest thereon due to any lender except for aforementioned during the year.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short term basis aggregating to Rs 2,390.72 lakhs for long term purposes i.e. funding of operations.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x)(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii)(a) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

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(c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv)(a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a)The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core investment Company as a part of the Group, hence the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has incurred cash losses amounting to Rs. 242.31 lakhs in the current year and amounting to Rs. 305.10 lakhs in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

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Bengaluru

(xix) On the basis of the financial ratios disclosed in note 37 to the financial statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the Company's current liabilities exceeds the current assets by Rs. 2,390.72 lakhs, the Company has obtained the letter of financial support from the Holding Company, nothing has come to our attention, which causes us to believe 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, further state that this is not an assurance as to the future viability of the Company and 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) The provisions of section 135 of the Act in relation to Corporate Social Responsibility are not applicable to the Company. Accordingly, the requirement to report on clause (xx)(a) and (b) of the Order are not applicable to the Company.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S. R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAMK9370

Place of Signature: Bangalore
Date: August 29, 2023

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KURLON RETAIL LIMITED

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

We have audited the internal financial controls with reference to financial statements of Kurlon Retail Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these 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 these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

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Meaning of Internal Financial Controls With Reference to these Financial Statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership Number: 213803

S.R. Batliboi & Associates LLP
Bengaluru

UDIN: 23213803BGXAMK9370

Place of Signature: Bangalore
Date: August 29, 2023

Kurlon Retail Limited
Balance Sheet as at March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	Notes	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	199.05	272.98
Other intangible assets	4	2.57	1.30
Right of use assets	5	715.62	1,121.04
Financial assets			
Other financial assets	6	128.15	272.18
Income tax assets (net)	8	19.35	4.99
		1,064.74	**1,672.49**
Current assets			
Inventories	10	182.74	459.42
Financial assets			
Trade receivables	11	76.80	77.34
Cash and cash equivalents	12	27.08	14.82
Other bank balances	12	3.38	3.21
Other financial assets	6	34.96	-
Other current assets	9	134.15	140.77
		459.11	**695.56**
Total		**1,523.85**	**2,368.05**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	763.33	763.33
Other equity	14	(2,657.89)	(2,595.70)
		(1,894.56)	**(1,832.37)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	15	556.43	965.06
Provisions	17	12.15	3.47
		568.58	**968.53**
Current liabilities			
Financial liabilities			
Borrowing	19	2,400.37	2,603.53
Lease liabilities	15	279.80	369.58
Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		101.82	154.09
Other financial liabilities	16	27.26	40.65
Provisions	17	14.91	14.15
Other current liabilities	20	25.67	49.89
		2,849.83	**3,231.89**
Total		**1,523.85**	**2,368.05**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru
Date: August 29, 2023

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of Board of Directors of Kurlon Retail Limited
CIN : U36104KA2012PLC065664

Jamsheed Minoo Panday
Director
DIN : 00232768

Place: Bengaluru
Date: August 29, 2023

Kurlon Retail Limited Bangalore

Narendra Kudva
Director
DIN : 07459916

Place: Bengaluru
Date: August 29, 2023

Kurlon Retail Limited
Statement of Profit and Loss for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	Notes	March 31, 2023	March 31, 2022
Income			
Revenue from operations	21	1,852.95	1,650.35
Other income	22	137.67	400.36
Total income		**1,990.62**	**2,050.71**
Expenses			
Purchase of traded goods	23	857.95	764.98
Changes in inventories of traded goods	24	276.68	266.33
Employee benefit expense	25	243.97	368.39
Finance costs	26	108.46	251.62
Depreciation and amortisation expense	27	304.50	929.07
Other expenses	28	258.27	706.70
Total expenses		**2,049.83**	**3,287.09**
Loss before tax		**(59.21)**	**(1,236.38)**
Tax expense			
Current tax		-	-
Tax relating to earlier years		-	-
Deferred tax charge/(credit)		-	2.46
Total tax expense		**-**	**2.46**
Loss for the year		**(59.21)**	**(1,238.84)**
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain/(loss) on defined benefit plans		(2.98)	4.67
Income tax relating to items that will not be reclassed to profit or loss		-	-
Total other comprehensive income/(loss)		**(2.98)**	**4.67**
Total comprehensive income/(loss) for the year, net of tax		**(62.19)**	**(1,234.17)**
Earnings per equity share :			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	29	(0.39)	(8.11)

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements 2

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Rajeev Kumar

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru
Date: August 29, 2023

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of Board of Directors of Kurlon Retail Limited
CIN : U36104KA2012PLC065664

Jamsheed Minoo Panday
Director
DIN : 00232768

Place: Bengaluru
Date: August 29, 2023

Narendra Kudva
Director
DIN : 07459916

Place: Bengaluru
Date: August 29, 2023

Kurlon Retail Limited Bangalore

Kurlon Retail Limited
Cash Flow Statement for the year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

	March 31, 2023	March 31, 2022
A. Cash flow from operating activities		
Loss before tax	**(59.21)**	**(1,236.38)**
Non cash adjustment to reconcile loss before tax to net cash flows		
Depreciation and amortisation expense	304.50	929.07
Loss on sale of property, plant and equipment	12.47	186.88
Provision for doubtful advances	-	20.39
Security deposits written off	-	31.46
Finance costs	108.46	251.62
Gain on termination of lease	(61.75)	(362.91)
Operating cash flow before working capital changes	**304.47**	**(179.87)**
Working capital adjustments		
Increase/(decrease) in trade payables	(52.27)	31.04
Increase/(decrease) in other financial liabilities	(13.39)	18.57
Increase/(decrease) in other liabilities	(24.22)	12.75
Increase/(decrease) in provisions	6.46	(18.36)
Decrease/(increase) in inventories	276.67	269.41
Decrease/(increase) in trade receivables	0.54	(69.70)
Decrease/(increase) in other financial assets	109.08	(26.07)
Decrease/(increase) in other assets	6.62	34.51
Cash generated from operations	**613.96**	**72.28**
Direct taxes paid (net of refunds)	(14.36)	(0.22)
Net cash flow from operating activities (A)	**599.60**	**72.06**
B. Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(7.75)	-
Proceeds from sale of property, plant and equipment	30.92	66.98
Movement in earmarked bank balances	(0.17)	(0.16)
Net cash flow (used in)/from investing activities (B)	**23.00**	**66.82**
C. Cash flows from financing activities		
Interest paid	(108.46)	(251.62)
Net proceeds/(repayment) from borrowings	(203.16)	585.04
Repayment of lease liabilities	(298.72)	(479.53)
Net cash flow used in financing activities (C)	**(610.34)**	**(146.11)**
Net decrease in cash and cash equivalents (A + B + C)	**12.26**	**(7.23)**
Cash and cash equivalents at the beginning of the year	14.82	22.05
Cash and cash equivalents at the end of the year	**27.08**	**14.82**
Components of cash and cash equivalents as at end of the year		
Cash in hand	1.70	2.53
Balances with banks :		
In current accounts	25.38	12.29
Total cash and cash equivalents (Refer Note 12)	**27.08**	**14.82**
Non-cash investing and financing activities		
Additions to right-of-use assets (Refer Note 6)	7.17	542.16

Refer Note 19 for change in liabilities arising from financing activities

Summary of significant accounting policies (refer Note 2)

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Rajeev Kumar
per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru
Date: August 29, 2023

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of Board of Directors of Kurlon Retail Limited
CIN : U36104KA2012PLC065664

Jamsheed Minoo Panday
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Date: August 29, 2023

Kurlon Retail Limited Bangalore

Narendra Kudva
Director
DIN : 07459916

Place: Bengaluru
Date: August 29, 2023

Kurlon Retail Limited
Statement of Changes in Equity for year ended March 31, 2023
All amounts in Rs. Lakhs, unless otherwise stated

(a) Equity share capital

Equity shares of Rs. 5 each issued, subscribed and fully paid up

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	15,266,666	763.33	15,266,666	763.33
Changes during the year	-	-	-	-
At the end of the year	15,266,666	763.33	15,266,666	763.33

(b) Other equity

	Securities premium	Retained earnings	Total
Balance as at April 01, 2021	996.66	(2,358.19)	(1,361.53)
Loss for the year	-	(1,238.84)	(1,238.84)
Other comprehensive income/(loss)	-	4.67	4.67
Balance as at March 31, 2022	996.66	(3,592.36)	(2,595.70)
Loss for the year	-	(59.21)	(59.21)
Other comprehensive income/(loss)	-	(2.98)	(2.98)
Balance as at March 31, 2023	996.66	(3,654.55)	(2,657.89)

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Retained earnings - Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru
Date: August 29, 2023

S. R. Batliboi & Associates LLP Bengaluru

For and on behalf of Board of Directors of
Kurlon Retail Limited
CIN : U36104KA2012PLC065664

Jamsheed Minoo Panday
Director
DIN : 00232768

Place: Bengaluru
Date: August 29, 2023

Narendra Kudva
Director
DIN : 07459916

Place: Bengaluru
Date: August 29, 2023

KURLON RETAIL LIMITED Bangalore

1. Corporate information

Kurlon Retail Limited was incorporated in Karnataka on August 31, 2012. The Company is a subsidiary of Kurlon Enterprise Limited and is engaged in the business of buying, selling, storing, promoting, marketing, supplying, trading and dealing in mattresses, pillow, sofa and furniture on retail in India.

The Company's financial statements for the year ended March 31, 2023, were approved by Board of Directors on August 29, 2023.

1.1 Basis of preparation

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

This note provides a list of the significant accounting policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These Financial Statements are presented in Indian Rupee, which is also functional currency of the Company. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated 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 twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Use of estimates and judgements

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the Financial Statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the financial statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:
- Note 2.1 and Note 2.2 - Useful life of property, plant and equipment and intangible assets;
- Note 2.6 - Measurement of defined benefit obligations: key actuarial assumptions.
- Note 2.7 - Provision for income tax and valuation of deferred tax assets/liabilities.
- Note 2.12 - Valuation of financial instrument; and
- Note 2.13 - Lease classification and determination of lease term;

Assumption and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:
- Note 1.1 (a) - Fair value measurement
- Note 2.3 - Impairment of financial assets
- Note 2.3 - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2.7 - Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;
- Note 2.9 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

1.2 Funding of operations

The Company has accumulated losses of Rs. 3,654.55 lakhs as at March 31, 2023 (March 31, 2022: Rs. 3,592.36 lakhs) and the net worth of the Company has been fully eroded by such amount. The holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. Hence, the financial statements have been prepared under going concern assumption and consequently, no adjustments have been made to the carrying values or classification of assets and liabilities.

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2. Summary of significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Furniture and fixtures	10	10
Office equipment	5	5
Computers	3	3

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.2 Intangible assets

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset description	Useful life in years
Computer software	6

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

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2.3 Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance
b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised

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impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.4 Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/services.

To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others
- The Company accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.

Trade receivable
A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income
Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

2.5 Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

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2.6 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations
The company operates the following post-employment schemes:
(a) defined benefit plans - gratuity, and
(b) defined contribution plans such as provident fund.

Gratuity obligations
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that

have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan
Retirement benefit in the form of provident fund scheme, Employee state insurance are the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

2.7 Income Taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax
Current income 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 Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically

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evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

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 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, and 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-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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company has significant unabsorbed depreciation and carry forward losses. No deferred tax asset has been recognised at the year-end as it is not reasonably certain that sufficient taxable income will be available in the foreseeable future against which such deferred tax asset can be utilised.

2.8 Earnings/(loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

2.9 Provision and contingent liabilities

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence 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 that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the Financial Statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

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2.10 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are readily convertible to a known amount and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby net (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Financial instruments

Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI
If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting
Financial assets and financial liabilities are off-set and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Leases

The Company has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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.

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 right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.3 for policy on impairment of non-financial assets.

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Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company has only one reportable business segment, which is purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment. Refer Note 30 for segment information and segment reporting.

2.16 Use of judgements, estimates and assumptions

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

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(i) Defined benefit plans
The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates.

Further details about the gratuity obligations are given in Note 34.

(ii) Impairment of financial and non-financial assets:
The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash 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. In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

2.17 Changes in accounting policies and disclosures – New and amended standards

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(b) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that 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.

(d) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that 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.

The aforesaid standards and amendments did not have any material impact on the financial statements of the Company.

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2.18 Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Company's financial statements.

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All amounts in Rs. Lakhs, unless otherwise stated

3 Property, plant and equipment

	Furniture & Fixtures	Office Equipment	Computers	Total
Cost				
At April 01, 2021	1,044.83	26.15	36.89	**1,107.87**
Additions	-	-	-	-
Disposals	(381.64)	(12.39)	(20.98)	**(415.01)**
Adjustments *	74.95	1.61	2.20	**78.76**
At March 31, 2022	**738.14**	**15.37**	**18.11**	**771.62**
Additions	5.85	0.14	-	**5.99**
Disposals	(403.77)	(7.48)	(11.57)	**(422.82)**
At Mar 31, 2023	**340.22**	**8.03**	**6.54**	**354.79**
Depreciation				
At April 01, 2021	229.10	11.37	22.64	**263.11**
Charge for the year	309.31	6.46	7.12	**322.89**
Disposals	(143.48)	(8.01)	(14.63)	**(166.12)**
Adjustments *	74.95	1.61	2.20	**78.76**
At March 31, 2022	**469.88**	**11.43**	**17.33**	**498.64**
Charge for the year	35.00	1.47	0.06	**36.53**
Disposals	(360.68)	(7.26)	(11.50)	**(379.44)**
At Mar 31, 2023	**144.21**	**5.64**	**5.89**	**155.74**
Net block				
At March 31, 2022	**268.26**	**3.94**	**0.78**	**272.98**
At March 31, 2023	**196.01**	**2.39**	**0.65**	**199.05**

* Represents adjustments between gross block and accumulated depreciation

4 Intangible assets

	Computer Software	Total
Cost		
At April 01, 2021	14.83	**14.83**
Additions	-	-
Disposals	(5.34)	**(5.34)**
At March 31, 2022	**9.49**	**9.49**
Additions	1.77	**1.77**
Disposals	-	-
At Mar 31, 2023	**11.26**	**11.26**
Amortisation		
At April 01, 2021	7.45	**7.45**
Charge for the year	1.09	**1.09**
Disposals	(0.35)	**(0.35)**
At March 31, 2022	**8.19**	**8.19**
Charge for the year	0.50	**0.50**
Disposals	-	-
At Mar 31, 2023	**8.69**	**8.69**
Net block		
At March 31, 2022	**1.30**	**1.30**
At March 31, 2023	**2.57**	**2.57**

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All amounts in Rs. Lakhs, unless otherwise stated

5 Right to use assets

	Buildings	Total
Cost		
At April 01, 2021	3,803.31	**3,803.31**
Additions	542.16	**542.16**
Disposals	(2,438.32)	**(2,438.32)**
At March 31, 2022	**1,907.15**	**1,907.15**
Additions	7.17	**7.17**
Disposals	(435.72)	**(435.72)**
At March 31, 2023	**1,478.60**	**1,478.60**
Depreciation		
At April 01, 2021	1,277.14	**1,277.14**
Charge for the year	605.72	**605.72**
Disposals	(1,096.75)	**(1,096.75)**
At March 31, 2022	**786.11**	**786.11**
Charge for the year	267.47	**267.47**
Disposals	(290.60)	**(290.60)**
At March 31, 2023	**762.98**	**762.98**
Net block		
At March 31, 2022	**1,121.04**	**1,121.04**
At March 31, 2023	**715.62**	**715.62**

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All amounts in Rs. Lakhs, unless otherwise stated

6 Other financial assets

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Security deposits				
- Related parties (Refer Note 31)	-	15.00	-	-
- Others	128.15	257.18	34.96	-
	128.15	272.18	34.96	-

7 Deferred tax assets (net)

As there is no reasonable certainty of utilisation of carried forward business losses against future taxable profits, the company has not recognised deferred tax assets.

8 Income tax assets (net)

	March 31, 2023	March 31, 2022
Advance tax, net of provision for tax	18.84	4.48
MAT credit entitlement	0.51	0.51
	19.35	4.99

9 Other assets

	Current	
	March 31, 2023	March 31, 2022
Unsecured, considered good		
Prepaid expenses	0.80	0.95
Balances with statutory/government authorities	128.70	139.82
Advances recoverable in cash or kind	4.18	-
Advance to employees	0.47	-
	134.15	140.77
Unsecured, credit impaired		
Advances recoverable in cash or kind	-	18.31
Advance to employees	-	2.08
Less : Provision for doubtful advances	-	(20.39)
	-	-
Total	134.15	140.77

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10 Inventories (valued at lower of cost and net realizable value)

	March 31, 2023	March 31, 2022
Traded goods	182.74	459.42
	182.74	**459.42**

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 16.08 lakhs (March 31, 2022 : Rs. 45.88).

11 Trade receivables

	Current	
	March 31, 2023	March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	76.80	77.34
	76.80	**77.34**

Ageing of trade receivables

	Outstanding for following periods from the due date of payment					
	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade receivables - considered good	76.61	-	0.19	-	-	76.80
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Total	**76.61**	**-**	**0.19**	**-**	**-**	**76.80**
March 31, 2022						
Undisputed trade receivables - considered good	5.31	71.12	0.91	-	-	77.34
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Total	**5.31**	**71.12**	**0.91**	**-**	**-**	**77.34**

12 Cash and bank balances

	Current	
	March 31, 2023	March 31, 2022
Cash and cash equivalents		
Cash on hand	1.70	2.53
Balances with banks:		
In current accounts	25.38	12.29
	27.08	**14.82**
Other bank balances		
Earmarked balances with banks *	3.38	3.21
	3.38	**3.21**

* Represents amounts pledged with banks for credit cards.

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All amounts in Rs. Lakhs, unless otherwise stated

13 Equity share capital

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	40,000,000	2,000.00	40,000,000	2,000.00
	40,000,000	**2,000.00**	**40,000,000**	**2,000.00**
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	15,266,666	763.33	15,266,666	763.33
	15,266,666	**763.33**	**15,266,666**	**763.33**

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	15,266,666	763.33	15,266,666	763.33
Issued during the year	-	-	-	-
Outstanding at the end of the year	**15,266,666**	**763.33**	**15,266,666**	**763.33**

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Kurlon Enterprise Limited - Holding Company				
Equity shares of Rs. 5/- each with voting rights*	15,266,666	100.00%	15,266,666	100.00%
	15,266,666	**100.00%**	**15,266,666**	**100.00%**

d. Details of shareholders holding more than 5% shares in the Company

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each with voting rights				
Kurlon Enterprise Limited*	15,266,666	100.00%	15,266,666	100.00%

* Includes the beneficial interest in 1,200 shares, held by individuals as nominee of Holding Company.

e. Details of shares held by promoters

As at March 31, 2023

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kurlon Enterprise Limited	15,266,666	-	15,266,666	100.00%	0.00%
	15,266,666	**-**	**15,266,666**	**100.00%**	**0.00%**

As at March 31, 2022

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kurlon Enterprise Limited	15,266,666	-	15,266,666	100.00%	0.00%
	15,266,666	**-**	**15,266,666**	**100.00%**	**0.00%**

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14 Other equity

	March 31, 2023	March 31, 2022
Securities premium account		
Balance at the beginning of the year	996.66	996.66
Premium on issue of shares	-	-
Balance as at end of the year	**996.66**	**996.66**
Retained earnings		
Balance at the beginning of the year	(3,592.36)	(2,358.19)
Loss for the year	(59.21)	(1,238.84)
Other comprehensive income/(loss) for the year	(2.98)	4.67
Balance as at end of the year	**(3,654.55)**	**(3,592.36)**
Total	**(2,657.89)**	**(2,595.70)**

15 Lease liabilities

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	556.43	965.06	279.80	369.58
	556.43	**965.06**	**279.80**	**369.58**

The movement of lease liabilities during the year is as below:

	March 31, 2023	March 31, 2022
At the beginning of the year	1,334.64	3,082.96
Additions	7.18	435.16
Interest expense	94.64	235.20
Payments	(393.36)	(714.73)
Termination of leases	(206.87)	(1,703.95)
At the end of the year	**836.23**	**1,334.64**

The maturity analysis of lease liabilities are disclosed in Note 36.

Short-term leases and lease of low-value assets:
The Company also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 74.15 lakhs (March 31, 2022: Rs.272.44 lakhs) have been recognised as a part of other expenses in the statement of profit and loss.

16 Other financial liabilities

	Current	
	March 31, 2023	March 31, 2022
Unsecured, at amortised cost		
Employee related liabilites	27.26	40.65
	27.26	**40.65**

17 Provisions

	Non Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for employee benefits				
Gratuity (Refer Note 34)	12.15	3.47	4.38	5.52
Compensated absences	-	-	10.53	8.63
	12.15	**3.47**	**14.91**	**14.15**

18 Trade payables

	March 31, 2023	March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises - MSME (Refer Note 32)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	101.82	154.09
	101.82	**154.09**

Ageing of trade payables

	Outstanding for following periods from the date of transaction					
	Accrued expenses	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade payables - MSME	-	-	-	-	-	-
Undisputed trade payables - Non MSME	27.93	61.51	2.79	0.02	9.57	101.82
Total	**27.93**	**61.51**	**2.79**	**0.02**	**9.57**	**101.82**
March 31, 2022						
Undisputed trade payables - MSME	-	-	-	-	-	-
Undisputed trade payables - Non MSME	36.25	106.65	-	2.12	9.07	154.09
Total	**36.25**	**106.65**	-	**2.12**	**9.07**	**154.09**

19 Borrowings

	March 31, 2023	March 31, 2022
Secured borrowings		
Loans from banks	1.68	2.19
Unsecured borrowings		
Loans from related parties	2,398.69	2,601.34
	2,400.37	**2,603.53**

(a) Loan from banks of Rs. 1.68 lakhs (March 31, 2022 : Rs. 2.19 lakhs)
The Company has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 1.68 lakhs (March 31, 2022 : Rs. 2.19 lakhs)

(b) Loan from related parties of Rs. 2,398.69 lakhs (March 31, 2022 : Rs. 2,601.34 lakhs)
The Company has obtained a loan from holding company, Kurlon Enterprise Limited. The loan is unsecured and is repayable on demand and carries interest rate of 8.5% p.a.

The table below depicts changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes :

Reconciliation of liabilities arising from financing activities

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	2.19	(0.51)	-	1.68
Loan from related party	2,601.34	(202.65)	-	2,398.69
Lease liabilities	1,334.64	(393.36)	(105.06)	836.23
Total	**3,938.17**	**(596.52)**	**(105.06)**	**3,236.60**
March 31, 2022				
Loans from banks	2.21	(0.02)	-	2.19
Loan from related party	2,016.28	585.06	-	2,601.34
Lease liabilities	3,082.96	(714.73)	(1,033.59)	1,334.64
Total	**5,101.45**	**(129.69)**	**(1,033.59)**	**3,938.17**

20 Other liabilities

	Mar 31, 2023	March 31, 2022
Contract liabilities - Advance from customers	16.88	22.89
Statutory dues payable	8.79	27.00
	25.67	**49.89**

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

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All amounts in Rs. Lakhs, unless otherwise stated

21 Revenue from operations

	March 31, 2023	March 31, 2022
<u>Revenue from contracts with customers</u>		
Sale of products		
Traded goods	1,852.72	1,650.35
Sale of Services		
Others	0.23	-
Revenue from operations	**1,852.95**	**1,650.35**

(a) Timing of revenue from operations

	March 31, 2023	March 31, 2022
Goods transferred at a point in time	1,852.95	1,650.35
	1,852.95	**1,650.35**

(b) Reconciliation of amount of revenue recognised with contract price

	March 31, 2023	March 31, 2022
Revenue as per contract price	2,043.16	2,096.23
Less : Schemes and rebates	(190.21)	(445.88)
	1,852.95	**1,650.35**

(c) Movement in contract liabilities during the year *

	March 31, 2023	March 31, 2022
Opening balance	22.89	18.81
Less : Revenue recognised during the year	(22.89)	(18.81)
Add : Amount of consideration received during the year	16.88	22.89
Closing balance	**16.88**	**22.89**

* Contract liabilities consists of advances received from customers towards supply of products.

22 Other income

	March 31, 2023	March 31, 2022
Interest income		
- On bank deposits	44.66	33.96
- On others	-	-
Gain on termination of lease	61.75	362.91
Provision no longer required written back	29.44	-
Miscellaneous income	1.82	3.49
	137.67	**400.36**

23 Purchase of traded goods

	March 31, 2023	March 31, 2022
Purchase of traded goods	857.95	764.98
	857.95	**764.98**

24 Changes in inventories of finished goods, work-in-progress and traded goods

	March 31, 2023	March 31, 2021
Inventories at the end of the year		
Traded goods	182.74	459.42
	182.74	**459.42**
Inventories at the beginning of the year		
Traded goods	459.42	725.75
	459.42	**725.75**
	276.68	**266.33**

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All amounts in Rs. Lakhs, unless otherwise stated

25 Employee benefit expense

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	217.08	322.74
Gratuity expenses (Refer Note 34)	4.77	4.39
Contribution to provident and other funds (Refer Note 34)	16.55	32.65
Staff welfare expenses	5.57	8.61
	243.97	**368.39**

26 Finance costs

	March 31, 2023	March 31, 2022
Interest on lease liabilities (Refer Note 15)	94.64	235.20
Bank charges	13.82	16.42
	108.46	**251.62**

27 Depreciation and amortisation expense

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment	36.53	322.89
Amortisation of intangible assets	0.50	1.09
Depreciation of right to use assets	267.47	605.09
	304.50	**929.07**

28 Other expenses

	March 31, 2023	March 31, 2022
Power and fuel	44.45	56.77
Advertisement expenses	-	1.06
Business promotion expenses	28.21	3.04
Freight and forwarding charges	16.15	16.74
Rent including lease rentals	74.15	272.44
Repairs and maintenance		
Plant and machinery	1.92	3.03
Others	14.17	11.12
Rates and taxes	4.73	36.88
Insurance charges	1.57	2.33
Postage and telephone	3.92	3.90
Payment to auditors *	12.20	10.00
Travelling expenses	13.07	9.93
Legal and consultancy charges	8.59	13.23
Loss on sales of property, plant and equipment	12.47	186.88
Advances written off	1.32	-
Provision for doubtful advances	-	20.39
Security deposits written off	-	31.46
Miscellancous expenses	21.35	27.50
	258.27	**706.70**

*** Payment to auditors (excluding goods and service tax)**		
Audit services:		
Statutory audit	12.00	10.00
Tax audit	-	-
Out of pocket expenses	0.20	-
	12.20	**10.00**

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All amounts in Rs. Lakhs, unless otherwise stated

29. Loss per share

	March 31, 2023	March 31, 2022
Loss for the year	(59.21)	(1,238.84)
Weighted average number of equity shares outstanding (Basic and diluted)	15,266,666	15,266,666
Loss per share (Basic and diluted (In Rs.))	(0.39)	(8.11)

30. Segment reporting

The Company primarily is in the business of purchase and sale of mattress, foam and related products. The Company does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single segment. As the Company's long-lived assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

31. Related party disclosure

Names of related parties and related party relationships

Names of related parties where control exists irrespective of whether transactions have occurred or not

Ultimate Holding Company	Kanara Consumer Products Limtied (Formerly known as Kurlon Limited)
Holding Company	Kurlon Enterprise Limited

Other related parties with whom transactions have taken place during the year

Fellow Subsdiary Company	Kanvas Concepts Private Limited Komfort Universe Products and Services Limited Belvedore International Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maharashtra Apex Corporation Limited Manipal Advertising Services Private Limited Home Komfort Retail LLP (Acquired by Belvedore International Limited w.e.f September 01, 2022)
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Director Mr. Jamsheed Minod Panday, Director Mr. Narendra Kudva, Director

The transactions that have been entered into with related parties during the year are as follows:

	March 31, 2023	March 31, 2022
Sale of traded goods		
Belvedore International Limited	18.16	1.50
	18.16	**1.50**
Sale of property, plant and equipment		
Kanvas Concepts Private Limited	-	48.13
	-	**48.13**
Purchase of traded goods		
Kurlon Enterprise Limited	823.32	719.11
Belvedore International Limited	18.60	-
Home Komfort Retail LLP	5.82	17.98
	847.74	**737.09**
Expenses Incurred by Related Party		
Kurlon Enterprise Limited	2.92	47.75
	2.92	**47.75**
Security Deposit Transferred to Related Party		
Kanvas Concepts Private Limited	-	6.11
	-	**6.11**
Expense Incurred on Behalf of Related Party		
Kanvas Concepts Private Limited	-	8.07
	-	**8.07**
Advertisement and Sales promotion expense		
Manipal Advertising Services Private Limited	-	0.06
	-	**0.06**

All amounts in Rs. Lakhs, unless otherwise stated

31. Related party disclosure (Contd)

The balances receivable from and payable to related parties as at year end are as follows:

	March 31, 2023	March 31, 2022
Trade receivables		
Kanvas Concepts Private Limited	-	68.96
	-	68.96
Borrowings		
Kurlon Enterprise Limited	2,398.69	2,601.34
	2,398.69	2,601.34
Trade payables		
Kanvas Concepts Private Limited	41.80	-
Belvedore International Limited	2.26	-
Maha Rashtra Apex Corporation Limited.	0.41	1.03
Home Komfort Retail LLP	-	8.15
Komfort Universe Products and Services Limited	-	1.43
	44.47	10.61
Security deposits		
Maha Rashtra Apex Corporation Limited.	-	15.00
	-	15.00

32. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Based on the information available with the Company and the nature of the transaction with Micro, Small and Medium Enterprises, there are no dues which are outstanding for more than 45 days as at March 31, 2023 to these enterprises. Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.

33. Contingent liabilities and capital commitments

There are no contigent liabilities and capital commitments as on March 31, 2023 and March 31, 2022.

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34. Employee benefits

Defined contribution plans

The Company makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Company recognised Rs. 15.53 lakhs (March 31, 2022 : Rs 27.80 lakhs) towards Provident fund contributions, Rs 1.01 lakhs (March 31, 2022 : Rs 3.74 lakhs) towards Employee State Insurance scheme contributions and Rs. Nil (March 31, 2022 : Rs 1.11 lakhs) towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the financial statements :

Balance Sheet

	March 31, 2023	March 31, 2022
Defined benefit obligation	19.70	12.49
Plan assets	3.17	3.50
Net liability	**16.53**	**8.99**
Current	**4.38**	**5.52**
Non-current	**12.15**	**3.47**

Changes in the present value of defined benefit obligation

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	12.49	12.78
Service cost	4.09	3.47
Interest cost	0.92	0.91
Remeasurements - Actuarial loss/(gain)	2.72	(4.67)
Benefit paid	(0.52)	-
Balance at end of the year	**19.70**	**12.49**

Changes in the fair value of plan assets

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	3.50	3.51
Contributions made	0.19	-
Interest income	0.25	0.25
Payments	(0.52)	-
Expenses on plan assets	-	(0.26)
Acturial gain/(loss)	(0.25)	-
Balance at end of the year	**3.17**	**3.50**

Statement of profit and loss

	March 31, 2023	March 31, 2022
Service cost	4.09	3.47
Interest cost (net of income)	0.68	0.92
Total	**4.77**	**4.39**

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All amounts in Rs. Lakhs, unless otherwise stated

34. Employee benefits (Continued)

Other comprehensive (income)/loss

	March 31, 2023	March 31, 2022
Remeasurements - Actuarial (gain)/loss	2.72	(4.67)
Return on plan assets	0.25	-
Total	**2.97**	**(4.67)**

Principal assumptions used in determinining defined benefit obligation

	March 31, 2023	March 31, 2022
Discount rate	7.52%	7.51%
Expected return on plan assets	7.51%	7.12%
Salary escalation	10.00%	5.00%
Employee turnover	10.00%	5.00%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	March 31, 2023	March 31, 2022
Investment with insurance companies	100.00%	100.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	March 31, 2023	March 31, 2022
Discount rate		
1% increase	(2.62)	(1.47)
1% decrease	3.28	1.79
Salary escalation		
1% increase	3.10	1.74
1% decrease	(2.53)	(1.45)
Employee turnover		
1% increase	(0.83)	0.18
1% decrease	0.97	(0.25)

Maturity profile of defined benefit obligation

	March 31, 2023	March 31, 2022
Within 1 year	0.83	0.12
1-2 year	0.73	0.11
2-3 year	0.67	0.10
3-4 year	0.60	0.10
4-5 year	0.52	0.09
5-10 year	1.83	0.37
10 years onwards	14.54	11.61

The average duration of the defined benefit obligation at the end of the reporting year is 16.76 years (March 31, 2022 : 14.84 years).

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All amounts in Rs. Lakhs, unless otherwise stated

35. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below :

	March 31, 2023		March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at amortised cost				
Non-current assets				
Other financial assets	128.15	128.15	272.18	272.18
Current assets				
Trade receivables	76.80	76.80	77.34	77.34
Cash and cash equivalents	27.08	27.08	14.82	14.82
Other bank balances	3.38	3.38	3.21	3.21
Other financial assets	34.96	34.96	-	-
	270.37	**270.37**	**367.55**	**367.55**
Financial liabilities measured at amortised cost				
Non-current liabilities				
Lease liabilities	556.43	556.43	965.06	965.06
Current liabilities				
Lease liabilities	279.80	279.80	369.58	369.58
Borrowings	2,400.37	2,400.37	2,603.53	2,603.53
Trade payables	101.82	101.82	154.09	154.09
Other financial liabilities	27.26	27.26	40.65	40.65
	3,365.68	**3,365.68**	**4,132.91**	**4,132.91**

36. Financial risk management objectives and policies

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a) Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

i. Currency risk
The Company does not have any foreign currency risk exposure.

ii. Interest rate risk
Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed interest rate and are carried at amortised cost. The Company does not have any interest risk exposure.

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Bengaluru

All amounts in Rs. Lakhs, unless otherwise stated

36. Financial risk management objectives and policies (Continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets.

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

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

Cash and cash equivalents and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows :

	Trade receivables		Other assets	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	-	-	20.39	-
Allowance created/(reversed/written off) during the year	-	-	(20.39)	20.39
At the end of the year	-	-	-	**20.39**

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's

The table below provides details regarding the contractual maturities of financial liabilities :

	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	2,400.37	-	-	2,400.37
Lease liabilities	272.01	688.84	-	960.85
Trade payables	101.82	-	-	101.82
Other financial liabilities	27.26	-	-	27.26
Total	**2,801.46**	**688.84**	-	**3,490.30**
March 31, 2022				
Borrowings	2,603.53	-	-	2,603.53
Lease liabilities	385.85	1,098.07	36.83	1,520.75
Trade payables	154.09	-	-	154.09
Other financial liabilities	40.65	-	-	40.65
Total	**3,184.12**	**1,098.07**	**36.83**	**4,319.02**

The Company believes that the working capital is sufficient to meet its current requirements basis commitment and support from Kurlon Enterprise Limited, the Holding Company.

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All amounts in Rs. Lakhs, unless otherwise stated

37. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	0.16	0.22	-25%	
Debt equity ratio	Total debt	Shareholder's equity	(1.27)	(1.42)	11%	
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses+Finance costs	Debt service = Interest and lease payments + Principal repayments	0.50	(1.25)	140%	Decrease in Losses during the year resulted in improvement of debt coverage.
Return on equity ratio	Net profits after taxes – Preference dividend	Average shareholder's equity	(0.03)	(1.02)	97%	Decrease in losses during the year resulted in improvement of return on equity.
Inventory turnover ratio	Cost of goods sold	Average inventory	3.53	1.74	104%	Decrease in inventories during the year resulted in improvement of inventory turnover.
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	24.04	38.84	-38%	On account of increase in trade receivables, turnover is decreased.
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	8.72	10.62	-18%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	(0.78)	(0.65)	-19%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	(0.03)	(0.75)	96%	Decrease in losses during the year resulted in improvement of net profit ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax liability	0.10	(1.28)	108%	Decrease in losses during the year resulted in improvement of return on capital employed.

Note: Since the company does not have any investment, return on investment has not been disclosed.

38. Other statutory information

(i) The Company do not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
(ii) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
(iii) The Company do not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.
(iv) The Company have not traded or invested in crypto currency or virtual currency during the financial year.
(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the
(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
(vi) The Company have 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.
(vii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period 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).

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Bengaluru

All amounts in Rs. Lakhs, unless otherwise stated

39. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Company includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

	March 31, 2023	March 31, 2023
Borrowings	2,400.37	2,603.53
Lease liabilities	836.23	1,334.64
Less: Cash and cash equivalents and other bank balances	(27.08)	(14.82)
Net debt (A)	**3,209.52**	**3,923.35**
Equity	(1,894.56)	(1,832.37)
Total equity capital (B)	**(1,894.56)**	**(1,832.37)**
Total debt and equity (C)=(A)+(B)	**1,314.96**	**2,090.98**
Gearing ratio (A)/(C)	**244%**	**188%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

40. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of Kurlon Retail Limited
CIN : U36104KA2012PLC065664

Jamsheed Minoo Panday
Director
DIN : 00232768

Place: Bengaluru
Date: August 29, 2023

Narendra Kudva
Director
DIN : 07459916

Place: Bengaluru
Date: August 29, 2023

KURLON RETAIL LIMITED Bangalore

KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED

Balance Sheet as at March 31, 2023

CIN: U52520KA2021PLC143244

(Amount in Rs. Lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Current assets			
(a) Inventories	3	-	42.55
(b) Financial Assets			
(i) Trade Receivables	4	65.02	91.95
(ii) Cash and Cash equivalents	5	7.18	0.46
(c) Other Current Assets	6	59.84	100.89
Total Current Assets		132.04	235.85
Total Assets		**132.04**	**235.85**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	7	5.00	5.00
(b) Other Equity	8	(386.47)	(393.84)
Total Equity		(381.47)	(388.84)
LIABILITIES			
Non Current Liabilities			
(a) Provisions	9	33.42	12.31
Total Non Current Liabilities		33.42	12.31
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	10		
(A)Total outstanding dues to Micro, small and Medium Enterprises			-
(B)Total outstanding dues of creditors other than Micro, small and Medium Enterprises		372.11	330.46
(ii) Other Financial liabilities	11	48.39	18.00
(b) Other Current Liabilities	12	45.53	217.66
(c) Provisions	13	14.06	46.26
Total Current Liabilities		480.09	612.38
Total Equity and Liabilities		**132.04**	**235.85**
Summary of Significant Accounting Policies	1, 2		
The accompanying notes form an integral part of the financial statements	1 to 30		

As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants
Firm Registration No.009571N/N500006

ASA & Associates LLP Chartered Accountants

Vinay K S
Partner
Membership No. 223085

Place: Bengaluru
Date: 25.07.2023

For and on behalf of the Board
Komfort Universe Products And Services Limited
U52520KA2021PLC143244

T. Sudhakar Pai
Director
DIN- 00043298

Place: Bengaluru
Date: 25.07.2023

Jaya Sudhakar Pai
Director
DIN- 00030515

Place: Bengaluru
Date: 25.07.2023

KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED

Statement of Profit and Loss for the Period from April 2022 to March 31, 2023

CIN: U52520KA2021PLC143244

(Amount in Rs. Lakhs, unless otherwise stated)

	Particulars	Note No.	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
	Income			
I	Revenue from operations	14	231.05	4,499.65
II	Other Income	15	599.97	0.02
III	**Total Income (I+II)**		**831.02**	4,499.67
IV	**Expenses**			
	Purchases of stock in trade	16a	186.36	3,845.95
	Changes in inventories of stock in trade	16b	42.55	(42.55)
	Employee benefits expense	17	294.79	449.39
	Finance costs	18	0.01	0.07
	Other expenses	19	316.38	640.65
	Total Expenses (IV)		**840.09**	4,893.51
V	**Profit before Exceptional Items and tax (III-IV)**		**(9.07)**	(393.84)
VI	**Exceptional Items**		-	
VII	**Profit/(loss) before tax (V-VI)**		**(9.07)**	(393.84)
VIII	**Tax Expense**			
	Current tax			29.00
	Tax credit of earlier years		-	-
	Deferred tax		-	-
			-	-
IX	**Profit for the Period (VII-VIII)**		**(9.07)**	(393.84)
	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Re-measurements of the defined benefit plans [gain/ (loss)]		16.44	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
X	**Total other comprehensive income**		**16.44**	**-**
XI	**Total comprehensive income for the Period (IX+X)**		**7.37**	(393.84)
	Earnings per equity share :			
	Equity shares of par value Rs 10 each			
	(1) Basic (Rs)	20	14.74	(787.69)
	(2) Diluted (Rs)	20	14.74	(787.69)
	The accompanying notes form an integral part of the financial statements	1 to 30		

As per our report of even date attached

For ASA & Associates LLP
Chartered Accountants 1 to 30
Firm Registration No.009571N/500006

Chartered Accountants ASA & Associates LLP

Vinay K S
Partner
Membership No. 223085

Place: Bengaluru
Date: 25.07.2023

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U52520KA2021PLC143244

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Jaya Sudhakar Pai
Director
DIN- 00030515

Place: Bengaluru
Date: 25.07.2023

KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
For the Period from April 01,2022 March 31, 2023
CIN: U52520KA2021PLC143244
Cash flow statement for the year ended 31 March 2023

(Amount in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
A. Cash flows from Operating Activities		
Profit for the Period	(9.07)	(393.84)
Adjustments for:		
Finance costs recognized in profit or loss	0.01	0.07
	(9.06)	(393.77)
Movements in working capital:		
(Increase)/Decrease in Inventories	42.55	(42.55)
(Increase)/Decrease in Trade Receivables	26.93	(91.95)
(Increase)/Decrease in Other Current Assets	41.05	(100.89)
Increase/(Decrease) in Other Current Liabilities	(172.13)	217.66
Increase/(Decrease) in Trade Payables	41.65	330.46
Increase/(Decrease) in Provisions	(32.20)	46.26
Increase/(Decrease) in Other Financial Liabilities	30.39	18.00
Increase/(Decrease) in Provisions in Non current Liabilities	37.55	12.31
	15.79	389.30
Cash Flows generated from Operating Activities	**6.73**	(4.47)
Net cash flow from operating activities (A)	**6.73**	**(4.47)**
B. Cash flows from Investing Activities		
Proceeds from disposal of investment property		-
Payments for intangible assets	-	-
Net cash flow from / (used in) Investing Activities (B)	**-**	**-**
C. Cash flows from Financing Activities		
Proceeds From issue of shares	-	5.00
Bank Charges	(0.01)	(0.07)
Net cash flow from / (used in) financing activities (C)	**(0.01)**	**4.93**
Net increase / decrease in cash and cash equivalents (A+B+C)	6.72	0.46
Cash and cash equivalents at the beginning of the year	0.46	-
Cash and cash equivalents at the end of the period	7.18	0.46

The accompanying notes form an integral part of the financial statements 1 to 30

In terms of our report attached.
For ASA & Associates LLP
Chartered Accountants
Firm Registration No.009571N/N500006

Vinay K S
Partner
Membership No. 223085

Place: Bengaluru
Date: 25.07.2023

ASA & Associates LLP Chartered Accountants

For and on behalf of the Board
Komfort Universe Products And Services Limited
U52520KA2021PLC143244

T. Sudhakar Pai
Director
DIN- 00043298

Place: Bengaluru
Date: 25.07.2023

Jaya Sudhakar Pai
Director
DIN- 00030515

Place: Bengaluru
Date: 25.07.2023

KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
Statement of Changes in Equity for the year ended March 31, 2023
CIN: U51909KA2008PLC045558

A) **Equity Share Capital**

(Amount in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity share of Rs. 10/- each issued, subscribed and fully paid		
Balance at the beginning of the current reporting year	5.00	5.00
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	5.00	5.00
Changes in equity share capital during the current year	-	-
Balance at the end of the current year	**5.00**	**5.00**

B) **Other Equity**

Particulars	Reserves and Surplus		Items of OCI	Total
	Retained Earnings	Capital Reserves	Investment in equity instruements measured at fair value through OCI	
Balance as on 18th January 2021	-	-	-	-
Changes in accounting policy or prior period erros	-			-
Restated balance at the beginning of the current reporting year				-
Total Comprehensive Income for the current year	(393.84)			
Other comprehensive Income (net of tax)				
Remeasurement of net defined benefit liability/asset (net of tax) *				-
Balance as on 31st March 2022	**(393.84)**	-	-	-
Changes in accounting policy or prior period erros				
Restated balance at the beginning of the current reporting year				
Total Comprehensive Income for the current year	(9.07)			
Other comprehensive Income (net of tax)				
Remeasurement of net defined benefit liability/asset (net of tax) *	16.44	-	-	-
Balance as on 31st March 2023	**(386.47)**	-	-	-

* In accordance with Notification G.S.R 404(E) , dated 06 April 2016, the company has recognised remeasurement of defined benefit plans amounting to Rs.16.44 Lakhs {PY - 0 Lakhs} as a part of retained earnings in previous financial year.

The accompanying notes form an integral part of the financial statements 1 to 30

In terms of our report attached.
For ASA & Associates LLP
Chartered Accountants
Firm Registration No.009571N/500006

Vinay K S
Partner
Membership No. 223085

Place: Bengaluru
Date: 25.07.2023

For and on behalf of the Board
Komfort Universe Products And Services Limited
U52520KA2021PLC143244

T. Sudhakar Pai
Director
DIN- 00043298

Place: Bengaluru
Date: 25.07.2023

Jaya Sudhakar Pai
Director
DIN- 00030515

Place: Bengaluru
Date: 25.07.2023

Notes forming part of the Financial Statements
Significant Accounting Policies

1 Corporate Information

Komfort Universe Products And Services Limited was incorporated in Karnataka on 18.01.2021. The Company is a wholly owned subsidiary company of Kurlon Enterprise Limited and is engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, promoting, marketing, supplying, dealing and trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India.

2 Significant Accounting Policies

2.1 Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS" notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies, Act, 2013 read together with paragraph 7 of Companies Rules, 2014 ("Indian GAAP").

2.2 Basis of Preparation and Presentation

These Financial Statements are prepared in accordance with Division II of schedule III of Companies Act, 2013 , under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Financial Statements are presented in Indian Rupees Lakhs unless otherwise stated. Further deferred benefit plans and plan assets are measured at fair value at the end of the each reporting period as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either in the principle market for the asset or liability, or in the absence of principle market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability and the assumptions the market participants would consider when pricing the asset or liability at the measurement date, assuming that market participants act in their best economic interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

Fair value measurement :

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

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

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2.3 Use of Estimates and Judgement

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

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year in respect of percentage of completion of contracts and recognition of probable loss, useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets/ liabilities, provision for warranty and other provisions and contingent liabilities.

Provisions and Contingent Liabilities

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

2.4 Revenue recognition

Sale of goods

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

Other income

Interest income- Interest Income is recognized and accounted on the basis of the effective Interest rate method.

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

2.5 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

2.6 Inventory

Items of Inventories are valued at the lower of cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of inventories are determined on a weighted average basis.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.7 Provisions

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

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

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

2.8 Financial Instruments

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

A) Financial Assets

Cash and Cash Equivalents

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

Financial Assets at Amortized Cost

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

Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

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

Derecognition of financial assets A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

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

B) Financial Liabilities and Equity
Financial Liabilities at Amortized Cost

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

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

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

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

2.10 Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty
Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Key source of judgments, assumptions and estimation uncertainty if the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of Oil impairment, useful lives of Property, Plant and Equipment, depletion of oil and gas assets, decommissioning provision, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets and contingent assets.

2.11 Critical judgments in applying accounting policies
The following are the critical judgements, apart from those involving estimations, that the Management have made in the process of applying the company's accounting policies and that have the significant on the amounts recognized in the Financial Statements.

2.12 Determination of functional currency
Currency of the primary economic environment in which the company operates ("the functional currency") is Indian Rupee (₹) I which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee(₹).

2.13 Impact Assessment on Ind AS amendments applicable for FY 2023-24

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

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Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

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KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
Notes forming part of the Financial Statements

(Amount in Rs. Lakhs, unless otherwise stated)

3 Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
(a)Stock-in-trade	-	42.55
Total Inventories at lower of Cost or Net Realisable Value (NRV)	-	

4 Trade Receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables (Unsecured)		
(a) Considered good	65.02	91.95
(b) which have significant increase in Credit Risk	-	-
	65.02	91.95
Less: Allowance for Doubtful trade receivables	-	-
TOTAL	65.02	91.95

4 Trade receivables Ageing Schedule

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	14.22	40.83	9.97	-	-	65.02
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-
	14.22	40.83	9.97	-	-	65.02

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	91.95	-	-	-	-	91.95
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-
	91.95	-	-	-	-	91.95

5 Cash and Bank Balances

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and Cash Equivalents		
Balances with Banks	7.18	0.46
TOTAL	7.18	0.46

6 Other Current Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
(a) Advances to employees	-	2.50
(b)Advances to suppliers	5.36	23.29
(c) Balances with government authorities	54.48	75.10
TOTAL	59.84	100.89

ASA & Associates LLP Chartered Accountants

KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
Notes forming Part of the Financial Statements

7 Equity Share Capital

(Amount in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Value	No. of shares	Value
Authorised:				
Equity shares of ₹ 10/- each with voting rights	50,000	5	50,000	5
Issued, Subscribed and fully Paid:				
Equity shares of ₹ 10/- each with voting rights	50,000	5	50,000	5

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Value	No. of shares	Value
Equity Shares				
Fully paid shares allotted during the Period	50,000	5	50,000	5
Outstanding at the end of the period	**50,000**	**5**	**50,000**	**5**

(ii) **Terms/Rights attached to Equity Shares**

a. The company has only one class of equity shares having a par value of ₹ 10/- each per share. Each holder of equity shares is entitled to one vote per share.

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

(iii) **Details of Shares held by the Holding Company**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Kurlon Enterprise Limited				
Equity shares of ₹ 10/- each with voting rights	50,000	100.00%	50,000	100.00%

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

Class of shares / Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of ₹ 10/- each with voting rights Kurlon Enterprise Limited	50,000	100.00%	50,000	100.00%

(v) **Details of shares held by Promoters**

Class of shares / Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares of ₹ 10/- each with voting rights Kurlon Enterprise Limited	50,000	100.00%	50,000	100.00%

ASA & Associates LLP
Chartered Accountants

KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
Notes forming part of the Financial Statements

(Amount in Rs. Lakhs, unless otherwise stated)

8 Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Retained earnings		
Opening Balance	(393.84)	-
Profit /(Loss) attributable to owners of the Company	(9.07)	(393.84)
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	16.44	-
Dividend distributed during the year		
Closing Balance	(386.47)	(393.84)
Capital Reserve Opening balance Addition to the reserve		
Transfer/ utilization of reserve	-	-
Closing Balance	-	
Investment In Equity Instruements fair valued through OCI	-	-
Opening balance Addition to the reserve		
Transfer/ utilization of reserve		
Income Tax effect on fair valution of investment	-	-
Net surplus in the Investment valuation reserve		
Total Reserves and Surplus	(386.47)	(393.84)

9 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Non - Current Provision		
- Provision for Gratuity	21.46	1.60
- Provision for Leave Encashment	11.96	10.71
Total	**33.42**	**12.31**

10 Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues to Micro, small and Medium Enterprises	-	-
Total outstanding dues of creditors other than Micro, small and Medium Enterprises	372.11	330.46
Total	**372.11**	**330.46**

Ageing of trade payables

Particulars	Outstanding for following periods from the due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023					
Undisputed trade payables - MSME	-	-	-	-	-
Undisputed trade payables - Non MSME	239.32	132.79	-	-	372.11
Total	**239.32**	**132.79**	**-**	**-**	**372.11**

Ageing of trade payables

Particulars	Outstanding for following periods from the due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2022					
Undisputed trade payables - MSME	-	-	-	-	-
Undisputed trade payables - Non MSME	330.46	-	-	-	330.46
Total	**330.46**	**-**	**-**	**-**	**330.46**

11 Other Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Other Financial Liabilities Measured at Amortized Cost		
Current		
a. Deposit from Dealers	48.39	18.00
Total	**48.39**	**18.00**

12 Other Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
a. Advances received from customers	8.79	157.94
b. Statutory dues		
- taxes payable (other than income taxes)	14.58	23.68
c.Salary Payable	22.16	36.04
Total	**45.53**	**217.66**

13 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Current Provision		
Gratuity Payable	1.04	31.32
Bonus Payable	10.10	11.46
Leave Encashment Payable	2.92	3.48
Total	**14.06**	**46.26**

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Notes forming part of the Financial Statements

14 Revenue from Operations

(Amount in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Sale of products	233.60	4590.30
Less: Schemes & Rebates	-2.55	-90.65
Total Revenue from Operations	**231.05**	**4,499.65**

15 Other Income

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
(a) Interest Income, On Financial Assets at Amortized Cost		
Reimbursement -expenses	599.79	-
Interest from banks on deposits	-	0.02
Interest Received on IT Refunds	0.18	-
Total Other Income	**599.97**	**0.02**

16 a. Purchase of stock-in-trade

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Stock -in -Trade	186.36	3,845.95
	186.36	**3,845.95**

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

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Inventories at the beginning of the year:		
Stock-in-trade	42.55	0.00
	42.55	-
Inventories at the end of the Period:		
Stock-in-trade	-	42.55
	-	42.55
Net (increase) / decrease	**42.55**	**(42.55)**

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Notes forming part of the Financial Statements

17 Employee Benefits Expense

(Amount in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Salaries and wages	268.89	376.25
Contribution to provident and other funds	9.99	14.56
Employer Contribution Gratuity	6.02	32.92
Bonus and Leave encashment	9.89	25.66
Total	**294.79**	**449.39**

18 Finance Cost

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Bank Charges	0.01	0.07
Total	**0.01**	**0.07**

19 Other Expenses

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Advertisement Expenses	199.03	395.29
Business promotion	12.82	133.30
Freight	-	5.35
Administrative charges	40.88	2.37
Legal and professional	55.53	56.27
Payment to auditors:		
-For Statutory audit	0.75	0.60
Rates and taxes	1.01	13.47
Printing & Stattionary	0.11	0.06
Travelling and conveyance	5.95	33.86
Sundry Debtors Written Off	0.04	-
Preliminary Expenses w/o	-	0.08
Miscellaneous Expenses	0.26	0.00
Total Other Expenses	**316.38**	**640.65**

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Notes forming part of the Financial Statements

20 Earnings per share has been computed as under:

(Amount in Rs. Lakhs, unless otherwise stated)

Earnings per share

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Profit after Tax	7.37	-393.84
Weighted average number of Equity shares outstanding -Basic (Nos. Lakhs)	0.50	0.50
Weighted average number of Equity shares outstanding- Diluted (Nos.Lakhs)	0.50	0.50
Earnings per share – Basic (₹)	14.74	-787.69
Earnings per share – Diluted (₹)	14.74	-787.69
Face Value of Equity Shares (₹)	10/-	10/-

Note:

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Weighted average number of equity shares for Basic EPS (Nos. in Lakhs)	0.50	0.50
Weighted average number of equity shares for Diluted EPS (Nos. in Lakhs)	0.50	0.50

21 Contingent Liabilities & Capital Commitments

During the Period ended, there are no capital commitments and contingent liabilities.

22 Segment Reporting

Operating Segment:

a) The Company is predominantly engaged in the business of trading in foam and related products. Considering the manner of review by the CODM in respect of

i) Resources to be allocated to the segment and

ii) Segment financial performance, 'Foam & Related products' has been identified as the single operating segment.

b)the revenues from the customers which exceeds the 10% of Revenue from operations are as follows

i) For the year ended 31 March 2023, from Kurlon enter prise Limtied Rs.43.86 lakhs

ii) For the Period from January 18, 2021 to March 31, 2022, from "M/S. Geet Gunjan the Furnishing Nest" amounts to Rs.4,71.92 lakhs

b) **Geographical segment information:** Separate geographical segment information has not been disclosed as more than 100% of the Revenue is in the domestic market.

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KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED

Notes forming part of the Financial Statements

(Amount in Rs. Lakhs, unless otherwise stated)

23 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2023 has been made in the financial statements based on information received and available with the Company.

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i) The principal amount remaining unpaid to any supplier at the end of each accounting year;	-	-
(ii) The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

24 Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, need to spend at least 2% of average net profit for the immediately preceding three financial years on Corporate Social Responsibility(CSR) activities. The areas for CSR activities are as stated in Schedule VII of the Companies Act . These provisions are not applicable as the company does not qualify for the parameters required to be met in order to carry out the CSR activities.

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Notes forming part of the Financial Statements

25 Related party disclosures

(Amount in Rs. Lakhs, unless otherwise stated)

a) List of Related Parties and Relationships

Relationship	Related Parties
Ultimate Holding Company	Kurlon Limited
Holding Company	Kurlon Enterprise Limited
Fellow Subsidiaries	Kurlon Retail Limited
	Starship Value chain and Manufacturing Private Limited (Formerly Starship Global VCT LLP)(w.e.f from March 21,2021)
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives(Where transactions have taken place during the year)	Manipal Advertising Services Private Limited
	Manipal Travels Pvt Ltd
Key Management Personnel	Mr. T. Sudhakar Pai, Director Ms. Jaya S Pai, Director Ms. Jyothi Ashish Pradhan, Director

b) Related Party transactions

Particulars	Key Management personnel and their Relatives	Ultimate Holding Company	Enterprises owned or significantly influenced by Key Management Personnel / Directors and their	Fellow Subsidiaries	Holding Company	Key Management personnel and their Relatives	Ultimate Holding Company	Enterprises owned or significantly influenced by Key Management Personnel / Directors and their relatives	Fellow Subsidiaries	Holding Company
	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022
Transactions during the Period:										
Income										
Sales	-	(0.26)	-	-	43.86	-	-	-	1.21	8.81
Reimbursement of Expenses	-	-	-	-	599.79	-	-	-	-	-
Expenses										
Purchases	-	109.78	-	-	76.56	-	-	-	-	3,753.93
Advertisement Expenses	-	-	-	-	-	-	-	0.22	-	-
Travelling Expenses	-	-	1.34	-	-	-	-	32.35	-	-
Administrative Services	-	-	40.87	-	-	-	-	-	-	-
Outstanding as at Period end:										
Trade Receivable	-	-	-	-	-	-	-	-	1.43	-
Trade Payable	-	129.54	18.68	-	156.99	-	-	0.22	-	300.29

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KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED

Notes forming part of the Financial Statements

(Amount in Rs. Lakhs, unless otherwise stated)

26 Financial Instruments

A) Capital Management

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

Particulars	As at 31-Mar-23	As at 31-Mar-22
Total equity attributable to the equity shareholders of the company	(381.47)	(388.84)
As a percentage of total capital	100%	100%
Current borrowings	-	-
Non-current borrowings	-	-
Total borrowings	-	-
As a percentage of total capital	0%	0%
Total Capital	(381.47)	(388.84)

The company is predominantly equity financed which is evident from the capital structure table.

B) Categories of financial instruments

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

Particulars	Carrying amount	Carrying amount
	As at March 31, 2023	As at March 31, 2022
Financial assets		
Measured at Amortized Cost		
Current assets		
- Trade receivables	65.02	91.95
- Cash and cash equivalents	7.18	0.46
Total	**72.20**	**92.41**
Financial Liabilities		
Measured at Amortized Cost		
Current liabilities		
- Trade payables	372.11	330.46
- Other financial liabilities	48.39	18.00
Total	**420.50**	**348.46**

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

1. The company has disclosed financial instruments which comprise of deposits, trade and other payables, trade and other receivables, cash and cash equivalents and other bank balances at carrying value because their carrying value are a reasonable approximation of the fair values due to their short term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken into the account for the expected losses of these receivables.

C) Financial Risk Management

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

The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include 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.

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

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at March 31, 2023. 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.

i) Foreign Currency Risk

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

Foreign currency risk sensitivity

This is not applicable as there is no Foreign currency exposure on the company.

ii) Interest Rate Risk

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

Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. At the reporting date there are no interest-bearing financial instruments of the company, so this is not applicable.

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. This is not applicable for the company as there are no borrowings.

(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 and other financial instruments.

i) Trade Receivables

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

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

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(Amount in Rs. Lakhs, unless otherwise stated)

(Amount in Rs. Lakhs, unless otherwise stated)

ii) Financial instruments and cash & bank deposits

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

The company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2023 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the company.

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets		
- Trade receivables	65.02	91.95
- Cash and cash equivalents	7.18	0.46
Total	**72.20**	**92.41**

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Not Due	-	-
Due from 0 to 180 days	14.22	91.95
Due for more than 180 days	50.80	-
Less: Loss Allowance	-	-
Total	**65.02**	**91.95**

(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. 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.

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(Amount in Rs. Lakhs, unless otherwise stated)

Maturity profile of financial liabilities

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

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2023			
Trade payables	372.11	239.32	132.79
Other current financial liabilities	48.39	48.39	-
Total	**420.50**	**287.71**	**132.79**

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at March 31, 2022			
Trade payables	330.46	330.46	
Other current financial liabilities	18.00	18.00	-
Total	**348.46**	**348.46**	**-**

D) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

Particulars	Carrying amount/Fair value			Carrying amount/Fair value		
	As at March 31, 2023			As at March 31, 2022		
	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets						
a) Measured at Amortised Cost						
Current assets						
- Trade receivables	-	-	65.02	-	-	91.95
- Cash and cash equivalents	-	-	7.18	-	-	0.46
Total	**-**	**-**	**72.20**	**-**	**-**	**92.41**
Financial liabilities						
a) Measured at Amortised Cost						
Current liabilities						
- Trade payables	-	-	372.11	-	-	330.46
- Other current financial liabilities	-	-	48.39	-	-	18.00
Total	**-**	**-**	**420.50**	**-**	**-**	**348.46**

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of loans to employees and security deposits approximates the fair value presented.

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(Amount in Rs. Lakhs, unless otherwise stated)

27 Employee benefits

(a) Defined Benefit plans:

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

(b) Defined Contribution plan:

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the company makes a defined contribution measured as a fixed percentage of salary. During the period, amount of ₹9.99 lakhs(Previous Year: ₹ 14.53 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	For the year ended 31 March 2023	For the Period from January 18, 2021 to March 31, 2022
Employer's contribution towards Provident Fund (PF)	9.99	14.53

(c) Other disclosures of Defined Benefit plans as required under Ind AS–19 are as under

i. Reconciliation of the opening and closing balances of Defined Benefit Obligation:

Particulars	Gratuity	Gratuity
	As at March 31, 2023	As at March 31, 2022
Present Value of Defined Benefit Obligation at the beginning of year	32.92	-
Interest cost	2.47	-
Current Service Cost	3.55	32.92
Past Service Cost	-	-
Benefit Paid	-	-
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	-
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(0.06)	-
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	(16.38)	-
Present value of the Defined Benefit Obligation at the end of Period	**22.50**	**32.92**

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

Particulars	Gratuity	Gratuity
	As at March 31, 2023	As at March 31, 2022
Current Service Cost	3.55	32.92
Past Service Cost	-	-
Interest cost	2.47	-
Interest income on plan asset	-	-
Other Costs	-	-
Net Defined Benefit recognized in Statement of Profit and Loss	**6.02**	**32.92**

iii. Net asset / (liability) recognized in the Balance Sheet

Particulars	Gratuity	Gratuity
	As at March 31, 2023	As at March 31, 2022
Present value of Defined Benefit obligation at the end of the period	22.50	32.92
Fair value of plan assets	-	-
Net Defined Benefit recognized in the Balance Sheet	**(22.50)**	**(32.92)**

iv. Recognized in Other Comprehensive Income.

Particulars	Gratuity	Gratuity
	As at March 31, 2023	As at March 31, 2022
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	-	-
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(0.06)	-
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	(16.38)	-
Return on Plan Assets (Greater)/Less than Discount rate	-	-
Net actuarial Loss	**(16.44)**	**-**

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(Amount in Rs. Lakhs, unless otherwise stated)

v. Sensitivity Analysis*

a) Impact of the change in the discount rate

Particulars	Gratuity As at March 31, 2023	Gratuity As at March 31, 2022
Present value of the **Defined Benefit Obligation** at the end of Period	22.50	32.92
a) Impact due to increase of 1% (PY-NIL%)	(2.38)	(2.59)
b) Impact due to decrease of 1% (PY-NIL%)	2.82	3.02

b) Impact of the change in the salary increase

Particulars	Gratuity As at March 31, 2023	Gratuity As at March 31, 2022
Present value of the **Defined Benefit Obligation** at the end of Period	22.50	32.92
a) Impact due to increase of 1% (PY-NIL%)	2.72	2.93
b) Impact due to decrease of 1% (PY-NIL%)	(2.33)	(2.55)

*Sensitivities due to mortality & withdrawals are not material & hence impact of change not presented.

* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

vi. Maturity Profile.

Particulars	Gratuity As at March 31, 2023	Gratuity As at March 31, 2022
0 to 1 year	1.04	1.60
1 to 2 Year	0.98	1.51
2 to 3 Year	0.93	1.43
3 to 4 Year	0.88	1.36
4 to 5 Year	0.84	10.31
6-10 Years	4.81	4.37
10 Year onwards	13.02	12.34

viii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity As at March 31, 2023	Gratuity As at March 31, 2022
Method used	Projected unit credit method	Projected unit credit method
Discount rate	7.52%	7.50%
Salary Escalation	7.00%	7.00%
Mortality Rate	IALM (2012-14)	IALM (2012-14)
Withdrawal rate up to 30/44 and above 44 years	5%	5%
Rate of return on plan assets	0.00%	0.00%

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Notes forming part of the Financial Statements

28. Ratio analysis and its elements

	Ratio	Numerator	Denominator	As at March 31, 2023	For the Period from Date of Incorporation (18th Jan 21) to 31 March 2022	% change	Reason for Variance
a)	Current ratio (in times)	Total current assets	Total current liabilities	0.28	0.39	-28.6%	There is decrease in current assets and current liabilities is mainly due to decrease in operations significantly and trade payables have not been paid off which resulted in increase in current liabilities
b)	Debt-equity ratio (in times)	Borrowings (current & non-current)	Total equity	NA	NA	NA	NA
c)	Debt service coverage ratio(in times)	Earnings for debt service = Net profit after taxes + Depreciation & Amortisation Expenses	Debt service = Finance Cost + Current maturity of borrowings	NA	NA	NA	NA
d)	Return on equity ratio (in %)	Net profits after taxes	Average total equity	(0.02)	1.01	-101.9%	Profit has increased during the current year due to actuarial gain in gratuity valaution
e)	Inventory turnover ratio (in times)	Cost of goods sold	Average inventory	10.76	89.39	-88.0%	The ratios has been decreased during the year due to significant decrease in operations.
f)	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivable	2.94	49.92	-94.1%	The ratio has been decreased, due decrease in operations, sales has been decreased during the current year
g)	Trade payables turnover ratio (in times)	Net Purchases	Average trade payables	0.53	11.51	-95.4%	The ratio has been decreased during the year due to significant decrease in operations.
h)	Net capital turnover ratio (in times)	Revenue from operations	Working capital = Total current assets – Total current liabilities	(0.66)	(12.19)	-94.6%	Due decrease in operations, sales has been decreased and both current assets and current liabilities have decreased
i)	Net profit ratio (in %)	Net profit after tax	Net sales = Total sales - sales return	0.03	(0.09)	-136.4%	Profit has increased due to increase in actuarial gains on account of gratuity and as there was loss during the prior period
j)	Return on capital employed (in %)	Earnings before interest and taxes	Capital employed = Total equity + borrowings	0.02	1.01	-97.7%	The decrease in ratio is mainly due to decrease in revenue form operations
k)	Return on investment	Interest (Finance Income)	Investment	NA	NA	NA	NA

ASA & Associates LLP Chartered Accountants

29 The Company has accumulated losses of Rs. 386.47 lakhs as at March 31, 2023 and its net worth as at that date is Rs. 381.47 lakhs (negative) and its current liabilities exceed current assets. Further Kurlon Enterprise Limited(Holding Company) would support in the operations of the Company whenever required as considering the synergies and business nature, it would provide the desired requirements to ensure smooth conduct of business by the Company. Accordingly, the financial statements have been prepared on a going concern basis.

30 **Other Statutory Information**

i The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

ii The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period.

iii The Company has not been declared as willful defaulter by any bank or financial institutions or other lenders.

iv The Company does not own any immovable property and as such, there exists no circumstance, where the title deeds of immovable properties of the Company are held in the name of a person, other than the Company.

v The Company have not traded or invested in Crypto currency or Virtual Currency during the financial period.

vi The Company have 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

vii The Company have 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,

viii The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period 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.

ix The Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

x The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received the Indian Parliament and Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

As per our report of even date attached
For ASA & Associates LLP
Chartered Accountants
Firm Registration No.009571N/500006 N

ASA & Associates LLP Chartered Accountants

Vinay K S
Partner
Membership No. 223085

Place: Bengaluru
Date: 25.07.2023

For and on behalf of the Board
Komfort Universe Products And Services Limited
U52520KA2021PLC143244

T. Sudhakar Pai
Director
DIN- 00043298

Place: Bengaluru
Date: 25.07.2023

Jaya Pai

Jaya Sudhakar Pai
Director
DIN- 00030515

Place: Bengaluru
Date: 25.07.2023

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Balance sheet as at 31st March 2023
(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I. ASSETS			
A. Non current assets			
a) i) Property Plant & Equipment	3(a)	39.35	32.25
ii) Right Use Asset	3(b)	2,624.07	-
iii) Capital Work In Progress	4	-	16.90
b) Deferred Tax Assets (net)	5	27.55	68.21
c) Financial Assets			
i)Other Financial assets	6	247.74	311.30
d) Other non current assets	7	868.11	491.08
		3,806.82	**919.74**
B. Current assets			
a) Financial assets			
i) Trade receivables	8	856.22	1,268.63
ii) Cash and cash equivalents	9	46.10	334.45
b) Other current assets	10	71.77	122.11
Total current assets		**974.09**	**1,725.19**
TOTAL ASSETS		**4,780.91**	**2,644.93**
II. EQUITY AND LIABILITIES			
A. EQUITY			
a) Equity Share Capital	11	0.50	0.50
b) Other Equity	12	787.69	544.74
Total Equity		**788.19**	**545.24**
B. LIABILITIES			
Non Current Liabilities			
a)Financial Liabilities			
i) Lease Liability	3(b)	2,040.96	-
b)Long term Provisions	13	70.43	16.05
		2,111.39	**16.05**
1. Current Liabilities			
a) Financial Liabilities			
i) Short Term Borrowings	14	2.16	3.83
ii) Lease Liability	3(b)	644.58	-
iii) Trade Payables			
- total outstanding dues of micro and small enterprises and		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	15	537.28	1,271.99
d) Other financial liabilities	16	14.73	11.50
b) Other current liabilities	17	501.05	550.86
c) Short term provisions	18	181.53	245.46
		1,881.33	**2,083.64**
TOTAL EQUITY AND LIABILITIES		**4,780.91**	**2,644.93**

Summary of Significant Accounting Policies
The Accompanying notes form an integral part of the financial statements

As per our report of even date
for **ASA & Associates LLP**

Chartered Accountants
Firm Registration No. 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 28/07/2023

For and on behalf of Board of Directors of
Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date: 28/07/2023

Jamsheed Minoo Panday
Director
DIN: 00232768

Place: Bangalore
Date: 28/07/2023

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Statement of profit and loss for the year ended 31st march 2023
(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from contract with Customers	19	10,530.86	9,513.75
Other Operating Income	20	14.47	0.60
Total income		**10,545.33**	**9,514.35**
Expenses			
Freight, handling and servicing cost	21	6,841.89	7,009.30
Employee Cost	22	1,388.80	1,185.02
Finance Cost	23	189.91	-
Depreciation	24	609.26	5.01
Other Expenses	25	1,056.30	1,003.35
Total Expenses		**10,086.16**	**9,202.68**
Profit/(Loss) before tax		**459.17**	**311.67**
Tax Expense			
Current Tax	26	176.38	86.41
Deferred Tax		40.43	(68.21)
		216.81	**18.20**
Profit/(Loss) for the year		**242.36**	**293.47**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss		0.82	-
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-0.23	-
(iii) Items that will be reclassified subsequently to profit or loss		-	-
(iv) Income tax relating to items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income		**0.59**	**-**
Total Comprehensive Income/ (loss) for the year		**242.95**	**293.47**
Earnings per equity share:			
Basic		4,859.01	5,869.34
Diluted		4,859.01	5,869.34

Summary of Significant Accounting Policies
The Accompanying notes form an integral part of the financial statements

As per our report of even date
For ASA & Associates LLP

Chartered Accountants

Firm Registration No. 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 28/07/2023

for and on behalf of the Board of Directors of
Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date: 28/07/2023

Jamsheed Minoo Panday
Director
DIN: 00232768

Place: Bangalore
Date: 28/07/2023

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Cash Flow Statement for the year ended 31 March 2023
(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**Cash flow from operating activities**		
	Net profit before tax	**459.99**	**311.67**
	Adjustments for:		
	Depreciation	609.26	5.01
	Interest income	0.59	-
	Operating profit before working capital changes	**1,069.84**	**316.68**
	Adjustments for:		
	Decrease/(increase) in Trade Receivables	412.41	-839.18
	Decrease/(increase) in other current assets	50.34	-120.71
	Decrease/(increase) in other non current assets and others	-313.47	-526.22
	Increase/(decrease) in Trade Payables	-734.71	1,063.94
	Increase/(decrease) in other current liabilities	-49.82	-107.71
	Increase/(decrease) in provisions	-63.93	121.47
	Increase/(decrease) in other financial liabilities	3.23	-
	Increase in Right to Use Asset	-3,233.33	-
	Increase in Lease Liability	2,685.55	-
	Increase in Long Term Provisions	54.38	-
	Cash generated from operations	**-119.51**	**-91.73**
	Income tax paid/(To be paid)	176.38	18.20
	Net cash flow from operating activities	**-295.89**	**-109.93**
B	**Cash flow from investing activities**		
	Proceeds from/(Purchase) of Property, Plant and Equipment including CWIP	9.80	-48.06
	Interest Income	-0.59	
	Net cash used in Investing activities	**9.21**	**-48.06**
C	**Cash flow from financing activities**		
	Proceeds/(Repayment) of Short Term Borrowings	-1.67	3.66
	Deposits with bank	-	5.98
	Net cash used in financing activities	**-1.67**	**9.64**
	Net increase in cash & cash equivalents	-288.35	-148.35
	Cash and cash equivalents at the beginning of the year	334.45	482.80
	Cash and cash equivalents at the end of the year	**46.10**	**334.45**

Summary of Significant Accounting Policies

As per our report of even date

for ASA & Associates LLP

Chartered Accountants

Vinay K S

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 28/07/2023

For and on behalf of Board of Directors of

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)

Ashish Pradhan

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date: 28/07/2023

J Panday

Jamsheed Minoo Panday
Director
DIN: 00232768

Place: Bangalore
Date: 28/07/2023

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Statement of Changes in Equity for the year ended 31 March 2023
(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

a. Equity Share Capital

Particulars	Amount
As at 1st April, 2021	**0.50**
Changes in equity share capital during the year due to prior period errors	-
Restated balance as at 31st March 2022	0.50
Changes in equity share capital during the year	-
As at 31st March, 2023	**0.50**

b. Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium	Capital Reserve	Retained Earnings	
As at 1st April, 2021	-	-	251.27	251.27
Profit for the year	-	-	293.47	293.47
Other Comprehensive Income for the year	-	-	-	-
Balance as at March 31, 2022	-	-	**544.74**	**544.74**
Profit for the year	-	-	242.95	242.95
Other Comprehensive Income for the year	-	-	-	-
Balance as at March 31, 2023	-	-	**787.69**	**787.69**

As per our report of even date
For ASA & Associates LLP

Chartered Accountants
Firm Registration No. 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 28/07/2023

For and on behalf of Board of Directors of

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date: 28/07/2023

Jamsheed Minoo Panday
Director
DIN: 00232768

Place: Bangalore
Date: 28/07/2023

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2023

1. CORPORATE INFORMATION

Starship Value chain and Manufacturing Private Limited was incorporated in Karnataka on 09.10.2020. The Company is a wholly owned subsidiary company of Kurlon Enterprise Limited and is engaged in the business as a manufacturer, designers, buyers, sellers, importers, exporters, workers, transporters, suppliers of all types of home comfort products, home decor items including furniture, mattresses, pillows, cushions, perfumers on retail and to manufacture of all types of furniture equipment appliances for domestic, office, industrial as well as on wholesale basis in India as well as outside India.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Application of Indian Accounting Standards

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the Financial Statements are authorised have been considered in preparing these Financial Statements. There is no other Indian Accounting Standard that has been issued as of that date, but not mandatorily effective.

B. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the provisions of Companies Act 2013 ("the Act") and Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015, issued by the Ministry of Corporate Affairs in exercise of powers conferred by section 133 of the Act.

C. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared on an accrual basis and under the historical cost convention basis. The accounts of the company have been prepared on a going concern basis.

Ministry of Corporate Affairs ("MCA") through a notification dated March 24, 2021, amended Division II of Schedule III of the Companies Act, 2013 and applicable for the reporting period beginning on or after April 1, 2021. The amendment encompasses certain additional disclosure requirements. The Company has applied and incorporated the requirements of amended Division II of Schedule III of the Companies Act, 2013, to the extent applicable on it while preparing these financial statements.

The operating cycle in the normal course has been identified to have a duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS – 1 "Presentation of Financial Statements" and Schedule – III to the Companies Act, 2013.
The Balance sheet, the Statement of Profit and Loss and the statements of Changes in Equity are prepared in the format prescribed in Schedule III to the Act. The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the Ind AS.

The Financial Statements are presented in Indian Rupees and all values are rounded off to two decimal lakh except as otherwise stated.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Useful lives of property, plant and equipment

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

ASA & Associates LLP Chartered Accountants

Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2023

E. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Depreciation is provided for property, plant and equipment on the straight-line method over the estimated useful life from the date the assets are ready for intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

II Assets which are depreciated over useful life/residual value indicated by Schedule II are as follows:

Asset Class	Life as per Schedule II
Office Equipment's	05 years
Furniture & Fixtures	10 years
Computers & data processing units	03 years

Impairment of assets
Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

F INTANGIBLE ASSETS

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

Intangible assets are amortized on a straight line basis over their estimated useful lives from the date that they are available for use.
The estimated useful lives of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

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

G Investments & financial assets

i) Classification
The Company classifies its financial assets in the following measurement categories :-
a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b) those measured at amortised cost.
The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Measurement
At initial recognition, the Company measures a financial asset at its fair value in the case of financial asset not at fair value through profit or loss', transaction costs that are directly 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.

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Financial assets carried at amortised cost:

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

Financial assets at fair value through other comprehensive income:

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

Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost, are measured at fair value through profit or loss e.g. investments in mutual funds. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises.

iii) Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

H. REVENUE RECOGNITION

The Company recognises revenue from contracts with customers based on a five step model as set out in IndAS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer that are distinct.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the compnay will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Company recognises revenue at a point in time when it satisfies a performance obligation by transferring promised goods to a customer. An asset is transferred when the customer obtains control of the same.

When the company satisfies a performance obligation by delivering the promised service it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Other Income

Other Income shall be required when company satisfies the respective performance obligation.

Interest Income

Interest income from Financial assets (Rent deposits) is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial asset but does not consider the expected credit losses.

I. TAXATION

Current tax is determined based on the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on timing differences: being the difference between the taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are recognised at the rate that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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.

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J PROVISIONS AND CONTINGENT LIABILITIES

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

K EARNINGS PER SHARE (EPS)

Basic earnings per share amounts are computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

L Retirement Benefits- Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plans. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The entity determines the defined benefit liability/asset annually by referring the same for valuation by a qualified actuary. The qualified actuary valued the defined benefit obligation by using the projected unit credit method. The amounts recognised in the financial statements are based on such actuarial valuation. Such determination of defined benefit obligations takes into account any practices of constructive obligations. The obligations (in respect of each material plan) are recognised in the financial statements

In Statement of Profit &Loss
(i) Current service cost
(ii) Any past service cost and gain or loss on settlement
(iii) Net interest on net defined benefit liability

In Other comprehensive income
(i) Actuarial gains and losses
(ii) Return on plan assets, excluding amounts included in net interest on the net defined benefit liability
(iii) Any change in the effect of asset ceiling

In the Balance sheet, the net defined benefit/asset is separately recognised and in respect of surplus in a defined plan, the net defined asset is measured at lower of

a) Surplus in the defined benefit plan and
b) The asset ceiling
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Corporation recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Long-term employee benefits

The Other long-term benefits that arise consequent to employment contracts are recognised in Statement of Profit &Loss as
(i) Service cost
(ii) Net interest on net defined benefit liability
(iii) Re-measurements of the net defined benefit liability
Long term paid absences and other long-term employee benefits are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each balance sheet date.

M CASH AND CASH EQUIVALENTS

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

N CASH FLOW STATEMENT

The entity reports the cash flow from
a)operating activities using indirect method by adjusting the profit or loss for the effects of transactions of non-cash nature, deferrals or accruals of past or future cash receipts or payments and item of income or expense associated with investing or financing cash flows.

b)From investing and financing activities by reporting separately the major cash receipts and cash payments that arises from investing and financing activities except to the extent permitted to be reported on net basis by IND AS -7.

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O Leases

The lease asset classes primarily consist of leases for buildings . The Company assesses whether a contract contains a lease, at 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:
(1) the contract involves the use of an identified asset;
(2) the company has substantially all of the economic benefits from use of the asset through the period of the lease; and
(3) the company has the right to direct the use of the asset.
At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized 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.

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. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost 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 in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

P. Impact Assessment on Ind AS amendments applicable for FY 2023-24:
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April, 2023, as below:

Ind AS 1 – Presentation of Financial Statements
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

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Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2023

3(a). Property , Plant and Equipment

Particulars	Equipments	Furniture & Fixtures	Computers & Softwares	Total
As on 1st April 2021	1.10	-	3.66	4.76
Additions	24.97	6.06	2.28	33.31
Disposals/ adjustments	-	-	-	-
At 31 March 2022	**26.07**	**6.06**	**5.94**	**38.07**
As on 1st April 2022	26.07	6.06	5.94	38.07
Additions	3.16	-	12.60	15.76
Disposals/ adjustments	-	-	-	-
At 31 Mar 2023	**29.23**	**6.06**	**18.54**	**53.83**
Accumulated Depreciation:				
As on 1st April 2021	0.08	-	0.73	0.81
Depreciation expense	2.75	0.36	1.91	5.01
Disposals/ adjustments	-	-	-	-
At 31 March 2022	**2.83**	**0.36**	**2.64**	**5.82**
As on 1st April 2022	2.83	0.36	2.64	5.83
Depreciation expense	5.47	0.57	2.61	8.65
Disposals/ adjustments	-	-	-	-
At 31 Mar 2023	**8.30**	**0.93**	**5.25**	**14.48**
Net carrying value:				
At 31 March 2023	**20.93**	**5.13**	**13.29**	**39.35**
At 31 March 2022	**23.24**	**5.70**	**3.30**	**32.25**

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Notes to the financial statements as of and for the year ended March 31, 2023

3(b) Right on Use of Assets

Particulars	Leasehold Building	Total
Gross block:	-	-
As on 1st April 2021	-	-
Additions		
Disposals/ adjustments	-	-
As on 31st Mar 2022	-	-
	-	-
As on 1st April 2022	-	
Additions	3,224.68	3,224.68
Disposals/ adjustments	-	-
As on 31st March 2023	-	-
	3,224.68	**3,224.68**
Accumulated Depreciation:		
As on 1st April 2021	-	-
Depreciation expense	-	-
Disposals/ adjustments	-	-
As on 31st Mar 2022	-	-
	-	-
As on 1st April 2022		
Depreciation expense		
Additions	600.61	600.61
Disposals/ adjustments	-	-
As on 31st March 2023	-	-
	600.61	**600.61**
Net carrying value:		
As on 31st March 2023	**2,624.07**	**2,624.07**
At 31 March 2022	-	-

ii) The following is the movement in lease liabilities during the period ended 31 March 2023:

Particulars	Leasehold Building	Total
Balance as at 01 April 2021	-	-
Additions	-	-
Finance cost accrued during the period	-	-
Deletions	-	-
Payments	-	-
Balance as at 31 March 2022	-	-
Balance as at 01 April 2022	-	-
Additions	3148.18	3148.18
Finance cost accrued during the period	189.91	189.91
Deletions	-	-
Payments	652.55	652.55
Balance as at 31st March 2023	**2,685.54**	**2,685.54**

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at 31 March 23	As at 31 March 22
Current lease liabilities	644.58	-
Non-current lease liabilities	2040.96	-
Total	**2685.54**	-

The company has recognised the following expenses in the statement of profit and loss:

Particulars	Year ended March 31, 2023
Interest expenses on lease liabilities	189.91
Rent expenses recognised under the head rent pertaining to:	
Leases with less than twelve months of lease term	329.46

Payment towards leases with less than twelve months of lease term is disclosed under operating activities in the statement of cash flows. All other lease payments are diclosed under finanacing activities in the statement of cash flows.

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(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

4 Capital Work in Progress

Particulars	As at 31st March 2023	As at 31st March 2022
Opening balance	16.90	2.15
Add: Additions during the year	-	14.75
Less: Transferred to Assets and expensed	16.90	-
Closing balance	**-**	**16.90**

Capital Work in Progress aging schedule

As at 31st March 2023

	Amount in CWIP for a period of				
CWIP	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

As at 31st March 2022

	Amount in CWIP for a period of				
CWIP	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	-	16.90	-	-	16.90
Projects temporarily suspended	-	-	-	-	-
Total	-	**16.90**	-	-	**16.90**

5 Deferred Tax Assets (Net)

Particulars	As at 31st March 2023	As at 31st March 2022
Deferred tax asset		
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting	-10.95	-
Provision for gratuity	9.27	**4.18**
Provision for leave encashment	11.75	**4.95**
Lease Liability	17.10	
Disallowance under Sec 40a(ia)	0.38	**59.08**
Net deferred tax (asset)/liability	**27.55**	**68.21**
Deferred tax charge/(credit) for the year	**40.66**	**(68.21)**

6 Other Financial assets

Particulars	As at 31st March 2023	As at 31st March 2022
Security Deposits	236.17	311.30
Bank balances with more than 12 months maturity	11.57	-
Total	**247.74**	**311.30**

7 Other Non current Assets

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured considered good		
Advance Tax and TDS	868.11	491.08
Total	**868.11**	**491.08**

8 Trade receivables

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Considered good - unsecured	856.22	1,268.63
Total	**856.22**	**1,268.63**

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Trade receivables Ageing Schedule

As at 31 March 2023

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
Undisputed Trade Receivables – considered good	798.60	30.58	1.05	-	-	-	830.23
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
Disputed Trade receivable – considered good	-	-	-	-	-	-	-
Disputed Trade receivable – considered doubtful	-	-	-	-	-	-	-
Unbilled dues	25.99	-	-	-	-	-	25.99
Total	**824.59**	**30.58**	**1.05**	**-**	**-**	**-**	**856.22**

As at 31 March 2022

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
Undisputed Trade Receivables – considered good	-	1,268.63	-	-	-	-	1,268.63
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
Disputed Trade receivable – considered good	-	-	-	-	-	-	-
Disputed Trade receivable – considered doubtful	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
Total	**-**	**1,268.63**	**-**	**-**	**-**	**-**	**1,268.63**

9 Cash and cash equivalents

Particulars	As at 31st March 2023	As at 31st March 2022
Cash In Hand	-	0.50
Balances with Banks		
In current accounts	46.10	327.97
Deposits with Bank	-	5.98
Total	**46.10**	**334.45**

10 Other current assets

Particulars	As at 31st March 2023	As at 31st March 2022
Advances paid to vendors	47.92	11.15
Advances to Staff	4.43	12.97
Balance with government autorities	-	85.64
Prepaid expenses	14.16	12.35
Advances to be received from vendor	5.26	-
Total	**71.77**	**122.11**

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(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

11 Equity Share Capital

Particulars	As at 31st March 2023	As at 31st March 2022
Authorised Share Capital		
5,000 (31st March 2022: 5,000) Equity Shares of Rs. 10/- each	0.50	0.50
Issued, Subscribed and fully paid up		
500,000 (31st March 2022: 5,000) Equity Shares of Rs. 10/- each	0.50	0.50
Total	**0.50**	**0.50**

a) Reconciliation of No. of shares - Equity Shares

Particulars	31st March 2023		31st March 2022	
	No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
Balance as at the beginning of the year	5,000.00	0.50	-	-
Add: Shares Issued during the year		-	5,000.00	0.50
Less: Shares bought back during the year	-	-	-	-
Balance as at the end of the year	**5,000.00**	**0.50**	**5,000.00**	**0.50**

b) Rights, preferences, and restriction attached to shares.

The company has only one class of equity shares having par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except, in case of interim dividend. In the event of liquidation , the equity shareholders are elgible to receive the remaining asset of the company after distribution of all preferential amount, in the proportion of their shareholding.

c) Details of Shares held by the Holding Company:

Particulars	31st March 2023		31st March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kurlon Enterprise Ltd.	4,990.00	99.80%	4,990.00	99.80%

d) Shareholders holding more than 5% of total paid up capital

Particulars	31st March 2023		31st March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kurlon Enterprise Ltd.	4,990.00	99.80%	4,990.00	99.80%

e) Shares held by promoters

Promoter Name	As at 31st March 2023			As at 31st March 2022		
	No.of shares	% of total shares	%change during the year	No.of shares	% of total shares	% change during the year
Equity Share capital						
Kurlon Enterprise Ltd.	4,990.00	99.8%	No change	4,990.00	99.8%	No Change

12 Other Equity

Particulars	As at 31st March 2023	As at 31st March 2022
Retained Earnings		
Opening balance	544.74	251.27
Add : Net Profit/(Net Loss) for the year	242.95	293.47
Closing Balance	**787.69**	**544.74**
Total	**787.69**	**544.74**

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(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

13 Long Term Provision

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for Employee Benefits		
Provision for Gratuity	33.27	16.05
Provision for Leave Encashment	37.16	-
Closing Balance	**70.43**	**16.05**

14 Short Term Borrowings

Particulars	As at 31st March 2023	As at 31st March 2022
Loans & advances -Secured		
Axis Bank Credit Card *	2.16	3.83
Closing Balance	**2.16**	**3.83**

15 Trade Payables

Particulars	As at 31st March 2023	As at 31st March 2022
- total outstanding dues of micro enterprises and small enterprises; and	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	537.28	1,271.99
Total	**537.28**	**1,271.99**

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to dues to Micro, Small and Medium enterprises. Based on the information available with the Company and based on the confirmations circulated and responses received by the management, there are no parties who have been identified as micro, small and medium enterprises.

Particulars	As at March 31, 2023	As at March 31, 2022
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	-	-
b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

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Trade Payables Ageing Schedule
As at March 31, 2023

Particulars	Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	93.82	443.46	-	-	-	537.28
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
Total	**93.82**	**443.46**	**-**	**-**	**-**	**537.28**

As at March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	1,271.99	-	-	-	-	1,271.99
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
Total	**1,271.99**	**-**	**-**	**-**	**-**	**1,271.99**

16 Other Financial Liabilities

Particulars	As at 31st March 2023	As at 31st March 2022
Salary Payable	14.73	11.50
Total	**14.73**	**11.50**

17 Other Current Liabilities

Particulars	As at 31st March 2023	As at 31st March 2022
Statutory Dues	182.82	266.64
Security Deposit received-From Vendors	37.23	2.75
Purchase Consideration Payable	1.00	1.00
Advance received other than capital advances	280.00	280.47
Total	**501.05**	**550.86**

18 Short Term Provisions

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for Employee Benefits		
Provision for Gratuity	0.07	0.03
Provision for Leave Encashment	5.07	19.02
Provision for Income Tax (Net of advance tax)	176.38	226.41
Total	**181.53**	**245.46**

19 Revenue from operations

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
a) Sale of Services		
Primary Transport	3,906.60	3,076.54
Secondary Transportation Services	2,668.75	2,581.62
Administrative Services	2,383.36	1,926.41
Warehousing Services	979.12	999.80
Transportation Services	65.18	12.43
Management Charges	524.90	850.47
b) Other Operating Income		
Scrap Sale	2.95	0.29
Reimbursement of Expenses	-	66.19
Total	**10,530.86**	**9,513.75**

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(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

20 Other Income

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Misc. Income	1.16	0.22
Interest Income- On Fixed Deposit	0.59	0.30
Interest Income- On Security Deposit - Leases	12.72	-
Balance written off	-	0.08
Total	**14.47**	**0.60**

21 Freight & Warehousing Expenses

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Freight Primary Transportation	3,886.99	3,211.47
Freight Secondary Transportation	2,531.24	2,739.39
Fuel, Toll & Fastag Charges	94.20	21.90
Real Estate Rent & Brokerage	329.46	1,020.46
Others	-	16.08
Total	**6,841.89**	**7,009.30**

22 Employee Benefits Expense

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Salaries and wages	1,272.47	1,110.31
Contribution to Provident fund	67.78	46.42
Staff welfare expenses	48.55	28.29
Total	**1,388.80**	**1,185.02**

23 Finance Cost

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Interest on Lease Liability	189.91	-
Total	**189.91**	**-**

24 Depriciation & Amortisation Expenses

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Depreciation of property, plant and equipment	8.65	5.01
Depreciation of Right-of-use assets	600.61	-
Total	**609.26**	**5.01**

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(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

25 Other Expenses

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Payment to Auditors	4.30	6.00
Manpower Charges	574.89	519.21
Repair & Maintenance Expenses	69.51	64.39
Internet Charges	58.20	63.18
Electricity Charges	33.33	21.76
Office Expenses	57.85	132.11
Postage & Courier	3.32	4.16
Professional Fees	48.35	42.41
Travelling Expenses	97.15	101.86
Incentive	0.33	-
Printing & Stationery	0.78	-
Rates and Taxes	5.56	2.33
Software Maintinance	55.84	22.80
Insurance	39.21	-
After Sale Services	-	7.39
Advertising & Promotional Expenes	3.55	10.04
Bank charges	0.06	0.02
Miscellaneous Expenses	4.07	5.69
Total	**1,056.30**	**1,003.35**

Payment to auditor comprises	Year ended 31st March 2022	Year ended 31st March 2021
As an auditor	2.50	6.00
Taxation matters	1.80	-
Total	**4.30**	**6.00**

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26. Tax expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Amounts recognised in statement of profit and loss		
Current tax (a)		
Current year	176.38	86.41
Earlier Year	-	-
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	40.43	(68.21)
Income tax expense reported in the statement of profit or loss (a+b)	**216.81**	**18.20**
Amounts recognised in other comprehensive income		
Deferred taxes		
Remeasurements of the defined benefit plans	(0.23)	-
Income tax reported in other comprehensive income	**(0.23)**	**-**
B. Bifurcation of the income tax recognised in other comprehensive income into		
Items that will not be reclassified to profit or loss	(0.23)	-
Items that will be reclassified to profit or loss	-	-
	(0.23)	**-**

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	For the year ended March 31, 2023	As at March 31, 2022
Profit before tax	459.17	311.67
Effective tax rate	27.82%	27.82%
	127.74	86.71
Effect of:		
Non-deductible expenses	(0.38)	-
Others	89.45	68.51
Income tax expense	216.81	18.20

D. Movement in temporary differences

Particulars	Balance as at 1st April 2022 Net deferred tax asset/(liabilities)	Recognised in profit or loss during 2022-23	Recognised in OCI during 2022-23	Balance as at 31 March 2023 Net deferred tax asset/(liabilities)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	-	10.95	-	10.95
Provision for employee benefits	(9.13)	(11.67)	(0.23)	(21.02)
Right of use assets, net of lease liabilities (Ind AS 116)	-	(17.10)	-	(17.10)
Disallowance under 40(a)(i)	(59.08)	58.71	-	(0.38)
Total	**(68.21)**	**40.89**	**(0.23)**	**(27.55)**

Particulars	Balance as at 1 April 2021 Net deferred tax asset/(liabilities)	Recognised in profit or loss during 2021-22	Recognised in OCI during 2021-22	Balance as at 31 March 2022 Net deferred tax asset/(liabilities)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	-	-	-	-
Provision for employee benefits	-	(9.13)	-	(9.13)
Right of use assets, net of lease liabilities (Ind AS 116)	-	-	-	-
Disallowance under 40(a)(i)	-	(59.08)	-	(59.08)
Total	**-**	**(68.21)**	**-**	**(68.21)**

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(All the amounts are in Indian rupees lakhs, unless and otherwise stated)

27 Earnings per share

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Earnings per share (EPS)		
Net profit for calculation of basic EPS (Profit after tax)	242.95	293.47
Weighted average number of equity shares in calculating basic and diluted EPS	5 000.00	5,000.00
Basic and diluted earnings per share	**4 859.01**	**5,869.34**
Face value per share	10	10

28 Contingent liabilities and Capital commitments

There are no capital commitments and contingent liabilities at the end of the year

29 Disclosure pursuant to Indian Accounting Standard – 19 'Employee Benefits'
Gratuity (Defined benefit plan)

In accordance with the Payment of Gratuity Act, 1972 applicable for the Indian Companies , the company provides for a lumpsum payment to eligible employees at the termination or retirement of employment based on last drawn salary and years of employment with the company. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or or termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Liabilities with respect to these defined benefit plan are determined by acturial valuation, performed by extemal actuary , at each Balance Sheet using projected unit credit method. These defined benefit plan exposes the company to acturial risks such as liquidity risks, interest rate risk, demographic risk , regulatory risk and salary escalation risk.

Liquidity Risks
This is the risk that the Company is not able to meet the short term gratuity payouts.This may arise due to non availabilty of enough cash/cashequivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Interest Risk

The plan exposes the Company to the risk off all in interest rates.A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Demographic Risks
The Company has used certain mortality and attrition assumptions in valuation of the liability.The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risks

Gratuity benefit is paid in accordance with the requirements of the Payment of GratuityAct,1972(as amended from time to time).There is a risk of change in regulations requiring higher gratuity payouts(e.g.Increase in the maximum limit on gratuity of Rs. 20,00,000).

Salary escalation Risk
The present value of the defined plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have bearing on the plan's liability.

The following tables set out disclosures prescribed by Indian Accounting Standard – 19 'Employee Benefits in respect of the Company's unfunded gratuity plan.

A) Net employee benefit expense recognized in the employee cost

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current service cost	15.22	16.08
Interest cost on benefit obligation	1.21	-
Net actuarial gain recognized in the year	-	-
Net benefit expense	**16.43**	**16.08**

Balance Sheet
B) Benefit asset/ liability

Particulars	As at 31st March 2023	As at 31st March 2022
Present value of defined benefit obligation	33.31	16.08
Plan liability	**33.31**	**16.08**

C) Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31st March 2023	As at 31st March 2022
Opening defined benefit obligation	16.08	-
Current service cost	15.22	16.08
Interest cost	1.21	-
Benefits paid	-	-
Actuarial gain on obligation	0.82	-
Closing defined benefit obligation	**33.31**	**16.08**

D) Other Comprehensive Income

Particulars	As at 31st March 2023	As at 31st March 2022
Actuarial (gains) / losses	0.82	
Change in demographic assumptions	-	-
Change in financial assumptions	-	-
Experience variance (i.e. Actual experience vs assumptions)	-	-
Others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	**0.82**	-

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E) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at 31st March 2023	As at 31st March 2022
Discount rate	7.52%	7.52%
Attrition rate	10%	10%
Salary Escalation rate	8.00%	8.00%
Retirement age	58	58

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.

F) Sensitivity Analysis:

Particulars	As at March 31, 2023		As at 31st March 2022	
	Increase	Decrease	Increase	Decrease
Discount Rate	361121	425919	-	-
(% change compared to base due to sensitivity)	-10.83%	12.78%	-	-
Salary Growth (-/+ 1%)	410662	-354463	-	-
(% change compared to base due to sensitivity)	12.32%	-10.63%	-	-
Attrition Rate (-/+ 50% of attrition rates)	-128521	136787	-	-
(% change compared to base due to sensitivity)	3.86%	4.10	-	-
Morality rate (-/+ 10% of morality rates)	999	0	-	-
(% change compared to base due to sensitivity)	0.03%	0	-	-

30 Related party transaction

A. Names of related parties and their relationship

Holding Company	: Kurlon Enterprise Limited
Ultimate Holding Company	: Kurlon Limited
Key Management Personnel	: Jamsheed Minoo Pandey : Ashish Vilas Pradhan : Vivek Kumar Bajpai
Fellow Subsidiaries	: Kurlon Retail Limited : Komfort Universe Products & Services : Kanvas Concepts Private Limited : Belvadore International Limited : Manipal Travels (I) Pvt Ltd : Sevalal Solar Private Limited : Sirar Dhotre Solar Private Limited
Enterprises owned or significantly influenced by Key Management Personnel/Director or their relatives	: Kurlon Limited : Sevalal Solar Private Limited : Sirar Dhotre Solar Private Limited

B. Related parties under Ind AS 24 with whom transactions have taken place during the year

Holding Company	: Kurlon Enterprise Ltd
Enterprises owned or significantly influenced by Key Management Personnel/Director or their relatives	: Kurlon Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Name	Nature of transaction	As at 31 March 2023	As at 31 March 2022
M/s.Kurlon Enterprise Limited	Supply of Services-Primary transport	3,906.60	802.39
M/s.Kurlon Enterprise Limited	Supply of Services-Secondary transport	2,578.55	2,628.59
M/s.Kurlon Enterprise Limited	Supply of Warehousing Services	983.81	1,056.96
M/s.Kurlon Enterprise Limited	Supply of Admin & Management Services	2,326.07	2,239.17
M/s.Kurlon Enterprise Limited	Reimbursement paid	4.44	3.75
M/s Komfort Unierse Products & Services Ltd	Supply of Admin & Management Services	40.87	-
M/s.Kurlon Limited	Rent paid	25.08	4.37
M/s Manipal Software & Ecommerce Pvt Ltd	Software Charges	20.88	-
M/s Manipal Travels (I) Pvt Ltd	Travel ticket booking- Reimbursement of Ticket Cost	27.41	-
M/s Manipal Travels (I) Pvt Ltd	Travel ticket booking- Commission	0.88	-
Vivek Kumar Bajpai	Salary Paid	56.30	-

C. Balances with related parties as on 31 March, 2023 and 31 March, 2022

Name	Nature of transaction	As at 31 March 2023	As at 31 March 2022
M/s.Kurlon Enterprise Limited	Trade Payables	0.74	3.20
M/s.Kurlon Enterprise Limited	Advance Received	280.00	280.37
M/s.Kurlon Limited	Trade Payables	3.39	0.03
M/s Manipal Travels (I) Pvt Ltd	Trade Payables	5.41	0.03
M/s Komfort Unierse Products & Services Ltd	Trade Receivables	15.37	-
M/s.Kurlon Enterprise Limited	Trade Receivables	781.81	1,131.93

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31 Financial Instruments

A- Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company's gearing ratio. which is total net borrowings divided by total capital employed is as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Total Equity Attributable to the Equity Shareholders of the Company	788.19	545.24
As a percentage of Total Capital	99.73%	99.30%
Current Borrowings	2.16	3.83
Non-Current Borrowings	-	-
Total Borrowings	2.16	3.83
As a percentage of Total Capital	0.27%	0.70%
Total Capital Structure	**790.35**	**549.07**

The Company is predominantly equity financed which is evident from the capital structure table.

B - Categories of Financial Instruments

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

Particulars	As at 31 March 2023	As at 31 March 2022
Financial Assets		
Measured at Amortised Cost		
- Trade Receivables	856.22	1,268.63
- Cash and Cash Equivalents	46.10	334.45
- Other Financial Assets	247.74	311.30
TOTAL	**1,150.06**	**1,914.38**
Financial Liabilities		
Measured at Amortised Cost		
- Trade Payables	537.28	1,271.99
- Lease Liability	2,685.54	-
TOTAL	**3,222.82**	**1,271.99**

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 trade and other payables, trade receivables, cash and cash equivalents and other bank balances at carrying value because their carrying are a reasonable approximation of the fair values due to their short term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

C - Financial Risk Management

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

The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents 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.

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. The sensitivity analyses in the following sections relate to the position as at 31st March, 2023. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31st March, 2023

(i) Interest Rate Risk

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. however there are no instruments that are exposed to risk of fluctuation in market interest rates.

(ii) Interest rate risk management & Sensitivity Analysis

There are no interest bearing financial instrument as at the reporting date.

(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)

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Financial Instruments and Cash & Bank Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits. 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 31st March 2022 is the carrying amounts which are given below.

Particulars	As at 31 March 2023	As at 31 March 2022
Current Assets		
- Cash and Cash Equivalents	46.10	334.45
Total	**46.10**	**334.45**

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

(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. 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.

Maturity Profile of Financial Liabilities

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

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2023			
Current Liabilities			
Trade Payables	537.28	537.28	-
Total	**537.28**	**537.28**	**-**
As at 31 March, 2022			
Current Liabilities			
Trade Payables	1,271.99	1,271.99	-
Total	**1,271.99**	**1,271.99**	**-**

32 Fair value hierarchy

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.
Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The fair value hierarchy of assets and liabilities measured at fair value as of 31 March 2023 is as follows:

Particulars	Total (Carrying Value)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets				
Measured at Amortised Cost				
Current Assets				
Trade receivables (refer note 8)	856.22	-	-	856.22
Cash and cash equivalents (refer note 9)	46.10	-	-	46.10
Total	**902.32**	**-**	**-**	**902.32**
Financial Liabilities				
Measured at Amortised Cost				
Current Liabilities				
Trade Payables (refer note 15)	537.28	-	-	537.28
Total	**537.28**	**-**	**-**	**537.28**

33 Cash and non - cash changes in liabilities arising from financing activities

	1st April 2022	Cash Flow	Non Cash Changes Addition to lease liabilities	Foreign exchange movements	31st March 2023
Lease Liabilities(Non Current)	-	-	2,040.96	-	2040.96
Lease Liabilities(Current)	0.00	652.55	-7.97	-	644.58

Cash and non - cash changes in liabilities arising from financing activities

	1st April 2021	Cash Flow	Non Cash Changes Addition to lease liabilities	Foreign exchange movements	31st March 2022
Lease Liabilities(Non Current)	-	-	-	-	-
Lease Liabilities(Current)	-	-	-	-	-

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34 Ratio Analysis and its element

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% of change	Reason for variance (where the change in the ratio is more than 25% as compared to the preceding year)
Current Ratio	Current Assets	Current Liabilities	0.52	0.83	-37.47%	Cash balances 289.15 and in other current assets balance with govt Authorities is reduced by 85.64 L and Trade payables is decreased by 1781.26 which led to lower working capital ratio.
Debt-Equity Ratio	Total Debt	Shareholder's Equity	-	0.01	-100.00%	OD has been paid off in the current year
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	-	-	-	Company does not have any debt
Return on Equity Ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.36	1.08	-66.15%	Pvt Ltd company is in existence from the period 2021-22, Hence the last year closing balance is considered as the avg due to which the ratio is not comparable.
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	-	-	-	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	9.93	15.00	-33.83%	Pvt Ltd company is in existence from the period 2021-22, Hence the last year closing balance is considered as the avg due to which the ratio is not comparable.
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	7.56	11.02	-31.38%	Pvt Ltd company is in existence from the period 2021-22, Hence the last year closing balance is considered as the avg due to which the ratio is not comparable.
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	-11.61	-26.54	-56.27%	
Net Profit Ratio	Net Profit	Net sales = Total sales - sales return	0.02	0.03	-25.21%	Interest Expense on lease Liability & Dep on ROU has booked in the current year, because of which Profit is reduced
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	459.41	311.67	47.40%	Because of interest on Lease liability, in the current year Int Exp has increased.
Return on Investment	Interest (Finance Income)	Investment	-	-	-	

35 Other statutory information

i. The company doesn't have immovable properties as at 31st March 2023.
ii. During the year, the Company has not revalued its Property, Plant and Equipments and Intangible Assets
iii. The company has not granted any Loans or Advances to promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person
iv. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
v. The Company has not borrowed from banks or financial institutions. Hence, the company has not filed any statements with the Banks or financial institutions.
vi. The Company has not been declared as wilful defaulter by any bank or financial institutions or other lenders.
vii. The Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
viii. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period.
ix. The company has not entered into any transaction which are prescribed under Clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
x. The Company has not entered into any Scheme of Arrangement which has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013
xi. The Company have 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
xii. The Company has not borrowed any funds from Banks or financial institution. Hence, reporting of usage of borrowings from banks and financial statements for the specific purpose for which it has taken is not
xiii. The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessment under the Income Tax Act, 1961 as income during the year.

36 Corporate Social Responsibility

The Company is not required to contribute towards Corporate Social Responsibility ("CSR") as required by Schedule VII of the Act, as the Company does not meet criteria specified in the applicable rules and regulations

37 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules have not been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code will becomes effective.

38 Prior Period Comparatives

Previous year figures are reclassified / re-grouped to confirm this year's classification.

In terms of our report of even date
For ASA & Associates LLP
Chartered Accountants
Firm Registration No. 009571N/N500006

Vinay K S
Partner
Membership Number : 223085

Place: Bangalore
Date: 28/07/2023

For and on behalf of Board of Directors of
Starship Value Chain & Manufacturing Private Limited (Formerly known as Starship Manufacturing and Services

Ashish Vilas Pradhan
Director
DIN: 08630024

Place: Bangalore
Date: 28/07/2023

Jamsheed Minoo Panday
Director
DIN: 00232768

Place: Bangalore
Date: 28/07/2023