



Our Company was incorporated as 'Sheela Foam Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana ("RoC") on June 18, 1971 at Delhi. Our Company became a deemed public limited company under Section 43A (1A) of the Companies Act, 1956 on July 1, 1989 and was restored to its status of private limited company with effect from November 30, 1990 as per Section 43A (4) of the Companies Act, 1956. Our Company was converted to a public limited company pursuant to a special resolution of our shareholders dated April 30, 2016 and the name of our Company was changed to 'Sheela Foam Limited', to reflect the legal status of our Company pursuant to a fresh certificate of incorporation granted by the RoC on June 6, 2016. For further details of changes in the names of our Company and a brief history of our Company, see "*Organisational Structure of our Company*" and "*General Information*" on page 218 and 560, respectively.

CIN: L74899DL1971PLC005679  
**Registered Office:** 604, Ashadeep 9 Hailey Road, New Delhi 110 001, India; **Corporate Office:** 14, Sector 135, Noida, Uttar Pradesh 201 301, India  
**Tel.:** +91 11 2331 6875; **Email:** investorrelation@sheelafoam.com; **Website:** www.sheelafoam.com  
**Company Secretary and Compliance Officer:** Md. Iqbal Ahmad

Issue of up to [●] equity shares of face value of ₹ 5 each of our Company (the "Equity Shares") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "Issue Price"), aggregating to ₹ [●] million (the "Issue"). For further details, see "*Summary of the Issue*" on page 39.

**THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED.**

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "NSE") and the BSE Limited (the "BSE" and together with NSE, the "Stock Exchanges"). The closing prices of the Equity Shares on the NSE and the BSE as on September 18, 2023 were ₹ 1,149.10 and ₹ 1,149.05 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations") for listing of the Equity Shares to be issued pursuant to this Issue, from each of BSE and NSE on September 20, 2023. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

**OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND OTHER RULES MADE THEREUNDER. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN THE SEBI ICDR REGULATIONS. YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.**

**INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE 54 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.**

A draft of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, National Capital Territory of Delhi & Haryana at Delhi ("RoC"), within the stipulated period as required under the Companies Act, 2013 and PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the Stock Exchanges or any other listing or regulatory authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, please see "*Issue Procedure*" on page 225. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs to whom this Preliminary Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The information on the websites of our Company, Subsidiaries, or any other website directly or indirectly linked to the websites of our Company, Subsidiaries, or the website of the Book Running Lead Managers (as defined hereinafter) or its affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) and referred to in this Preliminary Placement Document as a "U.S. QIB") in transactions exempt from the registration requirements of the U.S. Securities Act, and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales are made. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs". For further information, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 240 and 247, respectively.

This Preliminary Placement Document is dated September 20, 2023.

**BOOK RUNNING LEAD MANAGERS**

  
**JM FINANCIAL LIMITED**

  
**NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED**

This Preliminary Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made through this Preliminary Placement Document to the public or any other categories of investors other than the Eligible QIBs. This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where such offer or sale or subscription is not permitted. The information in this Preliminary Placement Document is not complete and may be changed.

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## NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and its Subsidiaries and the Equity Shares which our Company considers material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company and its Subsidiaries and the Equity Shares are, in all material respects, true and accurate and are not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company and its Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to us. There are no other facts in relation to our Company and its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company nor the BRLMs have any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. JM Financial Limited and Nomura Financial Advisory and Securities (India) Private Limited (collectively, the “**Book Running Lead Managers**” or the “**BRLMs**”) have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLMs or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Issue or the distribution of the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on the BRLMs nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates other than our Company in connection with such person’s investigation of the accuracy of such information or such person’s investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

This Preliminary Placement Document is being furnished on a confidential basis solely for the purpose of enabling prospective Eligible QIBs to consider subscribing for the particular securities described herein. Distribution of this Preliminary Placement Document to any person other than the Eligible QIBs, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any offering material in connection with the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by, or on behalf of the BRLMs. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

Within the United States, this Preliminary Placement Document is being provided only to persons who are U.S. QIBs. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Managers or their representatives and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

**Subscribers and purchasers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in “*Representations by Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 6, 240 and 247 respectively of this Preliminary Placement Document.**

The distribution of this Preliminary Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the BRLMs which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction other than India where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any Issue materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction that would require registration of the Equity Shares in such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of our Company, the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the BRLMs are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable laws or regulations.

**Each Bidder in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under Indian laws, including Chapter VI of the SEBI ICDR Regulations and Section 42 (read with Rule 14 of the PAS Rules) and other applicable provisions of the Companies Act, 2013, and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents and disclosures included in the section titled “*Risk Factors*” on page 54.**

Our Company and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document.

The information on our Company’s website at [www.sheelaf foam.com](http://www.sheelaf foam.com), the websites of any of its Subsidiaries or any website directly or indirectly linked to our Company’s website or the website of each of the BRLMs, its associates or its affiliates, does not constitute or form part of this Preliminary Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

## NOTICE TO INVESTORS IN THE UNITED STATES

THE EQUITY SHARES HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRELIMINARY PLACEMENT DOCUMENT OR APPROVED OR DISAPPROVED THE EQUITY SHARES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE LAW OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO U.S. QIBS AND IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND (B) OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS”, AS DEFINED, AND IN RELIANCE ON, REGULATIONS UNDER AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES ARE MADE. THE EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER THE SECTIONS “*SELLING RESTRICTIONS*” AND “*TRANSFER RESTRICTIONS AND PURCHASE REPRESENTATIONS*” ON PAGES 240 AND 247, RESPECTIVELY.

## NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 240 and 247, respectively.

**Any information about our Company available on any website of the Stock Exchanges, our Company or the BRLMs, other than this Preliminary Placement Document, shall not constitute a part of this Preliminary Placement Document and no investment decision should be made on the basis of such information.**

## REPRESENTATIONS BY INVESTORS

All references to “you” and “your” in this section are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to contents set forth in “*Notice to Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representation*” on pages 3, 240 and 247, respectively and have represented, warranted and acknowledged to and agreed to our Company and the Book Running Lead Managers, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company which is not set forth in this Preliminary Placement Document;
2. You are a “Qualified Institutional Buyer” as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013, to the extent applicable, and all other applicable laws; and (ii) comply with all requirements under applicable law, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue;
3. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;
4. If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document, you have a valid and existing registration with SEBI under the applicable laws in India and can participate in the Issue only under Schedule II of FEMA Rules, or (ii) a multilateral or bilateral development financial institution. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI, RBI or any other regulatory authority, from buying, selling or dealing in securities including to the Equity Shares or otherwise accessing the capital markets. You confirm that you are not a FVCI;
5. You are eligible to invest in and hold the Equity Shares of our Company in accordance with the FDI Policy and FEMA Rules, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules. You confirm that neither is your investment as an entity from a country which shares a land border with India nor is the beneficial owner of your investment situated in or is a citizen of such country (in each which case, investment can only be through the Government approval route);
6. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;
7. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the Stock Exchanges. Please note additional requirements or requirements apply if you are within the United States. For details, see “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 240 and 247, respectively;
8. You are aware that this Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than Eligible QIBs. You acknowledge that this Preliminary Placement Document has not been reviewed, verified or affirmed by SEBI, the RoC, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document is filed and the Placement Document shall be filed with

the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

9. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied with and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;
10. Neither our Company, nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;
11. All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. Neither our Company, nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;
12. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Managers;
13. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 240 and 247, respectively and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;
14. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including the “*Risk Factors*” on page 54;
15. If you are within the United States, you are a U.S. QIB, who is or are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the definition of a U.S. QIB, for investment purposes only, and not with a view to, or for offer or sale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;
16. If you are outside the United States, you are purchasing the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S of the U.S. Securities Act and in compliance with laws of all jurisdictions applicable to you;
17. You are not acquiring or subscribing for the Equity Shares as a result of any “general solicitation” or “general advertising” (as those terms are defined in Rule 502(c) under the U.S. Securities Act) or “directed selling efforts” (as defined in Regulation S)
18. In making your investment decision, you have (i) relied on your own examination of our Company and its Subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) made and will

continue to make your own assessment of our Company, its Subsidiaries and the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

19. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from sale of the Equity Shares). You waive, and agree not to assert any claim against, either of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;
20. You are a sophisticated investor and have such knowledge and experience in financial business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances or any accounts for which you are subscribing, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;
21. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;
22. You are not a 'promoter' of our Company (as defined under the SEBI ICDR Regulations or the Companies Act, 2013), and are not a person related to the Promoters (as defined hereinafter), either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoters or members of the Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;
23. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);
24. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the levels permissible as per any applicable law;
25. Your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size (as defined hereinafter). For the purposes of this representation:



- a. Eligible QIBs “belonging to the same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and
  - b. ‘Control’ shall have the same meaning as is assigned to it under the SEBI Takeover Regulations.
26. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;
27. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;
28. You are aware that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers;
29. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;
30. You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;
31. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted 5% or more of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Company;
32. You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;
33. The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Managers nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Company or any other person and neither the Book Running Lead Managers nor our Company or any of their respective affiliates, including any view, statement,

opinion or representation expressed in any research published or distributed by them, and the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

34. Neither the Book Running Lead Managers nor any of their respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;
35. You acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;
36. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013;
37. Either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue (“**Company Presentations**”); or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;
38. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under the sections “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 240 and 247, respectively. Particularly, you represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the Securities Act, (ii) in an “offshore transaction” complying with Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States, you understand that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;
39. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;
40. You acknowledge that our Company, the Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company, and such representations, warranties, acknowledgements and undertakings are irrevocable;

41. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;
42. The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations; and
43. You have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined hereinafter).

## OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the SEBI FPI Regulations and the SEBI circular dated November 5, 2019 on operational guidelines for FPIs, designated depository participants and eligible foreign investors (the “**FPI Operational Guidelines**”), FPIs, including the affiliates of the Book Running Lead Managers, who are registered as Category I FPIs can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, i.e., as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as “**P-Notes**”) and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such P-Notes. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with ‘know your client’ requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs or to persons eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of our post-Issue Equity Share capital on a fully diluted basis. SEBI has issued the FPI Operational Guidelines to facilitate implementation of the SEBI FPI Regulations. In terms of the FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by and are the sole obligations of third parties that are unrelated to our Company. Our Company, and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and does not constitute any obligations of or claims on the BRLMs.

**Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Bidders are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.**

Please also see “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 240 and 247, respectively.

## **DISCLAIMER CLAUSE OF THE STOCK EXCHANGES**

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

- (a) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;
- (b) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or
- (c) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/ acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

## **PRESENTATION OF FINANCIAL AND OTHER FINANCIAL INFORMATION**

### **Certain Conventions**

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to “you”, “your”, “offeree”, “purchaser”, “subscriber”, “recipient”, “investors”, “prospective investors” and “potential investor” are to the Eligible QIBs in the Issue and references to the “Issuer”, “SFL”, “the Company”, “our Company” refers to Sheela Foam Limited and references to “we”, “us”, or “our” are to our Company together with its Subsidiaries, on a consolidated basis.

Unless otherwise specified or the context otherwise requires, all references in this Preliminary Placement Document to (i) the ‘US’ or ‘U.S.’ or the ‘United States’ or the ‘U.S.A’ are to the United States of America and its territories and possessions; (ii) ‘India’ are to the Republic of India and its territories and possessions; and (iii) the ‘UK’ or ‘U.K.’ or the ‘United Kingdom’ are to the United Kingdom of Great Britain and its territories and possessions; and (iv) the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable.

In this Preliminary Placement Document, references to ‘INR’, ‘₹’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India and references to ‘USD’, ‘U.S. Dollars’ and ‘US\$’ are to the legal currency of the United States.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. In this Preliminary Placement Document, references to “Lakh” represents “100,000”, “million” represents “1,000,000”, “crore” represents “10,000,000”, and “billion” represents “1,000,000,000”.

### **Page Numbers**

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

### **Financial and Other Information**

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms “Fiscal”, “Financial Year”, “Fiscals” or “Fiscal Year”, refer to the 12 month period ending March 31 of that particular year. Unless stated otherwise, the financial data in this Preliminary Placement Document is derived from the Financial Statements.

This Preliminary Placement Document includes the following:

- Fiscal 2021 Audited Consolidated Financial Statements
- Fiscal 2022 Audited Consolidated Financial Statements
- Fiscal 2023 Audited Consolidated Financial Statements
- Unaudited Condensed Interim Consolidated Financial Statements
- Unaudited Proforma Condensed Combined Financial Information
- Fiscal 2023 Audited KEL Financial Statements

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company’s financial data. The degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies

Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Also see, *“Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.”* on page 84.

Our Audited Financial Statements and the Fiscal 2023 Audited KEL Financial Statements are prepared in lakhs and have been presented in this Preliminary Placement Document in lakhs, except for the information in the sections titled *“Risk Factors”, “Industry Overview”, “Summary of Business”, “Selected Financial Information”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”* which have been presented in million for presentation purposes and have been rounded off or expressed in two decimals. Our Unaudited Condensed Interim Consolidated Financial Statements and Unaudited Proforma Condensed Combined Financial Information are prepared and have been presented in this Preliminary Placement Document in millions. Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

### **Non-GAAP Financial Measures**

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as Adjusted EBITDA and Adjusted EBITDA margin, have been included in this Preliminary Placement Document. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

## INDUSTRY AND MARKET DATA

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Preliminary Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites more particularly described in the section titled “*Industry Overview*” on page 139.

Unless stated otherwise, the industry, market and economic data included in this Preliminary Placement Document has been derived from the report titled “*Industry Report on PU Foam and Mattress Market in India*” dated September 11, 2023 by Technopak (the “**Technopak Report**”). Our Company has commissioned and paid for the Technopak Report pursuant to the engagement letter dated July 18, 2023. Technopak is not related in any manner to our Company, its Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management, our Promoters or the BRLMs.

This data in the Technopak Report is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the BRLMs can assure Bidders as to their accuracy.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors – We have referred to the data derived from the Technopak Report commissioned from Technopak Advisors Private Limited.*” on page 78.

### Disclaimer of the Technopak Report

- *“This information package is distributed by Technopak Advisors Private Limited (hereinafter “Technopak”) on a strictly private and confidential and on ‘need to know’ basis exclusively to the intended recipient. This information package and the information and projections contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s). The person(s) who is/are in possession of this information package or may come in possession at a later day hereby undertake(s) to observe the restrictions contained herein.*
- *The information contained herein is of a general nature and is not intended to address the facts and figures of any particular individual or entity. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for business decisions. No one should act upon such information without taking appropriate additional professional advice and/or thorough examination of the particular situation. Technopak and its directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any loss arising out of making any investment decision by placing reliance on the statements, opinions, information or matters (expressed or implied) in the information package.*
- *All recipients of the information package should make their own independent evaluations and should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the information and obtain independent and specified advice from appropriate professional adviser, as they deem necessary.”*



## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “will continue”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- The completion of the Kurlon Acquisition is subject to a number of conditions, which may not be fulfilled or waived.
- The Net Proceeds from the Issue are proposed to be deployed by our Company to part-fund the consideration for the Kurlon Acquisition. If the Kurlon Acquisition is not completed, the proceeds of the Issue will be retained by the Company and used for other objects.
- If we are unable to raise additional capital to fund the Kurlon Acquisition, our business prospects could be adversely affected.
- The Kurlon Acquisition and Furlenco Investment may fail to realise targeted synergies or other anticipated benefits.
- The Kurlon Acquisition is not yet completed, and there are inherent uncertainties associated with uncompleted acquisitions, including that there may be certain risks associated with the KEL Group that our Company is not aware of.
- Our business and results of operations are significantly dependent on the strength of our “Sleepwell” brand, under which we manufacture an extensive range of products, and any impairment, dilution or damage to our brands in any manner may adversely affect our business reputation, growth, financial condition and cash flows.
- We manufacture our products in 11 facilities in India, five facilities in Australia, and one facility in Spain. Any slowdown or shutdown in our manufacturing facilities could have an adverse effect on our business, results of operations and financial condition.
- Under-utilization of our manufacturing capacities and an inability to effectively utilize our manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.

- We sell our home care products through an extensive network of distributors and dealers, and technical PU Foam directly to other manufacturers, and any inability to expand or effectively manage our growing distribution and sales network may have an adverse effect on our business, results of operations and financial condition.
- If we are unable to anticipate or respond to changing consumer preferences and trends pertaining to the home care products and the technical PU Foam industry in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and financial condition.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled “*Risk Factors*”, “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 54, 139, 181 and 97, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as on the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Company and the BRLMs will ensure that the eligible equity shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

## ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. All our Directors and a substantial number of our Key Managerial Personnel and the members of our Senior Management are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India predicated upon civil liabilities of our Company or such directors and executive officers under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any multilateral international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, United Arab Emirates and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

## EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. dollar of any cash dividends paid in Rupees on the Equity Shares.

### USD to INR

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. dollar (in ₹ per U.S.D) based on the reference rates released by the RBI/FBIL. No representation is made that the Indian Rupee amounts actually represent such amounts in U.S. dollar or could have been or could be converted into USD at the rates indicated, any other rates, or at all.

	(₹ Per US\$)			
	Period end <sup>(^)</sup>	Average <sup>(1)</sup>	High <sup>(2)</sup>	Low <sup>(3)</sup>
<b>Financial Year:</b>				
2023	82.22	80.29	83.20	75.39
2022	75.81	74.51	76.92	72.48
2021	73.50	74.20	76.81	72.29
<b>Month ended:</b>				
August 31, 2023	82.67	82.78	83.12	82.28
July 31, 2023	82.85	82.15	82.68	81.81
June 30, 2023	82.04	82.23	82.64	81.88
May 31, 2023	82.68	82.34	82.80	81.74
April 30, 2023	81.78	82.02	82.39	81.65
March 31, 2023	82.22	82.29	82.68	81.74

(Source: [www.fbil.org.in](http://www.fbil.org.in))

<sup>(^)</sup> The price for the period end refers to the price as on the last trading day of the respective fiscal year or quarterly or monthly periods.

<sup>(1)</sup> Average of the official rate for each working day of the relevant period.

<sup>(2)</sup> Maximum of the official rate for each working day of the relevant period.

<sup>(3)</sup> Minimum of the official rate for each working day of the relevant period.

#### Notes:

- If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.
- The RBI reference rates are rounded off to two decimal places.

## DEFINITIONS AND ABBREVIATIONS

*This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.*

*The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.*

*Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.*

*The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations framed thereunder. Notwithstanding the foregoing, terms used in the sections titled “Taxation”, “Industry Overview”, “Capital Structure”, “Financial Information” and “Legal Proceedings” on pages 257, 139, 93, 272 and 267, respectively, shall have the meaning given to such terms in such sections.*

### General Terms

Term	Description
“Our Company”, “the Company”, “the Issuer” or “SFL”	Sheela Foam Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 604, Ashadeep 9 Hailey Road, New Delhi 110 001, India
“We”, “Our”, or “Us”	Unless the context otherwise indicates or implies, refers to our Company along with its Subsidiaries, on a consolidated basis

### Company related terms

Term	Description
Articles or Articles of Association	The Articles of Association of our Company, as amended from time to time
Audit Committee	The Audit Committee of our Board, as disclosed in “ <i>Board of Directors and Senior Management – Committees of our Board of Directors</i> ” on page 216
Audited Financial Statements	Collectively, the Fiscal 2021 Audited Consolidated Financial Statements, the Fiscal 2022 Audited Consolidated Financial Statements and the Fiscal 2023 Audited Consolidated Financial Statements
Auditors or Statutory Auditors or Independent Auditors	The current statutory auditors of our Company namely, M/s M S K A & Associates, Chartered Accountants
Board of Directors or Board	The board of directors of our Company, including any duly constituted committee thereof, as disclosed in “ <i>Board of Directors and Senior Management</i> ” on page 208
Consolidated Subsidiaries	Subsidiaries of the Company whose financial statements have been consolidated with the financial statements of the Company for the Financial Years ended March 31, 2021, 2022, 2023 and the three months period ended June 30, 2023 in accordance with Ind AS
Corporate Office	The corporate office of our Company located at 14, Sector 135, Noida, Uttar Pradesh 201 301, India
Corporate Social Responsibility Committee	The Corporate Social Responsibility Committee of our Board, as disclosed in “ <i>Board of Directors and Senior Management – Committees of our Board of Directors</i> ” on page 216
Director(s)	The directors on the Board of our Company, as may be appointed from time to time
ESOP Scheme	The employee stock option plan of our Company titled “ <i>SHEELA FOAM – Employees Stock Option Plan 2022</i> ”
Equity Shares	The equity shares of a face value of ₹ 5 each of our Company
Fiscal 2021 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company and its Consolidated Subsidiaries as of and for the financial year ended March 31, 2021, comprising the consolidated balance sheet as at March 31, 2021, 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 the significant accounting policies and other explanatory information, prepared in accordance with accounting principles generally accepted in India, including Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies

<b>Term</b>	<b>Description</b>
	(Indian Accounting Standards) Rules, 2015, as amended from time to time, and the auditor's report on these audited consolidated financial statements dated May 29, 2021 issued thereon by M/s S.P. Chopra & Co., Chartered Accountants, our previous statutory auditors
Fiscal 2022 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company and its Consolidated Subsidiaries as of and for the financial year ended March 31, 2022, comprising the consolidated balance sheet as at March 31, 2022, 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 the significant accounting policies and other explanatory information, prepared in accordance with accounting principles generally accepted in India, including Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and the report dated May 12, 2022 issued thereon by M S K A & Associates, Chartered Accountants, our Statutory Auditors
Fiscal 2023 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company and its Consolidated Subsidiaries as of and for the financial year ended March 31, 2023, comprising 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 the significant accounting policies and other explanatory information, prepared in accordance with accounting principles generally accepted in India, including Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and the report dated May 17, 2023 issued thereon by M S K A & Associates, Chartered Accountants, our Statutory Auditors
Fiscal 2023 Audited KEL Financial Statements	Audited consolidated financial statements of Kurlon Enterprise Limited and its subsidiaries as of and for the financial year ended March 31, 2023, comprising of the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss, including the statement of other comprehensive income/(loss), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2015, as amended
Independent Director(s)	Independent directors of our Company, unless otherwise specified
Interplasp	Interplasp S.L.
Joyce Foam	Joyce Foam Pty Ltd
KEL Group	Collectively, KEL and its subsidiaries
Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations and as disclosed in " <i>Board of Directors and Senior Management – Key Managerial Personnel</i> " on page 214
"Kurlon" or "KEL"	Kurlon Enterprise Limited, a public company incorporated under the Companies Act, 1956, and having its registered office at 1002/1006, The Avenue, International Airport, Opp. Hotel Leela, Andheri (East), Mumbai 400 059
Memorandum or Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Board of our Company as disclosed in " <i>Board of Directors and Senior Management – Committees of our Board of Directors</i> " on page 216
Non-Executive Director(s)	Non-executive directors of our Company, unless otherwise specified
Previous Statutory Auditors	M/s S.P. Chopra & Co., Chartered Accountants, previous statutory auditors of our Company
Promoters	The promoters of our Company, namely Rahul Gautam, Tushaar Gautam and Rangoli Resorts Private Limited
Promoter Group	The individuals and entities forming part of the promoter group of our Company in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
QIP Committee	The QIP Committee constituted for the purposes of the Issue by our Board, comprising of Rahul Gautam and Tushaar Gautam
Registered Office	The registered office of our Company located at 604, Ashadeep 9 Hailey Road, New Delhi 110 001, India
Risk Management Committee	The Risk Management Committee constituted by our Board as disclosed in " <i>Board of Directors and Senior Management – Committees of our Board of Directors</i> " on page 216

Term	Description
Senior Management	The members of the senior management of our Company in accordance with Regulation 2 (1) (bbb) of the SEBI ICDR Regulations as disclosed in the section titled “ <i>Board of Directors and Senior Management – Members of Senior Management</i> ” on page 214.
Shareholders	Shareholders of our Company from time to time
Stakeholders Relationship Committee	The Stakeholders Relationship Committee of our Board as disclosed in the section titled “ <i>Board of Directors and Senior Management – Committees of our Board of Directors</i> ” on page 216
Subsidiaries	<p>The subsidiaries of our Company (including step-down subsidiaries) in accordance with the Companies Act, 2013 as on the date of this Preliminary Placement Document, namely:</p> <ul style="list-style-type: none"> <li>• Furlenco Global Pte. Limited (Subsidiary of House of Kieraya Private Limited)<sup>(2)</sup></li> <li>• HoK Retail Private Limited (Subsidiary of House of Kieraya Private Limited)<sup>(2)</sup></li> <li>• House of Kieraya Private Limited<sup>(2)</sup></li> <li>• International Comfort Technologies Private Limited<sup>(1)</sup></li> <li>• International Foam Technologies S.L.U.</li> <li>• Interplasp, S.L.U. (subsidiary of International Foam Technologies S.L.U.)</li> <li>• Joyce Foam Pty. Ltd.</li> <li>• Joyce WC NSW Pty. Limited (subsidiary of Joyce Foam Pty. Ltd.)</li> <li>• Kreate One Manufacturing Private Limited (Subsidiary of House of Kieraya Private Limited)<sup>(2)</sup></li> <li>• Sleepwell Enterprises Private Limited</li> <li>• Staqo Inc (subsidiary of Staqo World Private Limited)</li> <li>• Staqo Software Private Limited (formerly Divya Software Solutions Private Limited)</li> <li>• Staqo Technologies LLC (subsidiary of Staqo World Private Limited)</li> <li>• Staqo World Kft. (subsidiary of Staqo World Private Limited)</li> <li>• Staqo World Private Limited</li> </ul> <p><sup>(1)</sup> Currently in the process of being amalgamated with our Company, for which a scheme under Sections 230 to 232 of the Companies Act, 2013 has been filed with the National Company Law Tribunal, New Delhi.</p> <p><sup>(2)</sup> On July 17, 2023, our Company executed a securities subscription agreement with House of Kieraya for the acquisition of 35% of the share capital (on a fully diluted basis) of House of Kieraya Private Limited, an online furniture retailer that operates under the brand “Furlenco”. We completed the abovementioned acquisition of equity shares of House of Kieraya Private Limited, as intimated by way of our announcement dated September 14, 2023, on BSE and NSE. Accordingly, as of the date of this preliminary placement document, we have disclosed House of Kieraya Private Limited, HoK Retail Private Limited, Furlenco Global Pte. Limited and Kreate One Manufacturing Private Limited (“<b>Furlenco Group</b>”) as subsidiaries of our Company in accordance with the Companies Act, 2013, as amended.</p> <p>The term “Subsidiary/Subsidiaries” shall be construed accordingly</p>
Unaudited Condensed Interim Consolidated Financial Statements	The unaudited condensed interim consolidated financial statements of our Company and its Consolidated Subsidiaries as of and for the three months ended June 30, 2023, comprising the condensed consolidated balance sheet as at June 30, 2023 and March 31, 2023, the condensed consolidated statement of profit and loss (including other comprehensive income) as at June 30, 2023 and June 30, 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended and notes to the condensed interim consolidated financial statements including a summary of the significant accounting policies and other explanatory information, prepared in accordance with in accordance with the recognition and measurement principles laid down as per the requirements of Ind AS 34 “ <i>Interim Financial Reporting</i> ” specified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India and the report dated September 20, 2023 issued thereon by M S K A & Associates, Chartered Accountants, our Statutory Auditors
Unaudited Proforma Condensed Combined Financial Information	The unaudited proforma condensed combined financial information of our Company, comprising the unaudited proforma condensed combined balance sheet as at March 31, 2023, the unaudited proforma condensed combined statement of profit and loss (including other comprehensive income) for year ended March 31, 2023, read with selected explanatory notes to the unaudited proforma condensed combined financial information, prepared in accordance with the Guide to Reporting on Proforma Financial Statements issued by the Institute of Chartered Accountants of India to illustrate what the statement of assets and liabilities as at March 31, 2023 and the statement of profit

<b>Term</b>	<b>Description</b>
	and loss (including other comprehensive income) for the year ended March 31, 2023 for our Company, Kurlon Enterprise Limited and its subsidiaries might have been, had Kurlon Enterprise Limited been controlled by our Company and accounted for as a subsidiary from April 1, 2022, along with the report dated September 20, 2023 issued thereon by M S K A & Associates, Chartered Accountants, our Statutory Auditors

#### Issue related terms

<b>Term</b>	<b>Description</b>
Allocated or Allocation	The allocation of Equity Shares, by our Company in consultation with the BRLMs, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued pursuant to the Issue
Application Amount	The aggregate amount paid by a Bidder at the time of submitting a Bid in the Issue
Application Form	Form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by a Bidder and payable by the Bidder in the Issue at the time of submission of the Application Form
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Book Running Lead Managers or BRLMs	JM Financial Limited and Nomura Financial Advisory and Securities (India) Private Limited
CAN/ Confirmation of Allocation Note	Note, advice or intimation confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●], 2023
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under the applicable laws. Further, FVCIs are not permitted to participate in the Issue and accordingly, are not Eligible QIBs. For further details, see "Issue Procedure", "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 225, 240 and 247, respectively.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited by the Bidders
Escrow Agreement	Agreement dated September 20, 2023, entered into by and amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Yes Bank Limited
Floor Price	Floor price of ₹ 1,133.99 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount on the Floor Price in accordance with the approval of our Board dated August 2, 2023 and the Shareholders (through postal ballot) dated September 1, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company
Issue	Offer and issuance of the Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder



<b>Term</b>	<b>Description</b>
Issue Closing Date	September [●], 2023, the date after which our Company (or Book Running Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Issue Opening Date	September 20, 2023, the date on which our Company (or the Book Running Lead Manager on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ [●]
Issue Size	Aggregate size of the Issue, up to ₹ [●] million
Monitoring Agency	CARE Ratings Limited, being a credit rating agency registered with SEBI, appointed by our Company in accordance with the provisions of the SEBI ICDR Regulations
Monitoring Agency Agreement	Monitoring agency agreement dated September 20, 2023, entered into between our Company and the Monitoring Agency
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	Placement agreement dated September 20, 2023, by and among our Company and the Book Running Lead Managers
Preliminary Placement Document	This Preliminary Placement Document along with the Application Form dated September 20, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder
Placement Document	The placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder
QIBs or Qualified Institutional Buyers	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with applicable rules
Regulation D	Regulation D under the Securities Act
Regulation S	Regulation S under the Securities Act
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all, or part, of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from our Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Relevant Date	September 20, 2023, which is the date of the meeting in which our QIP Committee decided to open the Issue
Securities Act / U.S. Securities Act / United States Securities Act	The United States Securities Act of 1933, as amended
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount with the Application Form and who are Allocated Equity Shares pursuant to the Issue
U.S. / United States	The United States of America
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorized or obligated by law to remain closed in Mumbai, India

### Business, technical and industry related terms

<b>Term</b>	<b>Description</b>
Adjusted EBITDA	Calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost and income tax expense less other income.
Adjusted EBITDA Margin	Calculated as Adjusted EBITDA divided by revenue from operations.
B2B	Business to business
B2C	Business to customer
EBO	Exclusive brand outlets
EUROPUR	European Association of Flexible Polyurethane Foam Blocks Manufacturers
Fixed Asset Turnover	Computed on the basis of Revenue from Operations divided by Total Fixed Assets where Total Fixed Assets is sum of Property, Plant and Equipment, Capital WIP, Right to Use Assets and Investment Property.

<b>Term</b>	<b>Description</b>
Gross Profit	Calculated as Revenue from Operations less cost of goods sold and other manufacturing expenses.
Gross Profit Margin	Calculated as gross profit divided by revenue from operations.
HK	Hennecke foaming machine
Kurlon Business	Collectively, the manufacturing facilities, distribution network, product portfolio and brands of the KEL Group
MBO	Multi-brand outlets
MTPA	Metric tons per annum
Net Working Capital Days	Computed as Net Working Capital divided by Turnover multiplied by 365/91, where Net Working Capital is Inventory plus Debtors (net of advances) less Trade Payables.
PAT Margin	Profit after tax divided by total income
PU Foam	Polyurethane foam
Return on equity	Calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity. For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.
Return on capital employed	EBIT divided by Adjusted Capital Employed, where Adjusted Capital Employed is Total Assets less current liabilities.
RFID	Radio frequency identification
TDI	Toluene diisocyanate
VPF	Variable pressure foaming technology

### Conventional and general terms

<b>Term</b>	<b>Description</b>
AGM	Annual General Meeting
AS or Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compound annual growth rate
Calendar Year	Year ending on December 31
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CFO	Chief Financial Officer
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 2013 and applicable provisions of the Companies Act, 1956
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013, along with the relevant rules made and clarifications issued thereunder
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
Cr.PC	The Code of Criminal Procedure, 1973
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID Number	Depository participant identification number
DPIIT	Department for Promotion of Industry and Internal Trade
EGM	Extraordinary general meeting
EU	European Union
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FIR	First information report
Financial Year or Fiscal	The period of 12 months ended March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018

<b>Term</b>	<b>Description</b>
FVCI	Foreign Venture Capital Investor, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, registered with SEBI
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
General Meeting	AGM or EGM
GoI or Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
HNI	High net-worth individual
I.T. Act	The Income-tax Act, 1961
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India, notified by the MCA under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Indian Generally Accepted Accounting Principles (GAAP) as notified under Section 133 of the Companies Act read with Companies (Accounts) Rules, 2014
IRDAI	Insurance Regulatory and Development Authority of India
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, GoI
MoEF	Ministry of Finance, GoI
MoU	Memorandum of Understanding
Mutual Funds	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NEFT	National Electronic Fund Transfer
Non-Resident Indian or NRI	An individual resident outside India who is citizen of India
Non-Resident or NR	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P.A. or p.a.	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit after tax
RBI	Reserve Bank of India
RoC or Registrar	Registrar of Companies, National Capital Territory of Delhi & Haryana at Delhi
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956
SCR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India established under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Mutual Fund Regulations	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S.	United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
VCF	Venture capital fund
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations

## SUMMARY OF BUSINESS

### Overview

We are an established manufacturer of a diverse range of foam-based home care products, such as mattresses, pillows, bedsheets and furniture cushioning, as well as of technical grades of polyurethane foam (“**PU Foam**”) for use in a wide range of industries, including automotive, healthcare and acoustics. We are the largest manufacturer of mattresses in the Indian branded modern mattress market, with a market share of 18.6% (based on revenue in Fiscal 2023) and are among the leading manufacturers of PU Foam in Asia Pacific (based on revenue in Fiscal 2023) (*Source: Technopak Report*). Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We are also among the leading players in key PU Foam end-use industries, such as mattresses, automotive, footwear, lingerie and furniture (*Source: Technopak Report*). We also have manufacturing presence in Australia and Spain and are the largest manufacturer of PU Foam in Australia, with a market share of 40% (based on revenue in calendar year 2022) (*Source: Technopak Report*).

Our products are broadly classified as follows: (i) home care product portfolio, which comprises (a) mattresses; (b) comfort foam and home comfort products with varying physiological and comfort solutions to appeal to consumers of widely different attributes and preferences; and (c) furniture foam; and (ii) technical grade PU Foam, which we supply to a diverse range of industries. Set forth below is a snapshot of our product portfolio as of June 30, 2023:

Product	Product description	Product line	Brands
<b>Home Care</b>			
<b>Mattress</b>	Pure foam mattresses as well as hybrids of spring and coir with foam that are capable of bespoke customisation as per the requirements of consumers.	<i>Luxury Range</i> <i>Back Support Range</i> <i>Revital Range</i> <i>GenX Range</i> <i>Spring Range</i> <i>Durafirm Range</i> <i>Omni Range</i> <i>Low selling price (LSP) Range</i> <i>Basic Range</i>	<i>Sleepwell (Offline and Online)</i> <i>Feather Foam</i> <i>Starlite</i> <i>SleepX (Online Brand)</i>
<b>Comfort foam and home comfort products</b>	Pillows, bolsters and cushions, sofa-cum-beds, bed sheets, mattress protectors as well as PU Foam cores utilised for manufacturing finished home comfort products.	<i>Bedsheets</i> <i>Pillows</i> <i>Blankets</i> <i>Bolster</i> <i>Cushion</i> <i>Protectors</i> <i>Sofa Cum Beds</i> <i>Foam Sheets</i> <i>Foam Blocks</i> <i>Foam Cores</i>	<i>Sleepwell</i> <i>Feather Foam</i> <i>Starlite</i> <i>Quiltec</i> <i>Hygroflex</i> <i>Coolflow</i> <i>Dricell</i> <i>Viscoform</i> <i>Gelform</i> <i>Premium Comfort</i> <i>Active Comfort</i> <i>Living Comfort</i> <i>Econoform</i>
<b>Furniture foam</b>	Furniture-cushioning – PU Foam that constitutes upholstery material of varying densities to ensure greater comfort and durability.	<i>Sleepwell Resitec Neo</i> <i>Sleepwell Pro Sofa</i> <i>Sleepwell Primo</i> <i>Sleepwell Primo Cool</i> <i>Feather Foam grades</i>	<i>Sleepwell</i> <i>Feather Foam</i>
<b>Technical Grade PU Foam</b>			
<b>Various types of technical foam</b>	<ul style="list-style-type: none"> <li>• Automotive foam used to manufacture auto parts.</li> <li>• Reticulated foams utilised in filtration systems.</li> <li>• Ultra-violet stable foams used for the manufacture of garments, shoes and innerwear.</li> <li>• Silentech used in industrial sound absorption systems.</li> </ul>	<i>Automotive Foams</i> <i>Reticulated Foams</i> <i>Ultra-Violet Stable Foams</i> <i>Silentech Foams</i>	<i>Lamiflex</i> <i>Ultimate comfort</i> <i>Estafoam</i> <i>Meracell</i>

Product	Product description	Product line	Brands
<b>Home Care</b>			
<b>Moulded Foam</b>			
<b>Moulded foam</b>	Foam that is moulded into a predefined shape.	<i>Pillows Automotive/Rail/Seating</i>	<i>Hygroflex Moulded Viscoform Moulded Ultimate Moulded Ultimate Moulded Plus</i>

We were incorporated in 1971, and over the last three decades, have developed *Sleepwell* as a brand associated with comprehensive and quality home-comfort solutions. We commenced manufacturing PU Foam in 1972, and as of June 30, 2023, we owned and operated 17 facilities comprising manufacturing and processing units, across India, Australia and Spain. We operate 11 facilities in India, all of which are utilized for manufacturing home care products, and five of these facilities also manufacture PU Foam. All five of our PU Foam manufacturing facilities located in Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad were ISO 9001: 2015 certified as of June 30, 2023. We consistently endeavour to upgrade technology at our facilities, and utilise Hennecke foaming machines in all our Indian PU Foam manufacturing units. Our installed capacity for foam production in India was 129,000 MTPA as of June 30, 2023. In addition to our 11 facilities in India, we are establishing an integrated manufacturing facility near Jabalpur, which is expected to manufacture foam using variable pressure foaming (“VPF”) technology. Commercial production at the new facility near Jabalpur is expected to commence in January 2024. In addition to our manufacturing operations in India, we manufacture flexible PU Foam in Australia through our subsidiary, Joyce Foam Pty Ltd (“**Joyce Foam**”) and in Spain through our subsidiary, International Foam Technologies Spain, S.L.U. and its controlled entity Interplasp S.L. (“**Interplasp**”). As of June 30, 2023, Joyce Foam operated five manufacturing facilities in Australia that exclusively manufactured PU Foam primarily through VPF technology and had a total installed production capacity of 10,000 MTPA. The PU Foam we manufacture in Australia is supplied to manufacturers of comfort products and home furniture, and we are the largest manufacturer of PU Foam in Australia with a market share of 40% (by revenue in calendar year 2022) (*Source: Technopak Report*). We are also establishing another facility in Adelaide (Australia) for PU Foam that is expected to commence commercial production in the third quarter of 2023. As of June 30, 2023, Interplasp operated one manufacturing facility in Spain that manufactures flexible PU Foam using VPF technology and had an installed production capacity of 16,000 MTPA.

The tables below set forth a breakdown of our revenue from operations in India, Australia and Spain, for the periods indicated:

Revenue from operations	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations
<b>India</b>	16,860.33	69.23%	20,060.30	70.00%	20,399.54	71.00%	4,876.64	69.60%	4,572.43	70.88%
<b>Australia</b>	4,134.09	16.98%	4,295.22	14.99%	4,379.25	15.24%	1,084.26	15.47%	1,001.77	15.53%
<b>Spain</b>	3,359.15	13.79%	4,300.26	15.01%	3,954.42	13.76%	1,045.81	14.93%	876.66	13.59%
<b>Total</b>	<b>24,353.57</b>	<b>100.00%</b>	<b>28,655.78</b>	<b>100.00%</b>	<b>28,733.21</b>	<b>100.00%</b>	<b>7,006.71</b>	<b>100.00%</b>	<b>6,450.86</b>	<b>100.00%</b>

We have developed a pan-India distribution network that consisted of more than 5,700 exclusive brand outlets (“EBOs”), 7,800 multi-brand outlets (“MBOs”) and 127 channel partners, as of June 30, 2023. Our Home Care products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* brand franchises or sell our products at multi-brand outlets. As of June 30, 2023, exclusive *Sleepwell* franchises comprised 421 *Sleepwell Worlds* (large sized stores), 1,075 *Sleepwell Galleries* (medium sized stores) and 1,104 *Sleepwell Shoppes* (small sized stores). Our brands, *Sleepwell* and *SleepX*, offer durable, high-quality mattresses for enhanced back support and comfort, which cater to the changing buying habits and lifestyles of the youth who prefer the convenience of buying online. As a result, we believe we have developed a strong online presence through our website, social media pages and e-commerce platforms. Our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023, and we intend to prioritize and increase the visibility of our *Sleepwell* brand on our website, social media pages and e-commerce platforms. In addition to our B2C channels, we sell technical foams in India to manufacturers in the industries that our foam lines cater to and export technical foams to countries in the Middle East, South Asia, Europe, Australia and the United States.

Our Company is led by Mr. Rahul Gautam, our Chairman and Managing Director, and Chairman Emeritus of the Indian Polyurethane Association, who has been instrumental in the growth of our business from a small foam producing unit to the position of a recognized manufacturer of mattresses and technical PU Foam in India, Australia and Spain. We believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their extensive experience in the home care and PU Foam industry.

We have, over the years, received numerous awards and accolades for our quality business practices, including the “Great Place to Work” certification four times in a row from November 2019 to December 2020, March 2021 to February 2022, March 2022 to March 2023 and March 2023 to March 2024, respectively, the “Most Trusted Brand” by India Today in 2020, the CIO 100 Award in 2020, the “Trusted Brand” by Reader’s Digest in 2022 and we ranked 465 in the Fortune 500 List in 2022.

The table below sets forth certain financial information (on a consolidated basis) for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022*	Three months ended June 30, 2023*
<i>Amount (₹ million, except percentages)</i>					
<b>Revenue</b>	24,353.57	28,655.78	28,733.21	7,006.71	6,450.86
<b>Revenue growth/ (decline) (%)</b>	12.04%	17.67%	0.27%	27.11%	(7.93)%
<b>Gross Profit <sup>(1)</sup></b>	9,969.02	9,262.81	10,188.25	2,284.28	2,305.55
<b>Gross Profit Margin <sup>(2)</sup> (%)</b>	40.93%	32.32%	35.46%	32.60%	35.74%
<b>Adjusted EBITDA <sup>(3)</sup></b>	3,623.17	3,149.45	2,972.77	658.58	776.22
<b>Adjusted EBITDA Margin (%) <sup>(4)</sup></b>	14.88%	10.99%	10.35%	9.40%	12.03%
<b>PAT</b>	2,401.51	2,187.28	2,030.62	425.20	433.20
<b>PAT Margin (%) <sup>(5)</sup></b>	9.65%	7.43%	6.86%	5.92%	6.47%
<b>Return on Equity (%) <sup>(6)</sup></b>	20.13%	15.62%	12.62%	2.97%	2.63%
<b>Return on Capital Employed (%) <sup>(7)</sup></b>	22.26%	17.28%	14.51%	3.33%	3.29%
<b>Fixed Asset Turnover <sup>(8)</sup></b>	367.11%	381.62%	327.09%	91.30%	66.51%
<b>Net Working Capital Days <sup>(9)</sup></b>	50	34	40	32	45
<b>Operating Cash Flows</b>	2,603.04	1,971.48	2,120.07	406.74	549.70

\* Not annualised

Notes:

- (1) Gross Profit is calculated as Revenue from Operations less cost of goods sold and other manufacturing expenses.
- (2) Gross Profit Margin is calculated as gross profit divided by revenue from operations
- (3) Adjusted EBITDA is calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost, income tax expense and exceptional items less other income.
- (4) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue from operations.
- (5) PAT Margin is calculated as profit after tax divided by total income.
- (6) ROE is calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity (including Non-controlling interest). For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.
- (7) ROCE is defined as EBIT divided by Adjusted Capital Employed, where Adjusted Capital Employed is Total Assets less current liabilities.
- (8) Fixed Asset Turnover is computed on the basis of Revenue from Operation divided by Total Fixed Assets where Total Fixed Assets is sum of Property, Plant and Equipment, Capital WIP, Right to Use Assets and Investment Property.
- (9) Net Working Capital Days is computed as Net Working Capital divided by Turnover multiplied by 365/91, where Net Working Capital is Inventory plus Debtors (net of advances) less Trade Payables.

## Significant ongoing acquisitions and investments

### Acquisition of Kurlon Enterprises Limited (the “Kurlon Acquisition”)

On July 17, 2023, we executed a share purchase agreement with Kurlon Enterprises Limited, Kanara Consumer Products Limited and Kurlon Trading and Investment Management Private Limited for the purchase of a 94.66% shareholding in Kurlon Enterprises (“KEL” or “Kurlon”), at an equity valuation of ₹ 21,500 million subject to customary adjustments for net working capital, debt and surplus cash, if any. For further information on the terms of the acquisition including consideration and timeline for completion, see “Management’s Discussions and Analysis of Financial Condition and Results of Operations – Overview – Recent Developments” on page 100 and “Use of Proceeds” on page 89.

Founded in 1962, Kurlon is among the oldest mattress brands in India and is known for innovating rubberized coir (coconut fiber) mattresses in India. In Fiscal 2023, Kurlon was the third largest company in the branded modern mattress market in India, with a market share of 10.8% (based on revenue) (*Source: Technopak Report*), and a strong presence in the Southern and Eastern regions of India.

Kurlon's operations include 10 manufacturing facilities located across five states in India, with a combined manufacturing capacity of 17,000 MTPA. As of June 30, 2023, Kurlon's extensive distribution network comprised more than 4,500 MBOs and more than 500 EBOs. Kurlon's product portfolio comprises: (i) mattresses (rubberized coir, foam based and spring mattress) that are distributed under the brands, "Kurl-On," "Spring Air", "Four Seasons", "Nature's Best", "Englander", and "Chattam & Wells"; (ii) comfort foam and home care products, such as mattresses, furniture cushions, pillows and coverings; (iii) furniture foam that is distributed under the brand, "Home Komforts"; and (iv) technical foam that is distributed under the brand, "Komfort Universe".

The manufacturing facilities, distribution network, product portfolio and brands are together referred to as the "**Kurlon Business**".

The Kurlon Acquisition is being carried out to diversify our customer base, leverage on the Kurlon Business' distribution network and manufacturing capabilities, strengthen our presence across established brands and gain access to technological advancements to consolidate our position as a market leader in the Indian mattress market. For further details, see "*Our Business – Our Strategies – Derive synergies from the Kurlon Acquisition and Furlenco Acquisition*" on page 189.

The Kurlon Acquisition is expected to strengthen our leadership position in the domestic branded modern mattress market. The combined market share of Kurlon and our Company in India was approximately 29% (by revenue in Fiscal 2023), which is more than twice the market share of the next largest company in the domestic branded modern mattress market in India (*Source: Technopak Report*). Our combined network of EBOs and MBOs in India is expected to be the largest distribution network in the Indian mattress industry. We also expect to have a strong presence across all geographic regions in India through the combined operations of Kurlon and our Company (*Source: Technopak Report*).

#### *Investment in House of Kieraya (the "**Furlenco Acquisition**")*

On July 17, 2023, we executed a securities subscription agreement with House of Kieraya for the acquisition of 35% share capital in House of Kieraya Private Limited, an online furniture retailer that operates under the brand "Furlenco" for a consideration of ₹ 3,000 million, subject to customary working capital and other adjustments ("**Furlenco Acquisition**"). The Furlenco Acquisition has been completed, as intimated by our Company on September 14, 2023. It was founded by Mr. Ajith Mohan in 2011 with a vision to emerge as India's largest furniture rental and subscription business. It is India's fastest growing online furniture company based on its CAGR of revenue of 35.68% between Fiscal 2021 and Fiscal 2023 (*Source: Technopak Report*).

The Furlenco Acquisition is being carried out to strengthen our e-commerce presence, leverage Furlenco's digital capabilities to cross-sell our mattresses and other products, expand our product portfolio through the addition of furniture products and tap into the furniture industry which was three to four times the Indian mattress industry (by revenue in Fiscal 2023) (*Source: Technopak Report*). Furlenco similarly intends to derive synergies from this arrangement by leveraging our pan-India logistics network to reduce their logistical and warehousing costs. For further information on the terms of the investment including consideration and shareholding arrangements, see "*Management's Discussions and Analysis of Financial Condition and Results of Operations – Overview – Recent Developments*" on page 100.

## **Competitive Strengths**

Our principal competitive strengths are:

### ***Strong brands with market leadership backed by innovation***

We are the largest manufacturer of mattresses in the Indian branded modern mattress market, with a market share of 18.6% (based on revenue in Fiscal 2023) and are among the leading manufacturers of PU Foam in Asia Pacific (based on revenue in Fiscal 2023) (*Source: Technopak Report*). Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We are also among the leading players in key PU Foam end-use industries, such as mattresses, automotive, footwear, lingerie and furniture (*Source: Technopak Report*). We also have

manufacturing presence in Australia and Spain and are the largest manufacturer of PU Foam in Australia, with a market share of 40% (based on revenue in calendar year 2022) (Source: Technopak Report).

Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We had a market share of 13% in the west, 14% in the south, 15% in the east, and 31% in the north (by value in Fiscal 2023) in the modern mattress segment in India. (Source: Technopak Report) Over the last three decades, we have developed this brand through an emphasis on innovation and adoption of sophisticated manufacturing technologies, enabling production of personalised and niche home care products.

We have endeavoured to consistently supplement our brand recall by innovation and quality enhancement. Set forth below are examples of our innovative manufacturing technologies:

Technology Initiatives	Description
Radio-frequency identification chips	Our initiative of introducing radio frequency identification (“ <b>RFID</b> ”) micro-chips in our mattresses helps differentiate our products from counterfeits, ensures tracking of <i>Sleepwell</i> sales and curtailing of unauthorised sales. RFID micro-chips also enable us to monitor the prices of our products and prevent over or under-pricing of our products through unique scan codes that notifies us on the invoice price of the mattresses that are sold.
Zero Turn	“Zero Turn” technology ensures these mattresses do not require periodic turning to avoid sagging.
Breathable visco-elastic or Memory foam	“Breathable visco-elastic” or “Memory foam” in some of our <i>Sleepwell</i> mattresses supports proper sleep posture and blood circulation and induces faster recovery of the mattresses to their original shape once a weight is removed from them. We are among the leading manufacturers of “Breathable visco-elastic” or “Memory foam” in the Indian modern mattress market. (Source: Technopak Report)
Neem fresche	“Neem fresche” technology seeks to protect our consumers from breathing disorders and various allergies, such as dust mites. The natural properties of the neem herb helps protect the user against germs and dead cells.
SANtech	“SANtech” technology in our <i>Sleepwell</i> products seeks to maintain improved airflow, therefore enhancing firmness and durability of the mattress material.
Comfort Cell	“Comfort Cell” technology in some of our mattress lines seeks to raise the comfort quotient for the consumer.
VPF Technology	“VPF Technology” is an efficient and environmentally responsible foam manufacturing process and involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions.

We supplement our efforts in product development by on-ground brand building initiatives, by continuing to increase our exclusive *Sleepwell* outlets, and by engaging in brand training initiatives with our distributors and dealers to ensure that they effectively showcase and market our products. We have also undertaken advertisement campaigns in print and electronic media.

The tables below set forth a breakdown of our advertisement, marketing and brand building expenses (on a consolidated basis), for the periods indicated:

	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue
<b>Advertisement, marketing and brand building expense</b>	522.16	2.14%	704.44	2.46%	745.23	2.59%	142.73	2.04%	88.55	1.37%

Our brand has significantly contributed to our growth. The recall of our brand has been established by an extensive suite of products that range from baseline bedding and furniture cushioning material to ergonomically tailored offerings, an emphasis on quality control and focused brand building. In respect of our technical foam manufacturing business, we believe that “*Sheela Foam*” is a recognised name associated with diverse and sophisticated grades of technical foam. We believe that we can effectively leverage our brand recall to increase our scale of operations, introduce new and more innovative product lines, increase our manufacturing capacity and expand our presence into under-penetrated geographies and markets.



### ***Extensive and well-developed pan-India sales and distribution network***

Our distribution network provides key support to our business operations and our well-developed sales and distribution network is difficult to replicate, creating barriers for new entrants. We adopt a multi-format approach to ensure maximum coverage that comprises a pan-India network of EBOs and MBOs. Our global distribution network consisted of more than 5,700 EBOs, 7,800 MBOs and 127 channel partners, as of June 30, 2023. As of June 30, 2023, exclusive *Sleepwell* outlets comprised 421 *Sleepwell Worlds* (large sized stores), 1,075 *Sleepwell Galleries* (medium sized stores) and 1,104 *Sleepwell Shoppes* (small sized stores).

As of June 30, 2023, we deployed more than 200 sales personnel who actively engage with key distributors. We have long-term relationships with our distributors and many of our distributors have been associated with us for more than 20 years. Our exclusive distributors are typically engaged in strategic proximity to our manufacturing facilities, which helps us reduce our carriage expenses and minimise the possibility of damage of our finished and foam products. Several of our distributors have presence in territories in addition to our current markets, which we can leverage to expand into such territories. Furthermore, our distribution network is well integrated with our information technology platforms, through technologies that, *inter alia*, allow us to track secondary sales made by our distributors and dealers and assist in calculation of sales incentives to be provided to them in real time, reduce turnaround time and quicken strategic decisions.

We regularly launch initiatives to incentivize our dealers which encourages our dealers to effect greater sales and increase our brand visibility. For details on our initiatives, see “*Our Business – Sales, marketing and distribution – Sales*” on page 204. We also have a dedicated sales team of employees which handles business development and relationship management for our technical foam manufacturing business. Our technical foam sales personnel visit our institutional customers periodically and deal directly with them or their representatives, and are responsible for customer addition, as well as identification and liaising with manufacturers suitable for our technical foam grades. Our technical foam grades are sold to finished product manufacturers in India, the Middle East, South Asia, Europe, Australia and the United States of America. Our sales team has significant technical expertise in our core business of production of home care products and technical foam and undertake periodic training and branding programmes to augment their marketing expertise.

Our sales team also uses digital marketing initiatives, such as content marketing, to cater to the urban population. From Fiscal 2022 to Fiscal 2023, our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023, and in the three months ended June 30, 2023, our online sales represented 3.18% of our total sales by volume.

### ***Strategically located, quality manufacturing capabilities driven by technological innovation***

We have developed our manufacturing processes over five decades of production experience. We have not had any product recalls since incorporation. We operate 11 facilities in India, five facilities in Australia and one facility in Spain, that are located in proximity to key distributors and markets. As a result of our facilities, we have an extensive global presence and exported our products to 20 countries in the last five fiscal years.

*Strategically located facilities.* Our facilities in India are geographically dispersed, with five units located in the North (Greater Noida, Surajpur, Rajpura, Kalaamb and Sahibabad), three units in the West (Silvassa, Talwada and Nandigram), two units in the South (Hyderabad and Erode) and one unit in the Eastern regions of India (Jalpaiguri). Three of our facilities in India (Talwada, Nandigram and Erode) are located in close proximity to the major Indian ports of Nhava Sheva, Kandla, Mundra and Chennai, which facilitate cost-effective import of raw materials as well as export of technical foam to overseas manufacturers. The strategic locations of our manufacturing facilities enable us to produce and distribute our products more efficiently, reducing lead times and transportation costs. As of June 30, 2023, our five foam manufacturing facilities in India had a combined installed production capacity of 129,000 MTPA of foam. Capacity utilization at our five foam manufacturing facilities in India increased from 31.7% in Fiscal 2021 to 35.5% in Fiscal 2023.

We operate five manufacturing facilities in Australia that produce PU Foam. As of June 30, 2023, our five manufacturing facilities in Australia had a combined installed production capacity of 10,000 MTPA of foam. Capacity utilization at our facilities in Australia was 93% in Fiscal 2023.

We operate one manufacturing facility in Yecla, Spain. The manufacturing facility is strategically located in Yecla, a manufacturing hub for mattress and upholstery sectors in Spain.

*Quality manufacturing capabilities.* We focus on the quality of our manufacturing processes and maintain key certifications. All five of our PU Foam manufacturing facilities located in India (at Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad) are also ISO 9001: 2015 certified.

*Technological innovation.* We consistently endeavour to adopt the latest technology at our facilities, and currently utilise Hennecke (“**HK**”) foaming machines in all our Indian foam manufacturing units, which provides us higher yields of foams with uniform cellular structure. We manufacture flexible PU foam in Spain and Australia using VPF technology. We have replicated the use of VPF technology in our Indian manufacturing operations. VPF is an environmentally responsible foam manufacturing process and involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions. We have similarly enhanced our manufacturing capabilities through our relationship with Joyce Foam, which enables us to leverage its production expertise to adopt manufacturing technologies in our domestic operations. For instance, we adopted compression technology in our Indian manufacturing facilities. The technology allows compression of foam for transportation in a manner that it regains its original shape after being unpacked at its destination. Such technology enables us to transport higher volumes of foam in the same shipment, leading to significant reduction in our freight costs. For further details on such technology, see “*Our Business – Our Strategies – Adoption of advanced production technology*” on page 191.

### ***Integrated operations and economies of scale***

We are a backward integrated player with a wide product basket (*Source: Technopak Report*). We benefit from synergised business operations through the manufacture of home care products as well as the underlying foam that constitutes their principal component. We achieve manufacturing synergies as well, given that five of our domestic manufacturing units are capable of producing both PU Foam and finished home care products. Additionally, we have successfully leveraged our expertise in manufacture of our products to effectively consolidate our other business of manufacture of technical foam. Our integrated operations also enable us to exploit reverse logistics benefits. For instance, we typically utilise logistics infrastructure hired by us for supply of raw materials to our manufacturing facilities for onward supply of finished products and foams to our distributors. Such business synergies effect reduction in our operating expenses and enable us upscale our operations in an efficient and seamless manner.

### ***Proven track record of acquiring and integrating complementary businesses***

We have an established track record of strategically acquiring and successfully integrating companies to strengthen our product portfolio, expand our PU Foam manufacturing capacities and diversify our revenue streams. For example, we acquired the PU Foam and polystyrene manufacturing businesses of Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Ltd in 2005, which strengthened our PU Foam business globally, and specifically in Australia. Under our leadership, Joyce Foam has grown to be the largest manufacturer of PU Foam in Australia with a market share of 40% (by revenue in calendar year 2022) (*Source: Technopak Report*). We also acquired Interplasp in 2019, which specialises in the manufacture of flexible polyurethane foam blocks in Spain.

We were able to successfully integrate the businesses of Joyce Foam and Interplasp with our operations by implementing standard operating procedures to the acquired businesses and streamlining operations across expanded capacities. We enhanced our manufacturing capabilities through our relationship with Joyce Foam, which enabled us to leverage its production expertise in our domestic operations. For instance, our “Bed in a box” strategy uses compression technology, which allows a compressed mattress to be packaged in a box and transported in a manner that it regains its original shape after being unpacked at its destination. Such technology enables us to offer economy and premium models that can be sold online to customers as a differentiated product. We have also gained technical knowhow in VPF technology from Joyce Foam. These measures helped consolidate our strength in India by pooling a range of products and solutions that we are able to offer our combined customer base as one entity, and positioned us well to derive business and operational synergies by leveraging economies of scale and procurement benefits, and utilising combined management expertise, technology and supply chain, to serve our customers with greater efficiency. Our international operations allow us to be geographically closer to large international mattress manufacturers, enabling us to remain at the forefront of new trends in the global mattress industry.

### ***Well qualified and professional management***

Our management team is professional, well-qualified and experienced in foam and home care products and has played a key role in the sustained growth of our operations. Our operations commenced under late Ms. Sheela Gautam, who successfully managed various phases of expansion, growth and consolidation of our business and operations. Our business is now led by Mr. Rahul Gautam, our Promoter, Chairman and Managing Director, who holds a bachelor's degree of technology in chemical engineering from the Indian Institute of Technology, Kanpur, a master's degree of science in chemical engineering from the Polytechnic Institute of New York, a professional doctoral degree in global leadership and management from the European International University, has more than 40 years of experience in the PU Foam and home care products industry, and is the Chairman Emeritus of the Polyurethane Association of India. Our R&D operations are led by Mr. Tushaar Gautam, a Director in our Company since 2007. Mr. Tushaar Gautam has completed his education from Purdue University, USA, and has more than 20 years of experience in production and R&D.

Our management is also supported by an experienced and technically qualified execution team. Mr. Nilesh Sevabrata Mazumdar, Chief Executive Officer, has over 25 years of experience in sales, marketing and brand management. Mr. Amit Kumar Gupta, Group Chief Financial Officer, served as vice president – treasury and FPA at Samvardhana Motherson. Mr. Kevin Graham, Chief Operating Officer – Joyce, has significant experience and has been associated with our Company since 2011. Mr. Alejandro Juan Palao Serrano, Chief Executive Officer – Interplasp, has been associated with Interplasp since 2011. For further information on our Board and senior management, see “*Board of Directors and Senior Management*” on page 208.

### **Our Vision**

Our vision statement is set forth below.

We seek to continue to be recognised as a leading organisation in quality comfort products while practicing values of integrity, reliability, proactivity and transparency, as well as to do business with a smile for customer delight and a commitment to society.

### **Our Strategies**

The Indian domestic modern mattress market (at consumer price level) has grown at a CAGR of approximately 9% from Fiscal 2018 to Fiscal 2023 and is further expected to grow at a CAGR of approximately 12% till Fiscal 2028 to have a market value of ₹ 29,445 crore. The reason for the high growth rate of modern mattresses can be attributed to increasing population, rising urbanization, increase in disposable income of people, increase in health-related issues of the Indian population, rising demand of such mattresses among consumers because of its various health benefits such as better comfort, temperature regulations etc. and higher replacement cycle (*Source: Technopak Report*).

We strive to increase our market share in India's growing mattress market and believe we are uniquely positioned to capitalize on India's growth opportunities by leveraging our competitive strengths and pursuing the following strategies.

#### ***Derive synergies from the Kurlon Acquisition and Furlenco Acquisition***

We seek to create long-term value for our stakeholders through the Kurlon Acquisition by leveraging the Kurlon Business's well-established manufacturing capacities, brand equity, distribution network and target customer market.

We expect to expand our offerings to include Kurlon's rubberized coir mattress products in our product portfolio through the Kurlon Acquisition. The added manufacturing capacities of the Kurlon Business will also enhance our manufacturing footprint and help us to achieve economies of scale by increasing our manufacturing capacity and accordingly lowering costs, including raw material costs and logistics costs. The Kurlon Acquisition is also expected to strengthen our presence in the Southern and Eastern regions of India to complement our market leadership position in the Northern and Western regions of India. Furthermore, we intend to leverage cross-selling opportunities that our combined product portfolio is expected to present by offering our *Sleepwell* range of products in the MBOs operated by the Kurlon Business. As the combined market share of Kurlon and our Company was approximately 29% (by revenue in Fiscal 2023), which was more than twice the market share of the next largest company in the domestic branded modern mattress market in India (*Source: Technopak Report*),

we believe the Kurlon Acquisition will help consolidate our position as the leading mattress manufacturer in the Indian branded mattress market.

We aim to similarly derive synergies from the Furlenco Acquisition by leveraging Furlenco's strong digital capabilities and e-commerce presence to cross-sell our mattresses and other products and expand our product portfolio through the addition of furniture products. Furlenco similarly aims to derive synergies from this arrangement by leveraging our pan-India logistics network to reduce their logistical and warehousing costs. In addition, our extensive reach through EBOs may help Furlenco access an established platform to bolster its offline presence. The Furlenco Acquisition will particularly help us establish a presence in the furniture industry, which was three to four times the Indian mattress industry (by revenue in Fiscal 2023) (*Source: Technopak Report*). The Furlenco Acquisition will also enable us to diversify our revenue streams to include the online furniture retail market, enabling us to implement further forward integration in our operations.

### ***Continue to develop our brand***

Our ability to continue to benefit from our brands is a key factor that contributes to our success. We have a significant opportunity to leverage our *Sleepwell* brand to further improve our market share. Our strategy is to continue building brand leadership in core home care products, such as mattresses and bedding material, as well as higher-grade technical PU Foam lines, which represents a significant opportunity for our future growth. We also seek to market and consolidate customer recall of our various customised product sub-brands under *Sleepwell* and introduce new ranges, such as *Nexa* as affordable luxury for the middle- and upper-class of the Indian demographic and *Fitrest* for enhanced back support. We intend to accomplish this by offering quality products at attractive prices under these sub-brands and promoting them through different forms of marketing and advertising, increasing our retail presence through expansion of exclusive *Sleepwell* outlets and capitalising on the strength of our distribution and dealer network. For example, after successfully testing our online brand, *SleepX*, on various e-commerce platforms, we launched our *Sleepwell* products on various e-commerce platforms to increase brand visibility and attract loyal customers. Additionally, in an effort to increase our brand presence through online platforms, we intend to develop and transform our *Sleepwell* website to a one-stop shop for sleep solutions, providing a complete product portfolio of mattresses and home care products and providing information and professional advice on choosing appropriate bedding material.

### ***Expand our product portfolio to capture higher consumer wallet share***

We aim to leverage our existing suite of products, knowhow and manufacturing capabilities to produce niche and higher-margin products. In particular, we intend to commence production of more sophisticated grades of technical PU Foam that do not have a significant manufacturing presence in India, and that are currently imported by Indian manufacturers from overseas suppliers. For example, we have used our expertise and experience in PU Foam to expand into allied segments, such as furniture foam, including sofas, chairs and upholstery for beds. We believe that, given our manufacturing capacity and expertise, we would be able to produce and sell such foam grades at competitive prices.

We also intend to enter into new product lines and target new consumer segments in furtherance of our vision to achieve "a mattress for every Indian". To achieve this, we are setting up a new manufacturing facility near Jabalpur, Madhya Pradesh to manufacture foldable branded mattresses for sale at lower price points that are specifically aimed at rural retail consumers of traditional cotton and EPE foam mattresses. Cotton mattresses and other forms of traditional bedding comprised approximately 64% of the total Indian wholesale mattress market in Fiscal 2023 (by value) (*Source: Technopak Report*). This represents a significant untapped opportunity for introducing durable and affordable home care solutions to the rural demographic. We intend to capitalize on this opportunity and cater to the growing demand in rural and semi-urban markets for branded mattresses by manufacturing durable and affordable mattresses at attractive price points. We intend to continue to manufacture PU Foam using VPF technology, which is an environmentally responsible foam manufacturing process and involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions.

We also propose to capture higher consumer wallet share through the Indian furniture market which grew at a CAGR of 8.1% from ₹105,000 crore in Fiscal 2018 to ₹155,000 crore in Fiscal 2023 (*Source: Technopak Report*). The Indian retail furniture market is expected to grow at a CAGR of 12.9% between Fiscals 2023 and 2028, representing a significant opportunity for the growth of players in the furniture value chain (*Source: Technopak Report*). We intend to capitalize on this opportunity by entering into strategic alliances, such as the Furlenco Acquisition. The Furlenco Acquisition is being carried out to expand our product portfolio through the addition of furniture products and leverage Furlenco's online furniture rental and subscription platform. We believe that

such initiatives will optimally diversify our business and product portfolio and enable access to the furniture rental market.

### ***Continue to focus on development of personalised products***

We believe that with rising household incomes in India, our target consumers are increasingly favouring personalised home-comfort packages that are tailored towards their physiological, aesthetic and ergonomic attributes. According to the *Technopak Report*, the sales for premium and luxury segment mattresses in India is expected to grow at a faster pace than those in the economy and mid to premium segment. To this end, we aim to manufacture higher volumes of our current portfolio of customised products, as well as develop newer lines of personalised home-comfort products to further improve our operating margins. We plan to expand our product portfolio, and manufacture mattresses to ensure that they offer differing features and levels of comfort for different body zones at attractive prices to our target consumers. We also intend to continue offering bespoke made-to-order mattresses, which cater to specific customer requirements.

### ***Expand our distribution network and export sales***

Our historically developed pan-India distribution and dealer network has been critical to our growth. As of June 30, 2023, our pan-India distribution network consisted of more than 5,700 EBOs, more than 7,800 MBOs and 127 channel partners. We intend to continue developing and nurturing existing distributor relationships. We also aim to continue to develop our online presence through the sale of our products on e-commerce platforms and our website. Our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023. In the three months ended June 30, 2023, our online sales represented 3.18% of our total sales by volume. Furthermore, we intend to create new distribution channels in under and non-penetrated geographies. We aim to further develop our domestic sales networks in primarily two types of territories: the first being those which have a significant demand for our products, and the second, being areas where we have a low brand presence. Such expansion plans are intended to be effected by in-house examination of the market potential of various territories and our available distribution network in such geographies. For our domestic retail presence, we intend to increase our partnerships with exclusive dealers and expand our network of Sleepwell branded EBOs. We also aim to expand our international export business by upscaling our export operations to sell higher volumes of our technical foam grades to manufacturers located in SAARC nations.

### ***Adoption of advanced production technology***

We firmly believe in making investments for achieving product excellence and implementing the dynamic and diverse specifications of our customers. We introduced HK technology in our Greater Noida facility in 2007 and have implemented VPF technology at Joyce Foam, Australia. HK technology is currently used in all five of our Indian foam manufacturing facilities. For further details about our technology platforms, see “*Manufacturing and Processing Facilities*” on page 198. We intend to continue to invest in emerging technology and processes that render our manufacturing cycles more efficient and cost-effective.

We have implemented vertical variable foaming technology in our Greater Noida manufacturing facility, a production technology that we have innovated in our manufacturing operations. Vertical variable foaming is a process that combines efficiencies of vertifoam and VPF. Vertical variable foaming is expected to facilitate our domestic and international operations, and is intended to produce super soft foams to replace polyester fibre in the quilting of *Sleepwell* mattresses. Through implementation of such technology, we further aim to produce PU Foam grades of enhanced feel and higher durability at considerably lower costs.

Additionally, we intend to introduce “polyol recycling” technology that will assist us to produce polyol, one of our key raw materials, by using foam scrap, fresh polyol and other chemicals. Given the inherently technical nature of the PU Foam production process, we intend to ensure greater automation in the operations of our existing and future manufacturing facilities through increased involvement of robotics-enabled machinery.

### ***Continue to drive manufacturing efficiencies through capacity addition and distributed manufacturing***

We are currently in the process of setting up a new manufacturing facility near Jabalpur, Madhya Pradesh. We intend to use our new integrated manufacturing facility near Jabalpur to manufacture foldable branded mattresses to sell to consumers of traditional cotton and EPE foam mattresses. Cotton mattresses and other forms of traditional bedding comprised approximately 64% of the total Indian wholesale mattress market (by value in Fiscal 2023) (*Source: Technopak Report*). We intend to manufacture durable and affordable mattresses to cater to rural and semi-urban markets and shift consumer preferences from traditional mattresses to modern mattresses. The

new manufacturing facility seeks to manufacture foam in an environmentally friendly manner through VPF technology, which seeks to reduce waste, improve worker safety, increase production capacity, improve the quality of foam production and is expected to result in cost efficiencies. Given the central location of the manufacturing facility, the new plant is expected to be well connected to the other manufacturing facilities in India. As of March 31, 2023, capital expenditure incurred on the manufacturing facility was approximately ₹1,039 million and once built the manufacturing facility is expected to cover approximately 28.95 acres of land.

We are also setting up a new manufacturing facility in Adelaide to manufacture PU Foam for our customers based in Adelaide and Victoria in Australia. The new manufacturing facility is expected to manufacture PU Foam using VPF technology. The upcoming facility will enable us to efficiently cater to our existing customer base in Australia in the event manufacturing operations at any of our other Australian facilities are disrupted. The manufacturing facility has been commissioned and is being constructed on 12.5 acres of land that we own. As of March 31, 2023, capital expenditure incurred on the manufacturing facility was approximately ₹ 1,423 million and once complete, it is expected to have a manufacturing capacity of 5,000 MTPA.

We are also in the process of increasing the installed capacity at our manufacturing facility in Spain by around 40% of our existing installed capacity, with the aim to continue increasing our presence in the European mattress market. The expansion project, which is intended to be completed by the end of calendar year 2023, mainly involves two new depots to increase our storage capacity and the expansion of capacities of the dryers for curing of foam blocks.

## SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections titled “*Risk Factors*”, “*Use of Proceeds*”, “*Placement*”, “*Issue Procedure*” and “*Description of the Equity Shares*” on pages 54, 89, 234, 225 and 254, respectively.

<b>Issuer</b>	Sheela Foam Limited
<b>Face Value</b>	₹5 per Equity Share
<b>Issue Size</b>	Issue of up to [●] Equity Shares at a premium of ₹ [●], aggregating to up to ₹ [●] million.  A minimum of 10% of the Issue Size i.e. at least [●] Equity Shares, shall be made available for Allocation to Mutual Funds only and the balance [●] Equity Shares shall be made available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs.
<b>Date of Board Resolution</b>	August 2, 2023
<b>Date of Shareholders’ Resolution</b>	September 1, 2023
<b>Floor Price</b>	₹ 1,133.99 per Equity Share  The Floor Price for the Issue has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations.  Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Board dated August 2, 2023 and the Shareholders accorded through their special resolution passed (through postal ballot) on September 1, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
<b>Issue Price</b>	₹ [●] per Equity Share of our Company (including a premium of ₹ [●] per Equity Share)
<b>Eligible Investors</b>	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue. For further details, please see the sections titled “ <i>Issue Procedure – Eligible Qualified Institutional Buyers</i> ” and “ <i>Transfer Restrictions and Purchaser Representations</i> ” on pages 230 and 247, respectively.  The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by the BRLMs in consultation with our Company, at their sole discretion.
<b>Equity Shares issued and outstanding immediately prior to the Issue</b>	97,565,616 Equity Shares of face value of ₹ 5 each, being fully paid-up
<b>Subscribed and paid-up Equity Share capital prior to the Issue</b>	₹ 487.82 million
<b>Equity Shares issued and outstanding immediately after the Issue</b>	[●] Equity Shares
<b>Issue Procedure</b>	The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act, read with Chapter VI of the SEBI ICDR Regulations. For details, please see the section titled “ <i>Issue Procedure</i> ” on page 225

<b>Listing and Trading</b>	<p>Our Company has received in-principle approvals each dated September 20, 2023 from BSE and NSE respectively in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue.</p> <p>Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approval for the Equity Shares, after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant, respectively.</p> <p>The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.</p>
<b>Lock-in</b>	See “ <i>Placement – Lock-up</i> ” on page 238 for a description of restrictions on our Company and Promoters in relation to Equity Shares.
<b>Transferability Restrictions</b>	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further details, please see “ <i>Transfer Restrictions and Purchaser Representations</i> ” on page 247
<b>Use of Proceeds</b>	<p>The Gross Proceeds from the Issue aggregate to ₹ [●] million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and the estimated expenses of the Issue of approximately ₹ [●] million, shall be approximately ₹ [●] million, which is proposed to be utilised for (i) part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited and (ii) general corporate purposes.</p> <p>For additional information on the use of the net proceeds from the Issue, please see “<i>Use of Proceeds</i>” on page 89.</p>
<b>Risk Factors</b>	Please see “ <i>Risk Factors</i> ” on page 54 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.
<b>Dividend</b>	See “ <i>Description of the Equity Shares</i> ” and “ <i>Dividends</i> ” on pages 254 and 96, respectively
<b>Taxation</b>	Please see “ <i>Taxation</i> ” on page 257
<b>Closing Date</b>	The Allotment is expected to be made on or about [●]
<b>Ranking</b>	<p>The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank <i>pari passu</i> in all respects with the existing Equity Shares, including rights in respect of dividends. Our Shareholders (as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders’ meetings on the basis of one vote for every Equity Share held.</p> <p>For details, please see “<i>Description of the Equity Shares</i>” and “<i>Dividends</i>” on pages 254 and 96.</p>
<b>Voting Rights</b>	See “ <i>Description of the Equity Shares – Voting Rights</i> ” on page 255.
<b>Security Codes for the Equity Shares</b>	<p>ISIN: INE916U01025</p> <p>BSE code: 540203</p> <p>NSE symbol: SFL</p>



## SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information as extracted from our Unaudited Condensed Interim Consolidated Financial Statements and our Audited Financial Statements and presented in “Financial Information” on page 272. Unless the context requires otherwise, the financial information corresponding to (i) Fiscal 2021 has been extracted from the Fiscal 2021 Audited Consolidated Financial Statements, (ii) Fiscal 2022 has been extracted from the Fiscal 2022 Audited Consolidated Financial Statements. However, if the financial information corresponding to Fiscal 2022 has been reclassified or regrouped in the Fiscal 2023 Audited Consolidated Financial Statements, then the financial information for Fiscal 2022 has been extracted from the Fiscal 2023 Audited Consolidated Financial Statements, (iii) Fiscals 2023 has been derived from the Fiscal 2023 Audited Consolidated Financial Statements, (iv) the three months ended June 30, 2022 and June 30, 2023 for unaudited condensed interim consolidated statement of profit and loss and unaudited condensed interim consolidated statement of cash flows has been extracted from the Unaudited Condensed Interim Consolidated Financial Statements, and (v) the three months ended June 30, 2023 for unaudited condensed interim consolidated balance sheet has been extracted from the Unaudited Condensed Interim Consolidated Financial Statements. Financial information for the three months ended June 30, 2022 and June 30, 2023 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document. The selected financial information presented below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information”, on pages 97 and 272, respectively, for further details.

### SUMMARY OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### Summary of unaudited condensed interim consolidated balance sheet as at June 30, 2023

Particulars	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
	(₹ million, except per share data)	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,264.87	4,290.36
Right-of-use assets	1,451.30	1,085.48
Capital work-in-progress	3,459.12	2,874.90
Intangible assets	2,725.94	2,740.20
Intangible assets under development	10.07	-
Investment property	524.10	533.88
Financial assets		
Investments	841.01	564.13
Loans	19.69	19.39
Other financial assets	60.14	51.90
Deferred tax asset	140.07	136.78
Non-current tax assets (net)	131.74	123.89
Other non-current assets	264.93	354.31
<b>Total non-current assets</b>	<b>13,892.98</b>	<b>12,775.22</b>
<b>Current assets</b>		
Inventories	2,876.55	3,313.27
Financial assets		
Investments	3,377.51	7,119.57
Trade receivables	2,828.84	2,819.76
Cash and cash equivalents	353.25	422.71
Bank balances other than cash and cash equivalents	18.57	2.67
Loans	6.41	6.71
Other financial assets	3,229.24	10.00
Other current assets	636.85	638.09
<b>Total current assets</b>	<b>13,327.22</b>	<b>14,332.78</b>
<b>Total assets</b>	<b>27,220.20</b>	<b>27,108.00</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	487.82	487.82
Other equity	15,929.14	15,516.09
Equity attributable to shareholders of the holding company	16,416.96	16,003.91

Particulars	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
	<i>(₹ million, except per share data)</i>	
Non-controlling interest	66.75	82.65
<b>Total equity</b>	<b>16,483.71</b>	<b>16,086.56</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	2,570.43	2,838.07
Lease liabilities	1,193.42	874.91
Other non-current financial liabilities	276.39	259.40
Provisions	131.62	130.42
Other non-current liabilities	1.91	1.99
Deferred tax liabilities	87.43	83.15
<b>Total non-current liabilities</b>	<b>4,261.20</b>	<b>4,187.94</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	1,941.90	1,838.05
Lease liabilities	214.16	159.84
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	35.63	72.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,181.64	2,521.94
Other financial liabilities	899.63	917.05
Provisions	213.60	205.08
Current tax liabilities (net)	62.19	11.71
Other current liabilities	926.54	1,107.63
<b>Total current liabilities</b>	<b>6,475.29</b>	<b>6,833.50</b>
<b>Total liabilities</b>	<b>10,736.49</b>	<b>11,021.44</b>
<b>Total equity and liabilities</b>	<b>27,220.20</b>	<b>27,108.00</b>

**Summary of unaudited condensed interim consolidated statement of profit and loss for the three month period ended June 30, 2023 and June 30, 2022**

Particulars	For the three month period ended June 30,	
	2023	2022
	<i>(₹ million, except per share data)</i>	
<b>I. Income:</b>		
Revenue from operations	6,450.86	7,006.71
Other income	241.94	179.75
<b>Total income</b>	<b>6,692.80</b>	<b>7,186.46</b>
<b>II. Expenses</b>		
Cost of materials consumed	3,539.68	4,330.29
Purchase of stock-in-trade	124.83	210.97
Changes in inventories of finished goods, stock in trade and work in progress	292.10	6.43
Other manufacturing expenses	188.70	174.74
Employee benefits expense	732.11	689.54
Finance costs	78.85	48.13
Depreciation and amortisation expense	226.56	206.46
Other expenses	797.22	936.16
<b>Total expenses</b>	<b>5,980.05</b>	<b>6,602.72</b>
<b>III. Profit before tax and exceptional items (I-II)</b>	<b>712.75</b>	<b>583.74</b>
<b>IV. Exceptional items</b>	<b>109.53</b>	<b>-</b>
<b>V. Profit before tax (III-IV)</b>	<b>603.22</b>	<b>583.74</b>
<b>VI. Tax expenses</b>		
Current tax	172.24	163.41
Earlier tax adjustment	-	0.03
Deferred tax	(2.22)	(4.90)
<b>Total tax expenses</b>	<b>170.02</b>	<b>158.54</b>
<b>VII. Profit for the period (V-VI)</b>	<b>433.20</b>	<b>425.20</b>
<b>VIII. Other comprehensive income/(Loss)</b>		
Items that will not be reclassified to profit or loss		
Re-measurements gain/(loss) of the net defined benefit plans	(4.76)	(10.68)
Income tax effect on above	1.20	2.72
Items that will be reclassified to profit or loss		
Fair value gain/(loss) on investments and other financial instruments	8.52	(36.40)
Income tax effect on above	(2.15)	8.94
Exchange difference on translation of foreign operations	(31.86)	(30.55)
<b>Total other comprehensive income/(Loss) for the period</b>	<b>(29.05)</b>	<b>(65.97)</b>
<b>IX. Total comprehensive income for the period (VII+VIII)</b>	<b>404.15</b>	<b>359.23</b>
<b>X. Profit for the period attributable to:</b>		
Shareholders of the parent company	430.67	420.90
Non-controlling interest	2.53	4.30
<b>XI. Total comprehensive income for the period attributable to:</b>		
Shareholders of the parent company	401.62	354.93
Non-controlling interest	2.53	4.30
<b>XII. Paid-up equity share capital (Face value of ₹ 5 each)</b>	<b>487.82</b>	<b>243.91</b>
<b>XIII. Other equity</b>	<b>-</b>	<b>-</b>
<b>XIV. Earnings per share (not annualised)</b>		
Basic and diluted	4.41	4.36

**Summary of unaudited condensed interim consolidated statement of cash flows for the three month period ended June 30, 2023 and June 30, 2022**

Particulars	For the three month period ended June 30,	
	2023	2022
	(₹ million)	
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	712.75	583.74
<b>Adjustments for:</b>		
Depreciation and amortisation expense	226.56	206.46
Finance costs	78.85	48.13
Advances/balances written off (including bad debts)	3.16	38.51
Provision for doubtful receivables	4.82	1.64
Provision for warranty	17.68	29.26
Subsidy income	(1.29)	(0.07)
Net loss on foreign currency forward contracts	(16.04)	-
Fair value (gain)/loss on investments (net)	(12.16)	(23.60)
(Profit)/loss on sale of investments (net)	(134.41)	(11.13)
Liabilities/provisions no longer required written back	(2.36)	(0.09)
Unrealised foreign exchange loss/(gain) (net)	0.46	-
Rental income	(30.33)	(29.76)
Interest income	(17.29)	(91.37)
(Profit)/loss on sale of property, plant & equipment (net)	1.94	0.95
<b>Operating profit before working capital changes</b>	<b>832.34</b>	<b>752.67</b>
<b>Changes in working capital:</b>		
(Increase)/Decrease in inventories	320.43	37.88
(Increase)/Decrease in loans and trade receivables	(31.05)	454.18
(Increase)/Decrease in other financial and non-financial assets	81.92	(138.98)
(Decrease)/Increase in trade payables	(366.17)	(331.89)
(Decrease)/Increase in other financial liabilities, non-financial liabilities and provisions	(159.16)	(192.61)
<b>Cash generated from operations</b>	<b>678.31</b>	<b>581.25</b>
Income tax paid (net of refunds)	(128.61)	(174.51)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>549.70</b>	<b>406.74</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and change in capital work-in-progress	(762.28)	(496.73)
Proceeds from sales of property, plant and equipment	(10.07)	-
Investment in bonds, debentures and mutual funds (net)	13.99	1.92
Proceeds from bank deposits	(15.90)	-
Deposits matured/made during the year	391.81	(498.71)
Loans and advances given	(3.96)	0.41
Rent income	30.33	29.76
Interest income received	17.04	192.81
<b>Net cash flow (used in) investing activities (B)</b>	<b>(339.04)</b>	<b>(770.54)</b>
<b>C. Cash flow from financing activities</b>		
Payment of dividend during the period	(7.00)	(5.81)
Proceeds from long term borrowings	55.86	544.08
Repayment of long term borrowings	(231.77)	(95.79)
Proceeds from short term borrowings	42.87	-
Payment of lease liabilities (principal and interest)	(77.12)	(83.83)
Finance costs	(61.30)	(31.09)
<b>Net cash flow from/(used in) financing activities (I)</b>	<b>(278.46)</b>	<b>327.56</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(67.80)</b>	<b>(36.24)</b>

Particulars	For the three month period ended June 30,	
	2023	2022
	<i>(₹ million)</i>	
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1.66)	(6.92)
Cash and cash equivalents at the beginning of the period	422.71	408.13
Cash and cash equivalents at the end of the period	<b>353.25</b>	<b>364.97</b>

## SUMMARY OF THE AUDITED FINANCIAL STATEMENTS

### Summary of audited consolidated balance sheet as at March 31, 2023, March 31, 2022 and March 31, 2021

Particulars	As at March 31,		
	2023	2022	2021
	(₹ million)		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4,290.36	4,354.75	4,578.74
Right-of-use assets	1,085.48	1,393.57	1,443.71
Capital work-in-progress	2,874.90	1,198.92	46.64
Intangible assets	2,740.20	2,520.32	2,630.67
Investment property	533.88	561.71	564.83
Financial assets			
Investments	564.13	5,288.32	3,036.00
Loans	19.39	0.76	27.45
Other financial assets	51.90	45.36	26.01
Deferred tax asset	136.78	78.32	-
Non-current tax assets (net)	123.89	69.33	-
Other non-current assets	354.31	256.40	26.44
<b>Total non-current assets</b>	<b>12,775.22</b>	<b>15,767.76</b>	<b>12,380.49</b>
<b>Current assets</b>			
Inventories	3,313.27	3,144.59	3,153.07
Financial assets			
Investments	7,119.57	893.80	1,070.12
Trade receivables	2,819.76	2,693.93	3,021.53
Cash and cash equivalents	422.71	408.13	573.63
Bank balances other than cash and cash equivalents	2.67	3.16	7.38
Loans	6.71	55.74	55.52
Other financial assets	10.00	263.42	134.32
Other current assets	638.09	402.20	362.46
<b>Total current assets</b>	<b>14,332.78</b>	<b>7,864.97</b>	<b>8,378.03</b>
<b>Total assets</b>	<b>27,108.00</b>	<b>23,632.73</b>	<b>20,758.52</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	487.82	243.91	243.91
Other equity	15,516.09	13,681.75	11,598.99
Non-controlling interest	82.65	76.33	89.18
<b>Total equity</b>	<b>16,086.56</b>	<b>14,001.99</b>	<b>11,932.08</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	2,838.07	2,281.82	1,326.35
Lease liabilities	874.91	1,056.48	1,085.51
Other non-current financial liabilities	259.40	503.41	844.46
Provisions	130.42	193.26	64.62
Other non-current liabilities	1.99	2.27	-
Deferred tax liabilities	83.15	96.70	88.79
<b>Total non-current liabilities</b>	<b>4,187.94</b>	<b>4,133.94</b>	<b>3,409.73</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,838.05	1,095.73	729.91
Lease liabilities	159.84	230.62	200.52
Trade payables	2,594.14	2,854.28	2,296.45
Other financial liabilities	917.05	440.26	1,258.65
Provisions	205.08	105.61	147.03
Current tax liabilities (net)	11.71	-	45.36
Other current liabilities	1,107.63	770.30	738.79
<b>Total current liabilities</b>	<b>6,833.50</b>	<b>5,496.80</b>	<b>5,416.71</b>
<b>Total equity and liabilities</b>	<b>27,108.00</b>	<b>23,632.73</b>	<b>20,758.52</b>

**Summary of audited consolidated statement of profit and loss for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021**

Particulars	As at March 31,		
	2023	2022	2021
	<i>(₹ million, except per share data)</i>		
<b>Income</b>			
Revenue from operations	28,733.21	28,655.78	24,353.57
Other income	865.01	791.64	520.78
<b>Total income</b>	<b>29,598.22</b>	<b>29,447.42</b>	<b>24,874.35</b>
<b>Expenses</b>			
Cost of material consumed	16,183.04	18,332.50	13,673.54
Purchase of stock-in-trade	1,806.31	535.38	179.95
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(120.87)	(97.77)	(60.04)
Other manufacturing expenses	676.47	622.87	591.10
Employee benefits expense	2,791.53	2,554.76	2,317.04
Finance costs	210.71	169.73	176.83
Depreciation and amortisation expense	896.24	807.77	728.67
Other expenses	4,423.96	3,558.59	4,028.81
<b>Total expenses</b>	<b>26,867.39</b>	<b>26,483.83</b>	<b>21,635.90</b>
<b>Profit before tax and exceptional items</b>	<b>2,730.83</b>	<b>2,963.59</b>	<b>3,238.45</b>
Exceptional items	-	-	-
<b>Profit before tax</b>	<b>2,730.83</b>	<b>2,963.59</b>	<b>3,238.45</b>
Income tax expense			
Current tax	787.56	833.15	846.03
Tax expenses related to earlier years	(7.72)	(2.20)	(4.23)
Deferred tax (net)	(79.63)	(54.64)	(4.86)
<b>Total income tax expense</b>	<b>700.21</b>	<b>776.31</b>	<b>836.94</b>
<b>Profit for the year</b>	<b>2,030.62</b>	<b>2,187.28</b>	<b>2,401.51</b>
<b>Other comprehensive income (net of tax)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement gain/(loss) of the net defined benefit plans	(18.12)	(50.61)	25.30
Income tax on above item	4.56	12.87	(6.37)
<i>Items that will be reclassified to profit or loss</i>			
Fair value gain/(loss) on investments and other financial instruments	(34.78)	32.39	10.01
Income tax on above item	8.76	(8.15)	(2.52)
Exchange differences on translation of foreign operations	164.71	(5.01)	161.69
<b>Total other comprehensive income/(loss) (net of tax)</b>	<b>125.13</b>	<b>(18.51)</b>	<b>188.11</b>
<b>Total comprehensive income for the year</b>	<b>2,155.75</b>	<b>2,168.77</b>	<b>2,589.62</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the holding company	2,011.56	2,173.30	2,377.21
Non-controlling interest	19.06	13.98	24.30
	<b>2,030.62</b>	<b>2,187.28</b>	<b>2,401.51</b>
<b>Other comprehensive income for the year attributable to:</b>			
Shareholders of the holding company	125.13	(18.51)	188.11
Non-controlling interest	-	-	-
	<b>125.13</b>	<b>(18.51)</b>	<b>188.11</b>
<b>Total comprehensive income for the year attributable to:</b>			
Shareholders of the holding company	2,136.69	2,154.79	2,565.32
Non-controlling interest	19.06	13.98	24.30
	<b>2,155.75</b>	<b>2,168.77</b>	<b>2,589.62</b>
<b>Earnings per equity share (face value of ₹ 5 each)</b>			
Basic and diluted	<b>20.81</b>	<b>22.42</b>	<b>24.61</b>

**Summary of audited consolidated cash flow statement for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021**

Particulars	As at March 31,		
	2023	2022	2021
	(₹ million)		
<b>A. Cash flow from operating activities</b>			
<b>Profit before tax</b>	<b>2,730.83</b>	<b>2,963.59</b>	<b>3,238.45</b>
<b>Adjustments for:</b>			
Depreciation and amortisation expense	896.24	807.77	728.67
Finance costs	210.71	169.73	176.83
Advances/balances written off (including bad debts)	51.06	1.52	5.97
Provision for doubtful receivables	36.02	0.51	20.74
Bad debts written off	-	-	6.99
Provision for warranty	117.58	97.04	-
Subsidy income	(3.74)	(0.28)	-
Net loss on foreign currency forward contracts	132.23	-	-
Fair value (gain)/loss on investments (net)	(89.91)	38.30	(36.69)
(Profit)/loss on sale of investments (net)	(186.88)	(122.80)	(168.80)
Liabilities/provisions no longer required written back	(1.22)	(5.94)	(1.91)
Unrealised foreign exchange loss/(gain) (net)	40.46	25.69	(3.30)
Rental income	(125.66)	(113.85)	-
Investment written off	-	-	0.10
Interest income	(327.61)	(375.94)	(137.59)
Property, plant & equipment written off (net)	-	-	1.33
(Profit)/loss on sale of property, plant & equipment (net)	(4.87)	2.82	(5.19)
<b>Operating profit before working capital changes</b>	<b>3,475.24</b>	<b>3,488.16</b>	<b>3,825.60</b>
<b>Changes in working capital:</b>			
(Increase)/Decrease in inventories	(118.47)	8.48	(884.49)
(Increase)/Decrease in loans and trade receivables	(186.10)	169.85	(898.51)
(Increase)/Decrease in other financial and non-financial assets	(282.63)	(291.87)	2.71
(Decrease)/Increase in trade payables	(292.52)	(307.84)	765.29
(Decrease)/Increase in other financial liabilities, non-financial liabilities and provisions	331.55	(152.27)	611.13
<b>Cash generated from operations</b>	<b>2,927.07</b>	<b>2,914.51</b>	<b>3,421.73</b>
Income tax paid (net of refunds)	(807.00)	(943.01)	(818.69)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>2,120.07</b>	<b>1,971.50</b>	<b>2,603.04</b>
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment and change in capital work-in-progress	(2,116.22)	(1,634.56)	(647.46)
Proceeds from sales of property, plant and equipment	17.40	205.48	14.58
Investment in bonds, debentures and mutual funds (net)	(1,266.96)	(1,991.51)	(1,576.28)
Proceeds from bank deposits	0.49	-	-
Deposits matured/made during the year	-	-	(7.04)
Loans and advances given	30.40	(4.00)	-
Rent income	125.66	113.85	-
Interest income received	525.15	246.91	69.19
<b>Net cash flow (used in) investing activities (B)</b>	<b>(2,684.08)</b>	<b>(3,063.83)</b>	<b>(2,147.01)</b>
<b>C. Cash flow from financing activities</b>			
Payment of dividend during the year	27.99	(37.27)	(23.57)
Subsidy received during the year	-	1.36	7.60
Fees paid for increase in authorised share capital	(5.04)	-	-
Proceeds from long term borrowings	768.44	958.75	-
Repayment of long term borrowings	(375.99)	(3.28)	(267.78)
Repayment of unsecured long term borrowings*	-	-	(14.43)
Proceeds from short term borrowings	648.21	931.10	105.31
Proceeds from unsecured short term borrowings#	-	-	262.79
Repayment of short term borrowings	-	(565.28)	(0.24)
Payment of lease liabilities (principal and interest)	(282.14)	(244.53)	(258.61)
Finance costs	(164.26)	(114.01)	(134.54)



Particulars	As at March 31,		
	2023	2022	2021
	(₹ million)		
Net cash (used in)/generated from financing activities (C)	561.23	926.84	(323.47)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2.78)	(165.49)	132.56
Effect of exchange differences on translation of foreign currency cash and cash equivalents	17.36	-	-
Cash and cash equivalents at the beginning of the year	408.13	573.62	441.07
<b>Cash and cash equivalents at the end of the year</b>	<b>422.71</b>	<b>408.13</b>	<b>573.63</b>

\*Regrouped as repayment of long term borrowings for Fiscals 2022 and 2023.

#Regrouped as proceeds from short term borrowings for Fiscals 2022 and 2023.

*Note: Subsequent to June 30, 2023, on July 17, 2023, our Company executed a securities subscription agreement with House of Kieraya for the acquisition of 35% of the share capital (on a fully diluted basis) of House of Kieraya Private Limited, an online furniture retailer that operates under the brand "Furlenco". We completed the abovementioned acquisition of equity shares of House of Kieraya Private Limited, as intimated by way of our announcement dated September 14, 2023, on BSE and NSE. Accordingly, as of the date of this preliminary placement document, we have disclosed House of Kieraya Private Limited, HoK Retail Private Limited, Furlenco Global Pte. Limited and Kreate One Manufacturing Private Limited ("Furlenco Group") as subsidiaries of our Company in accordance with the Companies Act, 2013, as amended.*

## SUMMARY OF THE UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL INFORMATION

The Unaudited Proforma Condensed Combined Financial Information has been compiled to illustrate what the statement of assets and liabilities as at March 31, 2023 and the statement of profit and loss (including other comprehensive income) for the year ended March 31, 2023 for our Company, Kurlon Enterprise Limited and its subsidiaries might have been, had Kurlon Enterprise Limited been controlled by our Company and accounted for as a subsidiary from April 1, 2022.

### Unaudited Proforma Condensed Combined Statement of Assets and Liabilities as at March 31, 2023

Particulars	As at March 31, 2023 (₹ million)
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	6,180.93
Right-of-use assets	1,691.86
Capital work-in-progress	2,884.73
Intangible assets	2,963.75
Investment property	533.88
Financial assets	
Other investments	564.13
Loans	19.62
Other financial assets	348.49
Deferred tax asset	136.78
Non-current tax assets (net)	362.13
Other non-current assets	505.40
<b>Total non-current assets</b>	<b>16,191.70</b>
<b>Current assets</b>	
Inventories	4,118.21
Financial assets	
Investments	7,279.80
Trade receivables	3,372.75
Cash and cash equivalents	457.31
Bank balances other than cash and cash equivalents	17.94
Loans	7.71
Other financial assets	1,746.86
Other current assets	1,487.32
<b>Total current assets</b>	<b>18,487.90</b>
<b>Total assets</b>	<b>34,679.60</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Equity share capital	487.82
Other equity	19,965.47
<b>Equity attributable to shareholders of the holding company</b>	<b>20,453.29</b>
Non-controlling interest	332.08
<b>Total equity</b>	<b>20,785.37</b>
<b>Non-current liabilities</b>	
Financial liabilities	
Borrowings	2,844.00
Lease liabilities	1,266.03
Other non-current financial liabilities	842.96
Provisions	175.07
Other non-current liabilities	1.99
Deferred tax liabilities	143.23
<b>Total non-current liabilities</b>	<b>5,273.28</b>
<b>Current liabilities</b>	
Financial liabilities	
Borrowings	2,004.86
Lease liabilities	294.49
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	103.51
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,624.45
Other financial liabilities	927.61

<b>Particulars</b>	<b>As at March 31, 2023</b> <i>(₹ million)</i>
Provisions	275.72
Current tax liabilities (net)	80.12
Other current liabilities	1,310.19
<b>Total current liabilities</b>	<b>8,620.95</b>
<b>Total liabilities</b>	<b>13,894.23</b>
<b>Total equity and liabilities</b>	<b>34,679.60</b>

**Unaudited Proforma Condensed Combined Statement of Profit and Loss for the year ended March 31, 2023**

Particulars	As at March 31, 2023 (₹ million)
<b>Income</b>	
Revenue from operations	37,322.16
Other income	949.27
<b>Total income</b>	<b>38,271.43</b>
<b>Expenses</b>	
Cost of material consumed	19,976.13
Purchase of stock-in-trade	2,724.44
Changes in inventories of finished goods, stock-in-trade and work-in-progress	41.84
Other manufacturing expenses	1,178.43
Employee benefits expense	3,491.77
Finance costs	283.61
Depreciation and amortisation expense	1,255.34
Other expenses	6,509.84
<b>Total expenses</b>	<b>35,461.40</b>
<b>Profit before tax</b>	<b>2,810.03</b>
<b>Income tax expense</b>	
Current tax	870.00
Tax expenses related to earlier years	(12.27)
Deferred tax (net)	(183.02)
<b>Total income tax expense</b>	<b>674.71</b>
<b>Profit for the year</b>	<b>2,135.32</b>
<b>Other comprehensive income (net of tax)</b>	
<i>Items that will not be reclassified to profit or loss</i>	
Remeasurement gain/(loss) of the net defined benefit plans	(20.90)
Income tax on above item	5.60
<i>Items that will be reclassified to profit or loss</i>	
Fair value gain/(loss) on investments and other financial instruments	(34.78)
Income tax on above item	8.75
Exchange differences on translation of foreign operations	164.71
<b>Total other comprehensive income/(loss) (net of tax)</b>	<b>123.38</b>
<b>Total comprehensive income for the year</b>	<b>2,258.70</b>
Profit for the year attributable to:	
Shareholders of the holding company	2,112.39
Non-controlling interest	22.93
	<b>2,135.32</b>
<b>Other comprehensive income for the year attributable to:</b>	
Shareholders of the holding company	123.47
Non-controlling interest	(0.09)
	<b>123.38</b>
<b>Total comprehensive income for the year attributable to:</b>	
Shareholders of the holding company	2,235.86
Non-controlling interest	22.84
	<b>2,258.70</b>

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 as per the requirements under Indian Accounting Standard (*Ind AS*) 24– *Related Party Disclosures*, please see “*Financial Information*”, on page 272.

## RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment decision in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we currently operate or propose to operate. While we have described the risks and uncertainties that our management believes are material, the risks set out in this Preliminary Placement Document may not be exhaustive. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a more complete understanding of our Company, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 181, 139 and 97, respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. Prospective investors should consult their own tax, financial and legal advisors about the particular consequences to them of an investment in our Equity Shares.*

*Unless otherwise stated, references in this section to “we”, “our” or “us” are to our Company along with our Consolidated Subsidiaries, on a consolidated basis.*

*Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Unless the context requires otherwise, the financial information corresponding to (i) Fiscal 2021 has been derived from the 2021 Audited Consolidated Financial Statements, (ii) Fiscal 2022 has been derived from the 2022 Audited Consolidated Financial Statements. However, if the financial information corresponding to Fiscal 2022 has been reclassified or regrouped in 2023 Audited Consolidated Financial Statements, then such financial information for Fiscal 2022 has been derived from the 2023 Audited Consolidated Financial Statements, (iii) Fiscal 2023 has been derived from the 2023 Audited Consolidated Financial Statements, (iv) the three months ended June 30, 2022 and June 30, 2023 for the unaudited condensed interim consolidated statement of profit and loss and unaudited condensed interim statement of cash flows has been derived from the Unaudited Condensed Interim Consolidated Financial Statements, and (v) June 30, 2023 for the unaudited condensed interim consolidated balance sheet has been derived from the Unaudited Condensed Interim Consolidated Financial Statements. Financial information for the three months ended June 30, 2022 and June 30, 2023 are not annualized and not indicative of full year results, and are not comparable with the annual financial statements presented in this Preliminary Placement Document.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled “**Industry Report on PU Foam and Mattress Market in India**” dated September 11, 2023, prepared exclusively for the Issue and released by Technopak Advisors Private Limited (“**Technopak Report**”), commissioned and paid by our Company in connection with the Issue. Technopak was appointed pursuant to engagement letter dated July 18, 2023. Technopak is not related in any manner to our Company, its Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management, our Promoters or the BRLMs.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment that may differ from that of other countries. This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. See “Forward-Looking Statements” on page 17.*

*Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other implications or any of the risks described in this section.*

## INTERNAL RISK FACTORS

### RISKS RELATING TO THE KURLON ACQUISITION AND FURLENCO ACQUISITION

**1. *The completion of the Kurlon Acquisition is subject to a number of conditions, which may not be fulfilled or waived.***

Pursuant to the share purchase agreement dated July 17, 2023, among Kurlon Enterprise Limited (“**KEL**”), Kanara Consumer Products Limited, Kurlon Trading and Investment Management Private Limited (each a “**KEL Selling Shareholder**” and collectively, the “**KEL Selling Shareholders**”) and our Company (the “**Kurlon SPA**”), the KEL Selling Shareholders have agreed to sell 94.66% of the outstanding equity share capital in Kurlon Enterprises Limited to our Company at an equity valuation of ₹ 21,500 million, subject to adjustments for net working capital, debt and surplus cash, payable in one or more tranches, and on such other terms and conditions as set out in the Kurlon SPA.

The Kurlon Acquisition is subject to i) receipt of various approvals and consents from third parties; ii) our Company successfully raising funding for the consideration payable for the Kurlon Acquisition; and iii) the fulfilment of certain other conditions specified in the Kurlon SPA. In particular, the implementation of the Kurlon Acquisition is subject to the satisfaction (or waiver, where applicable) on or before November 30, 2023 (or such other later date that our Company and the KEL Selling Shareholders may agree to in writing) of a number of conditions, some of which are outside the parties’ control, including but not limited to:

- the KEL Group having obtained consents from (a) certain of its lenders for the transactions contemplated under the Kurlon SPA; and (b) relevant state industrial development authorities for change in the constitution and shareholding of the KEL Group;
- the KEL Group having transferred leasehold rights in relation to certain properties in the name of the Company;
- the KEL Group having taken certain steps in respect of registering its intellectual property;
- repayment by the KEL Selling Shareholders of certain outstanding loans availed by them (“**KEL Shareholder Loans**”) from the purchase consideration discharged by our Company through an agreed escrow mechanism, and the consequent release of pledge over equity shares of KEL pledged by the KEL Selling Shareholders to secure the KEL Shareholder Loans;
- the KEL Group having repaid certain intra-group loans; and
- our Company having immediately available funds to meet in full its payment obligations under the Kurlon SPA.

The required consents may take longer than expected to obtain, may not be granted and/or the relevant authorities may, as a condition to granting their approval or confirmation, impose limitations or costs. Furthermore, while proceeds from the Issue are proposed to be utilised for part funding the Kurlon Acquisition, our Company may not have funds available to meet in full its payment obligations for the Kurlon Acquisition. This could delay completion of the Kurlon Acquisition, reduce the anticipated benefits of the Kurlon Acquisition or result in a material adverse effect on the business, results of operations, financial condition and prospects of our Company.

If completion of the Kurlon Acquisition does not occur within the timeframe contemplated, our Company may experience a delay in achieving its strategic objectives and could suffer a significant impact on its reputation, which could have a material adverse effect on our business, results of operations and financial condition. If the completion of the Kurlon Acquisition does not occur at all, the proceeds of the Issue may be used for other objects. See “*Risk Factors – Internal Risk Factors – The Net Proceeds from the Issue are proposed to be deployed by our Company to part-fund the consideration for the Kurlon Acquisition. If the Kurlon Acquisition is not completed, the proceeds of the Issue will be retained by our Company and used for other objects.*” on page 55.

**2. *The Net Proceeds from the Issue are proposed to be deployed by our Company to part-fund the consideration for the Kurlon Acquisition. If the Kurlon Acquisition is not completed, the proceeds of the Issue will be retained by our Company and used for other objects.***

We intend to utilise ₹ 9,500 million in Fiscal 2024 from the Net Proceeds towards part-funding of the consideration of the Kurlon Acquisition. It is possible that completion of the Kurlon Acquisition may not occur, in particular, if any of the conditions precedent to completion are not satisfied in accordance with the Kurlon SPA. If the Kurlon Acquisition is not completed for any reason, including the failure to complete the closing conditions, the Net Proceeds shall be deployed by our Board in subsequent periods, at its sole discretion in such manner as it may decide based on its funding requirements at the relevant point of time, including for (a) funding its organic growth,

(b) funding opportunities in its business through inorganic growth, (c) investment in Subsidiaries, (d) repayment and/or prepayment of outstanding loans of our Company and/or its Subsidiaries, (e) working capital requirement of our Company and/or its Subsidiaries and/or (f) general corporate purposes, without requiring any further approvals from the Shareholders. This allocation will be based on our Company's funding requirements at the relevant point in time. For more details, please refer to "Use of Proceeds Details of the Objects – Part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited" on page 89.

**3. *If we are unable to raise additional capital to fund the Kurlon Acquisition, our business prospects could be adversely affected.***

We intend to utilise ₹ 9,500 million from the Net Proceeds towards part-funding of the consideration of the Kurlon Acquisition. The remaining consideration amount will be paid from the proceeds of debt funding, internal accruals, or a combination thereof. The completion of the Kurlon Acquisition is accordingly dependent on our ability to raise additional capital, including through debt funding on favourable terms and in a timely manner. For further details, see "Use of Proceeds – Details of the Objects – Part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited" on page 89. Our ability to raise additional funding is contingent on numerous factors, including general economic and capital market conditions, credit availability from banks or the market, investor confidence and the continued success of our operations.

While our Board, through its resolution dated August 2, 2023, authorised raising of funds amounting up to ₹ 6,000 million through issuance of listed unsecured non-convertible debentures on a private-placement basis, we cannot assure you that such offering will be successful, in full or part. If we are unable to raise adequate capital in a timely manner and on favourable terms, or at all, or if our internal accruals are insufficient for funding the balance consideration, we may either have to delay or be unable to acquire any shareholding in KEL and accordingly fail to complete the Kurlon Acquisition as planned, which may adversely affect our reputation, business, results of operations, cash flows and financial condition.

**4. *The Kurlon Acquisition and Furlenco Acquisition may fail to realise targeted synergies or other anticipated benefits.***

We are pursuing the Kurlon Acquisition to expand our business into the rubberized coir market, strengthen our presence across all geographic regions in India, and consolidate our position in the Indian organized mattress market. We have similarly carried out the Furlenco Acquisition to strengthen our e-commerce presence, leverage Furlenco's digital capabilities to cross-sell our products, and to tap into the fast-growing furniture industry. We expect to benefit from these transactions by realising economies of scale with respect to our supply chain, manufacturing capacities, and in relation to capital expenditures and investments we make in our business. However, there can be no guarantee that we will realise any or all of the anticipated benefits from the Furlenco Acquisition and, following completion, the Kurlon Acquisition, either in a timely manner or at all. In particular, our ability to realise anticipated benefits and the timing of this realisation may be affected by a variety of factors, including but not limited to:

- the challenges of realising economies of scale with respect to purchases of raw material;
- the challenges involved in integrating our Company and KEL's IT infrastructure, processes and systems;
- inability to retain the customer base of KEL or leverage the e-commerce presence of Furlenco; and
- unforeseeable events, including major changes in the industries in which our Company, KEL and Furlenco operate.

In addition, our ability to realise anticipated benefits may also be impacted by any of the other risks that we face individually as businesses as described in this Preliminary Placement Document. If the anticipated benefits that our Company expects are not realised or are delayed, our business, results of operations, financial condition and prospects could be adversely affected. Even if we are able to successfully integrate our businesses and operations, it may not be possible to realise the full benefits of the integration opportunities, the synergies that we currently expect to result from the Kurlon Acquisition or the Furlenco Acquisition, or realise these benefits within the time frame that we currently expect.

We may incur higher than expected integration, transactional and related costs. In addition, our Company will incur legal, accounting and transaction fees and other costs related to the Kurlon Acquisition and has incurred costs in relation to the Furlenco Acquisition. Moreover, some of these costs are payable regardless of whether the Kurlon Acquisition is completed and such costs may be higher than anticipated, which may reduce the net benefits of the Kurlon Acquisition and impact our business, results of operations, financial condition and/or prospects.



In addition, upon completion of the Kurlon Acquisition, certain minority shareholders will hold 5.34% of the equity shareholding of KEL. Any disagreements or disputes with these minority shareholders may disrupt the business and operations of KEL, and adversely affect our business.

Furthermore, while our investment in Furlenco is currently proposed to be accounted for as an investment in associates/ joint ventures, if our Company's shareholding in Furlenco were to increase, including as contemplated under the Furlenco SSA or in order to infuse further capital to support its business, it may be accounted for as a Subsidiary in future periods. As Furlenco has reported losses in previous periods, any continued losses may adversely affect our Company's consolidated results of operations, particularly if we continue to infuse capital and account for it as a Subsidiary. Also see, "Risk Factors – Internal Risk Factors – Certain of our Consolidated Subsidiaries have incurred losses during recent financial periods".

5. ***The Kurlon Acquisition is not yet completed, and there are inherent uncertainties associated with uncompleted acquisitions, including that there may be certain risks associated with the KEL Group that our Company is not aware of.***

For the purpose of Issue, we have included certain information related to the KEL Group in the Preliminary Placement Document. Although our Company has conducted due diligence on the KEL Group in connection with the Kurlon Acquisition, it has not yet completed, and there may be material risks associated with the KEL Group about which our Company is not aware. Any discovery of adverse information concerning the KEL Group may result in the information about it contained in this Preliminary Placement Document being inaccurate or inadequate and may materially and adversely affect our business, financial condition and results of operations.

## RISKS RELATING TO OUR BUSINESS

6. ***Our business and results of operations are significantly dependent on the strength of our "Sleepwell" brand, under which we manufacture an extensive range of products, and any impairment, dilution or damage to our brands in any manner may adversely affect our business reputation, growth, financial condition and cash flows.***

We manufacture and sell a wide range of products, including mattresses, furniture-cushioning material, pillows, cushions, sofa-cum-beds and comfort accessory products under our *Sleepwell* brand. We have developed our *Sleepwell* brand over the last three decades and believe that *Sleepwell* is associated with comprehensive and quality home comfort solutions. We continue to invest in marketing initiatives and brand building activities to expand our customer base, increase our sales volumes and revenues, grow our existing market share and deepen our product reach by launching our *Sleepwell* products on e-commerce platforms to increase visibility.

The table below sets forth certain information on our advertisement, marketing and brand building expenses for the periods indicated:

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three month ended June 30, 2022		Three month ended June 30, 2023	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
Advertisement marketing brand building expenses	522.16	2.14%	704.44	2.46%	745.23	2.59%	142.73	2.04%	88.55	1.37%

Any adverse publicity involving us or any of our products may impair our reputation, dilute the impact of our branding and marketing initiatives and adversely affect our business and our prospects. Our brands could be damaged by negative publicity or by claims or perceptions about the quality of our products, regardless of whether such claims or perceptions are true. Any untoward incidents such as litigation or negative publicity, whether isolated or recurring and whether originating from us or otherwise, affecting our business, distributors, dealers and suppliers may adversely impact our brand image and consumer trust. While there has not been any negative publicity involving us, our products or brands, and our distributors, dealers and suppliers, we cannot assure you that such instances will not occur in the future. Additionally, our marketing expenses may not translate to increased

revenues if our future print and electronic media campaigns are unsuccessful, or if our competitors increase their advertising spend, launch promotional activities, concepts, branding and advertising activities that gain more traction than our own initiatives. Furthermore, introduction of unsuccessful products may also erode our brand image. Any damage to our brand, if not immediately and sufficiently remedied, could have an adverse effect on our reputation, competitive position, business, results of operations and financial condition.

Furthermore, our *Sleepwell* products are sold by our dealers through exclusive *Sleepwell* branded franchises, which include *Sleepwell Worlds*, *Sleepwell Galleries* and *Sleepwell Shoppes*. For further information, see “*Our Business – Sales, marketing and distribution*” on page 203. There can be no assurance that our dealers will not counterfeit our *Sleepwell* products or imitate our *Sleepwell* brand or packaging, which may dilute our brand name and reputation. While our agreements with dealers operating *Sleepwell* franchises contains certain safeguards, such as the provision of a security deposit (repayable at the end of the term of the agreement), periodic audits, and penalties for non-adherence to our policies, we do not, and will not, have direct control over the operations of our dealers and their management of *Sleepwell* franchisees. There have been instances in the past whereby certain retailers have sold counterfeits of our products, or utilised brands similar to our existing brands. While we have commenced action against them to desist from such use, there can be no assurance that similar events will not occur in the future. Furthermore, there can be no assurance that our products will not be underpriced by dealers that re-sell our products, which may dilute our brand name and reputation, and impair our relationships with other dealers. Any such misuse or mismanagement by our dealers in their operation of *Sleepwell* outlets and dilution of our brand can adversely affect our reputation, and impact our results of operations and financial condition.

**7. *We manufacture our products in 11 facilities in India, five facilities in Australia, and one facility in Spain. Any slowdown or shutdown in our manufacturing facilities could have an adverse effect on our business, results of operations and financial condition.***

We operate 17 facilities comprising manufacturing and processing units, of which 11 are in India, five are in Australia and one is in Spain. We are establishing a new Australian manufacturing facility in Adelaide, South Australia and a new Indian manufacturing facility near Jabalpur, Madhya Pradesh to aid our growth. Our business is therefore dependent upon our ability to manage our manufacturing facilities in India, Australia and Spain, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail repair and maintenance costs and cause temporary shutdown of our manufacturing facilities leading to delays in our operations. For instance, TDI, one of our key raw materials is required to be stored in temperature-controlled tanks at all points of time, and consequently, malfunction or breakdown of our storage equipment may adversely affect the quality of foam manufactured by us. While there has not been any significant malfunction or breakdown of our machinery in the past, we cannot assure you that such instances will not occur in the future. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same.

Additionally, the manufacturing of PU Foam involves exothermic chemical reactions between raw materials that result in the generation of a significant amount of heat, which, if not contained efficiently, may give rise to fires and industrial accidents. We have experienced instances of disruptions at our manufacturing facilities in the past on account of fires associated with the foam manufacturing process, and we cannot assure you that there will not be any disruptions in our operations in the future. For instance, there was a fire in the curing and storage area of our manufacturing facility in Greater Noida in May 2016. While we were able to restore operations the next day, the construction and replacement of equipment that was destroyed by fire took approximately five months. While we submitted an insurance claim of ₹430.90 million in respect of losses to stocks, building, plant and machinery, office equipment and furniture and fixtures occasioned from this fire, our claim was rejected by the insurance company. Our Company filed a complaint under section 6 read with section 34 of the Consumer Protection Act, 2019 before the District Consumer Disputes Redressal Commission, East Delhi against the insurance company and the matter is currently pending. For further details, see “*Legal Proceedings*” on page 267. We also experienced a fire outbreak at the land and factory building at Silvassa in June 2023 which destroyed stocks, building and plant and machinery amounting to approximately ₹150.00 million. While we are yet to submit an insurance claim to recover the losses, there can be no assurance if our claims will be processed successfully or if we will be able to recover our losses entirely. An inability to effectively respond to such events and rectify any disruption in a timely manner and at an acceptable cost could lead to a slowdown or shutdown of our operations, which in turn may have an adverse effect on our business, results of operations and financial condition.

Additionally, while we occupy and operate our facilities on land leased to us or on land owned by us, our title to such key business properties may be challenged, which may disrupt our operations. For instance, an appeal against an order dismissing a suit for claim and recovery of possession of property against a part of the premises over

which our manufacturing facility in Hyderabad is located is currently pending before the High Court of Hyderabad. For further details, see “*Legal Proceedings – Other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis*” on page 269. Also see, “*Risk Factors – We do not own the land and premises on which some of our manufacturing facilities, processing units and warehouses are located. If we are unable to comply with conditions of use of such land or otherwise renew existing leases for such manufacturing facilities, processing units and warehouses we may have to relocate our operations which may have an adverse impact on our business, financial condition and operations.*” on page 63.

**8. Under-utilization of our manufacturing capacities and an inability to effectively utilize our manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.**

We operate 17 facilities comprising manufacturing and processing units, across India, Australia and Spain. The production of foam is undertaken at five of our manufacturing facilities in India (Greater Noida, Hyderabad, Erode, Talwada and Jalpaiguri). We have recorded under-utilization in these five manufacturing facilities in India. The table below sets forth the capacity utilization across our five manufacturing facilities in India as of March 31, 2021, 2022, 2023, and June 30, 2023, respectively:

Utilised capacity as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			(%)			
Uttar Pradesh	Greater Noida	1	33.0%	41.7%	37.0%	7.6%
Telangana	Hyderabad	1	39.2%	38.8%	30.1%	6.2%
Tamil Nadu	Erode	1	24.7%	23.7%	24.8%	6.0%
Gujrat	Talwada	1	29.6%	36.6%	43.0%	10.8%
West Bengal	Jalpaiguri	1	32.4%	4.7%	30.3%	8.6%
<b>Total</b>		<b>5</b>	<b>31.7%</b>	<b>36.1%</b>	<b>35.5%</b>	<b>8.0%</b>

\* Not annualized

For further details on our manufacturing facilities and capacities, see “*Our Business – Manufacturing Facilities – Capacity and capacity utilisation*” on page 199.

Our ability to maintain our profitability depends on our ability to effectively meet our customers’ demands and compete with other players in the market. We set up manufacturing facilities in close proximity to our customers in order to minimize logistics costs and competitively price our products, and capacity utilization at our facilities is affected by our product mix, our ability to accurately forecast customer demand, to carry out uninterrupted operations, the availability of raw materials, and industry/ market conditions. In the event there is a significant decline in the demand for our products, or if we face prolonged disruptions at our facilities including due to interruptions in the supply of water, electricity or as a result of labor unrest, or are unable to procure sufficient raw materials, we would not be able to optimally utilize the capacity of our current manufacturing facilities, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition. While we have not experienced instances of insufficient raw material procurement, we have recorded low-capacity utilization in our five foam manufacturing as these have been set up in developing micro-markets in close proximity to our customers to enable us to cater to the demands of such customers effectively. Prolonged under-utilization of our manufacturing capacities or significant under-utilization in the short-term, could materially and adversely impact our business, growth prospects and future financial performance.

In addition to our operational facilities, we are in the process of setting up a new Australian manufacturing facility in Adelaide, South Australia and a new Indian manufacturing facility near Jabalpur, Madhya Pradesh. The new manufacturing facility in Adelaide is under construction, and once complete, it is expected to have a manufacturing capacity of 5,000 MTPA. The upcoming facility near Jabalpur is expected to specialise in foaming and foam processing and use VPF technology to manufacture specialty grades of foam, such as for use as low-cost mattresses, quilting and moulded pillows. For further details, see “*Our Business – Manufacturing and Processing Facilities – Upcoming Manufacturing Facilities*” on page 201.

The success of any capacity addition and expected return on investment on capital expenditure is subject to, among other factors, the ability to generate adequate customer demand to ensure maximum utilisation of the capacity

addition. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded capacity efficiently and our capacity additions may be under-utilised thereby adversely impacting our revenue and profitability. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, could materially and adversely impact our business, growth prospects and future financial performance.

**9. *We sell our home care products through an extensive network of distributors and dealers, and technical PU Foam directly to other manufacturers, and any inability to expand or effectively manage our growing distribution and sales network may have an adverse effect on our business, results of operations and financial condition.***

We have an extensive sales and distribution network comprising distributors, more than 5,700 exclusive brand outlets (“EBOs”), more than 7,800 multi-brand outlets (“MBOs”) and 127 channel partners, as of June 30, 2023. Our home care products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* branded outlets on a franchisee basis, or sell our products at multi-branded outlets. For further details, see “*Our Business – Sales, marketing and distribution*” on page 203. As we expand our distribution network, we cannot assure you that we will be able to successfully identify and appoint new distributors or effectively manage our existing distribution network. If the terms offered to such distributors by our competitors are more favourable than those offered by us, distributors may decline to engage with us and may terminate their arrangements with us. Furthermore, our agreements with our distributors and dealers are typically valid for a period of up to five years, and renewable for subsequent terms of the same length. On expiry of their terms, we may be unable to appoint replacement distributors and dealers in a timely manner, or at all, which may reduce our sales volumes and adversely affect our business, results of operations and financial condition.

Furthermore, our competitors may have exclusive arrangements with other distributors which may restrict us from stocking and selling our products through them, thereby limiting our ability to expand our network. While we offer sales incentives to our dealers and distributors, we may not be able to effectively implement them across our distribution network. We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor handling by distributors of our products, transportation bottlenecks, natural disasters and labour issues, which could lead to delayed or lost deliveries. If our distributors fail to distribute our products in a timely manner, or adhere to the terms of the distribution agreement, or if our distribution agreements are terminated, our business and results of operations may be adversely affected.

We sell technical PU Foam directly to manufacturers who produce a diverse range of products, including mattress and furniture-cushioning, automobiles seating systems, garments and sound absorption systems. We also export technical foams to manufacturers in countries in the Middle East, South Asia and Europe as well as Australia and the United States. For further information on our export sales, see “*Risk Factors – Internal Risk Factors – Recent global economic conditions have been challenging and continue to affect our export sales, which may have an adverse impact on our business, financial condition, results of operations and future prospects.*” on page 64.

Accordingly, our ability to maintain and increase our revenue from sale of technical PU Foam is significantly dependent on our relationships with our institutional customers. If our competitors in our technical PU Foam business adopt better marketing strategies, offer more competitive rates and more favourable terms of sale to our existing customers, our business and revenues from sale of technical PU Foam could be adversely affected.

**10. *If we are unable to anticipate or respond to changing consumer preferences and trends pertaining to the home care products and the technical PU Foam industry in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and financial condition.***

The success of our business depends upon our ability to anticipate and identify changes in consumer preferences and offer products that appeal to consumers. We currently sell a diverse range of foam-based home care products, such as mattresses, pillows, bedsheets and furniture cushioning and technical foam. Any significant shift in consumer preferences of home care products, as well as changing trends in the industries to which we supply technical PU Foam could necessitate changes in our business model and product portfolio. For instance, the emergence of newer varieties and grades of raw materials that are more suited, in terms of their structural and chemical attributes for manufacture of home care and accessory products such as mattresses and upholstery, than PU Foam could lead to a shift in consumer preference from foam-based home care products. Changing consumer preferences on account of varying factors, including market analysis and research, competitor advertising, adverse publicity and health and safety issues could also lead to an increase in demand for pure spring and coir-based products as opposed to foam based products, as well as hybrid products. Furthermore, any error in our forecast of

consumer demand could result in either overstocking and we may not be able to sell such surplus stock in a timely manner or at all, or understocking which will thereby affect our ability to meet consumer demand. Additionally, newer technologies, manufacturing methods and materials pertaining to the industries that our technical foam lines cater to, such as the automotive, garments, innerwear, footwear, sound absorption and filtration industries, as well as any sustained downturn in these industries in India and abroad could lead to a reduction in the demand for our technical PU Foam lines. We cannot assure you that we will be able to shift our business, strategic and manufacturing focus from our existing product portfolios to address such consumer and industry shifts in an optimal manner, or at all. Any such change in our business model could result in diversion of time and attention of our senior management and increased operating expenses.

Even if our R&D efforts successfully yield new products, we cannot assure you that our products would gain consumer acceptance or that we will be able to successfully compete in these new product segments. If we are unable to respond to changes in consumer preferences in a timely manner, or at all, or if our competitors respond to such changes more effectively, our business, results of operations and financial condition may be adversely affected.

***11. The Unaudited Proforma Condensed Combined Financial Information included in this Preliminary Placement Document to reflect the Kurlon Acquisition is illustrative not indicative of our expected financial performance in future periods or a substitute for our past results.***

Given that the agreements relating to the Kurlon Acquisition were executed in July 2023 and that the Kurlon Acquisition has not been completed as of the date of this Preliminary Placement Document, the Audited Consolidated Financial Statements and the Unaudited Condensed Interim Consolidated Financial Statements included in this Preliminary Placement Document do not account for the impact of the Kurlon Acquisition. For further details on the Kurlon Acquisition, see “*Our Business – Significant ongoing acquisitions and investments*” on page 184.

Our Unaudited Proforma Condensed Combined Financial Information for Fiscal 2023 included in this Preliminary Placement Document illustrate the impact of the Kurlon Acquisition on the consolidated financial statements of our Company, including the results of operations and the financial position as if the Kurlon Acquisition had taken place on April 1, 2022. Accordingly, our Unaudited Proforma Condensed Combined Financial Information may not be an accurate representation of what our actual results of operations and financial position would have been for such periods or as of such dates, nor are these intended to be indicative of expected results or operations in the future periods or our future financial position. For further details, see “*Financial Information – Unaudited Proforma Condensed Combined Financial Information*” on page 489.

The adjustments set forth in the Unaudited Proforma Condensed Combined Financial Information are based on available information and assumptions that our management believes to be reasonable. As the Unaudited Proforma Condensed Combined Financial Information is prepared for illustrative purposes only, it is, by its nature, subject to change and may not give an accurate picture of the actual financial results that would have occurred had the transaction been effected by us on the date it is assumed to have been effected, and is not intended to be indicative of our future financial performance. If the various assumptions underlying the preparation of the Unaudited Proforma Condensed Combined Financial Information do not come to pass, our actual results could be materially different from those indicated in the Unaudited Proforma Condensed Combined Financial Information. In particular, the financial information with respect to the KEL Group as included in the Unaudited Proforma Condensed Combined Financial Information includes revenue from sale of electricity by certain subsidiaries of the KEL Group. These subsidiaries will be transferred out of the Kurlon Business prior to completion of the acquisition and will not form part of the Kurlon Acquisition. While the revenue generated by these subsidiaries of KEL is not material compared to the consolidated revenue of the KEL Group, the impact of such divestment has not been reflected in the Unaudited Proforma Condensed Combined Financial Information. The Unaudited Proforma Condensed Combined Financial Information should be read in conjunction with the section “*Purpose and basis of Preparation of the Unaudited Proforma Condensed Combined Financial Information*” on page 495 and “*Accounting Policies*” appearing in the Unaudited Proforma Condensed Combined Financial Information included in this Preliminary Placement Document.

Investors should not unduly rely on our Unaudited Proforma Condensed Combined Financial Information. If the various assumptions underlying the preparation of the Unaudited Proforma Condensed Combined Financial Information turn out to be untrue, our actual results could be materially different from those indicated in the Unaudited Proforma Condensed Combined Financial Information.

**12. We are involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.**

We are contesting certain legal proceedings at various courts, including certain civil, criminal and taxation cases that have been filed by us and against us and actions taken by regulatory/statutory authorities. The details of the material legal proceedings currently outstanding against us, are provided below. For further details of the material legal proceedings involving us, see “*Legal Proceedings*” on page 267.

Name	Criminal proceedings	Tax proceedings	Statutory or regulatory actions	Material civil litigation	Other material litigation	Aggregate amount involved (in ₹ million)
<b>Company</b>						
By the Company	8*	Nil	Nil	1	1	222.49 <sup>#</sup>
Against the Company	Nil	13	Nil	Nil	Nil	147.33
<b>Subsidiaries</b>						
By the Subsidiaries	1	Nil	Nil	Nil	Nil	0.30
Against the Subsidiaries	Nil	3	Nil	Nil	Nil	4.47
<b>Directors</b>						
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil
<b>Promoters</b>						
By the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoters	Nil	Nil	Nil	Nil	Nil	Nil

*Note: The amounts indicated above (wherever quantifiable) are approximate amounts.*

*\* Our Company has filed eight cases pending before various judicial forums for alleged violations of Section 138 of the Negotiable Instruments Act, 1881. The total monetary value involved in these cases is ₹ 7.61 million.*

*<sup>#</sup> Excluding interest.*

In addition to the above, KEL, which we propose to acquire through the Kurlon Acquisition, is involved in various legal proceedings. Such proceedings include criminal proceedings, tax claims (direct and indirect), certain fraud related matters and labour proceedings.

Any adverse decision in any of these cases may adversely affect our business and financial condition. We cannot assure you that the outcome of these legal proceedings will be favorable. Such litigation could consume our financial and management resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

**13. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition.**

We have experienced growth over the past three years as reflected in our revenue from operations that has grown at a CAGR of 8.62% from ₹24,353.57 million in Fiscal 2021 to ₹28,733.21 million in Fiscal 2023. We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further, or at the same rate.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy involves boosting e-commerce penetration to promote sales, creating personalised products that cater to changing customer needs, strengthening our domestic retail footprint and enhancing our export business. For further details, see the section titled “*Our Business – Our Strategies*” on page 189. Our success in implementing our growth strategies may be affected by:

- our ability to develop new and more personalised home comfort products and adopt new technologies;
- our ability to identify new markets to expand to and distributors to partner with in such markets;
- acceptance by our target consumer base of our new products;
- our ability to maintain the quality of our products;
- our ability to increase our existing consumer base;

- the general condition of the Indian and global economy; and
- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategies. Some of our strategic initiatives in the past have not resulted in the achievement of optimal growth and scale in our business and operations. In particular, it is possible that the acquisitions and investments we have carried out recently and are in the process of completing may not achieve completion or even if completed, may not achieve intended synergies. For further details, see “*Risk Factors – Internal Risk Factors – Risks relating to the Kurlon Acquisition and Furlenco Acquisition – The completion of the Kurlon Acquisition is subject to a number of conditions, which may not be fulfilled or waived*” on page 55.

We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and implement our growth strategy could have a material adverse effect on our business, financial condition and profitability. There can be no assurance that we will be able to execute our growth strategy on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations.

**14. *We may experience unanticipated delays and time or cost overruns in implementing our proposed capacity addition plans.***

We are establishing a new Australian manufacturing facility in Adelaide, South Australia and a new Indian manufacturing facility near Jabalpur, Madhya Pradesh to aid our growth efforts. For further information, see “*Our Business – Manufacturing and Processing Facilities – Upcoming Manufacturing Facilities*” on page 201. The development of our upcoming facilities remains subject to the potential problems and uncertainties that construction projects face including time and cost overruns or delays. There can be no assurance that construction of our upcoming facilities will be completed as planned or on schedule, and if they are not completed in a timely manner, or at all, our budgeted costs may be insufficient to meet our proposed capital expenditure requirements. We have, in the past, faced an instance of time-overruns, whereby commencement of operations was delayed by 12 months compared to our internal timelines at our manufacturing facility in Erode, primarily on account of delay in receipt of the approvals from the Pollution Control Board of Tamil Nadu. Furthermore, in respect of our upcoming manufacturing facility near Jabalpur, Madhya Pradesh, supply of foaming equipment was delayed by 16 months from the timelines approved by the board, primarily on account of non-availability of inputs required to manufacture the foaming equipment by our supplier due to the ongoing conflict between Russia and Ukraine. While the equipment has now been received by us, we cannot assure you that we will not face any further time or cost overruns in respect of upcoming manufacturing facilities or any projects we may undertake in the future. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects. There can be no assurance that we will be able to complete our expansion plans in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

**15. *We do not own the land and premises on which some of our manufacturing facilities, processing units and warehouses are located. If we are unable to comply with conditions of use of such land or otherwise renew existing leases for such manufacturing facilities, processing units and warehouses we may have to relocate our operations which may have an adverse impact on our business, financial condition and operations.***

As of June 30, 2023, we operated 17 facilities comprising manufacturing and processing units across India, Australia and Spain, of which 10 facilities are located on land that is leased by us from the industrial development utilities. The tenure of our lease/sub-lease arrangements with the industrial development utilities range from three to 99 years. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. While we have not failed to renew our lease arrangements in the past, in the event that we are unable to in the future, we may be required to vacate our current premises and make alternative arrangements to shift our manufacturing operations. We cannot assure you that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations or shut down our manufacturing facilities during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, financial condition, cash flows and results of operations. Furthermore, the deeds for our

existing and future leased properties may not be adequately stamped or such stamp duty may not be accepted as evidence in a court of law, and we may be required to pay penalties for inadequate stamp duty.

Furthermore, under the terms of the lease from the industrial development utilities to us, we are required to comply with various conditions such as payment and compliance requirements, including timely payment of lease rentals, using the entire leased area for industrial purposes to the satisfaction of the lessor in its sole discretion, refraining from making any changes or alterations to the building or other erections on the premises without prior approval or effect any change to the use of plot, keeping the buildings constructed on the said land insured against loss or damage by fire in a sum equivalent to the cost of the buildings, complying with building and safety norms prescribed by relevant authorities, making prescribed arrangements for effluent treatment, and complying with applicable pollution control norms. Termination of our leases may occur due to failure to comply with such conditions, including for reasons beyond our control. Failure to comply with these conditions could lead to regulatory action against us which may adversely affect our business.

Furthermore, certain of our lease deeds with industrial development utilities require us to intimate or obtain consents in relation to, *inter alia*, changes to our constitutional documents or capital structure. While our Company has made the relevant application and received an acknowledgement, there can be no assurance that we will receive the requisite consents in a timely manner or at all.

Additionally, we have previously been involved in legal proceedings initiated by certain parties challenging the title of the vendor of the land pertaining to our manufacturing facility in Hyderabad. An appeal against an order dismissing a suit for claim and recovery of possession of property against a part of the premises over which our manufacturing facility in Hyderabad is located is currently pending before the High Court of Hyderabad. For further details, see “*Legal Proceedings – Other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis*”. In addition to the above, entities of the KEL Group, which we propose to acquire through the Kurlon Acquisition, have also received notices from certain state industrial development corporations claiming that they have not developed land allotted to them as per the allotment terms, which remain outstanding as of the date of this Preliminary Placement Document. Any similar litigation or notices in the future would increase our expenses and disrupt our operations, and if any proceedings are decided against us, we may need to shift our manufacturing facilities to alternate locations, which could adversely affect our production volumes, revenues, profits and results of operation. For further details, see “*Legal Proceedings*” on page 267.

**16. Recent global economic conditions have been challenging and continue to affect our export sales, which may have an adverse impact on our business, financial condition, results of operations and future prospects.**

While the majority of our revenue from operations is derived from the domestic mattress market, we also sell our products in the overseas markets. The table below sets forth a breakdown of our revenue from sale of products in India, Australia and Spain, for the periods indicated:

Revenue from sale of products	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	As a % of total consolidated revenue	Amount (₹ million)	As a % of total consolidated revenue	Amount (₹ million)	As a % of total consolidated revenue	Amount (₹ million)	As a % of total consolidated revenue	Amount (₹ million)	As a % of total consolidated revenue
<b>India</b>	16,860.33	69.23%	20,060.30	70.00%	20,399.54	71.00%	4,876.64	69.60%	4,572.43	70.88%
<b>Australia</b>	4,134.09	16.98%	4,295.22	14.99%	4,379.25	15.24%	1,084.26	15.47%	1,001.77	15.53%
<b>Spain</b>	3,359.15	13.79%	4,300.26	15.01%	3,954.42	13.76%	1,045.81	14.93%	876.66	13.59%
<b>Total</b>	<b>24,353.57</b>	<b>100.00%</b>	<b>28,655.78</b>	<b>100.00%</b>	<b>28,733.21</b>	<b>100.00%</b>	<b>7,006.71</b>	<b>100.00%</b>	<b>6,450.86</b>	<b>100.00%</b>

During Fiscals 2021, 2022 and 2023 and the three months ended June 30, 2022 and June 30, 2023 we exported our products to customers located in the Middle East, South Asia, Europe, Australia and the United States of America. The table below sets forth a breakdown of our total export revenues and the percentage contribution to our export revenues from exports in key exporting countries, for the periods indicated:



Country	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	% Contribution to export revenues	Amount (₹ million)	% Contribution to export revenues	Amount (₹ million)	% Contribution to export revenues	Amount (₹ million)	% Contribution to export revenues	Amount (₹ million)	% Contribution to export revenues
Australia*	3,267.36	43.81%	3,778.47	41.49%	3,960.51	45.25%	975.62	44.22%	924.61	47.28%
Spain*	3,201.13	42.92%	3,906.69	42.90%	3,653.11	41.73%	879.36	39.86%	860.13	43.99%
USA	122.58	1.64%	700.99	7.70%	494.71	5.65%	189.58	8.59%	41.16	2.10%
China	401.97	5.39%	170.14	1.87%	155.85	1.78%	37.78	1.71%	18.61	0.95%
New Zealand	283.30	3.80%	320.71	3.52%	260.67	2.98%	66.92	3.03%	59.62	3.05%
Others	182.33	2.44%	229.63	2.52%	228.56	2.61%	57.11	2.59%	51.32	2.63%
<b>Total</b>	<b>7,458.67</b>	<b>100.00%</b>	<b>9,106.63</b>	<b>100.00%</b>	<b>8,753.41</b>	<b>100.00%</b>	<b>2,206.37</b>	<b>100.00%</b>	<b>1,955.45</b>	<b>100.00%</b>

\* Revenue from overseas subsidiaries has been recorded as export revenue on a consolidated basis

If there is an economic slowdown or other factors that affect the economic health of our key exporting countries, our export customers may reduce or postpone their purchases significantly, which may in turn lower the demand for our products and have a material adverse effect on our revenues and profitability. Our exports are also exposed to certain political, economic, environmental and other related risks inherent to exporting products, including exposure to potentially unfavourable changes in tax or other laws, such as in the United States, which has recently announced significantly high anti-dumping duties, or a reduction in import subsidies, partial or total expropriation, and the risks of war, terrorism and other civil disturbances in our export markets.

**17. Any delay or default in payment from our distributors, dealers and institutional customers could result in the reduction of our profits and affect our cash flows.**

Our operations involve extending credit for extended periods of time to our distributors, dealers and other institutional customers, ranging typically from 30 to 60 days, and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. Accordingly, we have and may continue to have high levels of outstanding receivables.

The tables below set forth a breakdown of our trade receivables, for the periods indicated:

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022	Three months ended June 30, 2023
Trade receivables (₹ million)	3,021.53	2,693.93	2,819.76	2,199.59	2,828.84
Debtor turnover ratio (in days)	45.00	34.00	36.00	29.00	40.00

The tables below set forth a breakdown of our provision for doubtful debts, as of the dates indicated:

	March 31, 2021		March 31, 2022		March 31, 2023		June 30, 2022		June 30, 2023	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
Provision for doubtful debts	25.86	0.11%	0.51	0.00%	36.02	0.13%	1.64	0.02%	4.82	0.07%

If our distributors and customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

**18. Increase in the cost of, or a shortfall in the availability of our raw materials, and in particular, polyols and toluene diisocyanate, could have an adverse effect on our business, results of operations and financial condition.**

The principal raw materials used by us for manufacturing PU Foam are toluene diisocyanate such as TDI, polyols and chemical additives.

The table below sets forth the cost of materials consumed by us, for the periods indicated:

	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
<b>Cost of materials consumed</b>	13,673.54	56.15%	18,332.50	63.97%	16,183.04	56.32%	4,330.29	61.80%	3,539.68	54.87%

The price and availability of these raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. We source polyols and toluene diisocyanate from local as well as overseas suppliers at prices that are typically fixed monthly. We usually do not enter into long term supply contracts with any of our raw material suppliers and typically place orders with them in advance of our anticipated requirements. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require. For example, the average purchase price of TDI incurred by us increased from ₹184 per kilogram in Fiscal 2021 to ₹245 per kilogram in Fiscal 2023 and the average purchase price of polyol incurred by us decreased from ₹177 per kilogram in Fiscal 2021 to ₹144 per kilogram in Fiscal 2023. If we are unable to compensate for or pass on our increased costs to end-consumers, such price increases could have an adverse impact on our result of operations, financial condition and cash flows. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us. Any inability on our part to procure raw materials from alternate suppliers in a timely manner, or on terms acceptable us, may adversely affect our operations.

Additionally, given that we import certain grade of polyols and toluene diisocyanate from overseas suppliers, we are exposed to foreign currency risks, foreign exchange fluctuation and trade restrictions on polyol imports. For instance, in 2021 the Government of India had imposed anti-dumping duties on imports of Toluene Di-Isocyanate from the European Union, Saudi Arabia, Chinese Taipei and the United Arab Emirates. The imposition of import duties can increase our raw material costs and impact our ability to source quality raw materials from international markets.

**19. Certain of our Consolidated Subsidiaries have incurred losses during recent financial periods.**

Certain of our Consolidated Subsidiaries have incurred losses in recent financial periods. The table below sets forth the details of losses incurred for the periods indicated:

Name of Subsidiary	Profit/(Loss) before tax				
	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022	Three months ended June 30, 2023
	(₹ in million)				
Staqa Software Private Limited (formerly known as Divya Software Solutions Private Ltd)	(41.92)	(36.40)	(16.79)	(5.87)	(2.54)
International Comfort Technologies Private Ltd	NA	(87.37)	(248.06)	(26.66)	(32.64)
Joyce Foam Pty Ltd	383.53	202.21	73.73	11.34	(29.88)

In the event these entities continue to incur losses, our consolidated results of operations and financial condition will continue to be adversely affected. In particular, while the Furlenco group is currently accounted for as an investment in associates/ joint ventures, in the event our shareholding in the entity increases, we may be required to account for it as a Subsidiary in future periods, which may increase the contribution of loss to our consolidated results of operations.

**20. *The growth of online retailers may create pricing pressures, increase competition, and adversely affect our business, results of operations and financial condition.***

We carry out sales through our EBOs and MBOs and have been strengthening our alternate channels including websites and presence on e-commerce platforms to accept delivery orders. The introduction and growth of online retailing has made online shopping a material part of our business and growth strategy, and we believe the increasing presence of online retailers and e-commerce platforms in India will have a significant impact on our business going forward. For instance, retailers that exclusively have only an online presence and no physical presence, may be able to price their products lower by leveraging on their asset light model, while introducing newer products and maintaining quality control. Furthermore, the presence of e-commerce platforms has increased competition with other retail brands. As a result, we have had to reduce the price of our *SleepX* products that are offered through e-commerce platforms and introduce new models at competitive prices for our *Sleepwell* brand to remain competitive.

While we intend to continue to focus on increasing the sale of our products on e-commerce platforms and have remained profitable in the last three Fiscals despite selling our *SleepX* products on e-commerce platforms at a reduced cost, if we are unable to generate sufficient revenue to offset such reduced prices, our profitability, margins and return ratios may be adversely affected.

**21. *The foam-based home comfort products and technical foam manufacturing industries are competitive and our inability to compete effectively may adversely affect our business, results of operations, financial condition and cash flows.***

The foam-based mattresses, home comfort products and technical foam industries in India are competitive and fragmented. We face competition in our home care products business from other organised brands, such as Duroflex, Wakefit and Peps Industries (*Source: Technopak Report*). Additionally, a significant proportion of the home care products industry in India, and in particular, the mattresses and upholstery industries is unorganised, with competitors running unbranded and smaller scale operations. Our unorganised competitors may incur lesser operating expenses, given the size and scale of their operations and have a deeper retail reach in the territories that they operate in, than us. As a result, they compete with us by offering lower prices and offering lower cost products or cost-effective alternatives to our products. While our *Sleepwell* mattresses are well recognized in the organised Indian mattress market, we cannot assure you that we can effectively compete with entities in the unorganised markets. If our products fail to meet the expectations of the customers of the organized market or if other manufacturers lower prices on mattress products, we may also be forced to respond by lowering our prices, which could adversely impact our business, results of operations and financial condition.

We also compete with various organised foam players as well as regional manufacturers in our business of production of technical PU Foam. Our wholly owned Australian subsidiary, Joyce Foam Pty Ltd, competes with other Australian and international brands and our Spanish subsidiary, Interplasp S.L. competes with brands from Portugal, Italy and Belgium. Some of our competitors may be larger than us or develop alliances to compete against us, have more financial and other resources and have products with greater brand recognition than ours. Our competitors in certain regions may also have better access to raw materials required in our operations and may procure them at lower costs than us, and consequently be able to sell their products at lower prices. Our competitors may also significantly increase their advertising and brand building activities to promote their brands and products, which may require us to similarly increase our advertising and marketing expenses and engage in effective pricing strategies, which may have an adverse effect on our business, results of operations and financial condition. As a result, we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition.

**22. *We may be unable to implement new technologies for our business operations in a timely and cost-effective manner, or at all, which could adversely affect our business, results of operations, cash flows and financial condition.***

The industry we operate in is subject to significant technological changes, with the introduction of new and enhanced products and manufacturing technologies. Our success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. One of the key elements of our growth strategy is to undertake product development initiatives. For further details, see “*Our Business – Our Strategies – Adoption of advanced production technology*” on page 191. We cannot assure you that we will be able to successfully make such enhancements and additions to our technological infrastructure in a timely and cost-effective manner, keep up with technological improvements to meet our customers’ needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to

successfully adopt such technologies could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Furthermore, implementation of new or upgraded technology may involve higher capital costs, which may adversely affect our business, results of operations, cash flows and financial condition.

**23. *Our products are vulnerable to counterfeiting or imitation by third parties that may adversely affect the reputation of our Company.***

Our product portfolio, and in particular, our home care products such as mattresses and furniture cushioning material are vulnerable to counterfeiting and imitation by third party vendors, as well as players in unorganised markets, who may manufacture and sell products in the mass market at relatively cheaper prices. While we conduct constant checks in mass markets to prevent the sale of any counterfeit products of our *Sleepwell* brand and have implemented technologies (such as the introduction of RFID micro-chips in mattresses) to track sales of genuine products, and impose certain contractual obligations on our distributors to protect our intellectual property such as obligating our distributors to keep confidential, all technical, marketing and sales information regarding our products and any production or business know-how disclosed to them, there can be no assurance that we will be able to prevent sale of counterfeit products at all times. Any sale of counterfeit or imitation products which does not match the quality standards of our products could adversely impact the reputation of our brands, sales of our products and materially affect our business, prospects, results of operations and financial condition. We have in the past been made aware of certain incidents of sale of such counterfeit products in India as well as abroad wherein we have initiated necessary actions to successfully defend our claim. For instance, we have commenced action against such perpetrators by issuing cease and desist notices on 28 March 2023 and 15 May 2023. However, there can be no assurance that we would be able to prevent the proliferation of counterfeit and pirated products in the future, and the time and attention lost to defending claims and complaints regarding counterfeit products could have a material adverse effect on our goodwill and our business, results of operations and financial condition.

**24. *Our inability to protect or use our intellectual property rights, and in particular, rights in relation to our Sleepwell brand, may adversely affect our business.***

We have been granted 227 registered trademarks under the Trade Marks Act, 1999, in India and six registered international trademarks, and the Furlenco group has been granted 15 registered trademarks under the Trade Marks Act, 1999 in India. For details on the trademarks we own and license, see “*Our Business – Intellectual Property*” on page 206. Some of our trademark applications have been objected to or have been refused. Additionally, some trademarks previously held by us have expired. Failure to renew the registration of any of our registered trademarks may affect our right to use such trademark or design in the future. In addition, we have filed 62 applications and the Furlenco group has filed five applications for registration of trademarks in India, which are pending with relevant authorities. We may not be able to prevent infringement of these trademarks and a passing off action may not provide sufficient protection until such time that our registrations are granted.

In addition to the above, the KEL Group, which we propose to acquire through the Kurlon Acquisition, also has certain registered trademarks. Certain of their trademark applications have been objected to and have also been opposed by certain third parties. In addition to this, certain intellectual property rights, including trademarks, are currently in the process of transfer from certain third parties to KEL.

Furthermore, KEL is involved in a legal proceeding against one of its competitors in relation to one of its products. Any adverse decision in this case may adversely affect KEL’s intellectual property rights and consequently its business and financial condition. We cannot assure you that the outcome of these legal proceedings will be favorable.

We are also exposed to the risk that other entities may pass off their products as ours by imitating our brand name, packaging material and attempting to create counterfeit products. We suspect that there may be other companies or vendors which operate in the unorganized segment using our trade name or brand names. There have been few instances in the past whereby certain entities, including some of our dealers, have indulged in unauthorised use of our *Sleepwell* marks, or utilised business names similar to our existing trademarks. While we have commenced action against them to desist from such use, any such activities could harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance and the market price of the Equity Shares. Such proceedings are not outstanding as on the date of this Preliminary Placement Document.

While we have adopted measures to protect our intellectual property including relying on Indian and European Union laws and initiating legal proceedings, certain of our manufacturing processes and technologies are not protected by way of grant of any formal intellectual property right. See, “*Risk factors – Internal Risk Factors –*

*We do not hold any patents or other form of intellectual property protection in relation to our manufacturing processes, and our inability to maintain the integrity and secrecy of our manufacturing processes may adversely affect our business.”* on page 69. The measures we have adopted may not be adequate to prevent unauthorised use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

We may also be susceptible to claims from third parties asserting infringement and other related claims. If similar claims are raised in the future, these claims could result in costly litigation, divert management’s attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could have an adverse effect on our business, results of operations, cash flows and financial condition.

**25. *We do not hold any patents or other form of intellectual property protection in relation to our manufacturing processes, and our inability to maintain the integrity and secrecy of our manufacturing processes may adversely affect our business.***

Our research and development efforts are primarily directed towards developing new and more innovative product lines as well as new and more efficient production processes that are typically applicable to the current range of products we manufacture. However, our know-how may not be adequately protected by intellectual property rights such as patent registration. While there has not been any litigation relating to our intellectual property, trade secrets and confidential information regarding our manufacturing processes in the past, we cannot assure you that such instances will not occur in the future.

While we also rely in part on mutual trust for protection of our trade secrets and confidential information relating to our manufacturing processes and implement measures to prevent breach of trust by our employees, consultants, customers and suppliers, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in the protection of our trade secrets and confidential information.

Our manufacturing processes may not be eligible for intellectual property protection and others may be able to use the same or similar automation in production processes, thereby undermining any competitive advantage we may have derived from such processes and adversely affecting our financial condition and results of operations.

**26. *We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

Our performance is highly dependent on our senior management and other key personnel to maintain our strategic direction and manage our current operations and meet future business challenges that may also arise in relation to our business. The loss of, or inability to attract or retain, such persons could materially and adversely affect our business and financial results. In particular, the expertise, experience and services of Mr. Rahul Gautam, our Chairman and Managing Director and other members of our senior management team, including our key managerial personnel help us to execute our growth strategy, have been integral to our business. For details in relation to our key managerial personnel, see “*Board of Directors and Senior Management – Key Managerial Personnel*” on page 214. If one or more of these key managerial personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, which could have a material adverse effect on our business, financial results and prospects. We may take a long time to hire and train replacement personnel when skilled personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results and prospects may be materially and adversely affected.

**27. *Improper handling, processing or storage of our raw materials or products, or spoilage of and damage to such raw materials and products, could damage our reputation and have an adverse effect on our business, results of operations and financial condition.***

Our key raw materials, such as TDI and polyols, as well as the products that we manufacture are subject to risks such as contamination and tampering during their manufacture, transport or storage. Although raw materials procured by us are extensively tested at our facilities, we cannot assure you that quality tests conducted by us will be accurate at all times. Also, certain of our other raw materials such as TDI are required to be stored, handled and transported at specific temperatures and under certain safety conditions. Any shortcoming in the production or storage of our products due to negligence, human error or otherwise, may damage our products and result in non-compliance with applicable quality standards. Any claims that our products do not match requisite quality standards could damage our reputation, adversely affect our sales and result in legal proceedings being initiated against us. While there have been no claims that our products do not match requisite quality standards in the past, we cannot assure you that such instances will not occur in the future.

We also sell certain of our products, such as commercial PU Foam cores and technical PU Foam directly to institutional customers and if the end products manufactured by those customers are found to be contaminated on account of our foams, our customers may return our goods, terminate their relationships with us and initiate legal proceedings against us. We cannot assure you that we will not be subject to such product liability claims in the future. Should any of our products be perceived or found to be contaminated, we may be subject to regulatory action, product recalls and our reputation, business, results of operations and financial condition may be adversely affected.

We may also be exposed to liability from end consumers for defects in the quality of our products, which may be occasioned by manufacturing defects or contamination, spoilage or damage to our raw materials. In particular, PU Foams manufactured by our distributed manufacturers may be of inferior quality and may not match our internal quality standards, which could lead to an increase in our operating expenses, hinder our ability to produce optimal quantities of our foam and lower our brand image and reputation. We have, in the past experienced complaints under our product warranty clause, from our consumers alleging deficiency in characteristics and comfort levels of our products. In addition, our consumers may also return our products and invoke product guarantees and warranties. While we maintain provisions for warranty claims based on past experience of the level of product returns, there can be no assurances that the value of products returned, or warranties invoked will not exceed the corresponding amounts provided for in our financial statements. Significant product liabilities could adversely affect our reputation, sales revenues and results of operations.

**28. *We rely on third parties to transport raw materials to our facilities and our products to our distributors and customers, and any disruption in our transportation arrangements or increases in transportation costs may adversely affect our business, results of operations and financial condition.***

Our key raw materials are polyols and TDI, which are required to be transported in temperature-controlled vehicles to ensure their preservation. Furthermore, polyol has a limited shelf-life and improper storage or delay in transportation of polyol may result in spoilage. We rely on third party logistic providers to transport raw materials to our production facilities and our finished products to distributors and *Sleepwell* branded retail outlets. Any disruption to the services of transportation and logistics services providers could result in a delay in delivery of raw materials to our facilities which could slowdown or shutdown our production operations. A delay or failure to deliver finished products to our distributors could hamper the demand for our products across our distribution network. The occurrence of any of these events could adversely affect our business prospects, results of operations and financial condition. While there has not been any material disruption to the services of transportation and logistics services providers in the past, we cannot assure you that such instances will not occur in the future. Additionally, there can be no assurance that our transportation providers will continue to engage with us. If the terms offered to such logistic providers by our competitors are more favourable than those offered by us, they may decline to provide their services to us and terminate their arrangements with us. We may also be affected by transport strikes, which may affect our delivery schedules. If we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations and financial condition may be adversely affected.

**29. *Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations in our manufacturing operations may adversely affect our business, results of operations and financial condition.***

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and

water discharge, noise levels, storage handling, employee exposure to hazardous substances, diversion of forest land for production operations and other aspects of our manufacturing operations. Environmental laws and regulations in India have become and continue to be more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines. A negative outcome in relation to the fire outbreak at the land and factory building at Silvassa in June 2023 or in any such proceedings may adversely affect our business, results of operations and financial condition.

Additionally, we cannot assure you that we will not be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

**30. *We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business and operate our manufacturing facilities, which could result in an adverse effect on our results of operations.***

We as well as the KEL Group, which we propose to acquire through the Kurlon Acquisition, require certain statutory and regulatory permits, licenses and approvals to operate our business such as consents to establish and operate from the state pollution control boards (where our manufacturing facilities are located), importer-exporter code, registration and licenses issued under the Factories Act for our various manufacturing facilities, fire safety licenses from municipal fire safety authorities, environmental clearances, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of excise duties, sales and value added taxes, professional taxes and service taxes. Our licenses, permits and approvals impose certain terms and conditions that require us to incur significant costs and *inter alia*, restrict certain activities. There can be no assurances that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. For instance, we have made renewal application dated August 31, 2023 for consent to operate our manufacturing facility in Kala Amb and renewal application dated November 10, 2022 for the license under Factories Act for our manufacturing facility in Silvassa. Additionally, International Comfort Technologies Private Limited, one of our Subsidiaries has made an application for a fire no objection certificate dated June 22, 2023 for its facility in Mandla in Madhya Pradesh. These applications are currently being processed. While we will endeavour to renew or obtain such approvals as required, there can be no assurance that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

**31. *A shortage or non-availability of electricity or water may affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing operations require continuous supply of electricity and water, and any shortage or non-availability may adversely affect our operations. We are also required to store TDI, one of our key raw materials in temperature-controlled environments. We currently source our water requirements from bore wells and water tankers and depend on state electricity supply for our energy requirements, as well as backup generators at our facilities. We cannot assure you that our facilities will be operational during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition. While our manufacturing operations have not been affected due to shortage of water and electricity in the past, we cannot assure you that such instances will not occur in the future.

**32. Exchange rate fluctuations could materially and adversely impact our business, financial condition and results of operations.**

Although our reporting currency is the Indian Rupee, we enter into transactions involving foreign currency including earning revenue from certain customers in foreign currency, and incurring finance costs on our foreign currency borrowings. As a result, we are subject to currency translation risk.

The table below sets forth the details of revenue received in foreign currency and foreign currency expense for the periods indicated:

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
Revenue received in foreign currency <sup>(1)</sup>	7,458.67	30.63%	9,106.63	31.78%	8,753.41	30.46%	2,206.37	31.49%	1,955.45	30.31%
Foreign currency expense	8,125.36	33.36%	10,045.03	35.05%	9,756.99	33.96%	2,677.42	38.21%	2,444.54	37.89%

Notes: (1) Primarily comprises revenue generated by overseas subsidiaries in Australia and Spain

While we enter into formal hedging arrangements, we may be unable to manage our foreign currency risk effectively or mitigate our exposure to costs incurred in foreign currency in the event of significant volatility in the value of the Indian Rupee, which could adversely impact our results of operations and financial position. For further information on our foreign currency risk and hedging arrangements, see “Financial Statements – 2023 Audited Consolidated Financial Statements – Note 61: Derivatives and Hedging”.

**33. We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations.**

Our manufacturing activities are labour-intensive. As of June 30, 2023, we had more than 2,800 permanent employees engaged across various operational and business divisions in India, Australia and Spain. We are subject to several stringent labour laws that protect the interests of our workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers and imposes financial obligations on employers. While there are no ongoing litigation proceedings with employees or contract labourers, we cannot assure you that there will be no disputes with our workforce in the future and that we will not be involved in proceedings on these matters. However, KEL is involved in certain labour disputes, which if decided against KEL post the Kurlon Acquisition, may have an adverse impact on our financial position. Furthermore, while we have not experienced significant labour unrest in the past, strikes, lockouts and other labour action, may have an adverse impact on our operations, and if not resolved in a timely manner, could lead to disruptions in our operations. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future and any such event could adversely affect our business, results of operation and financial condition. We may also be impacted by strikes or other labour disruptions and shortages in the operations of our third-party raw material suppliers which could consequently disrupt our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

Furthermore, changes to Indian labour laws could adversely affect our business. For instance, the GoI has framed four labour codes, namely: (i) The Industrial Relations Code, 2020; (ii) The Code on Wages, 2019; (iii) The Occupational Safety, Health and Working Conditions Code, 2020; and (iv) The Code on Social Security, 2020 which seek to consolidate all existing labour legislation in the country (including the Minimum Wages Act, 1948) into distinct codes dealing with industrial relations, wages, social security, industrial safety and welfare. While the labour codes have not been implemented yet, any such changes, if implemented, could adversely affect our operating margins, manufacturing operations, cash flows and results of operations.



**34. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.**

To retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. As of June 30, 2023, more than 800 contract labourers were engaged at our manufacturing facilities. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour Act, we may be required to absorb several such contract labourers as permanent employees. Accordingly, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

**35. Our international sales and operations are subject to many uncertainties.**

Our international operations are subject to risks that are specific to each country and region in which we operate, as well as risks associated with international operations, including complying with changes in foreign laws, regulations and policies, restrictions on trade, import and export license requirements, and tariffs and taxes, intellectual property enforcement issues and changes in foreign trade and investment policies. Violations of laws or regulations in the conduct of our business could result in fines and other unintended consequences such as prohibitions on doing business, damage to our reputation and criminal prosecution. While there have not been any past violations of laws or regulations in the conduct of our business, we cannot assure you that such instances will not occur in the future. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights.

Additional risks associated with international operations include difficulties in enforcing intellectual property and/or contractual rights, the burdens of complying with a wide variety of foreign laws, potentially adverse tax consequences, tariffs, quotas and other barriers and potential difficulties in collecting accounts receivable. In addition, we may face competition in other countries from companies that may have stronger and more favourable local relationships and market share. There can be no assurance that these and other factors will not impede the success of our international operations, limit our ability to compete effectively in other countries or otherwise materially adversely affect our business, cash flows, financial condition and results of operations.

**36. We do not hold any trademarks or other forms of intellectual property protection in relation to our “Sleepwell” brand in our own name, and inability to use and market our products under the Sleepwell brand could adversely affect our business, results of operations and financial condition.**

We do not hold any intellectual property in relation to the *Sleepwell* brand in our own name. *Sleepwell* trademarks are registered in the name of Sleepwell Enterprises, one of our Subsidiaries, and licensed to us as a permitted user, pursuant to a long-term license agreement dated May 6, 2016 until March 31, 2026, in lieu of payment of annual license fees of ₹0.50 million. Sleepwell Enterprises has also licensed the use of various trademarks, brands and label marks that are currently pending registration (including “Sleepwell” (word) and *Sleepwell* (logo)) to us until March 31, 2026, in lieu of annual license fees of ₹0.50 million. There can be no assurance that this license agreement will be renewed on similar or favourable terms or at all. Additionally, any impact on Sleepwell Enterprises’ rights in relation to the *Sleepwell* trademarks could also affect the use of the *Sleepwell* brand by us, which could materially and adversely affect our business, financial condition and the results of our operations.

**37. If we are unable to raise additional capital, our business prospects could be adversely affected.**

We intend to fund our development plans through our internal accruals, cash flow from operations and working capital from banks. We will continue to incur significant expenditure in maintaining and growing our existing manufacturing infrastructure. The principal investments in fixed assets we have made related to the expansion of our operations are classified as follows:

(In ₹ Million)

Particulars	As of March 31,			As of June 30
	2021	2022	2023	2023
<b>Assets</b>				
Land	185.07	184.40	188.63	188.54
Buildings	1,860.15	1,712.61	1,767.98	1,768.56

Plant and machinery	2,227.17	2,129.79	1,999.56	1,968.57
Others (including office equipment and vehicles)	306.36	327.96	334.19	339.20
<b>Total</b>	<b>4,578.75</b>	<b>4,354.76</b>	<b>4,290.36</b>	<b>4,264.87</b>
<b>Capital work-in-progress</b>				
Tangible capital work-in-progress	46.64	1,198.92	2,874.90	3,459.12
<b>Total</b>	<b>4,625.39</b>	<b>5,553.68</b>	<b>7,165.26</b>	<b>7,723.99</b>

We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our internal accruals and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on favourable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

**38. We are required to comply with certain restrictive covenants under our financing agreements and an inability to meet our obligations, including financial and other covenants could adversely affect our business and results of operations.**

Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from our lenders for, among other things:

- alteration of our capital structure in any manner;
- effecting any amalgamation, merger, reconstruction, takeover or consolidation;
- amending our MoA and AoA;
- concluding any fresh borrowing arrangements, either secured or unsecured, with any other lender;
- effecting any change in our actual and beneficial ownership or control;
- creation of further charge, lien or encumbrance on assets hypothecated with our lenders;
- effecting any material change in the management of our business or our operating structure;
- undertaking new projects or implementing any scheme of expansion or acquire fixed assets;
- investment by way of share capital in or lend or advance to or place deposits with any other entity;
- undertaking guarantee obligations on behalf of any other lender or any third party;
- provision of personal guarantees by our Promoters;
- declaring dividends; and
- effecting any repayment of loans and deposits and discharging other liabilities except those shown in the fund flow statements submitted to our lenders from time to time.

In addition, certain of our borrowings require us to maintain certain financial ratios which are tested at times on a quarterly or annual basis, such as gross leverage ratio, debt to tangible net worth, fixed asset coverage ratio, and debt service coverage ratios. For further details, see “*Financial Information – 2023 Audited Consolidated Financial Statements – Note 23: Non-Current Borrowings*” on page 344.

Furthermore, the land and building associated with certain of our manufacturing facilities as well as plant and machinery (pertaining to our manufacturing facilities in India and Australia) have been charged with our lenders as security for loan facilities granted by them. For further details, see “*Financial Information – 2023 Audited Consolidated Financial Statements – Note 23: Non-Current Borrowings*” on page 344. Any default in the terms and conditions of such credit facilities could result in the acquisition of the manufacturing facilities by our lenders,

or appropriation of charged assets associated with these credit facilities, which could materially affect our business and results of operations.

In the event we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may also be forced to monetize some or all the assets charged with our lenders if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements contain cross-default provisions which could automatically trigger defaults under other financing arrangements. While we have not materially breached the terms and conditions of any financial or other covenants contained in any of our financing agreements in the past, any failure to meet our obligations under the debt financing agreements could have an adverse effect on our business, results of operations and financial condition.

**39. *Our financing agreements entail interest at variable rates and any increases in interest rates may adversely affect our results of operations.***

We are susceptible to changes in interest rates and the risks arising therefrom. Most of our financing agreements provide for interest on loans at variable rates with a provision for the periodic resetting of interest rates. Furthermore, under certain of our financing agreements, the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate and a contractually agreed spread. Certain loans are also extended at interest rates that are subject to periodic change from time to time based on the lender's internal policies. See "Financial Information – 2023 Audited Consolidated Financial Statements – Note 23: Non-Current Borrowings" on page 344 for a description of interest payable under our financing agreements. Furthermore, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

**40. *We have availed certain unsecured borrowings which may be recalled by our lenders at any time***

We have availed certain unsecured borrowings, which may be recalled at any time. As of June 30, 2023, an aggregate outstanding amount of ₹571.42 million was outstanding in respect of an unsecured loan obtained by Interplasp. For further details, see "Financial Information - Unaudited Condensed Interim Consolidated Financial Statements – Note 10: Borrowings" on page 286. Any such recall may adversely affect our financial condition.

**41. *Certain of our historic corporate records required to be submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable. In addition, we have incorrectly reported our authorised share capital in the annual returns filed by us for Fiscal Year 2015.***

We are unable to trace certain corporate records in relation to our Company. These corporate records include prescribed forms filed with the RoC by our Company relating to certain allotments of our equity shares and board and shareholder resolutions approving increase in our authorised share capital and changes to our MoA. These documents pertain to the period commencing from our incorporation till 1996. Despite having conducted an extensive search in the records of the RoC, we have not been able to retrieve the aforementioned documents, and accordingly, have relied on other documents, such as our statutory register of members, board resolutions and minutes, annual returns as well as ours and our Corporate Promoter's audited balance sheets to verify details of our equity shares allotted during this period. Further, we incorrectly reported (in our annual returns through Form MGT-7 filed with the RoC for Fiscal Year 2015) our authorised share capital as ₹162,609,360 divided into 16,260,936 equity shares of ₹10 each (when such authorised share capital was ₹440,105,000 divided into 440,105,00 equity shares of ₹10 each), on account of an inadvertent error. We cannot assure you that the abovementioned form filings and resolutions will be available in the future or that we will be able to file a rectified form in respect of the annual returns filed by us in respect of Fiscal Year 2015, or that we will not be subject to any penalty imposed by the competent regulatory authorities in this respect.

**42. *Our business is trade working capital intensive. Our inability to accurately forecast demand for our products and manage our inventory or working capital balances may have an adverse effect on our business, results of operations, cash flows and financial condition.***

Our business requires a significant amount of trade working capital primarily because a significant amount of time passes between when we purchase raw materials and sell our finished products. As a result, we are required to maintain sufficient stock at all times in order to meet manufacturing requirements, thus increasing our storage and working capital requirements. Therefore, there could be situations where the total funds available may not be sufficient to fulfil our commitments and thus we may need to incur additional indebtedness in the future, or utilise internal accruals to satisfy our working capital needs.

The table below sets forth our trade working capital (difference between current assets and current liabilities) as of the dates indicated:

Particulars	As of March 31,			As of June 30
	2021	2022	2023	2023
	<i>(In ₹ Million)</i>			
Current assets	8,378.03	7,864.97	14,332.78	13,327.22
Current liabilities	5,416.71	5,496.8	6,833.49	6,475.29
Current assets – current liabilities	2,961.32	2,368.17	7,499.29	6,851.93

Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, or to pay our debts, it could materially and adversely impact our business and results of operations. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations, cash flows and financial condition could be adversely affected. There can be no assurance that we will be able to effectively manage our working capital.

**43. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

We have not paid any dividends post listing of our Equity Shares and our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future.

**44. *Any failure of our information technology systems could adversely affect our business and our operations.***

We have information technology systems that support our business processes, including RFID chips introduced in our mattresses, product formulas, product development, sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our employees to avoid any adverse effect to our information technology systems. For instance, any breakdown of our information technology systems in relation to RFID chips introduced in our mattresses could impair our ability to effectively track our orders and assess any under-pricing of our products by our distributors and dealers. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. While no breaches or disruptions have occurred in the past, if such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

**45. *Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

As of June 30, 2023 insurance cover on our assets amounted to ₹43,562.14 million covering 346.39% of our total assets. Our principal types of insurance coverage includes fires and perils insurance in respect of the buildings, plant and machinery, stocks of goods and office equipment in our manufacturing and storage facilities, and fitouts provided by us in exclusive *Sleepwell* branded outlets, transit insurance for transport of critical raw materials and finished products, motor vehicle policies and cash insurance. We also maintain employees deposit linked insurance, employees' health insurance policy, cyber risk policy, directors and key managerial personnel personal liability policy, personal accident policies and public liability insurance policies covering personal injury and property damage to third parties. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. For instance, we submitted an insurance claim of ₹430.90 million in 2016 in respect of losses to stocks, building, plant and machinery, office equipment and furniture and fixtures occasioned from a fire at our Greater Noida facility in May 2016, the matter is currently

pending. For further details, see “*Legal Proceedings*” on page 267. We also experienced a fire outbreak at the land and factory building at Silvassa in June 2023 which destroyed stocks, building and plant and machinery amounting to approximately ₹150.00 million. While we are yet to submit an insurance claim to recover the losses, there can be no assurance if our claims will be processed successfully or if we will be able to recover our losses entirely.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected. For further details on insurance arrangements, see “*Our Business – Insurance*” on page 206.

**46. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.**

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties. For details, see “*Financial Information – 2023 Audited Consolidated Financial Statements – Note 46: Related Party Transactions*” on page 355. While we believe that all such transactions have been conducted on an arm’s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future subject to compliance with the SEBI Listing Regulations, applicable accounting standards and other statutory requirements. However, we cannot assure you that such transactions, individually or in the aggregate, will perform as expected or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest.

**47. In the event our contingent liabilities materialize, our financial condition may be adversely affected.**

The table below sets forth the principal components of our contingent liabilities as of June 30, 2023, as per the Unaudited Condensed Interim Consolidated Financial Information:

Particulars	As of June 30, 2023
	(₹ million)
Claims against the Company not acknowledged as debt	
Disputed liabilities not adjusted as expenses in the accounts for various years being appeals towards:	
Sales tax	44.00
Entry tax	5.77
Income tax	56.50
Excise duty	41.06

*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 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 appellants proceedings.*

The contingent liability of amounts disclosed in our financial statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information on our contingent liabilities, see “*Financial Information – 2023 Audited Consolidated Financial Statements – Note 53: Contingent Liabilities*” beginning on page 363.

**48. Our individual Promoters and certain of our Directors hold Equity Shares in our Company and are therefore interested in our performance in addition to their remuneration and reimbursement of expenses.**

Certain of our Directors (including our individual Promoters) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. We cannot assure you that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control

the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see “*Board of Directors and Senior Management*” and “*Shareholding Pattern of our Company*” on pages 208 and 219, respectively.

**49. *Our Promoters and members of our Promoter Group will continue to retain control over our Company after completion of the Issue, which will allow them to influence the outcome of matters submitted for approval of our shareholders.***

Following the completion of the Issue, our Promoters and members of our Promoter Group will continue to hold approximately [●]% of our post-Issue Equity Share capital. Our Promoter will, therefore, be able to control the outcome of matters submitted to our Board or Shareholders for approval. Our Promoter will continue to exercise significant control or influence over our business and major policy decisions. Accordingly, the interests of our Promoter in capacity of a shareholder may conflict with your interests and the interest of our other shareholders. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in our Promoter.

**50. *Our Company has provided a corporate guarantee in relation to a loan obtained by one of our Subsidiaries and any default by such Subsidiary may result in invocation of the parent guarantee.***

Our Company has provided corporate guarantees and a standby letter of credit as security in relation to loans obtained by our Subsidiaries, Joyce Foam Pty Ltd, International Foam Technologies SL, Spain and International Comfort Technologies Private Limited. As of June 30, 2023, an aggregate amount of ₹3,198.55 million was outstanding in respect of these facilities. Any default by our Subsidiaries in meeting their obligations under these loans may result in the invocation of the corporate guarantees and standby letter of credit against us. Such an event may adversely affect our financial condition and cash flows.

**51. *Information relating to our production capacities and the historical capacity utilization of our manufacturing facilities included in this Preliminary Placement Document is based on certain assumptions and has been subjected to rounding off, and future production and capacity utilization may vary.***

Information relating to our production capacities and the historical capacity utilization of our manufacturing facilities included in this Preliminary Placement Document is based on various assumptions and estimates of our management that have been taken into account by the independent chartered engineers, KS Agrawal & Associates, including standard capacity calculation practice of our industry, our equipment production capacities, and assumptions relating to operational efficiencies. Accordingly, actual and future production levels and capacity utilization rates may differ significantly from the estimated production capacities or historical estimated capacity utilization of our facilities. Undue reliance should therefore not be placed on our production capacity or historical estimated capacity utilization of our existing facilities included in this Preliminary Placement Document. For further information, see “*Our Business*” on page 181.

**52. *We have referred to the data derived from the Technopak Report commissioned from Technopak Advisors Private Limited.***

We have commissioned the services of an independent third-party research agency and have relied on the Technopak Report for certain industry-related data in this Preliminary Placement Document. This report uses certain methodologies for market sizing and forecasting. Our Company, our Promoter, and our Directors are not related to Technopak Advisors Private Limited. The investors should read the industry related disclosure in this Preliminary Placement Document in this context.

All such information in this Preliminary Placement Document indicates the Technopak Report as its source. Accordingly, any information in this Preliminary Placement Document derived from, or based on, the Technopak Report should be read taking into consideration the foregoing. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources do not guarantee the accuracy, adequacy or completeness of the data. Furthermore, the Technopak Report is not a recommendation to invest/ disinvest in any company covered in the Technopak Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Preliminary Placement Document based on, or derived from, the Technopak Report. You should consult your own advisors and undertake an independent assessment of information in this Preliminary Placement Document based on, or derived from, the Technopak Report before making any investment decision regarding the Issue. See “*Industry Overview*”. For the disclaimers associated with the Technopak Report, see “*Industry and Market Data*”.

## **EXTERNAL RISK FACTORS**

### **RISKS RELATING TO INDIA**

#### **53. *Our growth depends on the sustained growth of the Indian economy and may be impacted by an economic slowdown in India***

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. Factors that may adversely impact the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- changes in India’s tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighbouring countries;
- occurrence of natural or man-made disasters or outbreak of an infectious diseases, such as COVID-19;
- prevailing regional or global economic conditions, including in India’s principal export markets; and
- any downgrading of India’s debt rating by a domestic or international rating agency.

Any slowdown in the Indian economy may have a direct impact on the demand for mattresses and PU Foam, thereby adversely impacting our profitability and growth plans. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Furthermore, any fluctuation in rate of exchange with foreign currency transactions or devaluation of the Indian Rupee may adversely impact our revenue and profit margins.

Our performance and the growth of our business also depends on the performance of the economies of the regional markets we serve from our Indian manufacturing facilities. Any slowdown or perceived slowdown in the Indian economy or those of our regional markets, could adversely impact our business, results of operations and financial condition.

#### **54. *We are subject to changes in Indian taxation laws or their interpretation***

Any change in Indian tax laws could adversely affect our operations. For instance, the Government of India has introduced the Finance Bill, 2023, in the Union Budget for Fiscal 2024. The Finance Bill 2023 has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act 2023. The Finance Act, 2023, proposes various amendments to taxation laws in India. As such, there is no certainty on the impact that the Finance Act, 2023 may have on our business and operations or on the industry in which we operate. Any such future amendments may affect certain benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, including by reason of absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Furthermore, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation, or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Similarly, the Finance Act, 2020, had notified changes and provided several amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and exemption from dividend distribution tax (“DDT”), in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020.

We cannot predict whether any new tax laws or regulations impacting our operations will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

***55. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate to pass costs on to our customers.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Furthermore, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

***56. Civil unrest, terrorist attacks and war would affect our business.***

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. In the past, India has had military confrontations and experienced cases of ceasefire violations with Pakistan and has had territorial and border disputes with neighbouring countries such as China. As a consequence of the conflict between Indian and Chinese troops in the Galwan River Valley, both governments in India and in China have taken various measures to establish the status quo of their presence in the territory. We cannot predict how these or similar geopolitical events will pan out in future, however such geopolitical events may have negative impact on the Indian economy and our business, operation and the market for the Equity Shares. Additionally, some of India’s neighbouring countries have experienced, or are currently experiencing, internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Equity Shares.

Lastly, due to the ongoing Ukraine-Russia conflict, there is a risk of increased fuel prices. As a consequence of this, our Company has experienced an increase in energy-surcharges which we have been unable to pass on to our customers in order to remain competitive in our prices, which may adversely impact our margins and business prospects.

***57. Our business may be adversely impacted by natural calamities or unfavourable climatic changes, health epidemics or pandemics***

Natural disasters such as floods, earthquakes, famines and droughts have in the past had a negative impact on the Indian economy. Furthermore, health epidemics and pandemics like the recent COVID-19 pandemic have also affected the Indian economy negatively. If any such natural disaster, unfavourable climatic changes or health epidemics and pandemics were to occur or continue, our business could be affected due to the event or due to the



inability to effectively manage the effects of the particular event. India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our Equity Shares.

**58. *Any downgrading of India's sovereign rating by an international rating agency may affect our business and our liquidity***

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

**59. *Investors may have difficulty enforcing foreign judgments in India against our Company or our management***

Our Company is a public limited company incorporated under the laws of India. Most of our Company's directors and executive officers named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For further information on recognition and enforcement of foreign judgments in India, please see "*Enforcement of Civil Liabilities*" on page 19.

A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

**60. *We may be subject to changes in legislation or policies applicable to our Company***

Our Company's business and operations are governed by various laws and regulations. Our Company's business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to the business. The Government or state governments could implement new regulations and policies, which could require our Company to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our Company's business, prospects, financial condition and results of operations.

**Risks relating to the Equity Shares and the Issue**

**61. *Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on NSE and BSE, which would adversely affect your ability to sell the Equity Shares. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

**62. *The trading volume and market price of the Equity Shares may be volatile following the Issue, and you may not be able to sell your Equity Shares at or above the Issue Price.***

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- actual or anticipated variations in our results of operations, including compared to expectations of securities analysts and investors and those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by analysts and investors;
- announcements about our earnings that are not in line with analyst expectations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- complaints from our customers, shortages or interruptions in the availability of raw materials, or reports of incidents of tampering of raw materials;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of senior management;
- changes in our shareholder base;
- changes in our dividend policy;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the public's reaction to our press releases, other public announcements, and filings with the regulator;
- adverse media reports about us or our industry;
- changes / volatility in exchange rates;
- changes in the regulatory and legal environment in which we operate;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Any of these factors listed above could result in large and sudden changes in the volume and trading price of the Equity Shares and adversely affect the price of the Equity Shares. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell the Equity Shares at or above the Issue Price. Furthermore, the Issue Price which may include a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations, which will be determined by our Company in consultation with the Lead Manager may not be necessarily indicative of the market price of the Equity Shares after this Issue is complete.

**63. *An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.***

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

**64. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax (“STT”), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Furthermore, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

**65. *Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding. Furthermore, any such further issuance of our securities and/or sale of Equity Shares by the Promoters or members of our Promoter Group may adversely affect the trading price of our Equity Shares.***

We cannot assure you that we will not issue additional Equity Shares. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares may lead to the dilution of your shareholding in our Company. Furthermore, any future equity issuances by us or sale of our Equity Shares by the Promoters or members of our Promoter Group or any of our other principal shareholders or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. In particular, our Board has approved the preferential issue of Equity Shares to the Promoters, subject to receipt of necessary approvals, including consent of the Shareholders. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**66. *There may be less information available about companies listed on Indian securities markets than companies listed on securities markets in other countries.***

There may be less publicly available information about Indian public companies, including our Company, than is regularly disclosed by public companies in other countries with more mature securities markets. There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in other more developed economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many developed economies. As a result, you may have access to less information about our business, results of operations and financial condition, and those of our competitors that are listed on the Stock Exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain other countries.

**67. *Under Indian law, foreign investors are subject to investment restrictions that may limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Furthermore, the Indian Government may impose foreign exchange restrictions in certain emergency situations, including situations where

there are sudden fluctuations in interest rates or exchange rates, where the Indian Government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian Government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Transfer Restrictions and Purchaser Representations*" on page 247.

**68. *Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements have been prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

**69. *Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act 2013, as amended ("**Companies Act**"), a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

**70. *Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

**71. *Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.***

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be

paid in Indian Rupees and subsequently may need to be converted into the relevant foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. Any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The volatility of the Indian rupee against other currencies may subject investors who convert funds into Indian Rupees to purchase our Equity Shares to currency fluctuation risks.

## MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document, our Company's subscribed and paid-up capital comprises 97,565,616 Equity Shares of face value of ₹ 5 each are subscribed and paid-up.

On September 18, 2023, the closing price of the Equity Shares on NSE and BSE was ₹ 1,149.10 and ₹ 1,149.05 respectively per Equity Share. Since the Equity Shares are available for trading on the Stock Exchanges, the market price and other information for each of BSE and NSE has been given separately.

- (i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the Financial Years ended March 31, 2023, March 31, 2022, and March 31, 2021:

BSE									
Financial Year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total turnover of Equity Shares traded on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on date of low (₹ million)	Average price for the year (₹)
2023	3,938.80	April 12, 2022	5,962	23.54	944.65	March 29, 2023	6,264	6.07	2,446.42
2022	3,782.70	January 12, 2022	5,285	19.47	1,984.15	April 12, 2021	820	1.64	2,677.55
2021	2,115.50	March 15, 2021	843	1.76	1,221.00	April 13, 2020	261	0.32	1,559.48

(Source: [www.bseindia.com](http://www.bseindia.com))

- High, low and average prices are based on the daily closing prices.
- In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
- In case of two days with the same high or low price, the date with the higher turnover has been chosen.

NSE									
Financial Year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total turnover of Equity Shares traded on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on date of low (₹ million)	Average price for the year (₹)
2023	3,944.40	April 12, 2022	21,747	85.87	951.40	March 29, 2023	87,314	84.22	2,446.57
2022	3,765.45	January 12, 2022	95,722	346.88	1,983.70	April 12, 2021	12,046	24.08	2,677.77
2021	2,113.50	March 15, 2021	15,384	31.97	1,222.45	April 13, 2020	2,929	3.60	1,555.64

(Source: [www.nseindia.com](http://www.nseindia.com))

- High, low and average prices are based on the daily closing prices.
- In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
- In case of two days with the same high or low price, the date with the higher turnover has been chosen.

The following table sets forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2023, 2022 and 2021:

Fiscal	Number of Equity Shares Traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
2023	4,89,081	48,19,243	1,306.60	11,134.70
2022	5,86,617	82,42,954	1,595.86	22,480.58
2021	16,81,648	58,95,788	2,383.03	9,239.91

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

- (ii) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE											
Month year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹) (million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ million)
August 2023	1,203.65	August 1, 2023	7,381	8.92	1,089.85	August 18, 2023	8,619	9.46	1,133.83	1,28,197	146.58
July 2023	1,236.05	July 18, 2023	2,23,577	284.49	1,120.45	July 13, 2023	6,053	6.97	1,186.65	4,44,656	550.07
June 2023	1,213.50	June 28, 2023	3,633	29.04	1,013.00	June 1, 2023	2,376	2.42	1,129.45	1,86,398	219.14
May 2023	1,058	May 4, 2023	1,040	1.10	998.90	May 25, 2023	717	0.72	1,041.23	34,355	35.68
April 2023	1,087.35	April 12, 2023	2,406	2.58	1,003.45	April 3, 2023	1,887	1.89	1,050.67	28,615	30.07
March 2023	1,159.85	March 6, 2023	1,102	1.18	944.65	March 29, 2023	6,264	6.07	1,090.06	41,668	44.39

(Source: [www.bseindia.com](http://www.bseindia.com))

1. High, low and average prices are based on the daily closing prices.
2. In the case of a month, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

NSE											
Month year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ million)
August 2023	1,204.70	August 1, 2023	71,097	85.96	1,089.05	August 18, 2023	49,756	54.69	1,133.64	12,93,520	1,480.63
July 2023	1,236.90	July 18, 2023	27,88,004	3,553.30	1,118.20	July 13, 2023	1,24,361	142.19	1,186.42	53,84,115	6,678.29
June 2023	1,214.25	June 28, 2023	10,29,276	1,276.91	1,016.20	June 2, 2023	16,186	16.48	1,129.75	39,47,244	4,689.93
May 2023	1,057.15	May 4, 2023	6,449	6.81	999.75	May 25, 2023	37,978	38.16	1,040.93	3,85,302	401.06
April 2023	1,090.10	April 12, 2023	41,402	44.16	1,006.05	April 3, 2023	23,056	23.16	1,050.28	3,28,558	344.88
March 2023	1,160.60	March 6, 2023	10,664	12.44	951.40	March 29, 2023	87,314	84.22	1,090.64	7,49,160	781.73

(Source: [www.nseindia.com](http://www.nseindia.com))

1. High, low and average prices are based on the daily closing prices.
2. In the case of a month, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

(iii) The following table sets forth the market price on the Stock Exchanges on August 3, 2023 that is, the first working day following the approval dated August 2, 2023 of our Board of Directors for the Issue:

Date	BSE					
	Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ million)
August 3, 2023	1,174.95	1,174.95	1,130.90	1,139.80	18,558	21.30

(Source: [www.bseindia.com](http://www.bseindia.com))

Date	NSE					
	Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ million)
August 3, 2023	1,169.05	1,182.75	1,125	1,142.05	1,85,068	212.67

(Source: [www.nseindia.com](http://www.nseindia.com))



## USE OF PROCEEDS

The Gross Proceeds from the Issue aggregate to ₹ [●] million\* (the “**Gross Proceeds**”). Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and the estimated expenses of the Issue of approximately ₹ [●] million, shall be approximately ₹ [●] million\* (the “**Net Proceeds**”).

\* Subject to allotment of Equity Shares pursuant to the Issue.

### Objects of the Issue and deployment

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds towards the following (“**Objects**”):

(₹ in million)		
Sr No.	Particulars	Amount which will be financed from Net Proceeds <sup>(2)</sup>
1.	Part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited	9,500
2.	General corporate purposes <sup>(1)</sup>	[●]
	<b>Total</b>	[●]

<sup>(1)</sup> The amount utilised for general corporate purposes does not exceed 25% of the Gross Proceeds.

<sup>(2)</sup> In the event of undersubscription in the Issue the amounts utilised from the Net Proceeds towards the part-funding of the acquisition of KEL may be reduced accordingly. Further, any amounts deployed from the Net Proceeds towards general corporate purposes shall not exceed 25% of the gross proceeds of the Issue. The final amounts to be utilised from the Net Proceeds towards these objects will be disclosed in the Placement Document.

The main objects and objects incidental and ancillary to the main objects of the memorandum of association of our Company, as applicable, enable us to undertake (i) existing activities and (ii) the activities proposed to be funded from the Net Proceeds.

We propose to deploy the Objects by the end of Fiscal Year 2024. Such deployment of Net Proceeds may, however, be subject to changes in circumstances or in our financial condition, business or strategies, market conditions and obtaining necessary approvals / consents, as applicable, in accordance with applicable law. For more specific factors, see “ - The Net Proceeds from the Issue are proposed to be deployed by our Company to part-fund the consideration for the Kurlon Acquisition. If the Kurlon Acquisition is not completed, the proceeds of the Issue will be retained by our Company and used for other objects.” on page 55.

### Details of the Objects

#### 1. Part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited

We have a track record of strategically acquiring and successfully integrating companies and businesses to strengthen our product portfolio, expand our PU Foam manufacturing capacities and diversify our revenue streams. For instance, we acquired the PU Foam and polystyrene manufacturing businesses of Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Ltd in 2005, which strengthened our PU Foam business globally and B2B business in Australia. We also acquired Interplasp in 2019, which specialises in the manufacture of flexible polyurethane foam blocks. For further details see “*Our Business – Competitive Strengths - Proven track record of acquiring and integrating complementary businesses*” on page 188.

In furtherance of our strategy of inorganic growth, our Board has, in its meeting dated July 17, 2023, approved the acquisition of 94.66% of the equity share capital of Kurlon Enterprise Limited (“**Kurlon**” or “**KEL**” and such acquisition, the “**Kurlon Acquisition**”) at an equity valuation of ₹ 21,500 million, subject to customary adjustments for net working capital, debt and surplus cash, if any. Founded in 1962, Kurlon is among the oldest mattress brands in India and is known for innovating rubberized coir (coconut fiber) mattresses in India. In Fiscal 2023, Kurlon was the third largest company in the branded modern mattress market in India, with a market share of 10.8% (based on revenue) (*Source: Technopak Report*), and a strong presence in the Southern and Eastern regions of India.

We seek to create long-term value for our stakeholders through the Kurlon Acquisition by leveraging the Kurlon Business’s well-established manufacturing capacities, brand equity, distribution network and target customer market. The Kurlon Acquisition is being carried out to diversify our customer base, leverage on the Kurlon Business’ distribution network and manufacturing capabilities, strengthen our presence across established brands

and gain access to technological advancements to consolidate our position as a market leader in the Indian mattress market. For further details, see “*Our Business – Our Strategies – Derive synergies from the Kurlon Acquisition and Furlenco Acquisition*” on page 189.

We intend to utilise ₹ 9,500 million from the Net Proceeds to partially fund the payment of the consideration for the Kurlon Acquisition. The balance amount consideration may be paid from general corporate purposes of Net Proceeds, debt funding, internal accruals, or a combination thereof. In this regard, Board, through its resolution dated August 2, 2023, authorised raising of funds amounting up to ₹ 6,000 million through issuance of listed unsecured non-convertible debentures on a private-placement basis.

In connection with the Kurlon Acquisition, our Company has entered into a share purchase agreement dated July 17, 2023 (“**KEL SPA**”), with Kurlon, Kanara Consumer Products Limited and Kurlon Trading and Invest Management Private Limited. The completion of the Kurlon Acquisition remains subject to fulfilment of certain conditions precedent to be fulfilled by November 30, 2023 (“**Long Stop Date**”), and such date is mutually extendable by the parties. The closing of the Kurlon Acquisition is dependent on multiple factors, including the fulfilment closing conditions set out in the KEL SPA and availing the abovementioned debt funding. These conditions include consents from lenders of KEL and its subsidiaries (“**KEL Group**”) for the Kurlon Acquisition, certain steps taken by the KEL Group in respect of its intellectual property registrations, divestment by KEL of certain non-core subsidiaries involved in lease and sale of solar equipment, repayment of certain intra-group loans, withdrawal of an intra-group scheme of amalgamation, approvals from certain governmental and statutory authorities for change in the constitution/ shareholding of KEL and for transfer of leases under the terms of government approvals/ licenses/ agreements and execution of certain agreements by KEL with its service providers. See also “*Risk Factors – The completion of the Kurlon Acquisition is subject to a number of conditions, which may not be fulfilled or waived.*” on page 55. If the Kurlon Acquisition is not completed for any reasons, including the failure to complete the closing conditions or due to the inability to raise balance consideration, the Net Proceeds shall be deployed by our Board in subsequent periods, at its sole discretion in such manner as it may decide based on its funding requirements at the relevant point of time, including for (a) funding its organic growth, (b) funding opportunities in its business through inorganic growth, (c) investment in subsidiaries, (d) repayment and /or prepayment of outstanding loans of our Company and/or its Subsidiaries, (e) working capital requirement of our Company and/or its Subsidiaries and/or (f) general corporate purposes, without requiring any further approvals from the Shareholders.

## **2. General Corporate Purposes**

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ [●] million, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds in compliance with applicable laws. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, funding growth opportunities (organic and inorganic), including for Kurlon Acquisition, business development initiatives, meeting expenses incurred in the ordinary course of business investment in subsidiaries, repayment and /or prepayment of outstanding loans of our Company and/or its Subsidiaries, working capital requirement of our Company and/or its Subsidiaries, financial investments like mutual funds, bonds, etc. and towards any exigencies or any other purpose, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilise the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act, 2013. Our Company’s management shall have flexibility in utilising surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds.

### **Other details in relation to utilisation of Net Proceeds**

The fund requirements, proposed deployment of funds and the intended use of the Net Proceeds set out above is based on our current business plans, internal management estimates, and is subject to the terms and conditions of the KEL SPA, including valuation adjustments and holdbacks and the conditions to be fulfilled prior to closing of the Kurlon Acquisition, timing for completion for the Kurlon Acquisition, timing of completion of the Issue,

financial, market and sectoral conditions, business performance and strategy, competition, interest or exchange rate fluctuations and other external factors. However, these fund requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution. We may have to revise our funding requirement on account of various factors, such as financial and market conditions, interest rate fluctuations and other external factors, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws.

Subject to compliance with applicable laws, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements or by surplus funds available in respect of the other purposes for which funds are being raised in the Issue (except towards general corporate purposes).

### **Monitoring of utilisation of funds**

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited, a credit rating agency registered with the SEBI, as the monitoring agency (“**Monitoring Agency**”), as the size of our Issue exceeds ₹ 1,000 million. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the proceeds of the Issue have been utilised. The board of directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director’s report, after placing the same before the Audit Committee.

### **Other confirmations**

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws.

Pending utilisation of the Net Proceeds for the Objects described above, our Company intends to temporarily invest funds in creditworthy instruments including money market mutual funds and deposits in scheduled commercial banks.

Neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel (including ‘key managerial personnel’ under the Companies Act) or members of Senior Management are not eligible to subscribe in the Issue.

## CAPITALISATION STATEMENT

The following table sets forth our capitalization and total borrowings, on a consolidated basis, as at June 30, 2023 which has been derived from our Unaudited Condensed Interim Consolidated Financial Statements and as adjusted to give effect for the Issue. This table should be read in conjunction with the sections titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Information*” on pages 97 and 272, respectively.

*(in ₹ million, unless otherwise stated)*

Particulars	Pre-Issue (as at June 30, 2023) (on a consolidated basis)	As adjusted for the Issue <sup>(1)</sup> (on a consolidated basis)
<b>1. Borrowings</b>		
Current borrowings	1,941.90	[●]
Non-current borrowings	2,570.43	[●]
<b>Total borrowings (A)</b>	4,512.33	[●]
<b>2. Total equity</b>		
Equity share capital	487.82	[●]
Other equity (including non-controlling interest)	15,995.89	[●]
Securities premium account	Nil	
<b>Total equity (B)</b>	16,483.71	[●]
<b>Total borrowings / Total equity (A/B)</b>	0.27	[●]

<sup>(1)</sup>The corresponding post-Issue capitalisation data for each of the amounts given in the above table is not determinable at this stage and hence the same has not been provided in the above statement.

**Notes:**

1. These terms shall carry the meaning as per Schedule III to the Companies Act, 2013 (as amended).

2. Balances in the column ‘Pre-Issue (as at June 30, 2023)(on a consolidated basis)’ are as per the Unaudited Condensed Interim Consolidated Financial Statements.

## CAPITAL STRUCTURE

The equity share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

*(in ₹ million, except share data)*

Particulars	Aggregate value at face value (except for securities premium account)
<b>A</b>	<b>AUTHORISED SHARE CAPITAL</b>
	200,000,000 Equity Shares of face value of ₹ 5 each
	1,000.00
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE</b>
	97,565,616 Equity Shares of face value of ₹ 5 each
	487.82
<b>C</b>	<b>PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT</b>
	Up to [●] Equity Shares aggregating to ₹ [●] million <sup>(1)(2)</sup>
	[●]
<b>D</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE</b>
	[●] <sup>(2)</sup> Equity Shares of face value of ₹ 5 each
	[●]
<b>E</b>	<b>SECURITIES PREMIUM ACCOUNT</b>
	Before the Issue (as of the date of this Preliminary Placement Document)
	Nil
	After the Issue <sup>(2)(3)</sup>
	[●]

<sup>(1)</sup> This Issue has been authorised and approved by our Board of Directors pursuant to its resolution passed on August 2, 2023. The Shareholders of our Company have authorised and approved the Issue by way of a special resolution passed by way of a postal ballot dated September 1, 2023.

<sup>(2)</sup> To be determined upon finalisation of the Issue Price.

<sup>(3)</sup> The securities premium account after the Issue is calculated on the basis of Gross Proceeds. Adjustments do not include Issue related expenses.

### Equity Share capital history of our Company

The following table sets forth details of allotments of Equity Shares of our Company since the date of incorporation:

Date of Allotment*	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment
June 18, 1971	2	100	100	Cash	Initial subscription to memorandum of association
November 14, 1971	3,002	100	100 <sup>S</sup>	Cash <sup>S</sup>	Further issue <sup>#</sup>
February 1, 1974	956	100	100 <sup>S</sup>	Cash <sup>S</sup>	Further issue <sup>#</sup>
September 19, 1985	5,040	100	100 <sup>SS</sup>	- <sup>#</sup>	Further issue <sup>#</sup>
July 1, 1992	6,000	100	100 <sup>SSS</sup>	- <sup>#</sup>	Further issue <sup>#</sup>
March 23, 1994	15,000	100	NA	NA	Bonus issue in the ratio of 1:1
March 25, 1996	30,000	100	NA	NA	Bonus issue in the ratio of 1:1
March 25, 1997	140,000	100	100	Cash	Preferential allotment
Pursuant to a resolution of our shareholders dated February 24, 2004, each equity share of our Company of face value ₹ 100 was split into 10 equity shares of our Company of face value of ₹ 10 each, and accordingly, 200,000 equity shares of our Company of ₹ 100 each were split into 2,000,000 equity shares of our Company of ₹ 10 each.					
March 22, 2004	22,000,000	10	NA	NA	Bonus issue in the ratio 11:1
March 30, 2006	95,200	10	300	Cash	Preferential allotment
November 30, 2011	(7,567,960)	10	-	-	Cancellation pursuant to amalgamation of Serta India Private Limited with our Company
March 22, 2012	2,100	10	-	Other than cash	Allotment pursuant to amalgamation of Serta India Private Limited with our Company
April 1, 2013	(331,700)	10	-	-	Cancellation pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited,

Date of Allotment*	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment
					Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company
August 19, 2013	63,296	10	-	Other than cash	Allotment pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company
Pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of our Company of face value ₹ 10 was split into two Equity Shares of our Company of face value of ₹ 5 each, and accordingly, 16,260,936 equity shares of our Company of ₹ 10 each were split into 32,521,872 Equity Shares of our Company of ₹ 5 each.					
June 7, 2016	16,260,936	5	NA	NA	Bonus issue in the ratio 1:2
<b>Allotments in the one year immediately preceding this Preliminary Placement Document</b>					
December 23, 2022	48,782,808	5	NA	NA	Bonus issue in the ratio 1:1

\* The equity shares were fully paid-up on the date of their allotment.

<sup>5</sup> The issue prices and nature of consideration for these allotments have been ascertained from the annual returns filed by our Company in respect of the fiscal year ended March 31, 1979.

<sup>55</sup> The issue price for this allotment has been ascertained from the audited balance sheet of our Company for the fiscal year ended September 30, 1985.

<sup>555</sup> The issue price for this allotment has been ascertained from the audited balance sheet of our Company for the fiscal year ended March 31, 1993.

<sup>#</sup> We have been unable to trace filings with the RoC and corporate resolutions for these issuances and consequently, are unable to ascertain the nature of consideration (for allotments on September 19, 1985 and July 1, 1992) and the nature of allotment (for allotments on November 14, 1971, February 1, 1974, September 19, 1985 and July 1, 1992). See the section titled "Risk Factors – Certain of our historic corporate records required to be submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable. In addition, we have incorrectly reported our authorised share capital in the annual returns filed by us for Fiscal Year 2015." on page 75.

Except as stated in "– Equity Share Capital History of our Company" above, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

### Employee Stock Option Plan

Pursuant to a resolution of our Board of Directors dated May 12, 2022, and a resolution of our shareholders dated August 18, 2022, our Company instituted the SHEELA FOAM – Employee Stock Option Plan 2022 ("ESOP Scheme") to provide for the grant of options to employees of our Company who meet the eligibility criteria under ESOP Scheme. The ESOP Scheme envisages grant of an aggregate of 2,400,000 options convertible into not more than 2,400,000 fully paid-up Equity Shares of face value of ₹ 5 each which each option upon exercise, grants its holder the right to be allotted one Equity Share, upon payment of the exercise price. The quantum of options that can be granted under the ESOP Scheme and the issue of Equity Shares upon its exercise are subject to corresponding fair and reasonable adjustment in the event of corporate actions by our Company including rights issues, bonus issues, buy-back or scheme or arrangement. As on the date of this Preliminary Placement Document, our Company has not granted any options under the ESOP Scheme.

### Proposed Allottees in the Issue

In compliance with the requirements prescribed under the SEBI ICDR Regulations, Allotment shall be made at the sole discretion of our Company in consultation with the BRLMs to Eligible QIBs. For details of the names of the proposed Allottees and the percentage of the post-Issue Equity Share capital that may be held by them, please see the section titled "Details of Proposed Allottees" on page 560.

## Pre-Issue and post-Issue Equity Shareholding Pattern

The following table provides the pre-Issue shareholding pattern as of September 15, 2023 and the post-Issue shareholding pattern:

S. No.	Category	Pre-Issue <sup>^</sup>		Post-Issue <sup>*</sup>	
		Number of Equity Shares held	% of shareholding	Number of Equity Shares held	% of shareholding
A.	<b>Promoters' holding<sup>**</sup></b>				
1.	Indian				
	Individual	58,023,356	59.47	[●]	[●]
	Bodies corporate	13,150,818	13.48	[●]	[●]
	<b>Sub-total</b>	<b>71,174,174</b>	<b>72.95</b>	[●]	[●]
2.	Foreign promoters	-	-	[●]	[●]
	<b>Sub-total (A)</b>	<b>71,174,174</b>	<b>72.95</b>	[●]	[●]
B	<b>Non-Promoter holding</b>				
1.	Institutional investors	23,778,180	24.37	[●]	[●]
2.	Non-Institutional investors	-	-	[●]	[●]
	Private corporate bodies	147,844	0.15	[●]	[●]
	Directors and relatives	-	-	[●]	[●]
	Indian public	2,303,321	2.36	[●]	[●]
	Others including Non- resident Indians (NRIs)	162,097	0.17	[●]	[●]
	<b>Sub-total (B)</b>	<b>26,391,442</b>	<b>27.05</b>	[●]	[●]
	<b>Grand Total (A+B)</b>	<b>97,565,616</b>	<b>100.00</b>	[●]	[●]

<sup>^</sup>Based on beneficiary position data of our Company as on September 15, 2023.

<sup>\*</sup>The post-Issue shareholding pattern has been intentionally left blank and will be filled in the Placement Document.

<sup>\*\*</sup>Includes shareholding of our Promoter Group as well.

### Other confirmations

- Our Promoters, Directors, Key Managerial Personnel and members of the Senior Management of our Company do not intend to participate in the Issue.
- There would be no change in control in our Company consequent to the Issue.
- Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of the Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottees for a period of one year from the date of Allotment, except on the Stock Exchanges.
- Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice of the postal ballot to our Shareholders, i.e. August 2, 2023, for approving the Issue.

## **DIVIDENDS**

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on February 3, 2017, in terms of Regulation 43A of the SEBI Listing Regulations. For further information, please see the section titled “*Description of the Equity Shares*” on page 254.

Our Company has not declared any dividend on the Equity Shares in respect of Fiscals 2023, 2022 and 2021. Further there are no dividends that have been declared but are yet to be paid out by our Company for Fiscal 2023 or Fiscal 2024 since April 1, 2023 until the date of this Preliminary Placement Document.

### **Future Dividends**

The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, working capital requirements, capital expenditure requirements, requirement of resources to fund acquisitions/ and or new business, requirement of cash flow to meet contingencies, outstanding borrowings, past dividend trends, prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws and dividend pay-out ratios of companies in the same/ similar industry and any other relevant factors that the Board may deem fit to consider before declaring dividend.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared after Allotment.

Please also see the sections titled “*Taxation*” and “*Risk Factors*” on pages 257 and 54, respectively.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with the Fiscal 2021 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2023 Audited Consolidated Financial Statements (together, the “**Audited Consolidated Financial Statements**”) and our Unaudited Condensed Interim Consolidated Financial Statements. Unless the context requires otherwise, the financial information corresponding to (i) Fiscal 2021 has been derived from the 2021 Audited Consolidated Financial Statements, (ii) Fiscal 2022 has been derived from the 2022 Audited Consolidated Financial Statements. However, if the financial information corresponding to Fiscal 2022 has been reclassified or regrouped in 2023 Audited Consolidated Financial Statements, then such financial information for Fiscal 2022 has been derived from the 2023 Audited Consolidated Financial Statements, (iii) Fiscal 2023 has been derived from the 2023 Audited Consolidated Financial Statements, (iv) the three months ended June 30, 2022 and June 30, 2023 for the unaudited condensed interim consolidated statement of profit and loss and unaudited condensed interim statement of cash flows has been derived from the Unaudited Condensed Interim Consolidated Financial Statements, and (v) June 30, 2023 for the unaudited condensed interim consolidated balance sheet has been derived from the Unaudited Condensed Interim Consolidated Financial Statements.*

*Our Audited Consolidated Financial Statements have been prepared under Indian Accounting Standards (“**Ind AS**”) notified under Section 133 of the Companies Act, 2013 (the “**Act**”) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act and Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the principles laid down in the Indian Accounting Standard 34, “Interim Financial Reporting” as prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) rules 2015, as amended from time to time.*

*Unless otherwise stated, references in this section to “we”, “our” or “us” are to our Company along with our Consolidated Subsidiaries, on a consolidated basis.*

*Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular “Fiscal” are to the 12-month period ended March 31 of that fiscal year. Financial information for the three months ended June 30, 2022, and June 30, 2023, is not annualized and not indicative of full year results and is not comparable with annual financial statements presented in this Preliminary Placement Document.*

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “Forward-Looking Statements” and “Risk Factors” on pages 17 and 54, respectively.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled “**Industry Report on PU Foam and Mattress Market in India**” dated September 11, 2023, prepared exclusively for the Issue and released by Technopak Advisors Private Limited (“**Technopak Report**”), commissioned and paid by our Company in connection with the Issue. Technopak was appointed pursuant to engagement letter dated July 18, 2023. Technopak is not related in any manner to our Company, its Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management, our Promoters or the BRLMs.*

### OVERVIEW

We are an established manufacturer of a diverse range of foam-based home care products, such as mattresses, pillows, bedsheets and furniture cushioning, as well as of technical grades of polyurethane foam (“**PU Foam**”) for use in a wide range of industries, including automotive, healthcare and acoustics. We are the largest manufacturer of mattresses in the Indian branded modern mattress market, with a market share of 18.6% (based on revenue in Fiscal 2023) and are among the leading manufacturers of PU Foam in Asia Pacific (based on revenue in Fiscal 2023) (*Source: Technopak Report*). Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We are also among the leading players in key PU Foam end-use industries, such as mattresses, automotive, footwear, lingerie and furniture (*Source: Technopak Report*). We also have manufacturing presence in Australia and Spain and are the largest manufacturer of PU Foam in Australia, with a market share of 40% (based on revenue in calendar year 2022) (*Source: Technopak Report*).

Our products are broadly classified as follows: (i) home care product portfolio, which comprises (a) mattresses; (b) comfort foam and home comfort products with varying physiological and comfort solutions to appeal to consumers of widely different attributes and preferences; and (c) furniture foam; and (ii) technical grade PU Foam,

which we supply to a diverse range of industries. Set forth below is a snapshot of our product portfolio as of June 30, 2023:

<b>Product</b>	<b>Product description</b>	<b>Product line</b>	<b>Brands</b>
<b>Home Care</b>			
<b>Mattress</b>	Pure foam mattresses as well as hybrids of spring and coir with foam that are capable of bespoke customisation as per the requirements of consumers.	<i>Luxury Range</i> <i>Back Support Range</i> <i>Revital Range</i> <i>GenX Range</i> <i>Spring Range</i> <i>Durafirm Range</i> <i>Omni Range</i> <i>Low selling price (LSP) Range</i> <i>Basic Range</i>	<i>Sleepwell (Offline and Online)</i> <i>Feather Foam</i> <i>Starlite</i> <i>SleepX (Online Brand)</i>
<b>Comfort foam and home comfort products</b>	Pillows, bolsters and cushions, sofa-cum-beds, bed sheets, mattress protectors as well as PU Foam cores utilised for manufacturing finished home comfort products.	<i>Bedsheets</i> <i>Pillows</i> <i>Blankets</i> <i>Bolster</i> <i>Cushion</i> <i>Protectors</i> <i>Sofa Cum Beds</i> <i>Foam Sheets</i> <i>Foam Blocks</i> <i>Foam Cores</i>	<i>Sleepwell</i> <i>Feather Foam</i> <i>Starlite</i> <i>Quiltec</i> <i>Hygroflex</i> <i>Coolflow</i> <i>Dricell</i> <i>Viscoform</i> <i>Gelform</i> <i>Premium Comfort</i> <i>Active Comfort</i> <i>Living Comfort</i> <i>Econoform</i>
<b>Furniture foam</b>	Furniture-cushioning – PU Foam that constitutes upholstery material of varying densities to ensure greater comfort and durability.	<i>Sleepwell Resitec Neo</i> <i>Sleepwell Pro Sofa</i> <i>Sleepwell Primo</i> <i>Sleepwell Primo Cool</i> <i>Feather Foam grades</i>	<i>Sleepwell</i> <i>Feather Foam</i>
<b>Technical Grade PU Foam</b>			
<b>Various types of technical foam</b>	<ul style="list-style-type: none"> <li>Automotive foam used to manufacture auto parts.</li> <li>Reticulated foams utilised in filtration systems.</li> <li>Ultra-violet stable foams used for the manufacture of garments, shoes and innerwear.</li> <li>Silentech used in industrial sound absorption systems.</li> </ul>	<i>Automotive Foams</i> <i>Reticulated Foams</i> <i>Ultra-Violet Stable Foams</i> <i>Silentech Foams</i>	<i>Lamiflex</i> <i>Ultimate comfort</i> <i>Estafoam</i> <i>Meracell</i>
<b>Moulded Foam</b>			
<b>Moulded foam</b>	Foam that is moulded into a predefined shape.	<i>Pillow</i> <i>Automotive/Rail/Seating</i>	<i>Hygroflex Moulded</i> <i>Viscoform Moulded</i> <i>Ultimate Moulded</i> <i>Ultimate Moulded Plus</i>

We were incorporated in 1971, and over the last three decades, have developed *Sleepwell* as a brand associated with comprehensive and quality home-comfort solutions. We commenced manufacturing PU Foam in 1972, and as of June 30, 2023, we owned and operated 17 facilities comprising manufacturing and processing units, across India, Australia and Spain. We operate 11 facilities in India, all of which are utilized for manufacturing home care products, and five of these facilities also manufacture PU Foam. All five of our PU Foam manufacturing facilities located in Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad were ISO 9001: 2015 certified as of June 30, 2023. We consistently endeavour to upgrade technology at our facilities, and utilise Hennecke foaming machines in all our Indian PU Foam manufacturing units. Our installed capacity for foam production in India was 129,000 MTPA as of June 30, 2023. In addition to our 11 facilities in India, we are establishing an integrated manufacturing facility near Jabalpur, which is expected to manufacture foam using variable pressure foaming (“VPF”) technology. Commercial production at the new facility near Jabalpur is expected to commence in January 2024. In addition to our manufacturing operations in India, we manufacture flexible PU Foam in Australia through our subsidiary, Joyce Foam Pty Ltd (“**Joyce Foam**”) and in Spain through our subsidiary, International Foam

Technologies Spain, S.L.U. and its controlled entity Interplasp S.L. (“**Interplasp**”). As of June 30, 2023, Joyce Foam operated five manufacturing facilities in Australia that exclusively manufactured PU Foam primarily through VPF technology and had a total installed production capacity of 10,000 MTPA. The PU Foam we manufacture in Australia is supplied to manufacturers of comfort products and home furniture, and we are the largest manufacturer of PU Foam in Australia with a market share of 40% (by revenue in calendar year 2022) (*Source: Technopak Report*). We are also establishing another facility in Adelaide (Australia) for PU Foam that is expected to commence commercial production in the third quarter of 2023. As of June 30, 2023, Interplasp operated one manufacturing facility in Spain that manufactures flexible PU Foam using VPF technology and had an installed production capacity of 16,000 MTPA.

The tables below set forth a breakdown of our revenue from operations in India, Australia and Spain, for the periods indicated:

Revenue from operations	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations
<b>India</b>	16,860.33	69.23%	20,060.30	70.00%	20,399.54	71.00%	4,876.64	69.60%	4,572.43	70.88%
<b>Australia</b>	4,134.09	16.98%	4,295.22	14.99%	4,379.25	15.24%	1,084.26	15.47%	1,001.77	15.53%
<b>Spain</b>	3,359.15	13.79%	4,300.26	15.01%	3,954.42	13.76%	1,045.81	14.93%	876.66	13.59%
<b>Total</b>	<b>24,353.57</b>	<b>100.00%</b>	<b>28,655.78</b>	<b>100.00%</b>	<b>28,733.21</b>	<b>100.00%</b>	<b>7,006.71</b>	<b>100.00%</b>	<b>6,450.86</b>	<b>100.00%</b>

We have developed a pan-India distribution network that consisted of more than 5,700 exclusive brand outlets (“**EBOs**”), 7,800 multi-brand outlets (“**MBOs**”) and 127 channel partners, as of June 30, 2023. Our Home Care products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* brand franchises or sell our products at multi-brand outlets. As of June 30, 2023, exclusive *Sleepwell* franchises comprised 421 *Sleepwell Worlds* (large sized stores), 1,075 *Sleepwell Galleries* (medium sized stores) and 1,104 *Sleepwell Shoppes* (small sized stores). Our brands, *Sleepwell* and *SleepX*, offer durable, high-quality mattresses for enhanced back support and comfort, which cater to the changing buying habits and lifestyles of the youth who prefer the convenience of buying online. As a result, we believe we have developed a strong online presence through our website, social media pages and e-commerce platforms. Our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023, and we intend to prioritize and increase the visibility of our *Sleepwell* brand on our website, social media pages and e-commerce platforms. In addition to our B2C channels, we sell technical foams in India to manufacturers in the industries that our foam lines cater to and export technical foams to countries in the Middle East, South Asia, Europe, Australia and the United States.

Our Company is led by Mr. Rahul Gautam, our Chairman and Managing Director, and Chairman Emeritus of the Indian Polyurethane Association, who has been instrumental in the growth of our business from a small foam producing unit to the position of a recognized manufacturer of mattresses and technical PU Foam in India, Australia and Spain. We believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their extensive experience in the home care and PU Foam industry.

We have, over the years, received numerous awards and accolades for our quality business practices, including the “Great Place to Work” certification four times in a row from November 2019 to December 2020, March 2021 to February 2022, March 2022 to March 2023 and March 2023 to March 2024, respectively, the “Most Trusted Brand” by India Today in 2020, the CIO 100 Award in 2020, the “Trusted Brand” by Reader’s Digest in 2022 and we ranked 465 in the Fortune 500 List in 2022.

The table below sets forth certain financial information (on a consolidated basis) for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022*	Three months ended June 30, 2023*
<i>Amount (₹ million, except percentages)</i>					
<b>Revenue</b>	24,353.57	28,655.78	28,733.21	7,006.71	6,450.86
<b>Revenue growth/ (decline) (%)</b>	12.04%	17.67%	0.27%	27.11%	(7.93)%
<b>Gross Profit <sup>(1)</sup></b>	9,969.02	9,262.81	10,188.25	2,284.28	2,305.55
<b>Gross Profit Margin <sup>(2)</sup> (%)</b>	40.93%	32.32%	35.46%	32.60%	35.74%
<b>Adjusted EBITDA <sup>(3)</sup></b>	3,623.17	3,149.45	2,972.77	658.58	776.22
<b>Adjusted EBITDA Margin (%)<sup>(4)</sup></b>	14.88%	10.99%	10.35%	9.40%	12.03%
<b>PAT</b>	2,401.51	2,187.28	2,030.62	425.20	433.20
<b>PAT Margin (%)<sup>(5)</sup></b>	9.65%	7.43%	6.86%	5.92%	6.47%
<b>Return on Equity (%)<sup>(6)</sup></b>	20.13%	15.62%	12.62%	2.97%	2.63%
<b>Return on Capital Employed (%)<sup>(7)</sup></b>	22.26%	17.28%	14.51%	3.33%	3.29%
<b>Fixed Asset Turnover <sup>(8)</sup></b>	367.11%	381.62%	327.09%	91.30%	66.51%
<b>Net Working Capital Days <sup>(9)</sup></b>	50	34	40	32	45
<b>Operating Cash Flows</b>	2,603.04	1,971.48	2,120.07	406.74	549.70

\* Not annualised

Notes:

- (1) Gross Profit is calculated as Revenue from Operations less cost of goods sold and other manufacturing expenses.
- (2) Gross Profit Margin is calculated as gross profit divided by revenue from operations
- (3) Adjusted EBITDA is calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost, income tax expense and exceptional items less other income.
- (4) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue from operations.
- (5) PAT Margin is calculated as profit after tax divided by total income.
- (6) ROE is calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity (including Non-controlling interest). For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.
- (7) ROCE is defined as EBIT divided by Adjusted Capital Employed, where Adjusted Capital Employed is Total Assets less current liabilities.
- (8) Fixed Asset Turnover is computed on the basis of Revenue from Operation divided by Total Fixed Assets where Total Fixed Assets is sum of Property, Plant and Equipment, Capital WIP, Right to Use Assets and Investment Property.
- (9) Net Working Capital Days is computed as Net Working Capital divided by Turnover multiplied by 365/91, where Net Working Capital is Inventory plus Debtors (net of advances) less Trade Payables.

## Recent Developments

### Acquisition of Kurlon Enterprises Limited (the “Kurlon Acquisition”)

On July 17, 2023, we executed a share purchase agreement with Kurlon Enterprises Limited, Kanara Consumer Products Limited and Kurlon Trading and Investment Management Private Limited for the purchase of a 94.66% shareholding in Kurlon Enterprises Limited (“KEL” or “Kurlon”), at an equity valuation of ₹ 21,500 million, subject to customary adjustments for net working capital, debt and surplus cash, if any. We propose to fund the Kurlon Acquisition from a combination of the proceeds of this Issue, debt funding and internal accruals. For further information, see “Use of Proceeds” on page 89.

We have included in this Preliminary Placement Document the Unaudited Proforma Condensed Combined Financial Information of the Company and its Consolidated Subsidiaries (to be read in conjunction with “Purpose and basis of Preparation of the Unaudited Proforma Condensed Combined Financial Information” on page 495) for Fiscal 2023 to show the impact of the Kurlon Acquisition on our Company, including the results of operations and the financial position, as if the Acquisitions had taken place on April 1, 2022, i.e., beginning of the earliest period presented in the Unaudited Proforma Condensed Combined Financial Information. For further information, see “Financial Information – Unaudited Proforma Condensed Combined Financial Information” on page 489 and “Risk Factors – The Unaudited Proforma Condensed Combined Financial Information included in this Preliminary Placement Document to reflect the Kurlon Acquisition is not indicative of our expected financial performance in future periods or a substitute for our past results” on page 61.

### *Investment in House of Kieraya (the “Furlenco Acquisition”)*

On July 17, 2023, we executed a securities subscription agreement with House of Kieraya for the acquisition of 35% share capital (on a fully diluted basis) in House of Kieraya Private Limited, an online furniture retailer that operates under the brand “Furlenco” for a consideration of ₹ 3,000 million, subject to customary working capital and other adjustments (“**Furlenco Acquisition**”). We completed the Furlenco Acquisition, as intimated by way of our announcement dated September 14, 2023 on BSE and NSE. The Furlenco Group was founded by Mr. Ajith Mohan in 2011 with a vision to emerge as India’s largest furniture rental and subscription business. It is India’s fastest growing online furniture company based on its CAGR of revenue of 35.68% between Fiscal 2021 and Fiscal 2023 (*Source: Technopak Report*).

## **SIGNIFICANT FACTORS AFFECTING RESULTS OF OUR OPERATIONS**

### ***Acquisition costs and ability to integrate and derive synergies from the Kurlon Acquisition and Furlenco Acquisition***

Our results of operation and profitability will depend on the costs associated with the Kurlon Acquisition and the Furlenco Acquisition and our ability to integrate and derive synergies from them. We completed the Furlenco Acquisition as intimated by way of our announcement dated September 14, 2023 on BSE and NSE, and we intend to complete the Kurlon Acquisition by November 30, 2023 for a consideration of ₹ 20,350 million, to be partly funded by the Net Proceeds. For further information, see “*Use of Proceeds*” on page 89. Our financial condition and results of operation will also depend on our ability to complete the Kurlon Acquisition, which will depend on the satisfaction/ waiver of conditions precedent including obtaining consents from third parties, and our ability to fund the costs associated with the acquisition including certain acquisition costs.

Furthermore, while our investment in Furlenco is currently proposed to be accounted for as an investment in associates/ joint ventures, if our Company’s shareholding in Furlenco were to increase, including as contemplated under the Furlenco SSA or in order to infuse further capital to support its business, it may be accounted for as a Subsidiary in future periods. As Furlenco has reported losses in previous periods, any continued losses may adversely affect our Company’s consolidated results of operations, particularly if we continue to infuse capital and account for it as a Subsidiary.

Our ability to grow our revenue to recover our Kurlon Acquisition and Furlenco Acquisition costs and remain profitable will depend on the synergies we derive from the transactions. Our targeted synergies include leveraging the manufacturing capacities and customer base of the acquired businesses, which is based on numerous estimates and assumptions of customer requirements and industrial trade practices that are based on the general macroeconomic, industry, legal, regulatory and tax environment. Our ability to derive these synergies will also depend on the successful integration of the acquired businesses with our existing operations, particularly in terms of executing optimisation measures, discontinuing overlapping functions, and integrating management information systems and personnel. Our future results of operations are therefore dependent on our ability to (i) efficiently operate our newly acquired manufacturing facilities including its supply chain functions, (ii) cross-sell our acquired product portfolio to our existing customers, and (iii) acquire new customers and gain market share based on cost-efficiencies that we seek to achieve by leveraging the combined economies of scale of the acquired businesses.

Also see, “*Risk Factors – Risks relating to the Kurlon Acquisition and Furlenco Acquisition*” beginning on page 55.

### ***Raw material expenses, dependency on suppliers and employee expenses***

Our expenditure on materials consumed constitutes the most significant component of our operating expenses. In Fiscals 2021, 2022, 2023 and the three months ended June 30, 2022, and June 30, 2023, expenditure on materials consumed constituted ₹ 13,673.54 million, ₹ 18,332.50 million, ₹ 16,183.04 million, ₹ 4,330.29 million and ₹ 3,539.68 million, respectively, 63.20%, 69.22%, 60.23%, 65.58% and 59.19%, respectively, of our total expenses, and 54.97%, 62.26%, 54.68%, 60.26% and 52.89% of our total income for such periods, respectively. Our financial condition and results of operations are significantly impacted by the availability and cost of our raw materials. In particular, polyol and TDI are our major raw materials in production of PU Foam, and incur the most significant cost to our business. For the three months ended June 30, 2023, polyol expenditure aggregated to ₹ 858.12 million, or 14.35% of our total expenditure and 12.82% of our total income, and TDI expenditure aggregated to ₹ 637.57 million, or 10.66% of our total expenditure and 9.53% of our total income. In Fiscals 2021, 2022, 2023 and the three months ended June 30, 2022 and June 30, 2023, prices paid by us per kilogram of polyol

averaged ₹ 177, ₹ 195, ₹ 144, ₹ 172, and ₹ 139, respectively, while prices paid by us per kilogram of TDI averaged ₹ 184, ₹ 206, ₹ 245, ₹ 277, and ₹ 209, respectively.

We procure all our major raw materials from a limited number of third-party suppliers on a spot basis from India and import certain quantities of raw materials from overseas suppliers. For the three months ended June 30, 2023, 78.16% of our raw material expenditure was attributable to Indian suppliers, while 21.84% was attributable to imports. Most of our suppliers typically extend credit to us for a period ranging from 60 to 90 days. While we are not significantly dependent on any single raw material supplier, supply and pricing of our raw materials can be volatile due to several factors beyond our control, including global demand and supply, general economic and political conditions, transportation, competition, import duties, tariffs and currency exchange rates. We cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms. Furthermore, we usually do not enter into long term supply contracts with any of our raw material suppliers and the absence of long term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require. While we endeavour to pass on all raw material price increases to customers, if we are unable to compensate for or pass on our increased costs to end-consumers, such price increases could have an adverse impact on our result of operations, financial condition, and cash flows.

Employee costs comprise our second largest expense after cost of raw materials. In Fiscals 2021, 2022, 2023 and the three months ended June 30, 2022, and June 30, 2023, our employee costs represented 10.71%, 9.65%, 10.39%, 10.44% and 12.24% of our total expenses, respectively, and 9.31%, 8.68%, 9.43%, 9.59% and 10.94% of our total income, respectively. We believe that we have sufficient human resources to sustain our current operations and planned growth, particularly at the management level, and we expect to improve our operational efficiency by reducing our employee costs as a percentage of our total income in future periods. As a significant portion of our overall manpower is in India, rising wages in India as well as any change in applicable laws, may have a material impact on our net income. Our employee costs could significantly be impacted by recent changes, as well as proposed changes to the existing framework of labour laws in India. For instance, the GoI has framed four labour codes, namely: (i) The Industrial Relations Code, 2020; (ii) The Code on Wages, 2019; (iii) The Occupational Safety, Health and Working Conditions Code, 2020; and (iv) The Code on Social Security, 2020 which seek to consolidate all existing labour legislation in the country (including the Minimum Wages Act, 1948) into distinct codes dealing with industrial relations, wages, social security, industrial safety and welfare. While the labour codes have not been implemented yet, any such changes, if implemented, could adversely affect our operating margins, manufacturing operations, cash flows and results of operations.

#### ***Revenue for sales of mattresses and other home care products***

Our principal business is manufacture and sale of *Sleepwell* branded mattresses, as well as other home care products in India. Accordingly, we derive a significant portion of our total income from the sale of mattresses and other home care products.

We sell our home comfort products to our exclusive distributors, who resell such products to a network of dealers operating either in exclusive *Sleepwell* branded outlets, or in MBOs. The prices at which we sell products to our distributors are revised keeping in mind various considerations, including changes in the cost of raw materials, manufacturing expenses, customisation and enhancements in product attributes, market trends and our competitive advantage. Our sales revenue and pricing position for home comfort products is also affected by our competition, which we face from organised manufacturers and brands such as Duroflex, Wakefit and Peps Industries (*Source: Technopak Report*), as well as from unorganised, unbranded entities running smaller scale operations.

Changes in market trends and consumer preferences further influence our sales revenues from home care products. The success of our home care products business depends on our ability to anticipate and identify changes in consumer preferences in home care products and offer products that appeal to consumers on a continuing basis. We constantly emphasise product innovation to distinguish ourselves from our competitors, and endeavour to introduce niche products and different variants of our existing products, based on consumer preferences and demand. Although we seek to identify consumer trends and introduce new products in a timely manner, we cannot assure you that our products would gain acceptance or that we will be able to successfully compete in these new product segments.

Additionally, the emergence of raw materials better suited for manufacture of comfort products than PU Foam could lead to a decline in the demand for foam-based home comfort products. Changing consumer preferences could also lead to an increase in demand for pure spring products as opposed to foam-based products, as well as newer or hybrid products. Such consumer and industry shift could necessitate reassessment of synergies derived from our ability to manufacture PU Foam and an inability to optimally change our portfolio to address such

consumer and industry shifts could adversely affect our revenues from the sale of home care products, and consequently, our results of operation, financial condition, and profitability.

### ***Conditions affecting the end user industries and markets for technical PU Foam grades manufactured by us***

Through our technical foam business, we manufacture numerous grades of technical PU Foam that are utilised in the manufacturing processes of a wide range of end industries. For instance, we manufacture automotive foams that are utilised for the manufacture of auto-components such as seat covers, headliners, sun visors, door trims and lamination systems; reticulated foams that are utilised for manufacture of ceramic foam filters, outdoor furniture and safety fuel tanks; ultra-violet stable foams that are utilised for lining of garments; and silentech foams that are utilised in the sound-proofing industry to manufacture diesel generators, industrial silencers, acoustic enclosures and automobiles. Accordingly, sales of our technical PU Foams are directly dependent on the production and sales of end products by our customers in the automotive, industrial, filtration and garments sector. Furthermore, our business plans envisage upscaling export of technical PU Foam, in line with our customers' requirements in SAARC nations. The end-user industries and geographic markets which our technical PU Foam products are targeted at may be impacted by global economic or industry conditions, including seasonal trends, volatile fuel prices, rising employee costs and challenges in maintaining amicable labour relations as well as compliance with evolving regulatory requirements, government initiatives, trade agreements and other factors. Any significant downturns in such industries, as well as economic downturns in our export markets may significantly affect our revenues from sale of technical PU Foam across periods and geographies.

Furthermore, some of our overseas customers to whom we export technical PU Foam are in countries in Europe and the United States of America and some of them were adversely impacted by the recession in some of these economies, disruption in banking and financial systems, economic instability, unfavourable government policies, rising inflation, lowering spending power, customer confidence and political uncertainty. For instance, our revenue in foreign currency (including revenue generated in Australia and Spain) decreased by 3.88% from ₹ 9,106.63 million in Fiscal 2022 to ₹ 8,753.41 million in Fiscal 2023, primarily due to reduced exports to the United States and Europe on account of increase in anti-dumping duties in the United States on our products. Our exports may also be impacted on account of prohibitive anti-dumping duties and taxes imposed in our overseas markets. While the global economy has recovered to some extent, we are unable to predict with any degree of certainty the pace or sustainability of economic recovery, the volumes of federal or central, state and local government investment, or the effects of regulatory intervention.

### ***Our distribution network***

Our widely developed and geographically dispersed sales network is key to our business and results of operations. As on June 30, 2023, we sell home comfort products through a structured pan-India network of 127 channel partners, who re-sell our products to a network of more than 5,700 exclusive branded outlets and more than 7,800 multi-branded outlets. Our retail dealers either operate exclusive *Sleepwell* branded outlets, which (as on June 30, 2023) constituted 421 *Sleepwell Worlds*, 1,075 *Sleepwell Galleries*, 1,104 *Sleepwell Shoppes* and 3,128 smaller format *Sleepwell* stores, or operate in multi-branded outlets. Additionally, technical PU Foam grades produced by us are sold directly to industrial manufacturers in India, and exported to manufacturers in the Middle East, South Asia, Europe, Australia and the United States.

We intend to leverage our extensive sales network to grow our product reach to under-penetrated geographies, expand the scale of our operations by increasing sales of our products in our current markets, and widen the portfolio of our products available in these markets by growing our distribution network. We have consistently invested and intend to continue investing in our distributor relationships through a mix of direct engagement with our internal sales team and initiatives such as annual distributor meetings and branding and training programmes. We recognise expenses towards such engagement with our distribution network as "selling and promotional expenses", which aggregated, in Fiscals 2021, 2022, 2023 and the three months ended June 30, 2022 and 2023 to ₹ 1,619.82 million, ₹ 430.20 million, ₹ 763.99 million, ₹ 153.14 million and ₹ 116.95 million, respectively. We have also introduced performance-based sales incentive and rebate programmes for our distributors and dealers, to encourage them to achieve their sales and collection targets. We also incentivize certain distributors and dealers by providing them with advances for buying vehicles for distribution of our products and for equipment for altering the size of mattresses at their location. We believe that such initiatives contribute significantly towards maintenance and retention of our distribution reach and selling capabilities, which will continue to be a key factor driving our growth.

### ***Cost of borrowing and foreign exchange***

As of June 30, 2023, we had total borrowings of ₹ 4,512.33 million, which comprised term loans denominated in Indian Rupee, USD, Euro, and AUD.

Certain of our facilities are commercial borrowings that have been availed at floating interest rates. As of June 30, 2023, the outstanding borrowing under these facilities was ₹ 3,788.58 million. As a result, our finance cost mainly comprised interest payments on these loans and was ₹176.83 million, ₹169.73 million, and ₹210.71 million in Fiscals 2021, 2022 and 2023, respectively, which represented 0.71%, 0.58% and 0.71%, respectively, of our total income for the same periods. Our finance cost was ₹ 48.13 million and ₹ 78.85 million in the three months ended June 30, 2022, and June 30, 2023, respectively, which represented 0.67% and 1.18% of our total income for such periods, respectively. Any increase in the rate of interest payable will increase our finance cost.

As the interest and principal amounts are payable in currencies other than the Indian Rupee, our finance cost is also dependent on the exchange rate between the Indian Rupee and USD, Euro and AUD. Furthermore, a certain portion of our key raw materials polyol and TDI, is imported by us in USD. For Fiscal 2023 and the three months ended June 30, 2023, the CIF value of imports was ₹ 1,574.86 million and ₹ 510.24 million (including raw material and capital goods). Furthermore, for Fiscal 2023 and the three months ended June 30, 2023, we also received ₹ 8,715.91 million and ₹ 1,947.44 million, respectively, from export of products outside India. In addition, our future capital expenditures, including any imported equipment and machinery, and borrowings may be denominated in currencies other than Indian Rupees. Any significant movement in the interbank lending rates or further weakening of the Indian Rupee compared to these currencies and our ability to repay the amounts owed by us will affect our results of operations and profitability. Although we currently enter into certain hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance and Basis of Preparation**

#### ***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.

#### ***Functional and presentation currency***

The consolidated financial statements are prepared in Indian Rupees (“**Rs.**”), which is the Company’s functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest million with two decimal places, unless stated otherwise.

#### ***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.

#### *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.

#### *Useful lives of Property Plant and Equipment*

The Property, Plant and Equipment are depreciated on a pro-rata basis on written down value basis, in case of our Company and the 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 the notes to the accounting policies. 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.

#### *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, refer to the notes to the accounting policies.

#### *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.

#### *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.

#### *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 the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### *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 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 (₹ million)	2,636.62	2,416.60

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.

#### **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 subsidiary begins when the group obtains controls over the subsidiary and ceases when the group loses 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 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.
- ii. 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.
- iii. 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.
- iv. 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 Company and its Consolidated 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 financial statements.

- 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 Company’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 Consolidated Subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Proportion (%) of Shareholdings as on 31.03.2023</b>	<b>Proportion (%) of Shareholding as on 31.03.2022</b>
<b>Subsidiary Companies</b>			
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
Staqo Software Private Limited (Formerly known as 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

### **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 Company and Indian Subsidiaries (Staqo Software Private Limited (formerly known as Divya Software Solutions Private Limited), Sleepwell Enterprises Private Limited, Staqo World Private Limited and International Comfort Technologies Private Limited)

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 ₹ 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)
<b>Buildings:</b>		
Factory (including roads & lanes)	30	29
Office	60	4-59
Residential	60	59
Plant & Equipment	15	20
Furniture & Fixtures	10	15
<b>Vehicles:</b>		
Motor Cars	8	10
Office Equipment	5	20
<b>Date Processing Equipment:</b>		
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.

Assets	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 1, 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

#### **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-rata 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.

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)
<b>Buildings:</b>		
Factory (including roads & lanes)	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.

#### **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.

#### ***Financial Assets***

##### *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.

##### *Classification and subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- i. at amortized cost;
- ii. at fair value through other comprehensive income (“**FVTOCI**”); and
- iii. 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.

#### 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 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 or loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents and employee loans, etc.

#### 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.

#### 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.

#### *Impairment of financial assets*

The Group assesses impairment based on expected credit losses (“ECL”) model to the following:

- i. Financial Assets measured at amortized cost;
- ii. 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.

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.

#### *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:

- i. The rights to receive cash flows from the asset have been expired/transferred, or
- ii. 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.

### ***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:

#### **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 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 Group 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, 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.

#### *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.

#### *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.

### **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 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.

### **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.

## **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.

## **Provisions and Contingent Liabilities**

### ***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.

### ***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.

### ***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.

## **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.

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.

#### ***Sale of goods – distributors***

The Group operates via chain of distributors selling mattresses and home comfort products. Revenue from 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.

#### ***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.

#### ***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***

### ***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.

### ***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 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.

### ***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.

## **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.

## **Employee Benefits**

In the case of the Company and Indian subsidiaries (Staqo Software Private Limited (Formerly known as Divya Software Solutions Private Limited), Sleepwell Enterprises Private Limited, Staqo World Private Limited and International Comfort Technologies Private Limited).

### ***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.

### ***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 encashed or accumulated till retirement. The liability towards LSA is provided for on accrual basis as estimated by the management.

### ***Post-Employment Benefits***

#### ***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.

### *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.

#### ***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.

Leaves under defined benefit plans can be encashed only on discontinuation of service by employee.

#### 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.

#### **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.

### **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.

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.

### **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.

#### *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.

#### *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.

### **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.

### **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.

### **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 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.

### **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.

### **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.

### **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.

### **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:

#### ***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.

#### ***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.

### **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

#### ***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.

#### ***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.

#### ***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.

#### ***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.

## **PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE**

### ***Income***

Our total income comprises (i) revenue from operations and (ii) other income.

#### ***Revenue from operations***

Revenue from operations includes revenue from (i) sale of products; (ii) sale of services; and (iii) other operating revenue.

- Our sale of products consists of sales of finished goods manufactured by our Company. Sale of finished goods includes revenue from the sale of home comfort products such as mattresses, furniture cushioning material, pillows and bolsters, sale of commercial PU Foam cores and sale of technical grade PU Foam.
- Our sale of services consists of IT support services.
- Other operating revenue includes revenue from job work services, the Rodtep scheme subsidy and revenues from sale of processed scrap generated from the manufacture of PU Foam.

#### *Other income*

Other income primarily includes (i) interest income from (a) financial assets at amortised cost on bank deposits and others; (b) financial assets at fair value; (c) income tax refunds; and (ii) other non-operating income including (a) liabilities/ provisions no longer required written back; (b) rental income; (c) income from sale of investments; (d) fair valuation adjustments of investments through profit and loss; (e) gain on sale of fixed assets; (f) sale of non-processed scrap; (g) other miscellaneous income; and (h) gain on foreign exchange transactions and translations.

#### *Expenses*

Our expenses comprise (i) cost of materials consumed; (ii) purchase of stock-in-trade; (iii) changes in inventories of finished goods, stock-in-trade, and work-in-progress; (iv) other manufacturing expenses; (v) employee benefit expense; (vi) finance costs; (vii) depreciation and amortisation expense; and (viii) other expenses.

#### *Cost of materials consumed*

Our expenditure on materials consists of expenditure on raw materials, which primarily include TDI, polyols and other material (such as coir sheets, cloth and chemical additives and catalysts which are utilised in the foam manufacture process) and packing material. We source raw materials as well as packing material from domestic and overseas suppliers.

#### *Purchases of stock-in-trade*

Our expenditure on stock-in-trade consists of purchases of certain categories of home comfort products, primarily, fibre pillows, moulded pillows and low-density commercial PU Foam cores from distributed manufacturers. Such goods are sold by us as traded goods.

#### *Other manufacturing expenses*

Other manufacturing expenses consist of expenditure in relation to our manufacturing process, including expenses on power and fuel, repair and maintenance of our manufacturing facilities and associated plant and machinery, and processing and other charges.

#### *Changes in inventories of finished goods, stock-in-trade and work-in-progress*

Our expenditure in relation to change in inventories consists of our inventory of finished goods (such as home comfort products, commercial PU Foam cores and technical grade PU Foam), stock-in-trade (such as fibre and moulded pillows and low-density PU Foam cores from distributed manufacturers) and work-in-progress (such as foam blocks) at the beginning and the end of the year reduced by any inventories lost through fires or industrial accidents in the year.

#### *Employee benefit expenses*

Employee benefit expense comprises (i) salaries, wages, allowance, and other benefits; (ii) gratuity; (iii) contribution to provident and other funds; and (iv) workmen and staff welfare expenses.

#### *Finance costs*

Finance cost comprises interest expenses on borrowings from banks, security deposits, lease liabilities and others.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses comprise (i) depreciation on property, plant and equipment; (ii) depreciation on right-of-use assets; (iii) amortisation of intangible assets and (iv) depreciation on investment property.

### Other expenses

Other expenses primarily comprise (i) freight and forwarding expenses; (ii) selling and promotion expenses; advertisement expenses; (iii) legal and professional expenses; (iv) insurance expenses and (v) miscellaneous expenses.

Key components of these items are explained below:

- Freight and forwarding expenses relate to costs incurred towards outward freight operations, i.e., transporting our finished products from our manufacturing facilities to the facilities of our customers.
- Legal and professional expenses include payments made to advisors for services received in matters related to tax, accounting, human resources and other business matters, and includes fees paid to statutory auditors and auditors engaged for cost audit.
- Insurance expenses include payments made to insurance companies for insurance.
- Selling and promotion expenses relate to our sales and marketing initiatives involving our distributors and dealers, including for engagement with our dealers through group events such as distributor and dealer meetings and training and branding programmes and expenses incurred for promotional activities for exclusive *Sleepwell* branded outlets.

## OUR RESULTS OF OPERATIONS BASED ON OUR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Three months ended June 30, 2022, and June 30, 2023

The following tables set forth our selected financial information from our statement of profit and loss for the three months ended June 30, 2022, and June 30, 2023, the components of which are also expressed as a percentage of total income for such periods:

Particulars	For the three months ended June 30,			
	2022		2023	
	(In ₹ Million)	(% of Total Income)	(In ₹ Million)	(% of Total Income)
<b>Income:</b>				
Revenue from operations	7,006.71	97.50%	6,450.86	96.39%
Other income	179.75	2.50%	241.94	3.61%
<b>Total Income</b>	<b>7,186.46</b>	<b>100%</b>	<b>6,692.80</b>	<b>100%</b>
<b>Expenses:</b>				
Cost of materials consumed	4,330.29	60.26%	3,539.68	52.89%
Purchase of stock-in-trade	210.97	2.94%	124.83	1.86%
Changes in inventories of finished goods, stock-in-process and stock-in-trade	6.43	0.09%	292.10	4.36%
Other manufacturing expenses	174.74	2.43%	188.70	2.82%
Employee benefit expenses	689.54	9.59%	732.11	10.94%
Finance costs	48.13	0.67%	78.85	1.18%
Depreciation and amortisation expense	206.46	2.87%	226.56	3.39%
Other expenses	936.16	13.03%	797.22	11.91%
<b>Total Expenses</b>	<b>6,602.72</b>	<b>91.88%</b>	<b>5,980.05</b>	<b>89.35%</b>
<b>Profit before tax &amp; exceptional items</b>	<b>583.74</b>	<b>8.12%</b>	<b>712.75</b>	<b>10.65%</b>
<b>Exceptional items</b>	-	-	109.53	1.64%
<b>Profit before tax</b>	<b>583.74</b>	<b>8.12%</b>	<b>603.22</b>	<b>9.01%</b>
<b>Income tax expense</b>				
Current year's tax	163.41	2.27%	172.24	2.57%
Tax expenses related to earlier years	0.03	0.00%	-	-
Deferred tax (net)	(4.90)	(0.07)%	(2.22)	(0.03)%
<b>Total income tax expense</b>	<b>158.54</b>	<b>2.20%</b>	<b>170.02</b>	<b>2.54%</b>
<b>Profit for the period</b>	<b>425.20</b>	<b>5.92%</b>	<b>433.20</b>	<b>6.47%</b>
<b>Other Comprehensive Income (net of tax)</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements gain / (loss) of the net defined benefits plan	(10.68)	(0.15)%	(4.76)	(0.07)%
Income tax on above item	2.72	0.04%	1.20	0.02%

Particulars	For the three months ended June 30,			
	2022		2023	
	(In ₹ Million)	(% of Total Income)	(In ₹ Million)	(% of Total Income)
<b>Items that will be reclassified to profit or loss</b>				
Fair value gain / (loss) on investments and other financial instruments	(36.40)	(0.51)%	8.52	0.13%
Income tax on above item	8.94	0.12%	(2.15)	(0.03)%
Exchange differences on translation of foreign operations .....	(30.55)	(0.42)%	(31.86)	(0.48)%
<b>Total Other Comprehensive Income / (loss) (net of tax)</b>	<b>(65.97)</b>	<b>(0.92)%</b>	<b>(29.05)</b>	<b>(0.43)%</b>
<b>Total Comprehensive Income for the period</b>	<b>359.23</b>	<b>5.00%</b>	<b>404.15</b>	<b>6.04%</b>
<b>Profit for the period attributable to:</b>				
Shareholders of the Holding Company	420.90	5.86%	430.67	6.43%
Non-controlling Interest	4.30	0.06%	2.53	0.04%
<b>Other Comprehensive Income for the period attributable to:</b>				
Shareholders of the Holding Company	(65.97)	(0.92)%	(29.05)	(0.43)%
Non-controlling Interest	-	-	-	-
<b>Total Comprehensive Income for the period attributable to</b>				
Shareholders of the Holding Company	354.93	4.94%	401.62	6.00%
Non-controlling Interest	4.30	0.06%	2.53	0.04%
<b>Earnings per equity share (face value of ₹ 5/- each):</b>				
Basic and diluted (₹)	4.36	-	4.41	-

The table below provides a break-down of our total income for the periods indicated.

Particulars	For the three months ended June 30,	
	2022	2023 (₹ Million)
Sale of products	6,984.13	6,417.70
Sale of services	15.66	26.44
	6,999.79	6,444.14
<b>Other operating revenue</b>		
Rodtep scheme subsidy	0.57	0.25
Income from sale of processed scrap	6.35	6.47
<b>Total</b>	<b>7,006.71</b>	<b>6,450.86</b>

### Three months ended June 30, 2022, compared to three months ended June 30, 2023

#### Income

Our total income decreased by 6.87% from ₹ 7,186.46 million for the three months ended June 30, 2022, to ₹ 6,692.80 million for the three months ended June 30, 2023, due to decrease in sale of products by 8.11% from ₹ 6,984.13 million for the three months ended June 30, 2022 to ₹ 6,417.70 million for the three months ended June 30, 2023.

#### Revenue from operations

*Sale of products.* Our revenues from sale of products decreased by 8.11% from ₹ 6,984.13 million for the three months ended June 30, 2022, to ₹ 6,417.70 million for the three months ended June 30, 2023, primarily due to decreases in revenue of our Company by ₹ 401.55 million, Interplasp S.L. by ₹ 169.15 million and Joyce Foam Pty Ltd by ₹ 82.49 million on account of lesser demand by customers and inflation.

*Sale of services.* Our revenues from the sale of services increased by 68.84% from ₹ 15.66 million in the three months ended June 30, 2022, to ₹ 26.44 million for the three months ended June 30, 2023, primarily due to receiving orders from a new customer.

*Other operating revenues.* Our other operating revenues decreased by 2.89% from ₹ 6.92 million in the three months ended June 30, 2022, to ₹ 6.72 million in the three months ended June 30, 2023.

### **Other income**

Our other income increased by 34.60% from ₹ 179.75 million in the three months ended June 30, 2022, to ₹ 241.94 million in the three months ended June 30, 2023, primarily due to profit on sale of investments.

### **Expenditure**

Our total expenditure decreased by 9.43% from ₹ 6,602.72 million in the three months ended June 30, 2022, to ₹ 5,980.05 million in the three months ended June 30, 2023, primarily due to a decrease in our cost of materials consumed and changes in inventories of finished goods, stock-in-trade, and work-in-progress, as discussed below:

*Cost of materials consumed.* Our cost of materials consumed decreased by 18.26% from ₹4,330.29 million in the three months ended June 30, 2022, to ₹3,539.68 million in the three months ended June 30, 2023. This decrease was primarily due to decreases in the prices paid by us for purchase (per kilogram) of TDI from ₹ 277 in the three months ended June 30, 2022 to ₹ 209 in the three months ended June 30, 2023 and Polyol from ₹ 172 in the three months ended June 30, 2022 to ₹ 139 in the three months ended June 30, 2023.

*Purchase of stock-in-trade.* Our expenses on purchase of stock-in-trade decreased by 40.83% from ₹ 210.97 million in the three months ended June 30, 2022, to ₹ 124.83 million in the three months ended June 30, 2023, primarily due to decrease in traded goods (bedsheets, comforters, PU Foam, spring, and coir mattresses).

*Other manufacturing expenses.* Other manufacturing expenses increased by 7.99% from ₹174.74 million in the three months ended June 30, 2022, to ₹ 188.70 million in the three months ended June 30, 2023. This increase was primarily due to increase in processing and other charges by 26.23% from ₹ 57.11 million in the three months ended June 30, 2022, to ₹ 72.09 million in the three months ended June 30, 2023.

*Changes in inventories of finished goods, stock-in-trade, and work-in-progress.* Our closing inventories of finished goods, stock-in-trade and work-in-progress were ₹ 864.22 million for the three months ended June 30, 2023, in comparison to our opening inventories of ₹ 1,156.32 million for the three months ended June 30, 2022. Such decrease in our closing inventories was primarily due to decrease in work-in progress inventory by ₹ 141.04 million, and decrease in stock-in-trade inventories by 34.79% from opening stock-in-trade of ₹ 259.03 million to closing stock-in-trade of ₹ 168.91 million.

*Employee benefit expenses.* Our employee benefit expenses increased by 6.17% from ₹ 689.54 million in the three months ended June 30, 2022, to ₹ 732.11 million in the three months ended June 30, 2023, on account of salaries, wages, allowance and other benefits by 6.96% from ₹ 610.68 million in the three months ended June 30, 2022 to ₹ 653.16 million in the three months ended June 30, 2023.

*Finance costs.* Our finance costs increased by 63.83% from ₹ 48.13 million in the three months ended June 30, 2022, to ₹ 78.85 million in the three months ended June 30, 2023, and primarily comprised interest on bank loan. The increase was primarily due to increase in interest expense on borrowings from banks.

*Depreciation and amortisation expense.* Depreciation and amortisation expenses increased by 9.74% from ₹ 206.46 million in the three months ended June 30, 2022, to ₹ 226.56 million in the three months ended June 30, 2023.

*Other expenses.* Our other expenses decreased by 14.84% from ₹ 936.16 million in the three months ended June 30, 2022, to ₹ 797.22 million in the three months ended June 30, 2023, primarily due to:

- (a) decrease in selling and promotion expenses by 23.63% from ₹ 153.14 million for the three months ended June 30, 2022, to ₹ 116.95 million for the three months ended June 30, 2023, on account of discontinuation of certain promotional schemes that we introduced in previous periods;
- (b) decrease in advertisement by 37.96% from ₹ 142.73 million for the three months ended June 30, 2022, to ₹ 88.55 million for the three months ended June 30, 2023, on account of a decrease in advertisement expenses by Joyce Foam Pty Ltd, our Australian subsidiary, during the three months ended June 30, 2023; and

- (c) decrease in bad debts by 91.79% from ₹ 38.51 million for the three months ended June 30, 2022, to ₹ 3.16 million for the three months ended June 30, 2023, on account of a decrease in bad debts incurred by Interplasp S.L., our Spanish subsidiary, from ₹ 37.21 million for the three months ended June 30, 2022, to nil for the three months ended June 30, 2023.

#### *Profit before Tax*

Our profit before tax increased by 3.34% from ₹ 583.74 million in the three months ended June 30, 2022, to ₹ 603.22 million in the three months ended June 30, 2023, due to profit on sale of investment of ₹ 134.41 million for the three months ended June 30, 2023.

#### *Tax Expense*

Tax expense increased by 7.24% from ₹ 158.54 million in the three months ended June 30, 2022, to ₹ 170.02 million in the three months ended June 30, 2023, due to higher profit for the three months ended June 30, 2023.

#### *Profit after Tax*

As a result of the above, our profit after tax increased by 1.88% from ₹ 425.20 million in the three months ended June 30, 2022, to ₹ 433.20 million in the three months ended June 30, 2023.

#### **Adjusted EBITDA**

*Adjusted EBITDA and Adjusted EBITDA Margins.* Adjusted EBITDA was ₹ 658.58 million in the three months ended June 30, 2022, compared to ₹ 776.22 million in the three months ended June 30, 2023, while Adjusted EBITDA Margin was 9.40% in the three months ended June 30, 2022, compared to 12.03% in the three months ended June 30, 2023.

### **OUR RESULTS OF OPERATIONS BASED ON OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

#### **Fiscals 2021, 2022 and 2023**

The following tables set forth our selected financial information from our consolidated statement of profit and loss for Fiscals 2021, 2022 and 2023, the components of which are also expressed as a percentage of total income for such years. The financial information corresponding to (i) Fiscal 2021 has been derived from the 2021 Audited Consolidated Financial Statements, (ii) Fiscal 2022 has been derived from the 2022 Audited Consolidated Financial Statements. However, if the financial information corresponding to Fiscal 2022 has been reclassified or regrouped in 2023 Audited Consolidated Financial Statements, then such financial information for Fiscal 2022 has been derived from the 2023 Audited Consolidated Financial Statements, and (iii) Fiscal 2023 has been derived from the 2023 Audited Consolidated Financial Statements.

Particulars	Fiscal					
	2021		2022		2023	
	(In ₹ Million)	(% of Total Income)	(In ₹ Million)	(% of Total Income)	(In ₹ Million)	(% of Total Income)
<b>Income:</b>						
Revenue from operations	24,353.57	97.91%	28,655.78	97.31%	28,733.21	97.08%
Other income	520.78	2.09	791.64	2.69%	865.01	2.92%
<b>Total Income</b>	<b>24,874.35</b>	<b>100.00%</b>	<b>29,447.42</b>	<b>100.00%</b>	<b>29,598.22</b>	<b>100.00%</b>
<b>Expenses:</b>						
Cost of materials consumed	13,673.54	54.97%	18,332.50	62.26%	16,183.04	54.68%
Purchase of stock-in-trade	179.95	0.72%	535.38	1.82%	1,806.31	6.10%
Changes in inventories of finished goods, stock-in-process and stock-in-trade	(60.04)	(0.24)%	(97.77)	(0.33)%	(120.87)	(0.41)%
Other manufacturing expenses	591.10	2.38%	622.87	2.12%	676.47	2.29%
Employee benefit expenses	2,317.04	9.31%	2,554.76	8.68%	2,791.53	9.43%
Finance costs	176.83	0.71%	169.73	0.58%	210.71	0.71%
Depreciation and amortisation expense	728.67	2.93%	807.77	2.74%	896.24	3.03%
Other expenses	4,028.81	16.20%	3,558.59	12.08%	4,423.96	14.95%
<b>Total Expenses</b>	<b>21,635.90</b>	<b>86.98%</b>	<b>26,483.83</b>	<b>89.94%</b>	<b>26,867.39</b>	<b>90.77%</b>
<b>Profit before tax</b>	<b>3,238.45</b>	<b>13.02%</b>	<b>2,963.59</b>	<b>10.06%</b>	<b>2,730.83</b>	<b>9.23%</b>
<b>Income tax expense</b>						
Current year's tax	846.03	3.40%	833.15	2.83%	787.56	2.66%

Particulars	Fiscal					
	2021		2022		2023	
	(In ₹ Million)	(% of Total Income)	(In ₹ Million)	(% of Total Income)	(In ₹ Million)	(% of Total Income)
Tax expenses related to earlier years	(4.23)	(0.02)%	(2.20)	(0.01)%	(7.72)	(0.03)%
Deferred tax (net)	(4.86)	(0.02)%	(54.64)	(0.19)%	(79.63)	(0.27)%
<b>Total income tax expense</b>	<b>836.94</b>	<b>3.36%</b>	<b>7,76.31</b>	<b>2.64%</b>	<b>700.21</b>	<b>2.37%</b>
<b>Profit for the year</b>	<b>2,401.51</b>	<b>9.65%</b>	<b>2,187.28</b>	<b>7.43%</b>	<b>2,030.62</b>	<b>6.86%</b>
<b>Other Comprehensive Income (net of tax)</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements gain / (loss) of the net defined benefits plan	25.30	0.10%	(50.61)	(0.17)%	(18.12)	(0.06)%
Income tax on above item	(6.37)	(0.03)%	12.87	0.04%	4.56	0.02%
<b>Items that will be reclassified to profit or loss</b>						
Fair value gain / (loss) on investments and other financial instruments	10.01	0.04%	32.39	0.11%	(34.78)	(0.12)%
Income tax on above item	(2.52)	(0.01)%	(8.15)	(0.03)%	8.76	0.03%
Exchange differences on translation of foreign operations	161.69	0.65%	(5.01)	(0.02)%	164.71	0.56%
<b>Total Other Comprehensive Income / (loss) (net of tax)</b>	<b>188.11</b>	<b>0.76%</b>	<b>(18.51)</b>	<b>(0.06)%</b>	<b>125.13</b>	<b>0.42%</b>
<b>Total Comprehensive Income for the year</b>	<b>2,589.62</b>	<b>10.41%</b>	<b>2,168.77</b>	<b>7.36%</b>	<b>2,155.75</b>	<b>7.28%</b>
<b>Profit for the year attributable to:</b>						
Shareholders of the Holding Company	2,377.21	9.55%	2,173.30	7.38%	2,011.56	6.80%
Non-controlling Interest	24.30	0.10%	13.98	0.05%	19.06	0.06%
	<b>2,401.51</b>	<b>9.65%</b>	<b>2,187.28</b>	<b>7.43%</b>	<b>2,030.62</b>	<b>6.86%</b>
<b>Other Comprehensive Income for the year attributable to:</b>						
Shareholders of the Holding Company	188.11	0.76%	(18.51)	(0.06)%	125.13	0.42%
Non-controlling Interest	-	-	-	-	-	-
	<b>188.11</b>	<b>0.76%</b>	<b>(18.51)</b>	<b>(0.06)%</b>	<b>125.13</b>	<b>0.42%</b>
<b>Total Comprehensive Income for the year attributable to</b>						
Shareholders of the Holding Company	2,565.32	10.31%	2,154.79	7.32%	2,136.69	7.22%
Non-controlling Interest	24.30	0.10%	13.98	0.05%	19.06	0.06%
	<b>2,589.62</b>	<b>10.41%</b>	<b>2,168.77</b>	<b>7.36%</b>	<b>2,155.75</b>	<b>7.28%</b>
<b>Earnings per equity share (face value of ₹ 5/- each):</b>						
Basic and diluted (₹)	24.61	-	22.42	-	20.81	-

The table below provides a break-down of our total income for the periods indicated.

Particulars	Fiscal		
	2021	2022	2023
	(₹ Million)		
Sale of products	24,337.58	28,575.52	28,601.12
Sale of services	-	61.01	82.51
	24,337.58	28,636.53	28,683.63
<b>Other operating revenue</b>			
Job Work Services	-	0.42	-
Rodtep scheme subsidy	-	1.07	1.37
Income from sale of processed scrap	15.99	17.76	48.21
<b>Total</b>	<b>24,353.57</b>	<b>28,655.78</b>	<b>28,733.21</b>

### Fiscal 2023 compared to Fiscal 2022

Certain reclassifications have been made to the financial information as of and for the year ended March 31, 2022, to enhance comparability with the financial information as of and for the year ended March 31, 2023. As a result, while Fiscal 2022 has been derived from the 2022 Audited Consolidated Financial Statements, to the extent such financial information corresponding to Fiscal 2022 has been reclassified or regrouped in 2023 Audited Consolidated Financial Statements, then such financial information for Fiscal 2022 has been derived from the



## 2023 Audited Consolidated Financial Statements.

The table below sets forth a reconciliation of select items in the statement of profit and loss for Fiscal 2022 as included in the Audited Consolidated Financial Statements for Fiscal 2022 that were subsequently reclassified in the Audited Consolidated Financial Statements for Fiscal 2023:

Particulars	Amount before reclassification Reclassification Amount after reclassification		
	Fiscal 2022 information in the Audited Consolidated Financial Statements for Fiscal 2022		Fiscal 2022 information in the Audited Consolidated Financial Statements for Fiscal 2023
	<i>(In ₹ Million)</i>		
Revenue from operations	29,818.08	(1,162.30)	28,655.78
Cost of materials consumed	17,985.00	347.50	18,332.50
Employee benefits expense	2,576.88	(22.12)	2,554.76
Other expenses	5,046.26	(1,487.67)	3,558.59

### **Income**

Our total income increased by 0.51% from ₹ 29,447.42 million in Fiscal 2022 to ₹ 29,598.22 million in Fiscal 2023, primarily due to an increase in our total revenue from operations by 0.27% from ₹ 28,655.78 million in Fiscal 2022 to ₹ 28,733.21 million in Fiscal 2023, on account of an increase in income from sale of processed scrap from ₹ 17.76 million in Fiscal 2022 to ₹ 48.21 million in Fiscal 2023.

### **Revenue from operations**

*Sale of products.* Our revenues from sale of products increased by 0.09% from ₹ 28,575.52 million in Fiscal 2022 to ₹ 28,601.12 million in Fiscal 2023.

*Sale of services.* Our revenues from the sale of services increased by 35.25% from ₹ 61.01 million in Fiscal 2022 to ₹ 82.51 million in Fiscal 2023, primarily due to increase in sale of service orders in India from ₹ 29.76 million in Fiscal 2022 to ₹ 45.02 million in Fiscal 2023.

*Other operating revenues.* Our other operating revenues increased by 157.56% from ₹ 19.25 million in Fiscal 2022 to ₹ 49.58 million in Fiscal 2023, primarily due to an increase in revenues from sale of processed scrap by 171.45% from ₹ 17.76 million in Fiscal 2022 to ₹ 48.21 million in Fiscal 2023.

### **Other income**

Our other income increased by 9.27% from ₹ 791.64 million in Fiscal 2022 to ₹ 865.01 million in Fiscal 2023, primarily due to the following:

*Fair valuation adjustments of investments through profit and loss.* Our fair valuation adjustments of investments through profit and loss increased from ₹1.38 million in Fiscal 2022 to ₹89.91 million in Fiscal 2023, which represents fair valuation changes in mutual funds which includes dividend declared and not distributed as at reporting dates which have not been recognised in financial statements.

*Income from sale of investments.* Our income from sale of investments increased by 52.12% from ₹ 122.85 million in Fiscal 2022 to ₹ 186.88 million in Fiscal 2023, primarily due to increase in value of investments that primarily comprises market quoted securities.

*Rental income.* Our rental income increased by 10.37% from ₹ 113.85 million in Fiscal 2022 to ₹ 125.66 million in Fiscal 2023, primarily due to rental income received from investment property.

### **Expenditure**

Our total expenditure increased by 1.45% from ₹ 26,483.83 million in Fiscal 2022 to ₹ 26,867.39 million in Fiscal 2023.

*Cost of materials consumed.* Our cost of materials consumed decreased by 11.72% from ₹ 18,332.50 million in Fiscal 2022 to ₹ 16,183.04 million in Fiscal 2023. This decrease was primarily due to decrease in costs incurred for purchase of polyol by 22.38% from ₹ 5,188.66 million in Fiscal 2022 to ₹ 4,027.39 million in Fiscal 2023. The average price paid by us for purchase (per kilogram) of polyol decreased by 26.15% from ₹ 195 in Fiscal 2022 to ₹ 144 in Fiscal 2023.

*Purchase of stock-in-trade.* Our expenses on purchase of stock-in-trade increased by 237.39% from ₹ 535.38 million in Fiscal 2022 to ₹ 1,806.31 million in Fiscal 2023, primarily due to an increase in traded goods (bed sheets, comforters, PU Foam, spring and coir mattresses).

*Changes in inventories of finished goods, stock-in-trade and work-in-progress.* Our closing inventories of finished goods, stock-in-trade and work-in-progress were higher by ₹ 120.87 million for Fiscal 2023 compared to our opening inventories for Fiscal 2023. Such increase in our closing inventories was primarily due to an increase in inventories of stock in trade, which increased by 208.30% from opening stock-in-trade of ₹ 84.02 million to closing stock-in-trade of ₹ 259.03 million.

*Other manufacturing expenses.* Other manufacturing expenses increased by 8.61% from ₹ 622.87 million in Fiscal 2022 to ₹ 676.47 million in Fiscal 2023. This increase was primarily due to an increase in power and fuel expenses by 10.41% from ₹ 156.82 million in Fiscal 2022 to ₹ 173.14 million in Fiscal 2023, an increase in expenses on repair and maintenance of buildings by 39.00% from ₹ 17.36 million in Fiscal 2022 to ₹ 24.13 million in Fiscal 2023 and an increase in expenses on repair and maintenance of plant and equipment by 12.56% from ₹ 190.04 million in Fiscal 2022 to ₹ 213.90 million in Fiscal 2023. The increase in expenses on repair and maintenance of buildings, plant and equipment is primarily on account of scheduled repairs and maintenance based on the life of the assets.

*Employee benefit expenses.* Our employee benefit expenses increased by 9.27% from ₹ 2,554.76 million in Fiscal 2022 to ₹ 2,791.53 million in Fiscal 2023, primarily due to an increase in salaries, wages, allowance and other benefits by 9.15% from ₹ 2,270.22 million in Fiscal 2022 to ₹ 2,477.93 million in Fiscal 2023 on account of an increase in head count and increments made during the year.

*Finance costs.* Our finance costs increased by 24.14% from ₹ 169.73 million in Fiscal 2022 to ₹ 210.71 million in Fiscal 2023, primarily due to an increase in interest expense on borrowings from banks from ₹ 28.59 million in Fiscal 2022 to ₹ 91.70 million in Fiscal 2023.

*Depreciation and amortisation expense.* Depreciation and amortisation expenses increased by 10.95% from ₹ 807.77 million in Fiscal 2022 to ₹ 896.24 million in Fiscal 2023, primarily due to an increase in depreciation on property, plant, and equipment by 18.93% from ₹ 483.52 million in Fiscal 2022 to ₹ 575.04 million in Fiscal 2023 on account of an additions to property, plant and equipment of ₹ 441.63 million during Fiscal 2023.

*Other expenses.* Our other expenses increased by 24.32% from ₹ 3,558.59 million in Fiscal 2022 to ₹ 4,423.95 million in Fiscal 2023. This increase was primarily due to:

- (a) increase in freight and forwarding expenses by 5.89% from ₹ 1,290.04 million in Fiscal 2022 to ₹ 1,366.00 million in Fiscal 2023 on account of increase in fuel and transportation cost;
- (b) net loss on foreign currency forward contracts from no loss in Fiscal 2022 to ₹ 132.23 million in Fiscal 2023 on account of increased volatility in the EURO;
- (c) increase in travelling and conveyancing expenses by 82.03% from ₹ 95.77 million in Fiscal 2022 to ₹ 174.33 million in Fiscal 2023 on account of resumption of business travel in Fiscal 2023 compared to limited travel in Fiscal 2022 as a result of the COVID-19 pandemic related travel restrictions and the removal of such travel restrictions; and
- (d) increase in selling and promotional expenses by 77.59% from ₹ 430.20 million in Fiscal 2022 to ₹ 763.99 million in Fiscal 2023 on account of introduction of new schemes for channel partners to increase sales in the long run.

#### *Profit before Tax*

Our profit before tax decreased by 7.85% from ₹ 2,963.59 million in Fiscal 2022 to ₹ 2,730.83 million in Fiscal 2023. This decrease was primarily due to increase in other expenses by 24.32% from ₹ 3,558.59 million in Fiscal 2022 to ₹ 4,423.95 million in Fiscal 2023 and that is partially off-set by decrease in cost of material consumed,

change in inventories of finished goods, stock in trade and work in progress and purchase of traded goods by ₹ 901.62 million.

#### *Tax Expense*

Tax expense decreased by 9.80% from ₹ 776.31 million in Fiscal 2022 to ₹ 700.21 million in Fiscal 2023, primarily due to decreased profits resulting in lower current taxes.

#### *Profit after Tax*

As a result of the above, our profit after tax decreased by 7.16% from ₹ 2,187.28 million in Fiscal 2022 to ₹ 2,030.62 million in Fiscal 2023.

#### **Adjusted EBITDA**

*Adjusted EBITDA and Adjusted EBITDA Margins.* Adjusted EBITDA was ₹ 3,149.45 million in Fiscal 2022 compared to ₹ 2,972.77 million in Fiscal 2023, while Adjusted EBITDA Margin was 10.99% in Fiscal 2022 compared to 10.35% in Fiscal 2023.

#### **Fiscal 2022 compared to Fiscal 2021**

Certain reclassifications have been made to the financial information as of and for the year ended March 31, 2022, to enhance comparability with the financial information as of and for the year ended March 31, 2023. As the result, while Fiscal 2022 has been derived from the 2022 Audited Consolidated Financial Statements, to the extent such financial information corresponding to Fiscal 2022 has been reclassified or regrouped in 2023 Audited Consolidated Financial Statements, then such financial information for Fiscal 2022 has been derived from the 2023 Audited Consolidated Financial Statements.

The table below sets forth a reconciliation of select items in the statement of profit and loss for Fiscal 2022 as included in the Audited Consolidated Financial Statements for Fiscal 2022 that were subsequently reclassified in the Audited Consolidated Financial Statements for Fiscal 2023:

Particulars	Amount before reclassification	Reclassification	Amount after reclassification
	Fiscal 2022 information in the Audited Consolidated Financial Statements for Fiscal 2022		Fiscal 2022 information in the Audited Consolidated Financial Statements for Fiscal 2023
<i>(In ₹ Million)</i>			
Revenue from operations	29,818.08	(1,162.30)	28,655.78
Cost of materials consumed	17,985.00	347.50	18,332.50
Employee benefits expense	2,576.88	(22.12)	2,554.76
Other expenses	5,046.26	(1,487.67)	3,558.59

#### **Income**

Our total income increased by 18.38% from ₹ 24,874.35 million in Fiscal 2021 to ₹ 29,447.42 million in Fiscal 2022, primarily due to an increase in our total revenue from operations by 17.67% from ₹ 24,353.57 million in Fiscal 2021 to ₹ 28,655.78 million in Fiscal 2022.

#### **Revenue from operations**

*Sale of products.* Our revenues from sale of products increased by 17.41% from ₹ 24,337.58 million in Fiscal 2021 to ₹ 28,575.52 million in Fiscal 2022, primarily due to an increase in sale of home comfort products from ₹ 13,614.34 million in Fiscal 2021 to ₹ 15,681.03 million in Fiscal 2022.

*Other operating revenues.* Our other operating revenues increased by 20.39% from ₹ 15.99 million in Fiscal 2021 to ₹ 19.25 million in Fiscal 2022, primarily due to an increase in revenues from sale of processed scrap by 11.07% from ₹ 15.99 million in Fiscal 2021 to ₹ 17.76 million in Fiscal 2022.

#### **Other income**

Our other income increased by 52.01% from ₹ 520.78 million in Fiscal 2021 to ₹ 791.64 million in Fiscal 2022, primarily due to the following:

*Rental income.* Our rental income increased by 76.95% from ₹ 64.34 million in Fiscal 2021 to ₹ 113.85 million in Fiscal 2022, primarily due to increase in rental income in Joyce Foam Pty Ltd, our Australian subsidiary, by ₹ 50.91 million from ₹ 42.35 million in Fiscal 2021 to ₹ 93.26 million in Fiscal 2022.

*Interest income.* Our interest income increased by 173.96% from ₹ 137.59 million in Fiscal 2021 to ₹ 376.94 million in Fiscal 2022, primarily due to an increase in interest income from financial assets at fair value (bonds) by 256.41% from ₹ 104.18 million in Fiscal 2021 to ₹ 371.31 million in Fiscal 2022, on account of increase in value of investments in bonds.

### **Expenditure**

Our total expenditure increased by 22.41% from ₹ 21,635.90 million in Fiscal 2021 to ₹ 26,483.83 million in Fiscal 2022.

*Cost of materials consumed.* Our cost of materials consumed increased by 34.07% from ₹ 13,673.54 million in Fiscal 2021 to ₹ 18,332.50 million in Fiscal 2022. This increase was primarily due to increase in costs incurred for purchase of polyol by 16.93% from ₹ 4,437.43 million in Fiscal 2021 to ₹ 5,188.66 million in Fiscal 2022, an increase in costs incurred for purchase of TDI by 22.15% from ₹ 2,120.12 million in Fiscal 2021 to ₹ 2,589.74 million in Fiscal 2022. The average price paid by us for purchase (per kilogram) of polyol increased by 10.17% from ₹ 177 in Fiscal 2021 to ₹ 195 in Fiscal 2022 and the average price paid by us for purchase (per kilogram) of TDI by 11.96% from ₹ 184 in Fiscal 2021 to ₹ 206 in Fiscal 2022.

*Purchase of stock-in-trade.* Our expenses on purchase of stock-in-trade increased from ₹ 179.95 million in Fiscal 2021 to ₹ 535.38 million in Fiscal 2022, primarily due to increase in traded goods (bed sheets, comforters, PU Foam, spring and coir mattresses).

*Other manufacturing expenses.* Other manufacturing expenses increased by 5.37% from ₹ 591.10 million in Fiscal 2021 to ₹ 622.87 million in Fiscal 2022. This increase was primarily due to an increase in power and fuel by 24.30% from ₹ 126.16 million in Fiscal 2021 to ₹ 156.82 million in Fiscal 2022, an increase in processing and other charges by 43.78% from ₹ 179.89 million in Fiscal 2021 to ₹ 258.65 million in Fiscal 2022 primarily on account of increase in contractual labour charges by ₹ 30.38 million and job-work charges by ₹ 16.67 million, increase in processing expenses of Australian business by ₹ 20.54 million and a decrease in expenses on repair and maintenance of plant and equipment by 26.74% from ₹ 259.43 million in Fiscal 2021 to ₹ 190.04 million in 2022. The decrease in expenses on repair and maintenance of plant and equipment is primarily on account of optimum utilization of plant and machinery.

*Changes in inventories of finished goods, stock-in-trade and work-in-progress.* Our closing inventories of finished goods, stock-in-trade and work-in-progress were higher by ₹ 97.77 million for Fiscal 2022 compared to our opening inventories for Fiscal 2022. Such increase in our closing inventories was primarily due to an increase in inventories of finished goods, which increased by 33.13% from opening finished goods of ₹ 301.73 million to closing finished goods of ₹ 401.69 million and an increase in inventories of stock-in-trade which increased from opening stock-in-trade of ₹ 13.82 million to closing stock-in-trade of ₹ 84.02 million.

*Employee benefit expenses.* Our employee benefit expenses increased by 10.26% from ₹ 2,317.04 million in Fiscal 2021 to ₹ 2,554.76 million in Fiscal 2022, primarily due to increase in salaries, wages, allowance and other benefits by 9.92% from ₹ 2,065.31 million in Fiscal 2021 to ₹ 2,270.22 million in Fiscal 2022 on account of increments made during the year.

*Finance costs.* Our finance costs decreased by 4.02% from ₹ 176.83 million in Fiscal 2021 to ₹ 169.73 million in Fiscal 2022, primarily due to decrease in interest expense on security deposits by 30.98% from ₹ 75.79 million in Fiscal 2021 to ₹ 52.31 million in Fiscal 2022.

*Depreciation and amortisation expense.* Depreciation and amortisation expenses increased by 10.86% from ₹ 728.67 million in Fiscal 2021 to ₹ 807.77 million in Fiscal 2022, primarily due to additions in property, plant and equipment of ₹ 651.04 million in Fiscal 2022.

*Other expenses.* Our other expenses decreased by 11.67% from ₹ 4,028.81 million in Fiscal 2021 to ₹ 3,558.59 million in Fiscal 2022. This decrease was primarily due to:

- (a) selling and promotion expenses of ₹ 1,509.80 million being netted off from revenue from operations in Fiscal 2022;

- (b) decrease in bad debts (net of provisions) by 18.72% from ₹ 1.87 million in Fiscal 2021 to ₹ 1.52 million in Fiscal 2022 on account of no bad debts made in Fiscal 2022;
- (c) decrease in provision for doubtful receivables by 98.03% from ₹ 25.86 million in Fiscal 2021 to ₹ 0.51 million in Fiscal 2022 on account of provision made for doubtful receivables in International Foam Technologies SL, Spain in Fiscal 2021; and
- (d) decrease in advances/balances written off by 42.71% from ₹ 5.97 million in Fiscal 2021 to ₹ 3.42 million in Fiscal 2022 on account of writing off insurance recoverable of ₹ 1.37 million.

Such decrease was partially offset by an increase in advertisement expenses by 34.91% from ₹ 522.16 million in Fiscal 2021 to ₹ 704.44 million in Fiscal 2022, on account of an increase in freight expenses by 14.15% from ₹ 1,130.12 million in Fiscal 2021 to ₹ 1,290.04 million in Fiscal 2022.

#### *Profit before Tax*

Our profit before tax decreased by 8.49% from ₹ 3,238.45 million in Fiscal 2021 to ₹ 2,963.59 million in Fiscal 2022. This decrease was primarily due to increase in cost of materials consumed by 34.07% from ₹ 13,673.54 million in Fiscal 2021 to ₹ 18,332.50 million in Fiscal 2022.

#### *Tax Expense*

Tax expense decreased by 7.24% from ₹ 836.94 million in Fiscal 2021 to ₹ 776.31 million in Fiscal 2022, primarily due to decreased profits resulting in lower current taxes.

#### *Profit after Tax*

As a result of the above, our profit after tax decreased by 8.92% from ₹ 2,401.51 million in Fiscal 2021 to ₹ 2,187.28 million in Fiscal 2022.

#### **Adjusted EBITDA**

*Adjusted EBITDA and Adjusted EBITDA Margins.* Adjusted EBITDA was ₹ 3,623.17 million in Fiscal 2021 compared to ₹ 3,149.45 million in Fiscal 2022, while Adjusted EBITDA Margin was 14.88% in Fiscal 2021 compared to 10.99% in Fiscal 2022.

#### **CAPITAL EXPENDITURE**

Capital expenditures represent our fixed assets plus changes in capital work-in-progress (i.e., expenses incurred in relation to work-in-progress but not capitalized). Our Company has historically sourced funding for capital expenditures through internally generated funds and long-term borrowings. The principal investments in fixed assets we have made related to the expansion of our operations are classified as follows:

Particulars	As of March 31,			As of June 30
	2021	2022	2023	2023
	<i>(In ₹ Million)</i>			
<b>Assets</b>				
Land	185.07	184.40	188.63	188.54
Buildings	1,860.15	1,712.61	1,767.98	1,768.56
Plant and machinery	2,227.17	2,129.79	1,999.56	1,968.57
Others (including office equipment and vehicles)	306.36	327.96	334.19	339.20
<b>Total</b>	<b>4,578.75</b>	<b>4,354.76</b>	<b>4,290.36</b>	<b>4,264.87</b>
<b>Capital work-in-progress</b>				
Tangible capital work-in-progress	46.64	1,198.92	2,874.90	3,459.12
<b>Total</b>	<b>4,625.39</b>	<b>5,553.68</b>	<b>7,165.26</b>	<b>7,723.99</b>

Our historical capital expenditures were primarily used for expansion. We expect our future capital expenditures to consist of various investments towards maintenance of our manufacturing facilities and upgrading/ integrating the manufacturing facilities of the Kurlon Business.

We plan to fund these investments through funds generated from our operations in a manner that is generally consistent with our past practice in relation thereto. We may, however, evaluate other sources of financing as well, depending on our capital requirements, market conditions and other factors.

## INDEBTEDNESS

As of June 30, 2023, we had total borrowings of ₹ 4,512.33 million, as set forth below:

- Floating Indian Rupee term loan from JP Morgan Chase bank of ₹ 509.10 million;
- Fixed USD term loan from Kotak Mahindra bank of ₹ 723.75 million;
- Floating Euro term loan from Citi Bank of ₹ 1,781.71 million;
- Floating AUD term loan from Citi Bank of ₹ 736.30 million;
- Floating Euro working capital loan of ₹ 571.42 million; and
- Floating AUD working capital loan of ₹ 190.05 million.

The table below sets forth the maturity profile of our outstanding indebtedness as of June 30, 2023:

Particulars	Payment due by period			
	Total	Less than 1 year	1 year to 5 years	More than 5 years
	(₹ million)			
Long-term borrowings - Non-Current	2,570.43	-	2,570.43	-
Long-term borrowings – Current Maturity	1,180.43	1,180.43	-	-
Short-term Borrowing	761.47	761.47	-	-
<b>Total</b>	<b>4,512.33</b>	<b>1,941.90</b>	<b>2,570.43</b>	-

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Our Company's contractual obligations as of June 30, 2023, consisted of an estimated amount of ₹ 605.06 million for contracts remaining to be executed on capital account (net of advances).

We expect that such obligations and commitments will not have any material effect on our liquidity and cash flows in future periods. We also have certain lease obligations of ₹ 1,407.58 million with respect to the land on which certain of our manufacturing facilities are situated.

The following table sets forth our Company's lease obligations as of June 30, 2023.

Particulars	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(₹ million)				
Total Lease Liabilities .....	1,407.58	214.26	310.11	298.23	584.98
<b>Total</b> .....	<b>1,407.58</b>	<b>214.26</b>	<b>310.11</b>	<b>298.23</b>	<b>584.98</b>

## CONTINGENT LIABILITIES

The table below sets forth the principal components of our contingent liabilities as of June 30, 2023 as per the Unaudited Condensed Interim Consolidated Financial Information:

Particulars	As of June 30, 2023
	(₹ million)
Claims against the Company not acknowledged as debt	
Disputed liabilities not adjusted as expenses in the accounts for various years being appeals towards:	
Sales tax	44.00
Entry tax	5.77
Income tax	56.50
Excise duty	41.06

*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 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.*

For details of our contingent liabilities for Fiscals 2021, 2022 and 2023, see “*Financial Information*” on page 272.

## OFF-BALANCE SHEET ARRANGEMENTS

Except as stated in the 2023 Audited Consolidated Financial Statements, our Company does not have any off-balance sheet arrangements, derivative instruments or other relationships with any entities that would have been established for the purpose of facilitating off balance sheet arrangements. For details on our hedging arrangements, see “*Financial Information - 2023 Audited Consolidated Financial Statements – Note 61: Derivatives and Hedging*” on page 368.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our working capital needs and capital expenditure. We have financed our operations primarily by way of cash flow from operations and long-term and short-term borrowings in the form of cash credits.

Our anticipated cash flows are however dependent on several factors beyond our control. See “*Risk Factors*” on page 54.

### Three months ended June 30, 2022, and three months ended June 30, 2023

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	Three months ended June 30,	
	2022	2023
	<i>(In ₹ Million)</i>	
Cash and cash equivalents at the beginning of the year	408.13	422.71
Net cash from/(used in) operating activities	406.74	549.70
Net cash from/(used in) investing activities	(770.54)	(339.04)
Net cash from/(used in) financing activities	327.56	(278.46)
Cash and cash equivalents at the end of the year/period	364.97	353.25

#### *Operating Activities*

Our net cash from operating activities for the three months ended June 30, 2022, was ₹ 406.74 million. While our profit before tax was ₹ 583.74 million for the three months ended June 30, 2022, we had operating profit before working capital changes of ₹ 752.67 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortisation expense, finance costs, interest income, profit on sale of investments (net) and provisions for warranty claims. Our working capital adjustments to our net cash generated from operations for the three months ended June 30, 2022, included decrease in inventories of ₹ 37.88 million, decrease in loans and trade receivables of ₹ 454.18 million, increase in other financial and non-financial assets of ₹ 138.98 million, decrease in trade payables of ₹ 331.89 million and decrease in other financial liabilities, non-financial liabilities, and provisions of ₹ 192.61 million.

Our net cash from operating activities for the three months ended June 30, 2023, was ₹ 549.70 million. While our profit before tax was ₹ 712.75 million for the three months ended June 30, 2023, we had operating profit before working capital changes of ₹ 832.34 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortisation expense, finance costs, interest income, profit on sale of investments (net) and provisions for warranty claims. Our working capital adjustments to our net cash generated from operations for the three months ended June 30, 2023, included decrease in inventories of ₹ 320.43 million and increase in loans and trade receivables of ₹ 31.05 million, decrease in other financial and non-financial assets of ₹ 81.92 million, decrease in trade payables of ₹ 366.17 million and decrease in other financial liabilities, non-financial liabilities, and provisions of ₹ 159.16 million.

#### *Investing Activities*

Our net cash used in investing activities for the three months ended June 30, 2022 was ₹ 770.54 million, reflecting payments for purchase of property, plant and equipment and change in capital work-in-progress of ₹ 496.73 million and purchase of investments in bonds, debentures, and mutual funds (net) of ₹ 498.71 million, partially offset by interest income of ₹ 192.81 million and rental income of ₹ 29.76 million.

Our net cash used in investing activities for the three months ended June 30, 2023 was ₹ 339.04 million, reflecting payments for purchase of property, plant and equipment and change in capital work-in-progress of ₹ 762.28 million, intangible asset under development of ₹ 10.07 million, sale of bonds, debentures, and mutual funds (net) of ₹ 391.81 million, interest income of ₹ 17.04 million and rental income of ₹ 30.33 million.

#### *Financing Activities*

Our net cash from financing activities for the three months ended June 30, 2022 was ₹ 327.56 million, reflecting proceeds from long term borrowings of ₹ 544.08 million, partially offset by repayment of long-term borrowings of ₹ 95.79 million, payment of lease liabilities (principal and interest) of ₹ 83.83 million and finance costs of ₹ 31.09 million.

Our net cash used in financing activities for the three months ended June 30, 2023 was ₹ 278.46 million, reflecting proceeds from short term borrowings of ₹ 42.87 million and proceeds from long term borrowings of ₹ 55.86 million, partially offset by repayment of long-term borrowings of ₹ 231.77 million, payment of lease liabilities (principal and interest) of ₹ 77.12 million and finance costs of ₹ 61.30 million.

#### **Fiscals 2021, 2022 and 2023**

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	Year ended March 31,		
	2021	2022	2023
	<i>(In ₹ Million)</i>		
Cash and cash equivalents at the beginning of the year	441.07	573.63	408.13
Net cash from/(used in) operating activities	2,603.04	1,971.48	2,120.07
Net cash from/(used in) investing activities	(2,147.01)	(3,063.82)	(2,684.09)
Net cash from/(used in) financing activities	(323.47)	926.84	561.24
Cash and cash equivalents at the end of the year	573.63	408.13	422.71

#### *Operating Activities*

Our net cash from operating activities for Fiscal 2023 was ₹ 2,120.07 million. While our profit before tax was ₹ 2,730.83 million for Fiscal 2023, we had operating profit before working capital changes of ₹ 3,475.24 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortisation expense, finance costs, interest income, profit on sale of investments (net) and provisions for warranty claims. Our working capital adjustments to our net cash generated from operations for Fiscal 2023 included increase in inventories of ₹ 118.47 million, increase in loans and trade receivables of ₹ 186.10 million, increase in other financial and non-financial assets of ₹ 282.63 million, decrease in trade payables of ₹ 292.52 million and increase in other financial liabilities, non-financial liabilities, and provisions of ₹ 331.55 million.

Our net cash from operating activities for Fiscal 2022 was ₹ 1,971.48 million. While our profit before tax was ₹ 2,963.59 million for Fiscal 2022, we had operating profit before working capital changes of ₹ 3,488.14 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortization expense, finance costs, rental income, interest income and profit on sale of investments (net). Our working capital adjustments to our net cash from operations for Fiscal 2022 included decrease in inventories of ₹ 8.48 million, decrease in loans and trade receivables of ₹ 169.85 million, increase in other financial and non-financial assets of ₹ 291.87 million, decrease in trade payables of ₹ 307.84 million and decrease in other financial liabilities, non-financial liabilities, and provisions of ₹ 152.27 million.

Our net cash from operating activities for Fiscal 2021 was ₹ 2,603.04 million. While our profit before tax was ₹ 3,238.45 million for Fiscal 2021, we had operating profit before working capital changes of ₹ 3,825.60 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortization expense, finance costs, interest income and loss on sale of investments. Our working capital adjustments to our net cash from operations for Fiscal 2021 included increase in inventories of ₹ 884.49 million, increase in loans and trade receivables of ₹ 898.51 million, decrease in other financial and non-financial assets of ₹ 2.71 million, increase in trade payables of ₹ 765.29 million and increase in lease liabilities, other financial liabilities, non-financial liabilities, and provisions of ₹ 611.13 million.



### ***Investing Activities***

Our net cash used in investing activities for Fiscal 2023 was ₹ 2,684.09 million, reflecting payments for purchase of property, plant and equipment and change in capital work-in-progress of ₹ 2,116.22 million and purchase of investments in bonds, debentures, and mutual funds (net) of ₹ 1,266.96 million, partially offset by interest income of ₹ 525.15 million and rental income of ₹ 125.66 million.

Our net cash used in investing activities for Fiscal 2022 was ₹ 3,063.82 million, reflecting payments for purchase of fixed property, plant and equipment and change in capital work in progress of ₹ 1,634.56 million and investment in bonds, debentures and mutual funds (net) of ₹ 1,991.51 million, partially offset by interest income of ₹ 246.91 million and proceeds from sales of property, plant and equipment of ₹ 205.48 million.

Our net cash used in investing activities for Fiscal 2021 was ₹ 2,147.01 million, reflecting payments for investment in bonds, debentures and mutual funds of ₹ 1,576.28 million and payments for purchase of property, plant and equipment and capital work in progress of ₹ 647.46 million and partially offset by interest income of ₹ 69.19 million.

### ***Financing Activities***

Our net cash from financing activities for Fiscal 2023 was ₹ 561.24 million, reflecting proceeds from long term borrowings of ₹ 768.44 million and proceeds from short term borrowings of ₹ 648.21 million, partially offset by repayment of long-term borrowings of ₹ 375.99 million, payment of lease liabilities (principal and interest) of ₹ 282.14 million and finance costs of ₹ 164.26 million.

Our net cash from financing activities for Fiscal 2022 was ₹ 926.84 million, reflecting proceeds from long term borrowings of ₹ 958.75 million and proceeds from short term borrowings of ₹ 931.10 million, partially offset by repayment of short-term borrowings of ₹ 565.28 million and payment of lease liabilities (principal and interest) of ₹ 244.53 million and finance cost of ₹ 114.01 million.

Our net cash used in financing activities for Fiscal 2021 was ₹ 323.47 million, reflecting repayment of secured long-term borrowings of ₹ 267.78 million, payment of principal portion of lease liabilities of ₹ 216.32 million and payment of finance costs of ₹ 134.54 million, partially offset by the proceeds from unsecured short-term borrowings of ₹ 262.79 million and the proceeds from secured short-term borrowings ₹ 105.31 million.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK**

We are exposed to market risks that are related to the normal course of our operations such as interest rate, liquidity risk, foreign exchange risk and reputational risk, which may affect economic growth in India and the value of our financial liabilities, our cash flows and our results of operations.

### ***Interest Rate Risk***

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our financial liabilities comprise mainly of interest-bearing acquisition, working capital and project term loans. However, these are exposed to risk of fluctuation in market interest rate as the rates are benchmarked against some market benchmark at the time of contract/agreement which changes due to market fluctuation.

### ***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. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities (when revenue or expense is denominated in foreign currency). We evaluate exchange rate exposure arising from foreign currency transactions and certain currency derivatives and follows established risk management policies. We are exposed to foreign currencies such as "USD", "AED", "GBP", "NZD" and "EURO".

### ***Commodity Price Risk***

We are affected by the price volatility of certain commodities. Our 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, we have entered into various purchase contracts for these materials for which there is an active market. Our management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. We partly mitigated the risk of price volatility by entering the contract for the purchase of these materials and further, we increase prices of our products as and when appropriate to minimize the impact of increase in raw material prices.

### ***Reputational Risk***

We believe that the recognition and reputation of our “*Sleepwell*” brand for our home comfort products among end-consumers have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand is, therefore, critical to our business and competitiveness. If we fail to maintain our reputation, enhance our brand recognition, or increase positive awareness of our services and products, it may be difficult to maintain and grow our consumer base, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

### ***Known Trends or Uncertainties***

Other than as described in this Preliminary Placement Document, particularly above and in “*Risk Factors*” on page 54, to our knowledge, there are no trends or uncertainties that have had or are expected to have a material adverse impact on our income from continuing operations, on our results of operations or financial condition.

### ***Unusual or Infrequent Events or Transactions***

Except as described in this Preliminary Placement Document, to our knowledge, there have been no events or transactions that may be described as “unusual” or “infrequent”.

### ***Seasonality of Business***

While we do not characterize our business as seasonal, our income and profits may vary from quarter to quarter depending on factors including the festival/ wedding seasons where a larger volume of gifts are likely to be purchased by our end-consumers.

### ***Future Relationship between Costs and Income***

Other than as described above and in the section titled “*Risk Factors*” on page 54, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

### ***New Products or Business Segment***

Apart from the recent business initiatives discussed in “*Our Business – Our Strategies*” on page 189, we currently have no plans to develop new products or establish new business segments.

## **SIGNIFICANT DEVELOPMENTS**

Except as stated in above “*Overview - Recent Developments*” on page 100, no circumstances have arisen since June 30, 2023 that materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

## INDUSTRY OVERVIEW

Unless otherwise specified, all of the information and statistics in this section are extracted from the Technopak Report. The information extracted from the Technopak Report reflects an estimate of market conditions based on Technopak Research's research and analysis. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by our Company, neither we, the Promoter, the Managers, or any of our or their respective directors, officers, affiliates or advisors, nor any party involved in the Offer have independently verified such information and statistics, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside India.

### Overview of Global and Indian Economy

#### Macroeconomic Overview - GDP and GDP Growth

#### India is the world's 5th largest economy and expected to be in top 3 global economies by Fiscal 2028

India ranked fifth in the world in terms of nominal gross domestic product ("GDP") for Fiscal 2023 and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is expected to be approximately USD 5.2 trillion economy by Fiscal 2028 and is estimated to be the third largest economy surpassing Germany and Japan.

*GDP at current prices (Nominal GDP) (In USD trillion) and GDP Ranking of Key Global Economies (calendar year 2022)*

Country	Rank in GDP (CY 2022)	Rank in GDP (PPP)	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2027P	CARG (CY 2017 - 22)	CARG (CY 2022 - 27)
USA	1	2	19.5	20.5	21.4	21.1	23.3	25.5	26.9	27.8	28.8	31.1	5.5%	4.1%
China	2	1	12.3	13.9	14.3	14.7	17.8	18.0	19.4	20.9	22.4	25.7	7.9%	7.4%
Japan	3	4	4.9	5.0	5.1	5.0	5.0	4.2	4.4	4.5	4.7	5.1	-3.0%	4.0%
Germany	4	5	3.7	4.0	3.9	3.9	4.3	4.0	4.3	4.4	4.6	5.0	1.6%	4.6%
<b>India</b>	<b>5</b>	<b>3</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.7</b>	<b>3.1</b>	<b>3.4</b>	<b>3.7</b>	<b>4.1</b>	<b>4.4</b>	<b>5.2</b>	<b>4.7%</b>	<b>8.9%</b>
UK	6	9	2.7	2.9	2.9	2.7	3.1	3.1	3.1	3.4	3.6	4.0	2.8%	5.2%
Australia	12	20	1.3	1.4	1.4	1.3	1.6	1.7	1.7	1.7	1.8	1.9	5.5%	2.2%
Spain	15	16	1.3	1.4	1.4	1.3	1.4	1.4	1.6	1.6	1.6	1.7	1.5%	4.0%
Russia	8	6	1.6	1.7	1.7	1.5	1.8	2.2	2.1	2.1	2.2	2.2	6.6%	0.0%
Brazil	11	8	2.1	1.9	1.9	1.5	1.7	1.9	2.1	2.2	2.3	2.6	-2.0%	6.5%
<b>World</b>	-	-	<b>81.4</b>	<b>86.5</b>	<b>87.7</b>	<b>85.0</b>	<b>96.5</b>	<b>101.0</b>	<b>105.6</b>	<b>110.8</b>	<b>116.5</b>	<b>128.5</b>	<b>4.4%</b>	<b>4.9%</b>

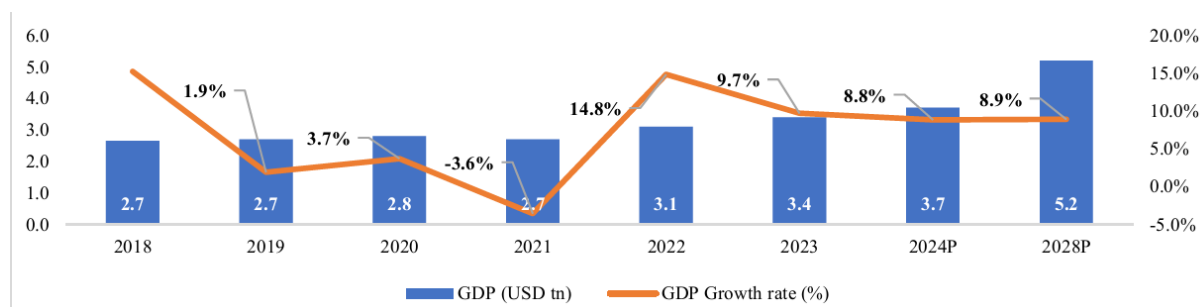
Source: World Bank Data, IMF, RBI; Calendar year 2017 for India refers to Fiscal 2018 data and so on.

India's nominal GDP has grown at a CAGR of 4.4% between Fiscal 2018 and Fiscal 2023 and is expected to continue the trend by registering an expected CAGR of 9.2% for the next five years between Fiscal 2023 and Fiscal 2028.

Since Fiscal 2005, the Indian economy's growth rate had been near to twice as that of the world economy and it is expected to sustain this growth momentum in the long term. In the next five years, India's nominal GDP is expected to grow at a higher CAGR, which compares favorably to the world average (4.9%) and with other major economies, including China (7.4%), the United Kingdom (5.2%), Japan (3.7%), Germany (4.6%) and the United States of America (4.1%) for the similar period between calendar year 2022 and calendar year 2027.

Between Fiscal 2023 and Fiscal 2028, India's real GDP is expected to grow at a CAGR of 6.1%, which is almost double the world average (3.1%) and higher than other major economies, including China (4.3%), the United Kingdom (1.3%), Japan (0.8%) and the United States of America (1.7%) for the similar period between calendar year 2022 and calendar year 2027. It is also expected that the growth trajectory of the Indian economy will enable India to be among the top three global economies by Fiscal 2028. Several factors are likely to contribute to economic growth in the long run. These include favorable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanisation, growing young & working population, IT revolution, increasing penetration of mobile and internet infrastructure, government policies, increasing aspirations and affordability.

*India's GDP at current prices (Nominal GDP) (In USD trillion) and GDP Growth Rate (%) (Fiscal)*

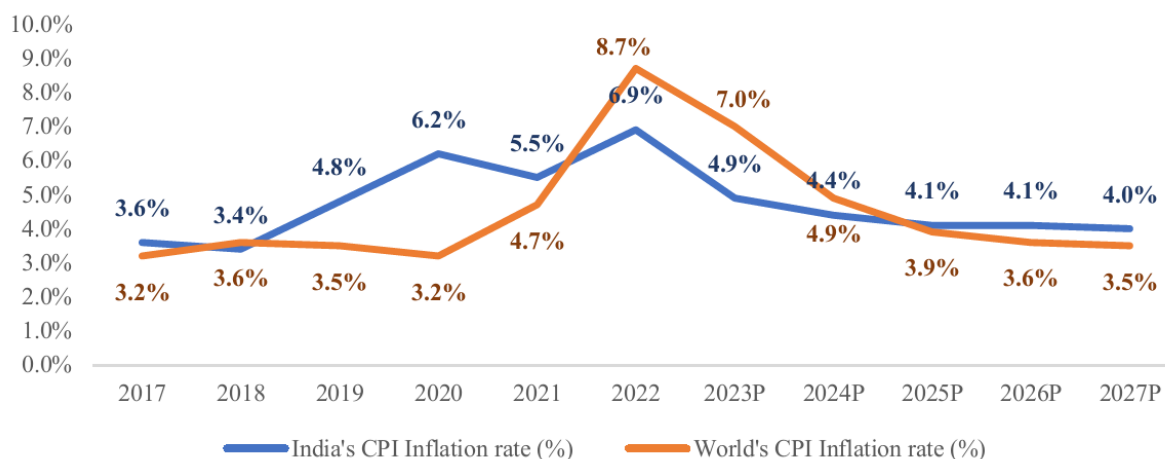


Source: World Bank, IMF, RBI, Technopak Analysis  
 1USD = Rs 80

*Macroeconomic Overview – Inflation*

Inflation is measured by the consumer price index (“CPI”), which is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households. The world has witnessed a significant rise in inflation during calendar year 2022 where the average global inflation was recorded at 8.7%. As per the IMF report, the global inflation rate is expected to drop to 7% in calendar year 2023 and 4.9% by calendar year 2024 as compared to a pre-COVID-19 pandemic level of approximately 3.5% between calendar 2017 and calendar year 2019.

*Comparison of India's inflation rate (%) to the World's – average consumer price (calendar year)*



Source: IMF projection  
 Note: For India, calendar year 2017 refers to Fiscal 2018 and so on.

The economies of both India and the world are undergoing a recovery process following the impact of the COVID-19 pandemic. However, the speed of their recovery is influenced not only by the severity of the COVID-19 impact but also by their ability to handle the challenges arising from the economic consequences of the ongoing geopolitical conflict between Russia and Ukraine. Due to a substantial increase in global crude oil and commodity prices, India along with other developed countries faced significant challenges related to high levels of inflation in recent years.

The CPI inflation rate in India has been above the Reserve Bank of India (“RBI”) medium-term target of 6%. The CPI inflation in India is expected to fall from 6.9% in Fiscal 2023 to 4.9% in Fiscal 2024 and further drop to 4.4% during Fiscal 2025.

*Global Inflation rate, average CPI (%) – The United States of America, the United Kingdom, China, Japan, India, Germany, Australia, Spain (calendar year)*

Inflation rate, average consumer prices	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2026P	2027P
China	1.5%	1.9%	2.9%	2.5%	0.9%	1.9%	2.0%	2.2%	2.2%	2.2%	2.2%
<b>India</b>	<b>3.6%</b>	<b>3.4%</b>	<b>4.8%</b>	<b>6.2%</b>	<b>5.5%</b>	<b>6.9%</b>	<b>4.9%</b>	<b>4.4%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.0%</b>
Japan	0.5%	1.0%	0.5%	0.0%	-0.2%	2.5%	2.7%	2.2%	1.6%	1.5%	1.5%
Germany	1.7%	1.9%	1.4%	0.4%	3.2%	8.7%	6.2%	3.1%	2.3%	2.1%	2.0%
UK	2.7%	2.5%	1.8%	0.9%	2.6%	9.1%	6.8%	3.0%	1.8%	2.0%	2.0%
USA	2.1%	2.4%	1.8%	1.3%	4.7%	8.0%	4.5%	2.3%	2.1%	2.0%	2.0%
Australia	2.0%	1.9%	1.6%	0.9%	2.8%	6.6%	5.3%	3.2%	3.0%	2.7%	2.7%
Spain	2.0%	1.7%	0.8%	-0.3%	3.0%	8.3%	4.3%	3.2%	2.0%	1.8%	1.7%
Russia	3.7%	2.9%	4.5%	3.4%	6.7%	13.8%	7.0%	4.6%	4.0%	4.0%	4.0%
Brazil	3.4%	3.7%	3.7%	3.2%	8.3%	9.3%	5.0%	4.8%	3.0%	3.0%	3.0%
<b>World</b>	<b>3.2%</b>	<b>3.6%</b>	<b>3.5%</b>	<b>3.2%</b>	<b>4.7%</b>	<b>8.7%</b>	<b>7.0%</b>	<b>4.9%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>3.5%</b>

Source: IMF projection

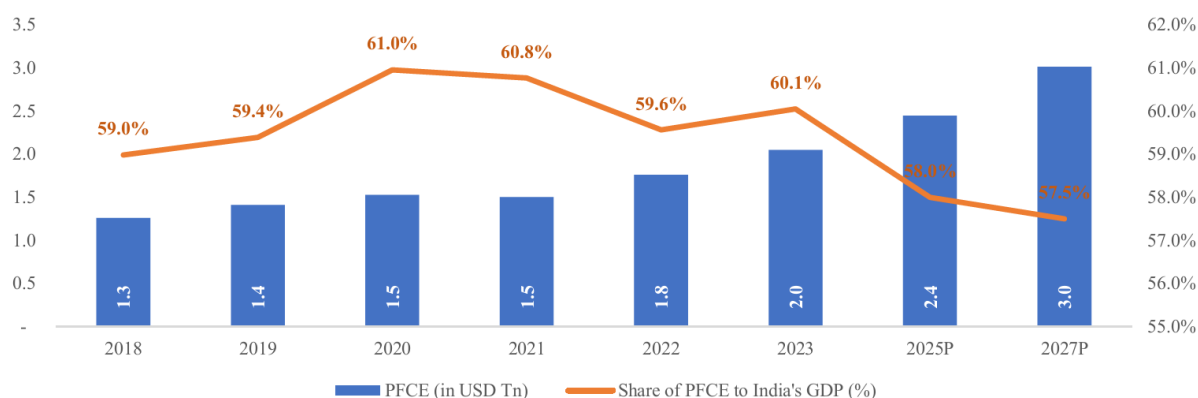
Note: For India, calendar year 2017 refers to Fiscal 2018 and so on.

### India Macroeconomic Overview

#### Private Final Consumption Expenditure

GDP growth in India is expected to be driven by rising private final consumption expenditure. India is a private consumption driven economy where the share of domestic consumption is measured as private final consumption expenditure (“PFCE”). This private consumption expenditure comprises both goods (food, lifestyle, home and pharmacy) and services (food services, education and healthcare). High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. In Fiscal 2023, the PFCE of India was valued at USD 2 trillion (Rs 1,63,98,403 Crore), which accounted for 60.1% of India’s GDP. With the rapidly growing GDP and PFCE, India is expected to be one of the top consumer markets in the world.

#### India’s Total Private Final Consumption Expenditure (Current Prices USD trillion) (Fiscal) and Share of Private Final Consumption Expenditure to GDP (%) (Fiscal)



Source: World Bank, RBI, IMF, Ministry of Statistics and Program Implementation, Technopak Research & Analysis, 1 USD=INR 80

The PFCE in India has exhibited varying year-on-year growth rates over the past few years. During Fiscal 2018 and Fiscal 2019, the PFCE grew by 10.6% and 12.0% respectively. India’s PFCE witnessed a 2.2% degrowth during Fiscal 2021, primarily attributed to the COVID-19 pandemic’s disruptive effects on consumer spending patterns and economic uncertainty. Nevertheless, it rebounded in Fiscal 2022 due to the pent-up demand and recorded a high growth of 17.1%, indicating a robust expansion in consumer spending and a sustained momentum in private consumption. With projected growth rates of 10.5% in Fiscal 2025 and 11.5% in Fiscal 2027, it is forecasted to have a sustained positive trajectory for PFCE growth rate in India.

The PFCE in India has grown at a CAGR of 10.2% during Fiscal 2018 to Fiscal 2023 and is further expected to grow at a CAGR of 10.1% during the next four years, reaching USD 3 trillion (Rs 241.28 lakhs Crore) by Fiscal 2027.

### **Correlation between India's Per Capita income growth to per capita consumption growth**

In recent years, India has experienced significant economic growth, with per capita income increasing from Rs 1,28,718 in Fiscal 2018 to Rs 1,70,222 in Fiscal 2022 and further recorded Rs 1,93,790 in Fiscal 2023. During this period, there has also been a corresponding increase in per capita consumption, as people had more money to spend on a variety of goods and services. The per capita PFCE of India increased from Rs 76,794 in Fiscal 2018 to Rs 1,02,992 in Fiscal 2022 and Rs 1,18,580 in Fiscal 2023. There is generally a positive correlation between a country's per capita income growth and per capita consumption growth.

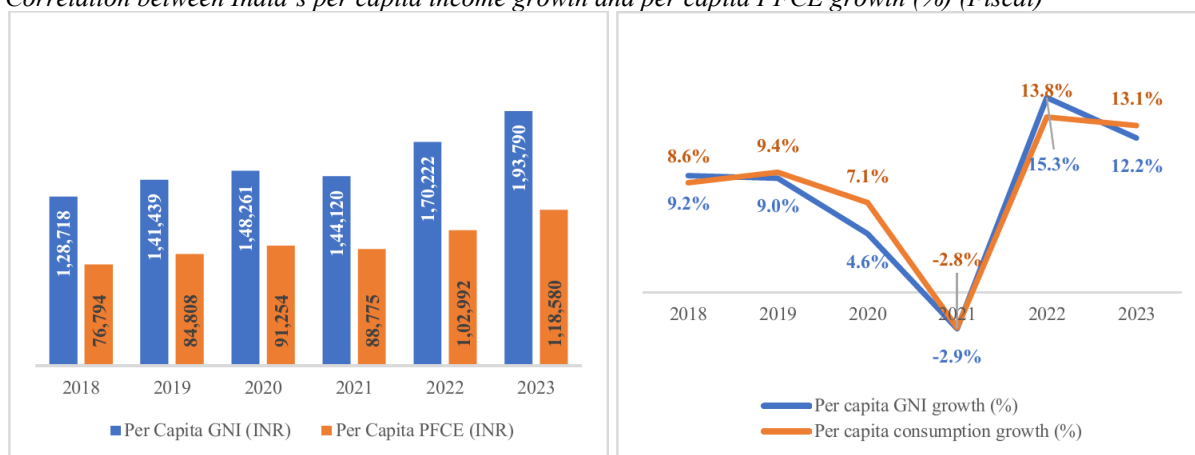
### **Per Capita Final Consumption Expenditure**

India's Per Capita Final Consumption Expenditure had shown significant growth pre COVID-19. In Fiscal 2020, the average Per Capita Final Consumption expenditure was recorded at Rs 91,254, a steep increase from Rs 76,794 in Fiscal 2018. As a result of the COVID-19 outbreak, there was a notable decline of around 2.7% in the Per Capita Final Consumption Expenditure, which fell to Rs 88,775 in Fiscal 2021. However, this trend reversed in the subsequent years and during Fiscal 2022, the expenditure rebounded, reaching Rs 1,02,992, and further escalated to Rs 1,18,580 by Fiscal 2023.

### **Per Capita Income Growth**

India's income growth is one of the strongest drivers for higher private consumption trends. In recent years, the rate of growth of per capita Gross National Income ("GNI") has accelerated indicating that the Indian economy has been growing at a faster rate. The per capita GNI for India has exhibited a CAGR of 8.5% over the last five years, currently recorded a value of Rs 1,93,790 in Fiscal 2023 from Rs 1,28,718 in Fiscal 2018.

### **Correlation between India's per capita income growth and per capita PFCE growth (%) (Fiscal)**



Source: Ministry of Statistics and Program Implementation, Technopak Research and Analysis

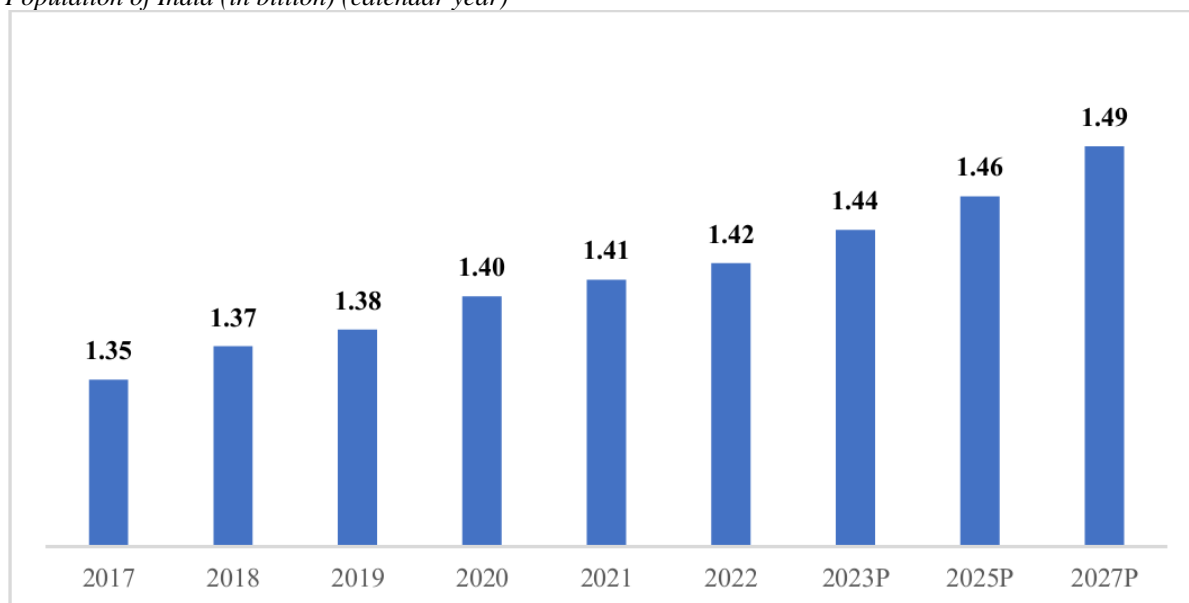
### **Key Growth Drivers**

#### **Demographic profile of India**

##### Growing Population

India's growing population acts as a key economic driver by creating a substantial domestic market for goods and services. Increase in population generates more demands in investment, production, and employment opportunities, contributing significantly to the country's economic growth prospects. India's population has been steadily growing over the years. In calendar year 2017, the population stood at 1.35 billion, which reached 1.42 billion in calendar year 2022. India surpassed China's population in April 2023, thus making it the most populous country in the world. Further projections suggest that India's population will continue to increase, reaching 1.46 billion by calendar year 2025 and further rising to 1.49 billion in calendar year 2027.

Population of India (in billion) (calendar year)



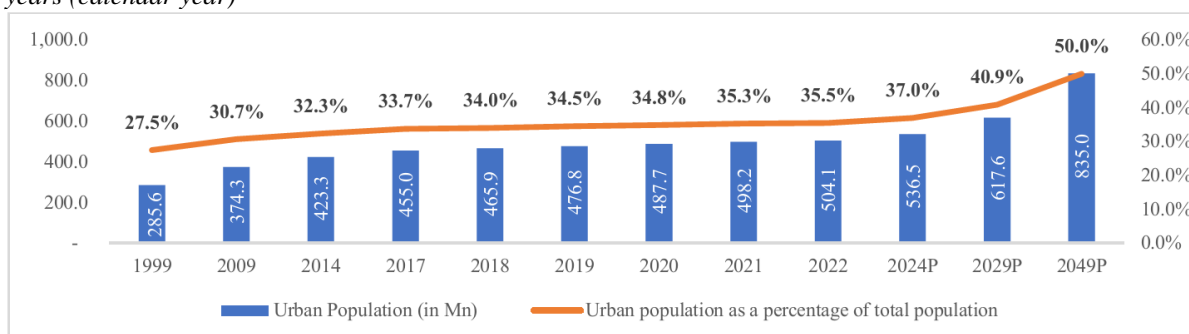
Source: IMF Projections

### Urbanisation

Urbanisation is one of the most important pillars of India's growth story. The concentration of population in cities fuels demand for various goods and services, propelling sectors like housing, transportation, retail, and infrastructure development. As cities expand, they become hubs of economic activity and innovation, leading to increased consumerism and market opportunities, thereby contributing significantly to India's overall economic advancement.

India had the second largest urban population in the world in absolute terms at 498.2 million in calendar year 2021, second only to China. However, in calendar year 2022, only 35.5% of India's population is classified as urban compared to a global average of approximately 57%. It is the pace of India's urbanisation that is a key trend fuelling India's economic growth.

India's urban population (million) and increasing urban population as a percentage of total population over the years (calendar year)



Source: World Bank, IMF

Urban Population as Percentage of Total Population of Key Economies (calendar year 2022)

Country	World	India	China	USA	Germany	Japan	Australia	Spain	Russia	Brazil	UK
Urban Population Share	57%	35.5%	64%	83%	78%	92%	86%	81%	75%	88%	84%

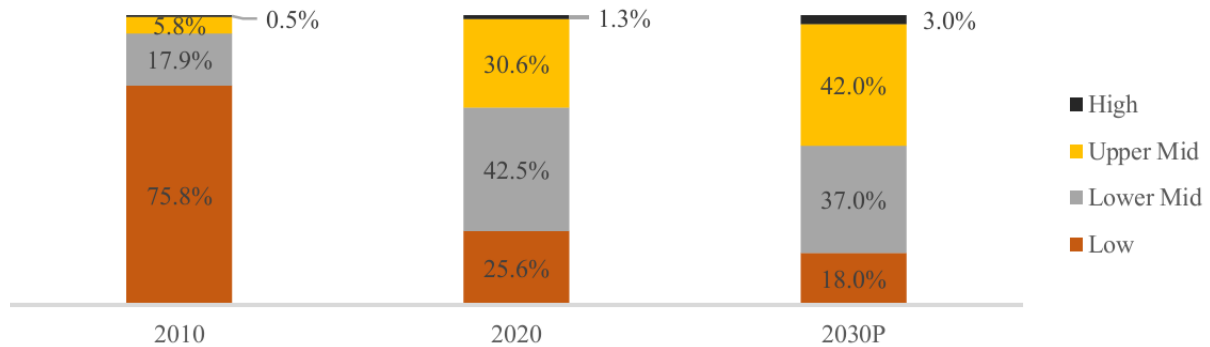
Source: World Bank

Note: For India, calendar year 2022 refers to Fiscal 2023.

### Growing Middle Class

Increase in number of households with annual earnings of Rs 8,00,000 to Rs 40,00,000 (upper middle class) will drive the Indian economy by demanding more goods, better services, houses, health and education. With the growing middle-class sector in India comes an increasing appetite for premiumisation of goods and services, construction, housing services, financial services, telecommunications, and retail.

#### *Household Annual Earning Details*

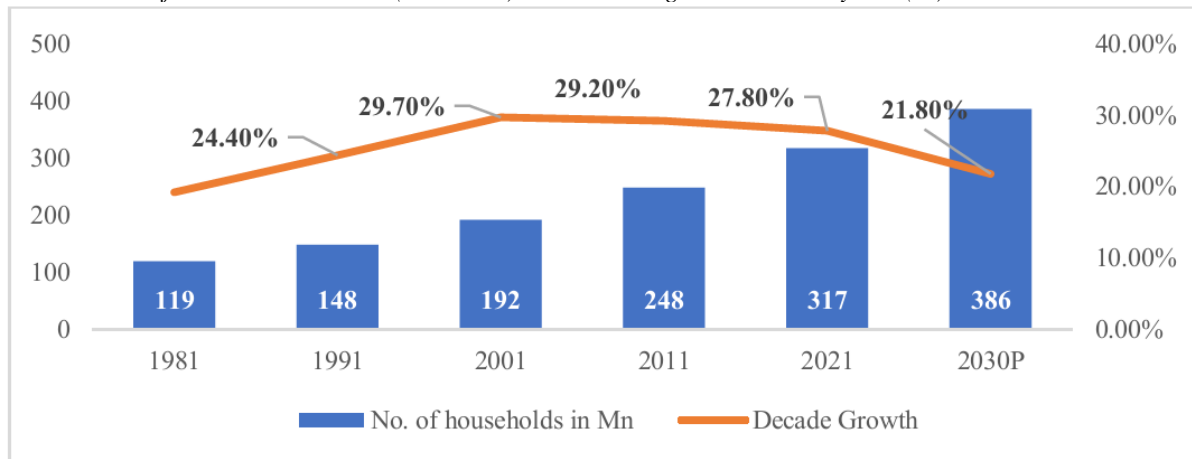


Source: EIU, \*Technopak Estimates

### Increase in Nuclearisation

The growth in the number of households exceeds population growth, which indicates an increase in nuclearisation in India, thereby creating a strong demand for housing units and discretionary expenditure in India.

#### *Total number of households in India (in million) and Decadal growth over the years (%)*



Source: Census, Technopak Analysis

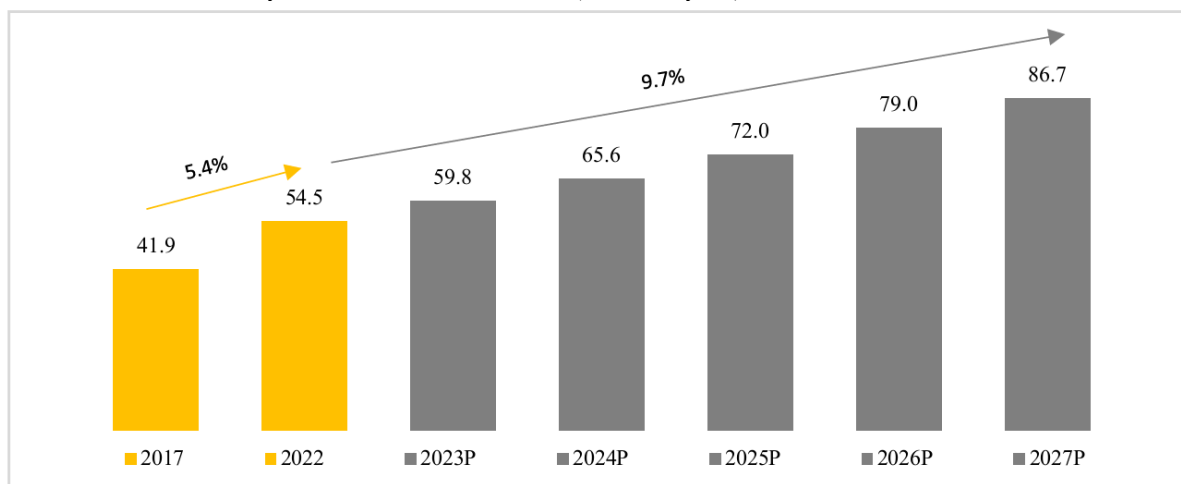
Note: Decadal growth for period 2021-2030P reflects a nine year period.

### **Global Polyurethane Foam Industry**

The worldwide polyurethane foam (“**PU Foam**”) industry was valued at USD 54.5 billion in calendar year 2022. Over the next five years, it is expected to witness growth at a CAGR of 9.7%, resulting in a market size of approximately USD 86.7 billion by calendar year 2027. This growth is contingent upon various factors, including the expansion of the bedding and furniture industry, the building and construction sector and the automotive industry.



### Global PU Foam industry market size in USD billion (calendar year)



Source: Technopak Analysis

Between calendar year 2017 and calendar year 2022, the global PU Foam industry experienced a healthy expansion, achieving a CAGR of approximately 5.4%. However, like many other industries, the PU Foam sector underwent a substantial transformation in recent years. The outbreak of COVID-19 between 2020 and 2021 had adverse effects on the global market. Nevertheless, from 2021, with widespread vaccination efforts worldwide, activities in end-user industries such as construction, packaging, and automotive gradually returned to normal. Consequently, the demand for foams across these sectors increased, leading to the revival of the PU Foam industry from calendar year 2022.

One of the key factors driving the growth of the PU Foam market includes the growing end-use industries such as construction, electronics, and automotive which are expected to flourish in developed and emerging economies, including U.S., China, India, Indonesia, Australia, Spain, and Thailand, during the forecast period. This, in turn, is expected to contribute to the growth of the PU Foam market across the globe.

### PU Foam Market size in key geographies

In calendar year 2022, the Asia Pacific region led the PU Foam market, capturing the highest market share of approximately 47.6% of the global PU Foam market size. Following closely was the North America region, contributing around 27.6% during the same period. Within the Asia-Pacific region, China, India, Japan and South Korea emerged as pivotal markets for the PU Foam industry, benefiting from their rapidly expanding manufacturing sectors. Looking ahead, the Asia-Pacific region is predicted to maintain its momentum and become the fastest-growing market for PU Foams. The PU Foam market in the region was valued at approximately USD 26.1 billion in calendar year 2022 and is expected to reach approximately USD 45.4 billion in calendar year 2027, exhibiting a CAGR of approximately 11.7% during the forecasted period, solidifying its dominance in the PU Foam market in the coming years. China stands out as the largest consumer of PU Foam, with a market size of approximately USD 12.6 billion in calendar year 2022, has positioned itself as a global footwear manufacturing hub and the world's leading producer and purchaser of automobiles. India's PU Foam market is anticipated to experience substantial growth, fuelled by advancements in the automotive industry, construction and building sector and furniture industry, among others. During calendar year 2022, the Indian PU Foam market was valued at approximately USD 2 billion and is expected to grow at a CAGR of 13.1% in the next five years, reaching a market value of approximately USD 3.7 billion by calendar year 2027. Within Asia Pacific, Australia's PU Foam market is estimated at USD 0.15 billion in calendar year 2022 and is expected to reach USD 0.2 billion by calendar year 2027, thus growing at a CAGR of 6.1%. Joyce Foam is the largest manufacturer of PU Foam in Australia with a market share of 40% by revenue in calendar year 2022. The Australian market is mature and highly competitive. Joyce Foam competes with Dunlop Foam and FoamCo Industries. Joyce Foam aims to differentiate its products through strategic relationships and value addition in areas such as innovative products, higher quality service, performance, and environmental credentials. The Company is one of the leading manufacturers of PU Foam in Asia Pacific as of Fiscal 2023.

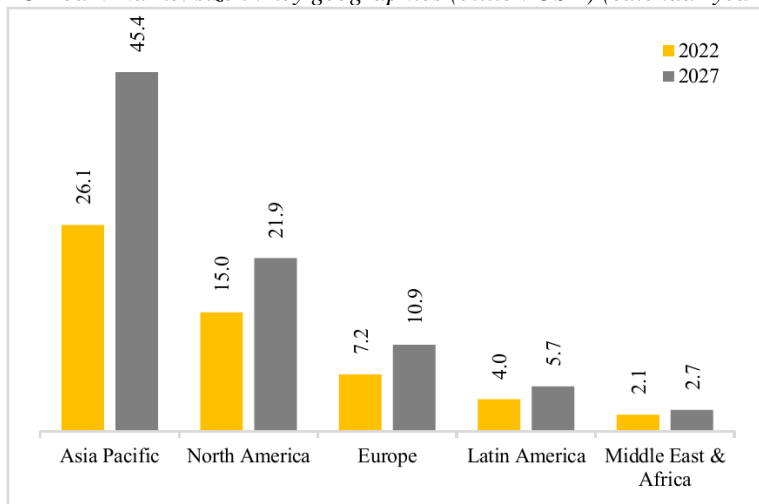
The North America PU Foam market is projected to exhibit a CAGR of 7.8% during calendar year 2022 and calendar year 2027, aiming to grow from a market size of approximately USD 15.0 billion in calendar year 2022 to approximately USD 21.9 billion by calendar year 2027. Within North America, the United States and Canada

are the dominant player in the PU Foam market, driven by its favourable outlook toward the construction and automotive sector.

In Europe, the PU Foam industry is expected to experience robust growth at a CAGR of 8.7% between calendar year 2022 and calendar year 2027, leading to a market size from approximately USD 7.2 billion in calendar year 2022 to approximately USD 10.9 billion by calendar year 2027. The Company’s subsidiary, Interplasp, had approximately 1% market share in Europe’s PU Foam market for calendar year 2022. Due to its location in Europe, Interplasp also competes with entities in Portugal, with its primary competitor being Flex 2000 Limited, which is located in Ovar, Portugal. The PU form market in Spain was valued at USD 1.2 billion in calendar year 2022 and is expected to reach USD 1.6 billion by calendar year 2027, showing a CAGR growth of 6.4% during the forecasted period.

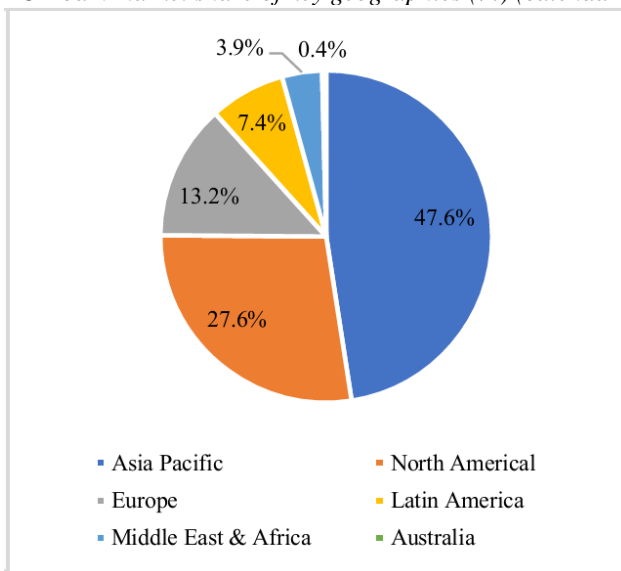
Latin America’s and the Middle East and Africa’s respective PU Foam industries are also expected to witness growth during the forecasted period. Latin America is projected to grow at a CAGR of 7.1%, leading to an estimated market size of approximately USD 5.7 billion by calendar year 2027, up from USD 4 billion in calendar year 2022. Similarly, the Middle East and Africa’s PU Foam industry is forecasted to grow at a CAGR of 5.4%, with the market size increasing from USD 2.1 billion in calendar year 2022 to approximately USD 2.7 billion by calendar year 2027.

*PU Foam market size in key geographies (billion USD) (calendar year)*



Source: Technopak Analysis

*PU Foam market share of key geographies (%) (calendar year 2022)*



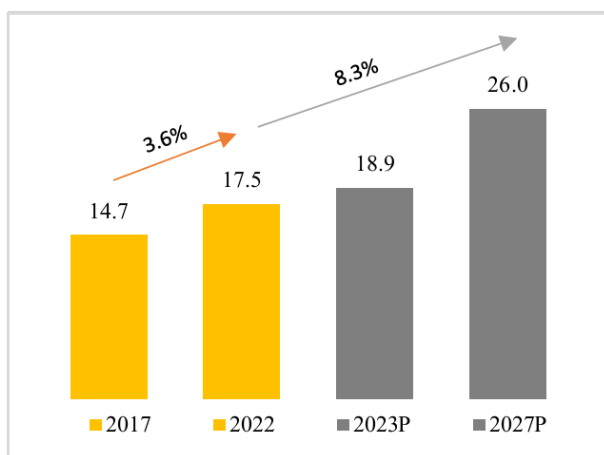
Source: Technopak Analysis

*Break up by foam type – Rigid and Flexible.*

PU Foam is a widely used polymer that is available in two forms – flexible foam and rigid foam. These are mainly used in manufacturing mattresses, bedding, furniture, car seats, building and construction, thermal insulations and packaging materials.

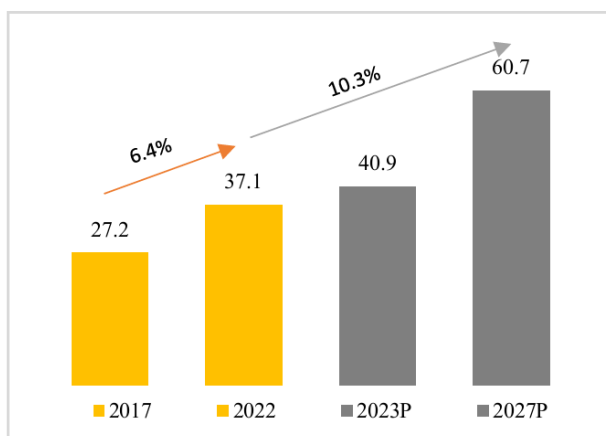
The Rigid PU Foam Market size was valued at approximately USD 17.5 billion in calendar year 2022 and is projected to reach approximately USD 26 billion by calendar year 2027, growing at a CAGR of 8.3% during the period of calendar year 2022 to calendar year 2027. Meanwhile, the Flexible PU Foam market size was valued at approximately USD 37.1 billion in calendar year 2022 and is projected to reach approximately USD 60.7 billion by calendar year 2027, growing at a CAGR of 10.3% during the forecasted period.

*Rigid PU Foam market size (billion USD) (calendar year)*



Source: Technopak Analysis

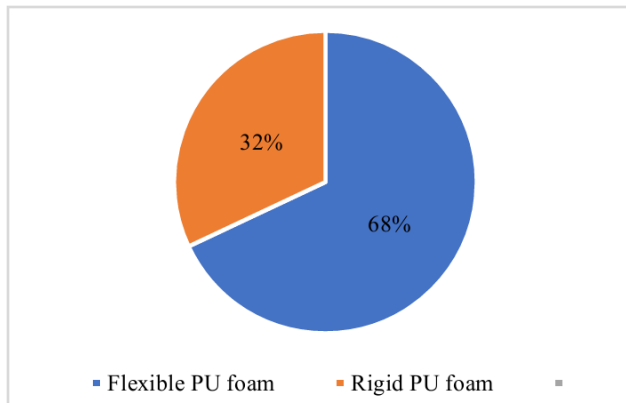
*Flexible PU Foam market size (billion USD) (calendar year)*



Source: Technopak Analysis

The Flexible PU Foam finds widespread application as cushioning in diverse consumer and commercial products, such as bedding and mattress, furniture, automotive interiors, footwear and packaging. In calendar year 2022, the flexible foam segment emerged as the market leader, commanding a significant share of the global PU Foam market share, exceeding 68%. Meanwhile, the Rigid PU Foam has been used in several aspects such as healthcare, automotive, constructions, consumer goods and others. The insulating properties of rigid PU Foam make it perfect for new homes' roofs and walls and for remodelling the existing homes. In calendar year 2022, the rigid PU Foams accounted for approximately 32% of the global PU Foam market share.

*Rigid and Flexible PU Foam market share (calendar year 2022)*



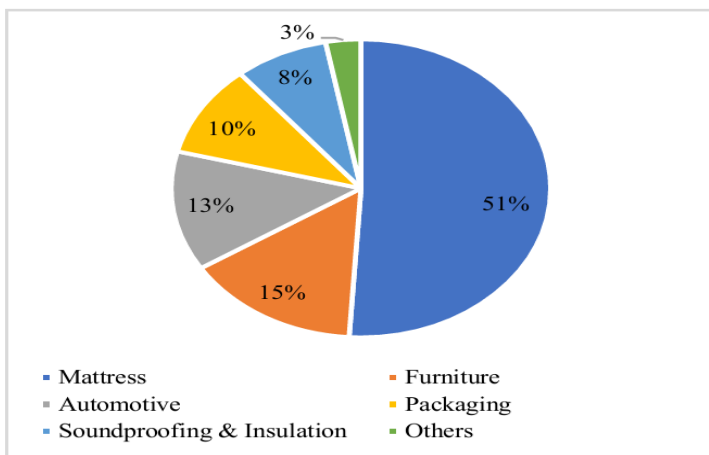
Source: Technopak Analysis

*Flexible PU Foam - Slab-stock PU Foam and Moulded PU Foam*

Flexible PU Foams are of two types - Slab-stock PU Foam and Moulded PU Foam. During calendar year 2022, slab-stock PU Foam dominated the flexible PU Foam market, accounting for 60-65% of the total market size, while moulded PU Foam constituted for the remaining 35-40%.

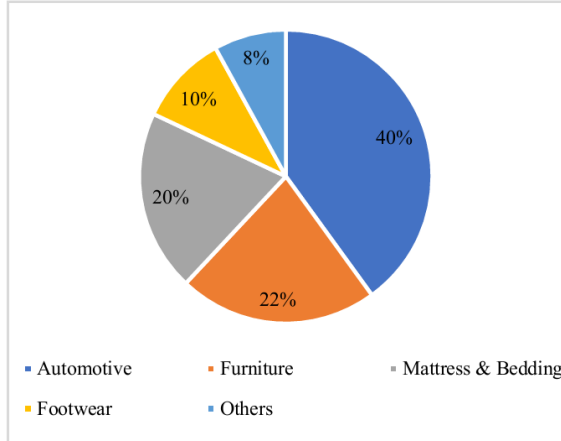
Slab-stock PU Foam is one of the most used types of flexible PU Foam. It is produced in large blocks or slabs through a continuous process. Slab-stock PU Foam is extensively used in the packaging, mattress and bedding and furniture industries for cushions, padding, seating applications and automotive seats. The acoustic properties of slab-stock PU Foam make it suitable for soundproofing and insulation applications in buildings, studios, and noise-sensitive environments. In calendar year 2022, the mattress and furnishing industries accounted for nearly two-thirds (66%) of the flexible slab-stock PU Foam market demand.

*Break up of Flexible Slab-stock PU Foam by end-use industry (Calendar year 2022)*



Source: Secondary Research, Technopak Analysis

Break up of Flexible Moulded PU Foam by end-use industry (calendar year 2022)



Source: Secondary Research, Technopak Analysis

Moulded PU Foam comes in various formulations to cater to specific application needs. The automobile and furniture seating industries are the primary consumers of moulded PU Foam, representing approximately 62% of the total global flexible moulded PU Foam market. Other applications include ergonomic office chairs and furniture seats, mattresses, pillows and medical cushions, footwear and fitness equipment. The rising sales and production of automobiles are anticipated to drive demand for moulded PU Foam.

#### Key growth drivers and trends

The global PU Foam market is experiencing rapid growth, fuelled by rising demands, industrialisation, consumer awareness, and technological advancements. The market looks promising with opportunities in building and construction, bedding, and furniture, automotive and transportation, electrical and electronics, and footwear applications. The major growth drivers for the PU Foam market are growth in the bedding and furniture industry, high demand of PU Foam in building insulation for energy conservation and increasing automotive production.

#### Key Industry Drivers:

- **Rising demand for various home furnishing applications:** PU Foam is widely used in furniture manufacturing for its comfort, durability, and versatility, leading to a boost in demand as the furniture market expands.
- **Thriving bedding and mattress sector:** Increased consumer awareness of the importance of sleep quality, coupled with the comfort and support offered by PU Foam mattresses, is driving growth in this segment.
- **Increasing demand for protective packaging:** PU Foam is used as protective packaging material, and with the rise of e-commerce and increased shipping demands, the packaging industry is contributing to the growth of PU Foam consumption.
- **Expanding Infrastructure and construction sector:** Increased demand for PU Foam in construction applications such as insulation, roofing, and wall panels, driven by urbanisation and infrastructure development projects. PU Foam's thermal insulation properties are in high demand for efficient insulating materials to regulate heating, ventilation, and air conditioning (“HVAC”), especially in regions focusing on energy-efficient buildings and sustainability. The global Infrastructure and Construction Market is expected to grow at a CAGR of approximately 6–6.5% during the next five years.
- **Growing automotive industry:** Rising adoption of PU Foam in automotive manufacturing for seating, cushioning, and sound insulation due to its lightweight and energy-absorbing properties. The global automotive industry is currently experiencing a substantial growth and is expected to record at a CAGR of approximately 6.5-7% over next 5-6 years.
- **Increasing consumer preference for comfort products:** PU Foam is used in various consumer goods, including footwear, sportswear, and personal care items, to enhance comfort and performance, driving demand from consumers.

- **Technological advancements:** Ongoing research and development efforts leading to innovations in PU Foam production processes and formulations are opening up new opportunities and driving growth.

Opportunities:

- **Increase in demand for bio-based polyurethanes:** The foam industry has been affected a lot by changes in the price of oil in recent years. As a result, the industry has started using bio-based materials to make foam. Bio-derived materials such as soy-based polyols, offers significant advantages over conventional polyols in terms of sustainability and cost effectiveness. They also reduce dependency on petroleum-based raw materials.
- **E-Commerce:** The expansion of e-commerce platforms provides an extensive reach, catering to a growing market of consumers who increasingly favour online shopping for various reasons.

Due to diverse applicability, PU Foams are witnessing huge demand from various end-use industries such as bedding and furniture, building & construction, electronics, automotive & transportation, footwear, packaging, and others (textiles and refrigeration). Factors such as increasing demand from end-use industries owing to increased energy efficiency and reduced output weight coupled with rising middle class in the emerging markets supporting the growth of PU Foams across the globe.

#### *Limiting factors and challenges in the PU Foam Industry*

The PU Foam industry faced several limiting factors and challenges. However, it is essential to note that the industry might have evolved since then, and new challenges could have emerged. Here are some of the common limiting factors and challenges in the PU Foam industry:

- **Raw Material Prices:** The cost of raw materials, such as toluene diisocyanate, polyols and isocyanates, can be volatile and subject to fluctuations based on global supply and demand dynamics. Price increases in raw materials poses a challenge to the PU Foam manufacturers in controlling the production costs, thus impacting the profit margins for manufacturers.
- **Market Demand and Economic Factors:** The demand for PU Foam products is influenced by economic conditions as well as different industry's market trends. An economic downturn or changes in consumer preferences can impact the industry's growth and profitability. Furthermore, the global PU Foam industry can be negatively impacted by economic instability, including factors such as inflation, recession, or shifts in government policies.
- **Environmental Regulations:** The raw materials associated with polyurethane production, such as TDI & MDI, are themselves deemed hazardous to the environment due to the industrial release of TDI that pollutes the air. The major restraint to the growth of the PU Foam market is the stringent environment regulations formulated by the governments for new and existing plant sites that are engaged in the manufacturing of flexible PU Foams.

#### *Key global players*

#### DUNLOP FOAMS

Facts & Figures	
<b>Global Presence</b>	Australia and New Zealand
<b>Production locations</b>	Eight manufacturing operations across Australia and New Zealand
<b>Group revenue (Million USD) (2021)</b>	108.4
<b>EBITDA</b>	NA
<b>EBITDA Margin</b>	NA
<b>Products</b>	Healthcare sector (Health Thermal, Health Support, Health Comfort, Health Roho), Consumer products (Mattress, Mybub, Chiropratic, Overlays), Bedding foam, Furniture foam, Specialty foams used for diverse applications including acoustics, insulation, packaging, cleaning and filtration, Transport sector (Bus & coach seat, aircrafts and automotive etc.)

## DOW INC.

Facts & Figures	
<b>Global Presence</b>	Presence in about 160+ countries -Asia Pacific, U.S. and Canada, Europe, Middle East, Africa and India, Latin America
<b>Production locations</b>	104 manufacturing plants in 31 countries- 18 manufacturing plants in Asia Pacific, 37 manufacturing plants in EMEAI, 15 manufacturing plants in Latin America, 34 manufacturing plants in the United States of America and Canada
<b>Group revenue (Billion USD)</b>	56.9
<b>EBITDA</b>	6.6
<b>EBITDA Margin</b>	11.6%
<b>Products</b>	Hydrocarbons & Energy, Packaging and Specialty Plastics, Industrial Solutions, Polyurethanes & Construction Chemicals, Coatings & Performance Monomers, Consumer Solutions

## HUNTSMAN INTERNATIONAL LLC.

Facts & Figures	
<b>Global Presence</b>	Presence in over 90 countries
<b>Production locations</b>	60+ manufacturing, R&D and operations facilities in approximately 30 countries- Texas, Poland, Malaysia, Costa Rica, India, the United Kingdom, China, Michigan, Italy, Canada, Colombia, Saudi Arabia, Australia, UAE, Indonesia, Germany, Turkey, Taiwan, Russia, Thailand, Mexico, Illinois, New Hampshire, Vietnam, The Netherlands, Louisiana, Belgium, Singapore, Hungary, Florida, Ohio, Alabama, Switzerland, South Carolina, Pennsylvania, California, Brazil, Spain
<b>Group revenue (Billion USD)</b>	8.0
<b>EBITDA (Billion USD)</b>	1.16
<b>EBITDA Margin</b>	14.5%
<b>Products</b>	Polyurethanes, Performance Products, Advanced Materials

## COVESTRO AG

Facts & Figures	
<b>Global Presence</b>	Germany, United States, India, Japan, Taiwan, Italy, ASEAN, China, Spain, Australia, New Zealand, Belgium, United Kingdom
<b>Production locations</b>	50 manufacturing plants and 13 R&D sites- North America (Canada, Mexico, the United States of America), Europe, Middle East, Latin America excluding Mexico, Africa Region (Belgium, France, Germany, Italy, Netherlands, the United Kingdom, Spain), Asia and Pacific region (China, India, Japan, Taiwan, Greater China, Thailand)
<b>Group revenue (Billion USD)</b>	18.93
<b>EBITDA (Billion USD)</b>	1.70
<b>EBITDA Margin</b>	9.0%
<b>Products</b>	Performance Materials, Solutions and Specialties

## WANHUA CHEMICAL GROUP

Facts & Figures	
<b>Global Presence</b>	China, Hungary and exported worldwide
<b>Production locations</b>	9 manufacturing locations - Yantai, Penglai, Ningbo, Sichuan, Fujian, Zhuhai, Ningxia in China and Hungary, R&D centres in Yantai, Ningbo, and Beijing in China as well as in North America and Europe, and offices in more than 10 countries
<b>Group revenue (Billion USD)</b>	1,113.42
<b>EBITDA</b>	NA
<b>EBITDA Margin</b>	NA
<b>Products</b>	Polyurethane (Isocyanate, Polyester Polyol, Additives, Polyester Polyol), Performance Chemicals (Rubber & Plastics, Specialty Amines , Home & Personal care, Others, Organic Amine, Resins), Petrochemicals , Emerging Materials (3D Printing Materials, Battery Material)

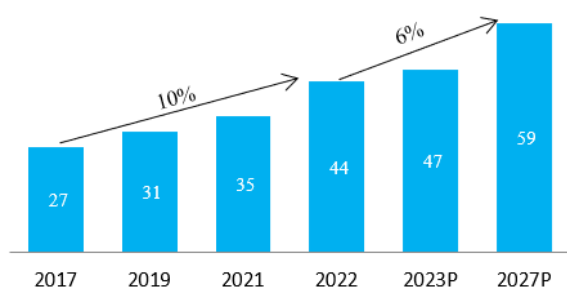
## Global Mattress Industry

### Industry Overview

#### Mattress Market Size

A mattress is a large rectangular pad filled with cotton, foam, coiled springs, water and air, which plays a pivotal role in providing the right support and comfort to the body, thereby facilitating good quality sleep. Globally, at present, there is substantial increase in the demand for home furnishing products such as mattresses and bed linens, because of urbanisation and an increase in the number of residential houses. The global mattress market has exhibited continuous growth over the years, which has grown at a CAGR of approximately 10% from USD 27 billion in calendar year 2017 to USD 44 billion in calendar year 2022 and is further expected to grow at a CAGR of approximately 6% until calendar year 2027 to reach a market value of USD 59 billion.

#### Global Mattress Market – By Value (USD Billion) in calendar year

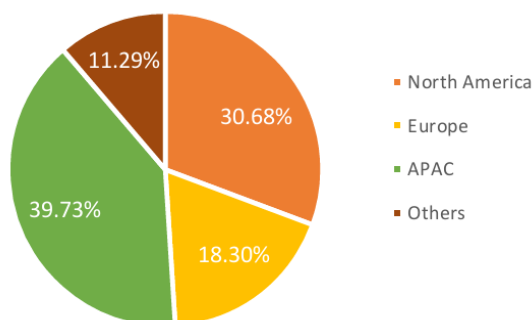


Source – Technopak Analysis

#### Mattress Market size in key geographies

Asia Pacific constitutes a major share of approximately 39.73% (USD 17.48 billion) of the global mattress market as of calendar year 2022, owing to the large populations in India and China. Additionally, urbanisation, growing middle class, increasing disposable income of people and increase in housing units in the Asia Pacific region, has been responsible for its higher share. The North American mattress market constitutes approximately 30.68% (USD 13.5 billion) of the overall global mattress market and is characterized by luxury and premium quality mattresses. The European mattress market constitutes approximately 18.3% (USD 8.05 billion) of the global mattress market.

#### Break up of Global Mattress Market by key geographies - By Value in calendar year 2022



Source – Technopak Analysis

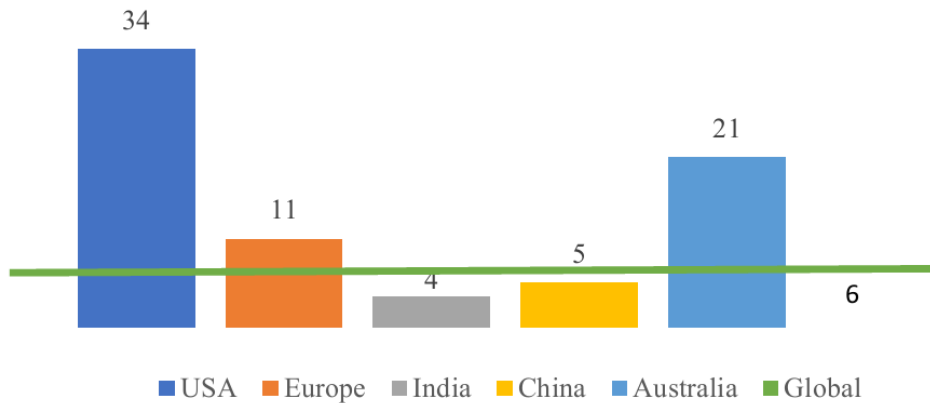
#### Per Capita Spend on Mattresses

Consumers are now spending more on mattresses owing to reasons such as rising awareness regarding various health related benefits associated with the usage of a good quality and superior functionality mattress and shift in their preference towards premium and innovative products. Indicatively, the global average per capita spend on mattresses is estimated to be approximately US\$ 6 in calendar year 2022. India's per capita spend on mattresses



is low, as compared to other countries like the United States of America and Australia, at approximately US\$ 4, therefore suggesting immense headroom for growth in the future.

*Per Capita Spend on Mattresses - By Value in calendar year 2022*



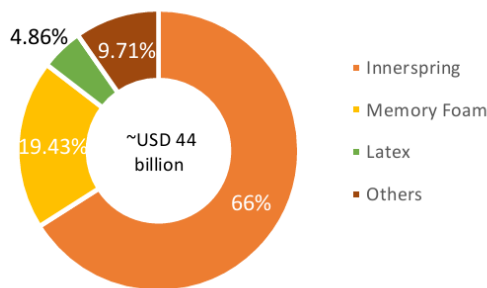
Source – Technopak Analysis

**Key sub-categories of Global Mattresses**

By Material Type

Based on material type, the global mattress market can be segmented into innerspring, memory foam, latex, and others. An innerspring mattress is a very traditional type of mattress, wherein at the base, there is a layer of springs, followed by a layer or two of dense memory foam, which acts as a buffer so that when someone lies down on the mattress, he or she does not feel the poking by larger springs. Memory foam (an improved grade of PU Foam), which forms the primary raw material for memory foam mattresses, provides the required softness and cushioning to the mattress, thereby resulting in better quality and comfort. A latex mattress is made up of two to four layers of latex foam and additionally may include springs or reflex foam for a durable and supportive sleeping surface. Others include water mattresses and air mattresses. As of calendar year 2022, innerspring mattresses constituted approximately 66% (USD 29.04 billion) of the global mattress market by value, whereas memory foam, latex, and others constituted approximately 19.43% (USD 8.55 billion), approximately 4.86% (USD 2.14 billion) and approximately 9.71% (USD 4.27 billion) of the market respectively.

*Break up of Global Mattress Market based on Material Type -By Value in calendar year 2022*



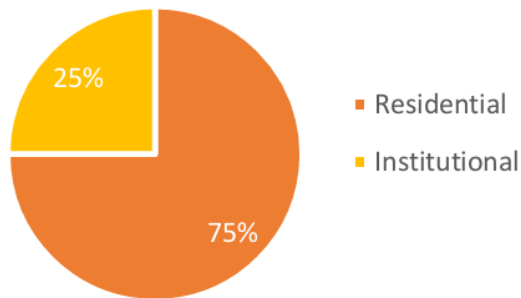
Source – Technopak

By End Use Type

Based on end use, the global mattress market can be segmented into residential and institutional segments. As of calendar year 2022, the residential segment accounts for approximately 75% (USD 33 billion) of the global mattress market, whereas the institutional segment accounts for approximately 25% (USD 11 billion). The residential segment is projected to expand further owing to reasons such as urbanisation, increase in number of residential houses and increase in disposable income of people. The institutional segment is expected to grow at

a steady rate owing to economic development, rapidly growing travel, and tourism industry and increase in the number of healthcare centers.

*Break up of Global Mattress Market based on End Use Type -By Value in calendar year 2022*



Source – Technopak Analysis

### ***Trends Shaping Global Mattress Industry***

#### **Increasing demand for customized mattresses**

There has been an increase in demand for customized mattresses globally as consumers want products which are tailored to their individual preferences, for a better and more comfortable sleeping experience and are even willing to spend more for the same. Owing to such demand, global mattress manufacturers are coming up with different customizable offerings such as adjustable head and foot sections of the mattress.

#### **Growing demand for premium and luxury mattresses**

On a global level, the increase in purchasing power of people, resulting from rising disposable income, has accelerated the demand for premium and luxury mattresses, such as memory foam mattresses and mattresses that have advanced cooling features.

#### **Rising penetration of e-commerce**

With the advent of e-commerce, consumers are now purchasing mattresses right from their homes on various online retailing platforms or on company websites, offering a wide portfolio of products at competitive pricing with convenient delivery options.

#### **Growing preference for Organic Mattresses**

There has been a considerable increase in the demand for organic and natural mattresses in the global market, because of increasing awareness among consumers regarding negative impacts of using synthetic mattresses such as respiratory problems and rising consciousness among consumers towards environment conservation.

### ***Key growth drivers for Global Mattress Industry***

#### **Urbanisation**

Globally, urban population has been rising over the years. As of calendar year 2022, approximately 57% of the global population lived in urban areas, which is projected to grow to approximately 68% by calendar year 2050. Such rapid urbanisation is going to increase the demand for residential houses, which in turn is going to drive the growth of global mattress market.

#### **Increase in number of housing units**

There has been an increase in the demand for residential units globally owing to factors such as urbanisation and nuclearisation of families. Additionally, real estate related government policies of various countries are also going

to boost the global housing infrastructure. Such growth in the number of housing units is also going to drive the growth of the global mattress market.

#### Increasing health consciousness among consumers

Consumers are becoming increasingly more aware regarding health-related problems that could arise out of using a low quality or cheap mattress. As a result, consumers are increasingly preferring high quality, superior functionality mattresses that would help them sleep better. Such an increase in the number of health-conscious consumers is going to contribute towards the growth of the global mattress market.

#### Rise in disposable income

Rising disposable income has increased the purchasing power of people, thereby enabling them to invest in high quality sleep products. This is driving the demand for premium and luxury segment modern mattresses globally.

#### **Key Challenges**

Transportation and storage of mattresses is difficult because of their voluminous nature. This poses challenges for mattress manufacturers as it eventually leads to high transportation and warehousing costs. Volatility in prices of raw materials, such as memory foam, polyol, toluene diisocyanate (“TDI”) and latex also pose a key challenge to mattress manufacturers as the increase in prices of such materials leads to an increase in the overall cost. Such an increase in cost can either be absorbed by the manufacturer or passed on to the consumers. This may impact the overall sales and profitability structure of players.

#### **Key Global Players**

Some of the key players in the global mattress market are the Company, Tempur-Sealy International and Paramount Bed Holdings. These players manufacture multiple products, such as, mattresses, pillows and bed linens, have multiple brands and have a presence in multiple countries.

#### **Key Players in Global Mattress Market**

Player	Key Brands	Key Categories present in	No of countries present in	Revenue (US\$ Million) calendar year 2022	EBITDA (US\$ Million) calendar year 2022	EBITDA Margin (US\$ Million) calendar year 2022
Tempur Sealy International Inc.	Tempur, Tempur-Pedic, Cocoon by Sealy, Sealy, and Stearns & Foster	Mattress, Pillow, Bed Frame, Bed Linen	100+	4,921	860	17%
Paramount Bed Holdings Co. Ltd	INTIME, Active Sleep	Mattress, Furniture, Hospital Products	110+	683	93*	14%*
Serta Simmons Bedding	Serta, Beautyrest, TUFT & NEEDLE, Simmons	Mattress, Pillow, linen, Furniture, skin care, Pet care	150+	2,400	NA	NA
Sleep Number	Plush Comfort, Sleep number	Mattress, Linen, Furniture, Pillows	15+	2,114	148	7%
The Company	Sleepwell, Featherfoam, SleepX, Starlite, Interplasp, Joyce, Lamiflex	Mattress, PU Foam, Pillows, Furniture Foam	33+	359	37	10%

Source – Technopak Analysis

Note: For Paramount Bed Holdings Co. Ltd and the Company, Revenue, EBITDA and EBITDA margins are of Fiscal 2023.

\*These are EBIT and EBIT margin figures respectively.

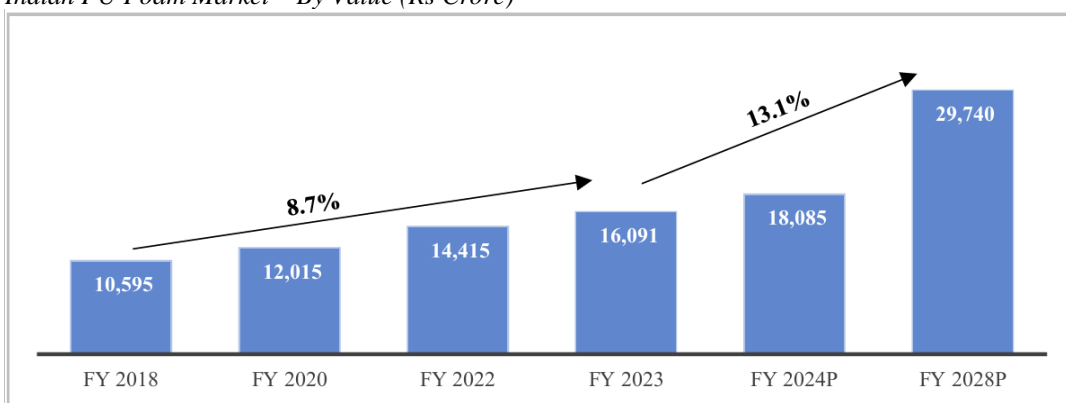
## **Indian PU Foam Industry**

### *Indian Overview*

#### **PU Foam Market Size**

The Indian PU Foam market has shown continuous growth over the years. It has grown at a CAGR of 9% from Rs 10,595 Crore from Fiscal 2018 to reach Rs 16,091 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 13% until Fiscal 2028 to reach a market value of Rs 29,740 Crore.

Indian PU Foam Market – By Value (Rs Crore)



Source: Technopak Analysis

### Key characteristics of Indian PU Foam Industry

- Growing Urbanisation:** India's rapid urbanisation has led to an increased demand for modern living spaces and comfortable urban lifestyles. As urban dwellers seek better living standards, the furniture industry has seen a surge in demand for comfortable and stylish products that utilize PU Foam for upholstery and cushioning. In the bedding sector, mattresses and pillows made from PU Foam are increasingly popular as they provide superior comfort and support, catering to the growing urban population's needs. This urbanisation trend has propelled the demand for PU Foam products in the domestic market.
- Automotive Sector Boom:** The automotive industry in India has witnessed a significant boom, with rising incomes and an increase in vehicle ownership. PU Foam's remarkable properties, such as its lightweight nature and excellent cushioning capabilities, have made it a preferred material for automotive manufacturers. Car interiors are often furnished with PU Foam seating. Additionally, its sound-absorbing qualities contribute to reduced noise levels inside vehicles.
- Government Initiatives:** The Indian government's initiatives like 'Make in India' and 'Housing for All' have provided impetus to the PU Foam industry's growth. By promoting domestic manufacturing and investment, these initiatives have encouraged both local and foreign companies to invest in PU Foam production facilities in India. The favorable policy environment has facilitated industry expansion and development, leading to increased employment opportunities and economic growth in the sector.
- Eco-friendly Solutions:** The push for eco-friendly and sustainable products has also influenced the PU Foam industry in India. As environmental concerns continue to grow, manufacturers have been focusing on developing greener alternatives by incorporating bio-based or recycled materials into PU Foam production. These efforts align with global sustainability goals and cater to an increasingly eco-conscious consumer base, further driving the adoption of eco-friendly PU Foam products in the market.

### Key sub-categories of PU Foam

#### By Foam Type

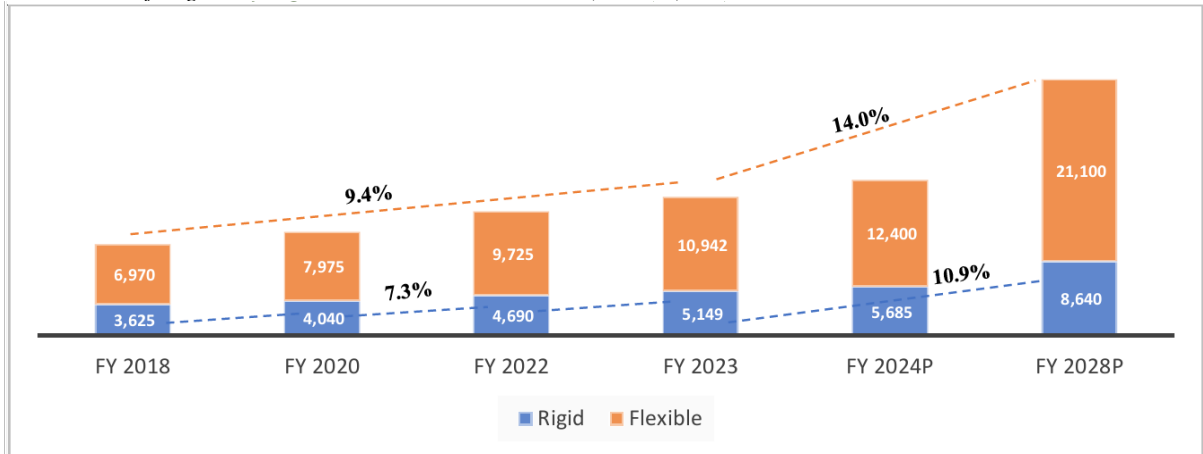
Based on material type Indian PU Foam industry can be classified into two sub-categories – Rigid PU Foam and Flexible PU Foam.

Rigid PU Foam is a highly efficient insulation material with notable thermal properties. It offers high compressive strength and is lightweight, making it ideal for load-bearing applications in construction and packaging. It is widely used in construction for thermal insulation, refrigeration, automotive for soundproofing, and packaging to protect delicate goods during transportation. The Rigid PU Foam market has grown at a CAGR of 7.3% from Rs 3,625 Crore in Fiscal 2018 to Rs 5,149 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 10.9% until Fiscal 2028 to reach a market value of Rs 8,640 Crore.

Flexible PU Foam is a versatile material known for cushioning and comfort properties. Ideal for mattresses, pillows, and upholstery, it offers support and relaxation with high resilience for long-lasting performance. Its

lightweight and breathable structure makes it suitable for bedding, automotive, furniture, packaging, and healthcare applications, enhancing user experience and product performance. Between Fiscal 2018 and Fiscal 2023, Flexible PU Foam constituted approximately 66-68% of the PU Foam market. The Flexible PU Foam market has grown at a CAGR of 9.4% from Rs 6,970 Crore in Fiscal 2018 to Rs 10,942 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 14% until Fiscal 2028 to reach a market value of Rs 21,100 Crore.

*Market size of Rigid PU Foam and Flexible PU Foam (INR Cr)*



Source: Technopak Analysis

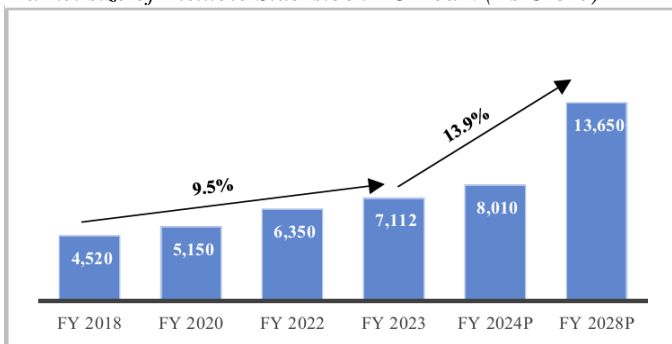
**Breakup of Flexible PU Foam**

Flexible PU Form is further classified into two sub-categories – Flexible Slab-stock PU Foam and Flexible Moulded PU Foam.

Flexible Slab-stock PU Foam is a PU Foam known for its versatility and wide range of applications. This foam type is highly flexible, resilient, and provides excellent cushioning and comfort. It finds extensive use in the bedding and furniture industry, with approximately more than 50% of the market used to create mattresses, pillows, and upholstery for its soft and supportive properties.

Additionally, flexible slab-stock PU Foam is employed in furniture, footwear, acoustic insulation and in buildings and construction. The Flexible Slab-stock PU Foam market has grown at a CAGR of 9.5% from Rs 4,520 Crore in Fiscal 2018 to Rs 7,112 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 13.9% until Fiscal 2028 to reach a market value of Rs 13,650 Crore.

*Market size of Flexible Slab-stock PU Foam (Rs Crore)*

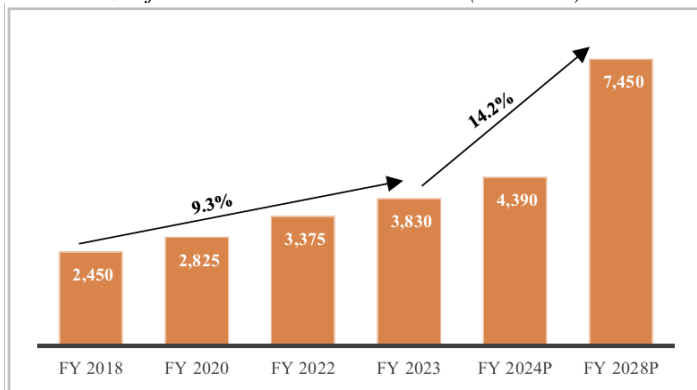


Source: Technopak Analysis

Flexible Moulded PU Foam is a specialized type of PU Foam known for its unique manufacturing process and properties. Unlike traditional slab-stock foam, this variant is moulded into specific shapes and designs during production. The customisation potential of Moulded Slab-stock PU Foam enables manufacturers to create products with different densities and firmness levels to meet specific industry requirements.

The Flexible Moulded PU Foam market has grown at a CAGR of 9.3% from Rs 2,450 Crore in Fiscal 2018 to Rs 3,830 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 14.2% until Fiscal 2028 to reach a market value of Rs 7,450 Crore.

*Market size of Flexible Moulded PU Foam (Rs Crore)*

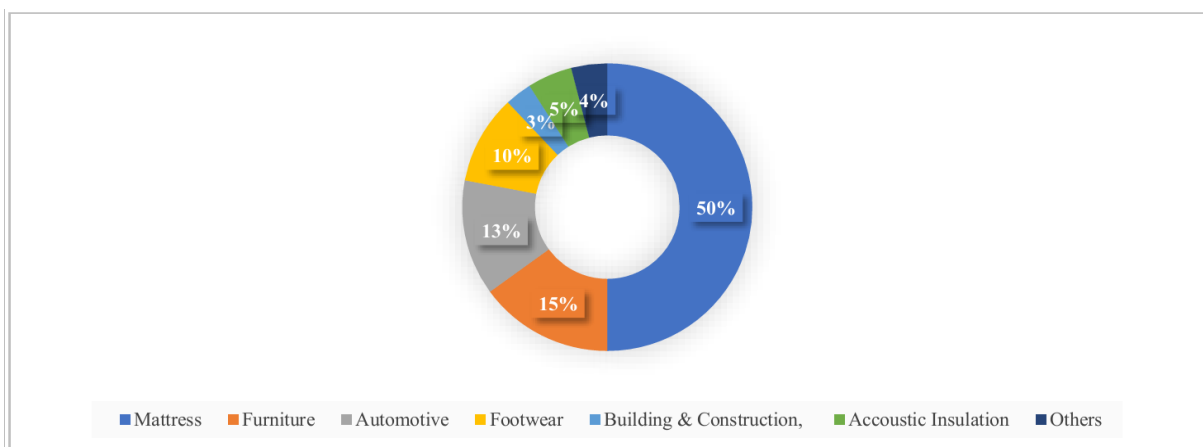


Source: Technopak Analysis

**Breakup by end-user industry of Flexible Slab-stock PU Foam**

The allocation of Flexible Slab-stock PU Foam utilisation across distinct industries reveals its multifaceted applications. Foremost, the mattress industry emerges as the largest consumer, incorporating approximately 50% of the foam for enhanced comfort and support. This dominance is followed by the furniture sector, utilising approximately 15% of the foam to augment the plushness and durability of their products. Meanwhile, the automotive industry's adoption of approximately 13% of the foam primarily centers on its superior cushioning properties, contributing to both passenger comfort and vehicular safety. Simultaneously, the footwear industry's employment of approximately 10% of the foam materialises in crafting ergonomic insoles and cushioning, amplifying the overall user experience. Furthermore, the foam's role in acoustic insulation, constituting 5% of the utilisation, significantly enhances soundproofing solutions in diverse settings. Lastly, its presence in miscellaneous industries, accounting for 4% of the utilisation underscores its adaptability to a variety of applications.

**End-User utilisation breakup of Flexible Slab-stock PU Foam for Fiscal 2023**



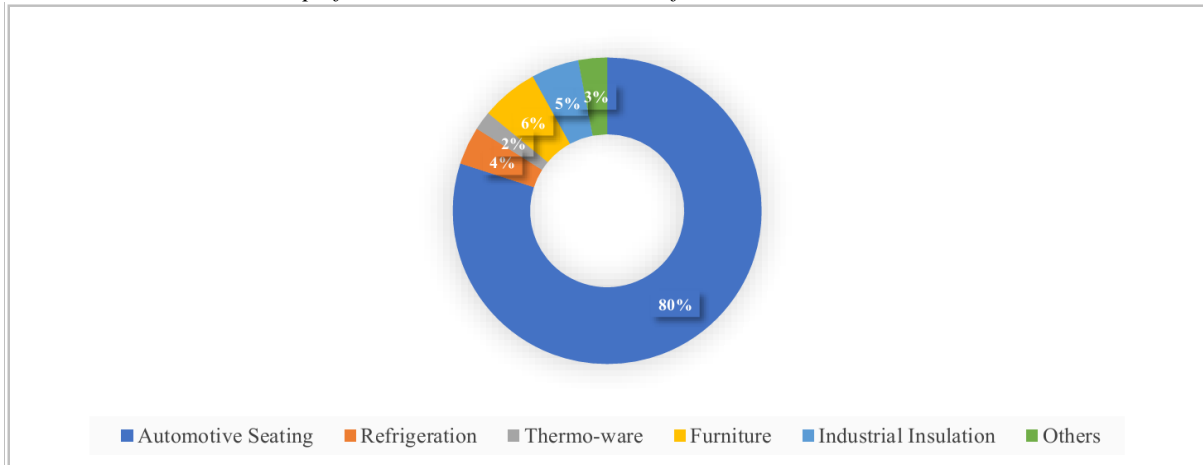
Source: Technopak Analysis & Secondary Research

**Breakup by end-user industry of Flexible Moulded PU Foam**

The Flexible Moulded industry presents a distinct distribution of utilisation across key sectors, indicative of its diverse applications. Notably, automotive seating commands a substantial approximately 80% share due to its durability, lightweight, and strength, it is an ideal material not only for cushioning purposes but also within the car bodies, where their insulation properties provide protection against the heat and noise of the engine. Refrigeration, at approximately 4%, leverages the industry's expertise for insulation purposes, maintaining optimal temperature levels. Thermo-ware, constituting approximately 2%, benefits from the industry's specialized

moulding techniques for crafting heat-resistant containers. In the furniture realm, approximately 6% allocation demonstrates the industry’s contribution to aesthetic and functional design. Meanwhile, the application of Flexible Moulded products in industrial insulation at approximately 5% showcases their significance in maintaining temperature and energy efficiency in various settings.

*End-User utilisation breakup of Flexible Slab-stock PU Foam for Fiscal 2023*



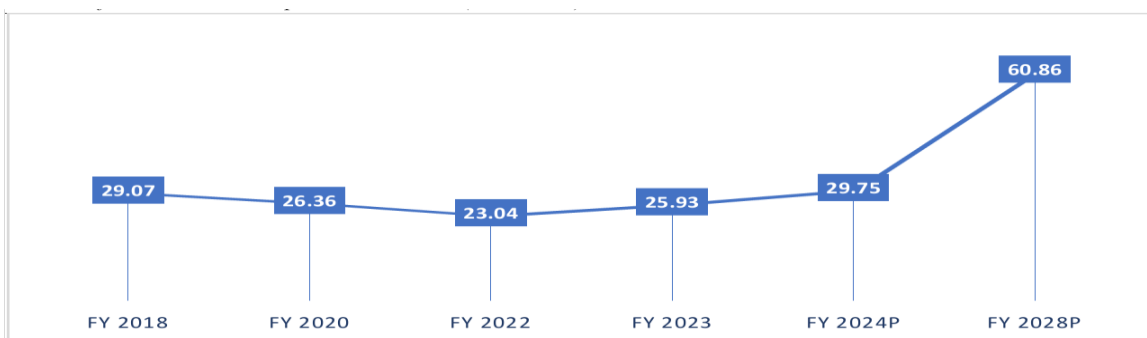
Source: Technopak Analysis & Secondary Research

The Company is one of the leading players in key PU Foam end-use industries such as mattresses, automotive, footwear, lingerie and furniture.

*Key Growth Drivers*

- Growing demand from Modern Mattress industry** - The dynamic expansion of the Indian modern mattress industry has emerged as a pivotal catalyst propelling the growth of the Flexible Slab-stock PU Foam market in India. As consumers increasingly prioritize comfort and quality in their sleeping experiences, this has triggered a significant uptick in the production and consumption of Flexible Slab-stock PU Foam, a versatile material known for its exceptional cushioning properties and adaptability. As of Fiscal 2023, PU Foam mattresses constituted approximately 50% of the Indian modern mattress market, highlighting the pivotal role this sector plays in propelling the expansion of the PU Foam market. The further expansion of the branded play in modern mattress market will also help boost the production and utilisation of PU Foam.
- Growing demand from automotive industry** - India's automotive sector stands as a pivotal economic force, adding 6% to the GDP and 35% to the manufacturing GDP. The sector's exports, accounting for 8% of the total, are poised to elevate it to the position of the world's third-largest industry by 2030. This growth trajectory of India's automotive industry has generated a catalytic effect on the flexible moulded PU Foam market. As an adaptable alternative to traditional metals, approximately 80% of the moulded PU Foam market finds utility across automotive component, such as seats, doors and bumpers, enabling weight reduction that augments fuel efficiency, sound insulation and corrosion resilience. This goes together seamlessly with automotive imperatives for sustainability, performance enhancement and passenger comfort.

*Number of Automobile Units produced in India (in Millions)*



Source: Secondary Research (SIAM Report)

Noteworthy production figures underscore industry resilience., The production of automobiles in India shifted from 29.07 million units in Fiscal 2018 to 23.04 million units in Fiscal 2022, rebounding to 25.93 million units in Fiscal 2023. Anticipated projections forecast growth to 29.75 million units in Fiscal 2024, with a substantial leap to 60.86 million units by Fiscal 2028, showcasing a growth rate of 18.6% between Fiscal 2023 and Fiscal 2028

- **Growing demand from sport and leisure industry** – The PU Foam industry is experiencing high demand from the sport and leisure industry as well owing to its durability, versatility, and lightweight. It is used in personal protection material for sports headgear and other body parts such as motorcycle and cycling helmets lined with PU Foam to provide cushioning and absorb excess shock impact. Also, it is utilised for mats used in martial arts, gymnastic, wrestling, rugby post protectors and tackle shields to offer mechanical damping of unexpected circumstances. Thus, growing demand for sports activities will continue to drive the market for the PU Foam industry.
- **Increased use of PU Foams in building insulations for energy conservation** - Owing to its high flexibility, PU Foams are used in insulation, adhesives, sealants, binders in a variety of construction products which enables architects to insulate buildings in an improved manner which reduces the consumption of gas, oil and electricity in them leading to the reduction in total infrastructural costs by minimizing energy consumption in buildings. In addition, they not only provide financial efficiency but also fulfil the environmental requirements along with rising consumer sustainability demands. Therefore, increase in construction activities due to nuclearisation and urbanisation along with major governments projects will lead to the increase in the use of PU Foam for building insulations and thus, will provide growth impetus to the PU Foam industry in the long run.
- **Rising demand of PU Foams in home furnishings** - PU Foam is widely applied in home furnishing due to its unique characteristics, such as low density, high mechanical properties and low thermal conductivity which provides cushioning and comfort present in furniture items such as sofas and chairs. Furthermore, mattresses and pillows are also made from these foams that provide good support to the body, reduce pain, help in maintaining the sleep cycle of consumers thus reduction in stress. Therefore, PU Foam products at home are highly preferable nowadays which drives the overall growth of the PU Foam industry.
- **Increasing demand for protective packaging** – PU Foam is being widely used for packaging products such as electronics, glass items and medical devices. That are delicate and sensitive to vibration. It acts as a shock absorber and prevents damage to the product and can be easily cut and shaped for bracing, supporting, and wrapping items as it can absorb shock efficiently and restore its physical shape rapidly and suitable for packaging fragile products of various weights and sizes. Therefore, the requirements of PU Foam in these various sectors are driving the growth of the PU Foam packaging industry and will continue to propel in the coming years as well.

#### *Limiting Factors and Challenges*

- **Long Replacement Cycle** - The enduring nature of PU Foam holds significant implications, particularly across various industries. PU Foam, known for its robustness and resilience, often outlasts other materials, staying functional for longer periods. This durability, while advantageous, can pose a challenge in industries where frequent product replacements are necessary to drive demand. Industries utilising PU Foam in sectors like mattresses which generally have a replacement cycle of 6-7 years, furniture upholstery (replacement cycle of 7-8 years) automotive interiors (average replacement cycle of 3-4 years), and insulation may experience reduced replacement needs due to the foam's extended lifespan. This circumstance could potentially impact the revenues of manufacturers and suppliers, compelling them to seek innovative strategies to maintain steady business growth.
- **Threat of Substitutes** - Growing environmental awareness and the interest in sustainable solutions among consumers is making manufacturers produce bio-based foam alternatives to PU Foams. The substitutes for PU Foam can be soy-based sustainable foams, polyolefin foams, and latex. The high volatility of raw materials, need for high-standard production methods, and safety concerns during production has also given an edge to bio-based foams compared to crude-based foams. Also, stringent environmental regulations formulated by the United States of America Environmental Protection Agency (“EPA”) for new and existing plants engaged in manufacturing of flexible PU Foams can act as a restraining factor for the PU Foam market.
- **New Technologies** - Owing to growing environmental concerns regarding the use of fossil fuels and the



impact of plastics on the environment, there is a need to switch to bio derived polyols that are used to manufacture PU Foam. It will offer significant advantages over conventional polyols in terms of sustainability and cost-effectiveness and reduce dependency on petroleum based raw materials. Also, various manufacturing procedures have resulted in the development of PU with improved properties for a variety of industrial applications such as creation of semi-interpenetrating polymer networks by combining PU acrylate oligomers with thermoplastic polyurethane (“TPU”) and preserving them with radiation (“IPN”). These PUs have the potential to be employed as very durable coatings for aeroplanes, aerospace shuttles, and marine vehicles. This would require manufacturers to adopt new technologies and methods of production to survive in the market that would incur high cost and maintenance and technical know-how. Thus, it could be a limiting factor for the PU Foam industry as it may require manufacturers to be in line with the market making the industry to grow steadily.

- **Higher prices of raw materials** - PU Foam production relies on the availability and cost of raw materials such as polyols and isocyanates that are petroleum based raw materials and fluctuations in crude oil prices, as well as global supply and demand dynamics, can significantly impact production costs, squeezing profit margins in case of high prices. Thus, manufacturers may find it challenging to pass on these increased costs to customers, especially in the Indian market where price sensitivity is high. Reduced profit margins can lead to reduced investments in R&D, innovation and capacity expansion thereby hindering the overall growth of the PU Foam industry.

#### Operational and Financial Benchmarking for Key Domestic Players

Key Domestic Players	Key Categories Present in	Manufacturing capacities and capabilities	Distribution Reach	Regional Skew/Focus
The Company	Mattresses, PU Foam, Furniture Foam, Cushions, Pillows, Bolsters, Mattress Protectors, Bedsheet & Comforters and Technical Foam	<ul style="list-style-type: none"> <li>• With 11 manufacturing plants in India with 1,29,000 MTPA of total integrated capacity and one plant in the process of establishment, the Company is the largest PU Foam manufacturer in India, and has a strong presence in both B2C and B2B business</li> <li>• Five manufacturing plants in Australia and with a capacity of approximately 10,000 MTPA</li> <li>• One manufacturing plant in Spain with a capacity of approximately 16,000 MTPA to cater to European and the United States of America markets</li> </ul>	<ul style="list-style-type: none"> <li>• 127 channel partners, 5,700+ EBOs, 7,800+ MBOs</li> <li>• Exclusive Sleepwell Outlets- Sleepwell World-421 Outlets, Sleepwell Galleries—1,075 outlets, Sleepwell Shoppes-1,104 outlets</li> </ul>	Pan India presence - North and West have major share among all, Australia and Spain
Duroflex	Mattresses, PU Foam, Furniture, Pillows and Accessories, Adjustable Beds	<ul style="list-style-type: none"> <li>• Manufacturing plants across 8 locations- Alappuzha, Indore, Hosur, Hyderabad, Mumbai, Devas</li> </ul>	50+ Experience Centres, 750+ EBOs, Present in 23+ cities	Pan India Presence- Central and Northern markets having more share
Kurlon	Rubberized coir, latex foam, PU Foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas	<ul style="list-style-type: none"> <li>• 10 manufacturing plants across Karnataka, Orissa, Madhya Pradesh, Uttarakhand and Gujarat</li> <li>• 50+ ASOs/Branches</li> </ul>	4500+ MBOs, 500+ EBOs, 4 Centralized Hub, 500+ Shop-in-Shop model outlets, 10,000+ Dealer touchpoints	Pan India presence - South and East have major share among all
Tirupati Foam Ltd.	PU Foams, Mattress, Cushions, Pillows, Sofa and Bed	<ul style="list-style-type: none"> <li>• 2 manufacturing plants 1 each in Gujarat and UttarPradesh</li> </ul>	120+ distributors	Pan India Presence
Peps Industries	Mattress, Foam, Cushions, Pillows, Comforters,	<ul style="list-style-type: none"> <li>• Manufacturing plant in Coimbatore and 2 ancillary units in north and west India</li> <li>• Strategic Business Units (“SBUs”) in Pune, Delhi and Kolkata</li> </ul>	6000 retail dealers	Mostly in South India

Key Domestic Players	Key Categories Present in	Manufacturing capacities and capabilities	Distribution Reach	Regional Skew/Focus
	Protectors, fitted sheets			

Note: - The manufacturing capabilities of the Company excludes our upcoming Jabalpur facility.

## Indian Mattress Industry

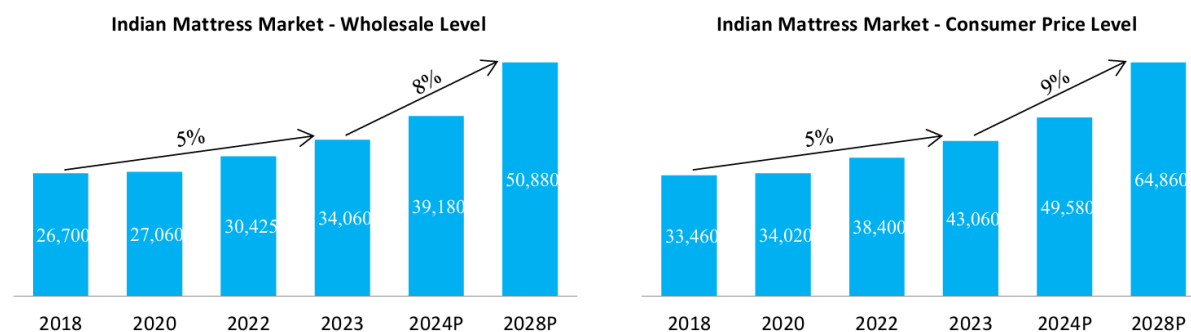
### Industry Overview

#### Mattress Market Size

The Indian mattress market has exhibited continuous growth over the years. The domestic mattress market (at consumer price level) has grown at a CAGR of approximately 5% from Rs 33,460 Crore in Fiscal 2018 to Rs 43,060 Crore in Fiscal 2023 and is further expected to grow at a CAGR of approximately 9% until Fiscal 2028 to reach a market value of Rs 64,860 Crore. In terms of volume, the market size of mattresses was approximately 280 million units as of Fiscal 2023.

Excluding the distributor and retailer margins at industry level, the domestic mattress market (at wholesale level) has grown at a CAGR of approximately 5% from Rs 26,700 Crore in Fiscal 2018 to Rs 34,060 Crore in Fiscal 2023 and is further expected to grow at a CAGR of approximately 8% until Fiscal 2028 to reach a market value of Rs 50,880 Crore.

#### Indian Mattress Market (at Wholesale and Consumer Price Level) – By Value (Rs Crore) in Fiscal



Source – Technopak Analysis

Note: This does not include exports.

Market size at wholesale level is based on manufacturer's realisation. Market size at consumer price level is the addition of mark up of industry level distributor and retailer margins to the market size at wholesale level.

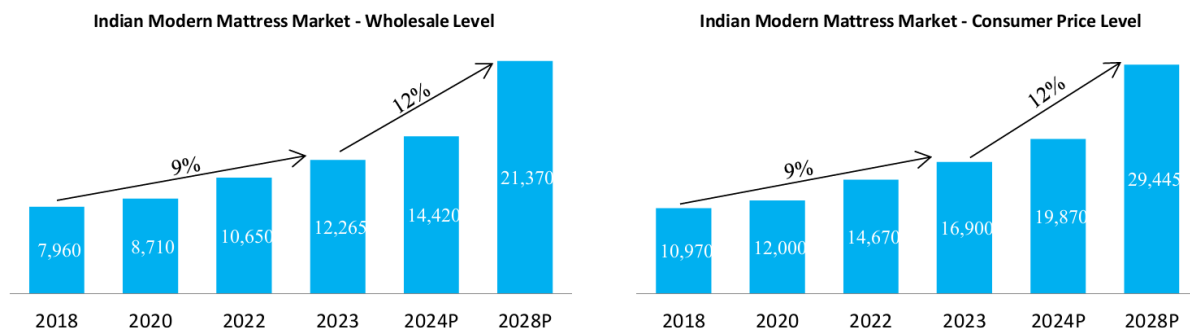
The overall mattress market in India can be classified into cotton mattresses and modern mattresses. At consumer price level, as of Fiscal 2023, cotton mattresses contributed approximately 61% (Rs 26,160 Crore) and modern mattresses contributed approximately 39% (Rs 16,900 Crore) to the Indian mattress market by value. At wholesale level, cotton mattresses contributed approximately 64% (Rs 21,795 Crore) and modern mattresses contributed approximately 36% (Rs 12,265 Crore) to the Indian mattress market by value. The difference between the contribution of cotton mattress to the overall market at wholesale and consumer price level is because of the higher margins to different stakeholders in the value chain of modern mattresses. A major share of cotton mattresses is used by people from rural and semi urban areas, because of their low prices and these are manufactured only by unbranded players. Cotton mattresses are generally priced below Rs 1,500 for a single mattress. On the other hand, a major share of modern mattresses is primarily used in metro, mini-metro, and tier I cities and these are manufactured by both branded and unbranded players. Modern mattresses operate across price segments, with branded mattress prices ranging from Rs 5,000 to Rs 75,000+, whereas unbranded mattress prices ranging from Rs 2,000 to Rs 5,000. Some of the leading modern mattress brands in India are Sleepwell, Kurlon, Duroflex and Wakefit.

Indian domestic modern mattress market (at consumer price level) has grown at a CAGR of approximately 9% from Rs 10,970 Crore in Fiscal 2018 to Rs 16,900 Crore in Fiscal 2023 and is further expected to grow at a CAGR of approximately 12% until Fiscal 2028 to reach a market value of Rs 29,445 Crore. The reason for the high growth rate of modern mattresses can be attributed to increasing population, rising urbanisation, increase in disposable income of people, increase in health-related issues of the Indian population, rising demand of such

mattresses among consumers because of its various health benefits such as better comfort and temperature regulations and higher replacement cycle.

Excluding the distributor and retailer margins at industry level, the Indian domestic modern mattress market (at wholesale level) has grown at a CAGR of approximately 9% from Rs 7,960 Crore in Fiscal 2018 to Rs 12,265 Crore in Fiscal 2023 and is further expected to grow at a CAGR of approximately 12% until Fiscal 2028 to reach a market value of Rs 21,370 Crore.

*Indian Modern Mattress Market (at Wholesale and Consumer Price Level) – By Value (Rs Crore) in Fiscal*



Source – Technopak Analysis

Note: This does not include exports.

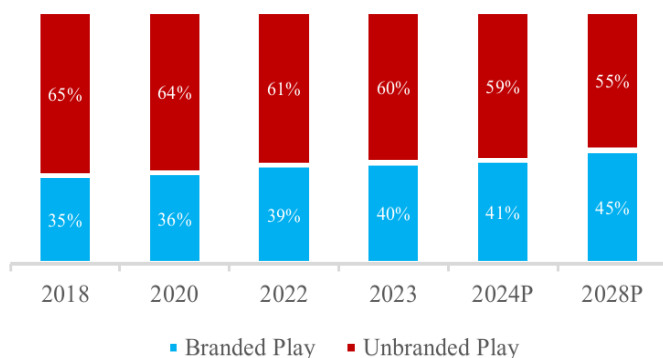
Market size at wholesale level is on the basis of manufacturer’s realisation. Market size at consumer price level is the addition of mark up of industry level distributor and retailer margins to the market size at wholesale level.

The modern mattress market in India has huge untapped potential with a limited presence of branded players. The market is gradually shifting towards branded play, because of rising awareness among health-conscious individuals regarding the significance of quality sleep, shift in consumer preference towards premium, innovative, and good functionality products, GST implementation and various brand building initiatives that is being undertaken by branded players.

As of Fiscal 2023, branded play controlled nearly 40% (at wholesale level: approximately Rs 4,905 Crore and at consumer price level: approximately Rs 6,760 Crore) of the modern mattress market in India. This represents a significant increase from the market share of around 35% (at wholesale level: approximately Rs 2,785 crore and at consumer price level: approximately Rs 3,840 Crore) recorded in Fiscal 2018, reflecting a notable growth trajectory for the branded market. The branded play is estimated to capture approximately 45% (at wholesale level: approximately Rs 9,575 Crore and at consumer price level: approximately Rs 13,190 Crore) market share by Fiscal 2028.

\*Market size at wholesale level is on the basis of manufacturer’s realisation. Market size at consumer price level is the addition of mark up of industry level distributor and retailer margins to the market size at wholesale level.

*Share of Branded Play in Indian Modern Mattress Market – By Value (in %) in Fiscal*



Source – Technopak Analysis

As of Fiscal 2022, within the domestic branded modern mattress market, five national players namely the Company, Kurlon, Duroflex, Wakefit and Peps Industries, contributed approximately 62% market share by value. Based on revenue from operations, the Company was the market leader having approximately 20% market share

by value. The Company has continued to be the market leader in Fiscal 2023 capturing approximately 18.6% market share by value. The Company's brand, Sleepwell, has established itself as a renowned household brand and one of the leading mattress players in India. Kurlon was the third largest player having a market share of approximately 10.8% by value in Fiscal 2023. Post completion of acquisition of Kurlon, the Company together with Kurlon will continue to be the market leader with a market share of approximately 29.4% in the domestic branded modern mattress market as of Fiscal 2023, which would be more than 2x of the second largest mattress player.

*\*The Company has received the approval from its board for the acquisition of Kurlon Enterprise Limited.*

#### Market share of key players in Domestic Branded Modern Mattress market in India – By Value (in %)

Company	Market share (Fiscal 2023)
The Company	18.6%
Kurlon	10.8%
Duroflex	12%-14%
Wakefit	9%-11%
Peps Industries*	5%-7%

Source – Technopak Analysis

Note – Revenue of Duroflex, Wakefit and Peps Industries for Fiscal 2023 are estimated basis data available for earlier years.

\*Revenue of Peps Industries contains revenue from mattress and other accessories

#### Key sub-categories of Modern Mattresses

Modern mattresses are classified based on material types and price points. To capture a higher market share, it is important for players to be present across segments (by material type) and price points. The presence across retail channels provides deeper penetration into the market.

#### By Material Type

Based on material type, Indian modern mattress market can be segmented into PU Foam, spring, and rubberized coir mattresses. PU Foam (which are manufactured from petroleum derivatives) or memory foam (which is an improved grade of PU Foam) form the primary raw material for foam-based mattresses. These materials provide the required softness and cushioning to the mattress, thereby resulting in better quality and comfort. PU Foam based mattresses are relatively cost effective as compared to spring mattresses and have higher longevity (replacement cycle of approximately six to seven years) with respect to rubberized coir mattresses. The Company is one of the leading manufacturers of “Breathable visco-elastic” or “Memory foam” in the Indian modern mattress market. Spring mattresses comprise of multiple layers of coiled springs. They are premium mattresses and have a high replacement cycle of approximately eight to ten years. Rubberized coir mattresses are made up of coir processed with latex, which makes the coir sheets resilient, thereby allowing them to conform to body shapes. However, coir mattresses are more likely to sag easily, which ultimately reduces their lives, thereby resulting in a relatively low replacement period of approximately four to five years.

As of Fiscal 2023, PU Foam mattresses constituted approximately 50% (Rs 8,450 Crore) of the Indian modern mattress market by value, whereas spring and rubberized coir mattresses constituted approximately 22% (Rs 3,720 Crore) and approximately 28% (Rs 4,730 Crore) of the market respectively. In terms of volume, the market size of PU Foam, spring and rubberized coir mattresses were 10 million units, 2.5 million units and 6.1 million units respectively as of Fiscal 2023.

#### Break up of Modern Mattress Market in India based on Material Type -By Value and By Volume in Fiscal 2023



Source – Technopak Analysis

Note – The total domestic modern mattress market in the graph represents the market at consumer price level.

### By Comfort Type

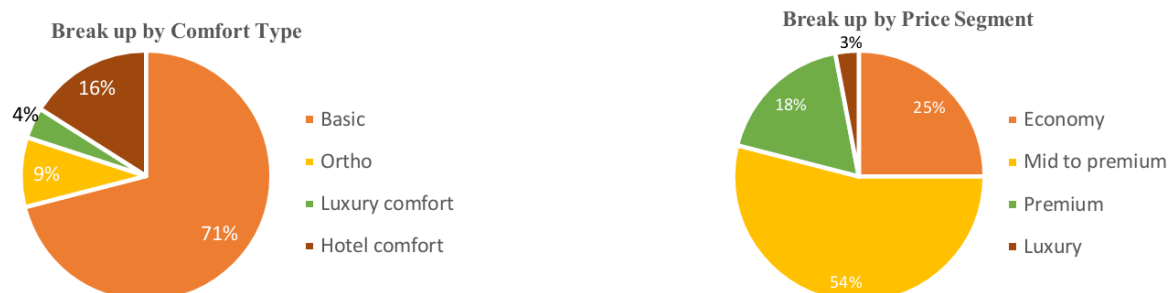
Based on comfort type, modern mattresses can be segmented into Basic, Ortho, Luxury and Hotel comfort. Basic comfort mattresses are primarily used by households, hospitals and budgeted 3-star hotels and constitute approximately 71% (Rs 12,000 Crore) of the overall modern mattress market in India. Ortho mattresses are primarily preferred by health-conscious consumers and constitute approximately 9% (Rs 1,520 Crore) of the overall Indian modern mattress market. Luxury comfort mattresses are used by high end consumers and luxury hotel chains (for example, luxury comfort mattresses are used in presidential suites of luxury hotels) and contribute approximately 4% (Rs 680 Crore) to the Indian modern mattress market. Hotel comfort mattresses are used by premium and luxury 4-star and 5-star hotels and contribute approximately 16% (Rs 2,700 Crore) to the overall modern mattress market in India.

### By Price Segment

Based on price points, modern mattresses can be classified into economy, mid to premium, premium and luxury segments. Generally, mattresses priced up to Rs 8,000 are referred to as economy segment mattresses, those priced between Rs 8,000 to Rs 30,000 are referred to as mid to premium segment mattresses, those priced between Rs 30,000 to Rs 75,000 are referred to as premium segment mattresses and those priced above Rs 75,000 are referred to as luxury segment mattresses.

As of Fiscal 2023, economy and mid to premium segment mattresses contributed approximately 25% (Rs 4,225 Crore) and approximately 54% (Rs 9,125 Crore) respectively to the overall Indian modern mattress market by value. Whereas premium and luxury segment mattresses constitute approximately 18% (Rs 3,040 Crore) and approximately 3% (Rs 510 Crore) respectively by value of the overall market. There has been increase in the sales of premium and luxury segment mattresses in the last five years and is expected to continue to grow at a faster pace than those in the economy and mid to premium segment owing to reasons such as increase in disposable income of people that has accelerated the demand for premium mattresses, shift in consumer mindset towards premium, innovative and good functionality products. Key players like the Company are present across economy to premium segments, focused on PU Foam mattresses. Kurlon has a presence across economy and premium segments, focused on rubberized coir mattresses.

*Break up of Modern Mattress Market in India based on Comfort Type and Price Segment -By Value in Fiscal 2023*



Source – Technopak Analysis

Note- Prices pertain to maximum retail price (MRP)

### By Distribution Channel

Sales channel mix for modern mattresses in India consists of general trade (distribution and trade), Modern trade, e-commerce, and institutional sales. The mattress segment is a distribution-led category wherein a large and efficient distribution network plays a key role in capturing the market. Modern trade sales channel also helps mattress players to reach out to more customers and improve their brand presence. Exclusive brand outlets (“EBOs”) help companies strengthen relationship with customers and to have faster feedback loop. Multi-brand outlets (“MBOs”) help companies gain access to a broader audience through a large universe of outlets and help them to expand to tier II / III towns. E-commerce sales channel provide players with access to larger part of India (multiple cities / states) without the need for having physical store. As of Fiscal 2023, sales of mattresses through general trade was approximately 71% and it is expected to continue to be a substantial channel of sales in upcoming years also. Direct institutional sales constituted approximately 20% of the sales mix. The share of

modern trade and e-commerce sales channel constitute approximately 8% and approximately 1% of the sales mix respectively.

### By End Use Type

Based on end use, the Indian modern mattress market can be segmented into residential and institutional segments. The residential segment majorly uses PU Foam based mattresses and urban India constitutes a larger share of its sale, given the higher price points it operates in, as compared to cotton-based mattresses. The institutional segment (including hotels and hospitals) uses both spring and PU Foam based mattresses. Luxury hotel chains (4-star and 5-star hotels), both domestic and international, typically prefer spring-based mattresses and budgeted 3-star hotels prefer PU Foam based mattresses. As of Fiscal 2023, the residential segment accounted for approximately 80% (Rs 13,520 Crore) of the Indian modern mattress market by value, whereas institutional segment accounted for approximately 20% (Rs 3,380 Crore).

*Break up of Modern Mattress Market in India based on Distribution Channel and End Use -By Value in Fiscal 2023*

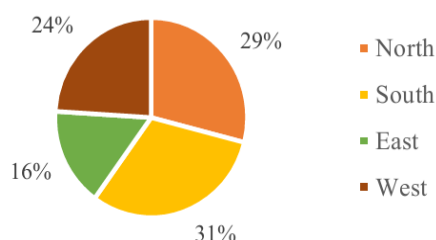


Source – Technopak Analysis

### By Geography

On a regional level, Southern India dominates the domestic branded modern mattress market constituting approximately 31% of the market by value as of Fiscal 2023. The northern, western, and Eastern regions constitute approximately 29%, approximately 24% and approximately 16% of the market by value. The Company is one of the leading players in the northern region constituting approximately 31% market share of the region. Kurlon is one of the leading players in the southern region, constituting approximately 17% of the market by value. Post completion of acquisition of Kurlon by the Company, the Company and Kurlon together will have strong presence across all regions.

*Regional breakup of the Domestic Branded Modern Mattress Market in India in Fiscal 2023*



Source – Technopak Analysis

*Region wise market share of select mattress players in Domestic Branded Modern Mattress market in India – By Value (in %) in Fiscal 2023*

Region	Share of the Company	Share of Kurlon	Share of the Company + Kurlon
North	31%	7%	38%
South	14.3%	17.2%	31.5%
East	15%	14%	29%
West	13%	5%	18%

Source – Technopak Analysis

## **Trends Shaping Indian Modern Mattress Industry**

Key trends shaping the Indian modern mattress industry are:

### Shift towards innovative and customized products

Indian modern mattress market is witnessing increased demand for innovative products across price segments, as there has been a shift in consumer mindset towards products which provide more comfort and have good functionalities. Additionally, there has been an increase in demand for customized mattresses confirming body shapes and preferences as consumers are willing to spend more to have a better and more comfortable sleeping experience. Owing to such a shift in demand, modern mattress manufacturers are coming up with new products, having superior functionalities and are adding innovation to their offerings.

### Growing demand for premium and luxury segment mattresses

Increase in disposable income of people have increased their purchasing power, which in turn has accelerated the demand for premium and luxury mattresses in India.

### Brand building initiatives by branded players

Companies in the mattress industry are focusing on brand building through ATL and BTL marketing. Marketing campaigns focused on superior comfort and support are being designed by companies to increase brand awareness. Television, print, outdoor (billboards and movie theatres), digital media and celebrity endorsements are being used as marketing mediums for ATL brand building. Companies are also undertaking BTL marketing initiatives such as in-store promotions and direct mail campaigns, that helps them to reach out to customers personally.

### Distribution and Reach of branded players

Branded players, through their strong distribution network servicing extensive retail footprint, have been able to cater to a broad segment of customers, ranging from metro and mini metro cities to tier III and beyond cities. This has accelerated the growth of branded play in the market.

### Rising penetration of e-commerce

With the advent of e-commerce, the buying behaviour of consumers for mattresses have been transformed to a certain extent. Now the customers are purchasing products right from the comfort of their homes on online retailing platforms like Amazon and Flipkart or on company's websites, offering a wide range of products at competitive price levels with convenient delivery options. The e-commerce segment for mattresses is currently in a nascent stage and is expected to constitute approximately 3-5% of the total modern mattress sales by Fiscal 2028.

## **Key growth drivers for Indian Modern Mattress Industry**

### Increasing Population

Population of India has been steadily growing over the years. It was approximately 1.37 billion in calendar year 2018, which increased to 1.42 billion in calendar year 2022. Currently India is the most populous country in the world. As per IMF projections, India's population will continue to rise to 1.49 billion by calendar year 2027. Such growth in population is going to drive the demand for modern mattresses in India in future.

### Urbanisation

India's urban population has been consistently growing over the years and stood at about approximately 35.5% as of calendar year 2022. It is projected to reach approximately 40.9% by calendar year 2029. Further, the number of metropolitan cities in India are estimated to increase from 46 as per Census 2011 to 68 in calendar year 2030. Such rapid urbanisation is going to increase the demand for residential houses, which in turn is going to drive the growth for modern mattresses in India.

### Nuclearisation

In India, the growth rate in the number of households has exceeded population growth, indicating an increase in nuclearisation. The average household size has reduced from 5.3 in calendar year 2001 to 4.2 in calendar year 2021 and is further projected to reduce to 3.9 by calendar year 2030. India is projected to have approximately 386 million households by calendar year 2030, increasing from approximately 317 million households as of calendar year 2021. Growing nuclearisation leads to an increase in the number of households, thereby creating a strong demand for housing units, which would drive the demand for modern mattresses in India.

### Rising disposable income

Increase in the number of educated youths and growing middle class leads to an increase in disposable income, thereby increasing the purchasing power of people, and driving demand for mid to premium and premium segment modern mattresses in India.

### Growth in housing infrastructure

Rapid urbanisation, nuclearisation of families and increase in working age group population are driving the increase in residential real estate demand of the country. As a result, the sale of residential houses in India has grown in the past few years and is expected to grow substantially in the future. As of calendar year 2022, approximately 2,30,000 units of houses were launched and approximately 2,10,000 units of houses were sold. Additionally, various policy reforms by government of India (“**GoI**”) such as ‘Housing for All’ scheme, in which approximately 11 million units are to be constructed by calendar year 2024, are also going to boost the housing infrastructure in India. Such growth in housing infrastructure in India is also going to drive the growth for modern mattresses in India.

### Increasing health consciousness among consumers

Consumers are becoming increasingly more aware and conscious about the quality and functionalities of the mattresses they use, as using a low quality or cheap mattress can result in various health problems such as back pain and spine related problems. Additionally, using high quality mattresses would also result in enhanced comfort and quality sleep. Henceforth, such increase in the number of health-conscious consumers, is also going to drive the modern mattress market in India.

### Growth in the number of branded hotels and hospitals

Based on the research by a hospitality consultancy, approximately 60,000 additional branded hotel rooms would be added by calendar year 2027 owing to increase in business and leisure travelling. As per a report by Niti Aayog, India needs to grow hospital beds by at least 30% to ensure equitable access to healthcare for citizens in all parts of the country. Such growth in branded hotel rooms and hospital beds is also going to drive the demand for modern mattresses in India.

## **Key Challenges**

### Transportation and Warehousing

Because of the voluminous nature of mattresses, transportation and warehousing becomes a key challenge for mattress manufacturers. On an industry level, transportation and warehousing costs are relatively higher, at approximately 8-10% of the overall mattress revenues. This acts as a limitation for many branded players to have a pan-India distribution and dealer network.

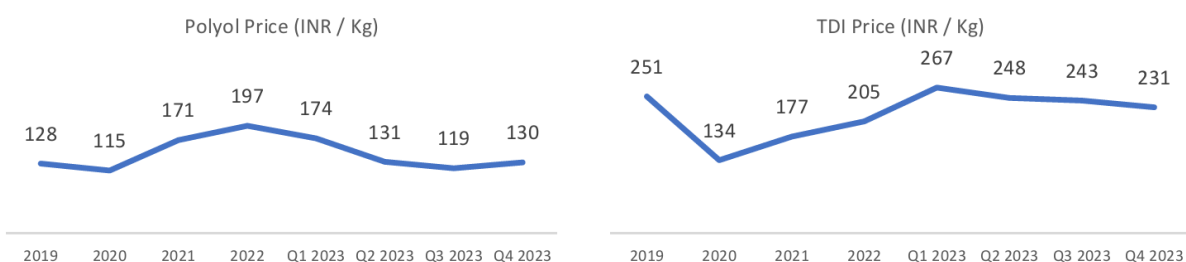
### Volatility in prices of raw materials

Prices of raw materials involved in manufacturing of mattresses such as polyol and toluene diisocyanate (“**TDI**”) have been volatile over the past few years. The price of polyol was Rs 115 per kg in Fiscal 2020, which increased to Rs 197 per kg in Fiscal 2022 and then again came down to Rs 119 per kg in Q3 Fiscal 2023. Similarly, the price of one kg of TDI was Rs 134 in Fiscal 2020, which increased to Rs 267 in Q1 Fiscal 2023 and then has slightly come down to Rs 231 in Q4 Fiscal 2023. These volatility in prices poses key challenge to mattress manufacturers as increase in price of these raw materials lead to increase in raw material costs. This increase can either be passed on to the consumer or absorbed by the manufacturer or a combination of both. As per industry convention, the



corresponding increase in prices of raw materials are absorbed by the manufacturers, thereby impacting the overall profitability structure.

#### Polyol Price (Rs/Kg) and TDI Price (Rs/Kg) between Fiscal 2019 and Q4 Fiscal 2023



Source – Secondary research and Technopak Analysis

#### Non-standardisation of bed sizes

In India, there is lack of standardisation in bed sizes, which poses a key challenge for mattress manufacturers. The standardized mattresses do not fit the bed, which are customized as per consumer requirements. This has shifted the industry towards manufacturing customized mattresses in recent years

#### Operational Benchmarking

The mattress industry presents a dynamic landscape characterized by a blend of legacy brands and innovative newcomers, each employing unique strategies to establish their market presence. Legacy players like the Company and Kurlon, with their extensive store networks, have leveraged their historical advantage to secure a strong foothold. In contrast, newer entrants such as Comfort Grid Technologies and Wakefit have embraced a digital-first approach, capitalizing on online platforms to rapidly expand their reach. Product diversity stands out as a defining feature, with the Company and Wakefit leading in offering an array of products beyond mattresses. Focusing on raw material foam alongside mattresses, the Company has established itself as a market leader in this segment.

#### Category Presence of key players

Key Players	Home Comfort				PU Foam		Furniture				
	Mattress	Mattress cover	Pillow/ Cushion	Bedding/ Linen	Comfort Foam	Technical Foam	Bed Frame	Sofa	Table	Chair	Storage
Sheela Foam											
Wakefit											
Duroflex											
Peps Industries											
Comfort Grid											
Kurlon											

#### Brand and corresponding categories for Key players

Key Players	Key Brands	Categories
The Company	Sleepwell	Mattress, Comforter, Bed linen, Pillows, Furniture foam
	Featherfoam	Mattress, Pillow, Sofa-Cum Bed, Furniture Foam
	Starlite	Mattress, Pillow, Sofa-Cum Bed, Cushion
	Sleepx	Mattress, Comforter, Sleepwear
	Lamiflex	Polyether/ Polyester foam for lamination
	Joyce	Flexible PU Foam- Leading brand in Australia
	Interplasp	Flexible PU Foam- Leading brand in Europe based out of Spain
Wakefit	Wakefit	Mattress, Furniture, Cushion, Serve ware, Tableware, Pillows, Dinnerware, Comforter, Cookware, Wall décor, Office Chair
Duroflex	Duroflex	Mattress, PU Foam, Furniture, Bed Linens, Comforter, Pillows
	Sleepyhead	Mattress, Furniture, Comforter, Pillow, Cushion, Bed linen
Peps Industries	Peps	Mattress, Pillow, Bed linen, Bolster, Cushion, Mattress protector, Comforter

Key Players	Key Brands	Categories
Comfort Grid Technologies	The Sleep Company	Mattress, Sofa Cum Bed, Furniture, Gaming chair, Bed linen, Pillow, Cushion
Kurlon	Kurlon	Mattress, Pillows
	Spring Air	Mattress – Recently Acquired United States of America-based Brand
	Four Seasons	Mattress, Pillow, Bed linen, Towels, Blankets, Robes, Slippers
	Englander	Mattress
	Chattam & Wells	Mattress
	Nature's Rest	Mattress, Pillow
	Home Komforts	Sofa, Bed Frame, Storage, Table
	Komfort Universe	PU Foam and other foam products

Source: Company Websites

### Company Overview

Key Players	Operating Company	Year of Inception	EBO/MBO
The Company (Sleepwell)	The Company	1971	5,700+/7,800+
Wakefit	Wakefit Innovations Pvt. Ltd	2016	43*
Duroflex	Duroflex Pvt. Ltd	1963	740*
Peps Industries	Peps Industries Pvt. Ltd	2005	150*
Comfort Grid Technologies (The Sleep Company)	Comfort Grid Technologies Pvt. Ltd	2019	35*
Kurlon	Kurlon Retail Limited	1962	500+,4500+

Source: Company websites and Annual reports. Peps store count based on secondary research \* The Company, Wakefit, Peps, Comfort Grid Technologies EBO count as stated on website. Duroflex EBO+MBO

The mattress industry showcases a blend of legacy and modern players. The Company (Sleepwell) and Kurlon stand out as pioneers, established in 1971 and 1962 respectively, yielding an early mover advantage reflected in their extensive store networks of more than 5,700 EBOs and more than 500 EBOs respectively. In contrast, innovative newcomers like Comfort Grid Technologies (The Sleep Company) and Wakefit, founded in 2019 and 2016, emphasize a digital approach, enhancing their market presence with 35 and 43 stores respectively. This highlights how legacy brands capitalized on their head start, while newer entrants leveraged digital strategies to fortify their market stance.

### Manufacturing Capabilities

Key Players	Manufacturing Capabilities	Extent of backward integration
The Company	11 units in India, North: 42%, East: 16%, South: 16%, West: 26% based on unit count. With a Total integrated capacity of 1,29,000 MTPA five units in Australia with a total capacity of 10,000 MTPA one unit in Spain with a capacity of 16,000 MTPA	<ul style="list-style-type: none"> <li>Production of Comfort foam used for manufacturing of mattresses, sofas, and other similar goods with a manufacturing capacity of 20,736 MT</li> <li>Producing technical foam which is used in multiple industries such as home furnishings, automobile seating, apparel and accessories, auditoriums, and hospital beds with a capacity of 15,389 MT</li> <li>Furniture cushioning are integral components of an array of furnishings such as sofa sets, chairs, custom sofas, sofa-cum-beds, and more, with a manufacturing capacity of 5,744 MTPA</li> </ul>
Wakefit	4 manufacturing units in Rajasthan, West Bengal, Delhi and Tamil Nadu	Not backward integrated
Duroflex	8 backward integrated Manufacturing capabilities	PU Foam sold under the brand name REX, Supreme and Sette used for furniture cushioning, mattress production and hospital beds
Peps Industries	11 Acre Manufacturing unit in Tamil Nadu and 2 ancillary facilities in Delhi and Pune	Not backward integrated
Comfort Grid Technologies	1 Manufacturing unit in Maharashtra	Not backward Integrated

Key Players	Manufacturing Capabilities	Extent of backward integration
Kurlon	10 Manufacturing units across Karnataka, Orissa, Gujarat, MP and Uttarakhand	PU Foam and Rebonded foam are produced for the Production of mattresses and other soft furnishing products, sold by a wholly-owned subsidiary (Komfort Universe). This allows the company complete control of the supply chain.

Source: Company websites

Note: Wakefit Source- Secondary Research

#### Channel Mix

Key Players	Traditional Distribution	EBO/MBO	Online/E-commerce
The Company	✓✓✓	✓✓✓	✓
Wakefit	-	✓✓	✓✓✓
Duroflex	✓✓	✓✓✓	✓
Peps Industries	✓✓✓	✓✓	✓
Comfort Grid Technologies	-	✓	✓✓✓
Kurlon	✓✓✓	✓✓✓	✓

Source: Technopak Analysis,

Based on the exhibit we can see that newer entrants are heavily focused on online presence launching initially only with online stores and e-commerce platforms, gradually opening up their own EBOs as a physical touch point for the consumer. Legacy brands have focused on creating a strong distribution and retail network, and now have also opened their own online store and started selling through e-commerce platforms as well.

#### Regional Focus of EBOs of Key Players

Key Players	North	South	East	West	Total
The Company	1,973	1,053	1,023	1,679	5,728
Wakefit	9	25	1	8	43*
Duroflex	101	385	129	125	740*
Peps Industries	NA	NA	NA	NA	NA
Comfort Grid Technologies	5	21	0	9	35*
Kurlon	111	115	199	79	504*

Source: Company websites, For Peps: Store Locator is not active, \*For Duroflex, Kurlon : EBO+ MBO count

All legacy brands are present in PAN India but have a stronger presence in a specific geographical area such as the Company being much stronger in the north (28.12%) and western (27.28%) markets of India and Kurlon having a stronger hold in the southern (44.3%) and eastern (22%) markets. Newer entrants Wakefit and sleep company have focused on the southern market, particularly opening 58% and 60% of their stores in the region respectively. Post completion of acquisition of Kurlon by the Company, us and Kurlon together will have largest EBO and MBO network in the Indian modern mattress industry.

#### Backward Integration

Key Players	Extent of Backward Integration
The Company	<ul style="list-style-type: none"> <li>Production of Comfort foam used for manufacturing of mattresses, sofas, and other similar goods with a manufacturing capacity of 20,736 MT</li> <li>Producing technical foam which is used in multiple industries such as home furnishings, automobile seating, apparel and accessories, auditoriums, and hospital beds with a capacity of 15,389 MT</li> <li>Furniture cushioning are integral components of an array of furnishings such as sofa sets, chairs, custom sofas, sofa-cum-beds, and more, with a manufacturing capacity of 5,744 MTPA</li> </ul>
Wakefit	Not backward integrated
Duroflex	PU Foam sold under the brand name REX, Supreme and Sette used for furniture cushioning, mattress production and hospital beds
Peps Industries	Not backward integrated
Comfort Grid Technologies	Not backward Integrated

Key Players	Extent of Backward Integration
Kurlon	PU Foam and Rebonded foam are produced for the Production of mattresses and other soft furnishing products, sold by a wholly-owned subsidiary ( Komfort Universe). This allows the company complete control of the supply chain.

Source: Annual reports and Secondary Research

The table showcases key players in the mattress industry and their extent of backward integration. The Company is one of the backward integrated players with a wide product basket. It leads with diverse in-house production capacities for comfort and technical foam. Duroflex offers PU Foam varieties, while Kurlon ensures supply chain control through a subsidiary. In contrast, Wakefit, Peps, and Comfort Grid Technologies are not having backward integration.

## Financial Benchmarking

### EBITDA margin

EBITDA margins is largely used to compare the profitability of the companies against competitors. It is also used to standardize the business performance against the industry averages. Peps registered highest CAGR of 12.2% for the period Fiscal 2020 to Fiscal 2022.

### EBITDA (INR Million) and EBITDA margin (%) profiles in Fiscal 2020 to Fiscal 2022

Company	2020		2021		2022		CAGR 2020 to 2022
	EBITDA	Margin	EBITDA	Margin	EBITDA	Margin	
<b>The Company</b>	3,004	13.8%	3,623	14.9%	3,150	11.0%	2.4%
<b>Wakefit</b>	146	7.4%	-403	-9.9%	-950	-15%	NA
<b>Duroflex</b>	291	6.9%	419	7.4%	-91	-1.0%	NA
<b>Peps Industries</b>	308	10.1%	320	11.7%	388	11.8%	12.2%
<b>Comfort Grid Technologies</b>	0.1	0.8%	11	9.6%	-108	-19.2%	NA
<b>Kurlon</b>	1,325	13.8%	1,079	14.2%	106	1.3%	-71.7%

Source: MCA Reports, Technopak Analysis

### PAT margin

The profit after tax and PAT margins are used to assess if a company's business is profitable after meeting the operating and overhead costs. Peps industries have had the highest CAGR of 17.6% for the period Fiscal 2020 to Fiscal 2022

### PAT (INR Million) and PAT margin (%) profiles in Fiscal 2020 to Fiscal 2022

Company	2020		2021		2022		CAGR 2020 to 2022
	PAT	Margin	PAT	Margin	PAT	Margin	
<b>The Company</b>	1,943	9.3%	2,402	9.7%	2,187	7.4%	6.1%
<b>Wakefit</b>	102	5.1%	-371	-8.9%	-1,018	-16.0%	NA
<b>Duroflex</b>	191	4.4%	205	3.6%	-323	-3.6%	NA
<b>Peps Industries</b>	189	6.2%	204	7.4%	261	7.9%	17.6%
<b>Comfort Grid Technologies</b>	-0.1	-1.4%	9	7.3%	-116	-20.5%	NA
<b>Kurlon</b>	757	7.8%	290	3.8%	-168	-2.0%	NA

Source: MCA Reports, Technopak Analysis

### Return on Equity

Return on equity is a function of profit after tax and shareholder's equity. A sustainable business and increasing ROE over time can indicate a good value generation ability for the shareholders. A negative ROE indicates negative profit earned by the business.

### Return on Equity for Competitors in Fiscal 2020 to Fiscal 2022

Company	2020	2021	2022
<b>The Company</b>	21.0%	20.1%	15.6%

<b>Wakefit</b>	12.0%	-15.5%	-29.4%
<b>Duroflex</b>	11.1%	10.6%	-8.9%
<b>Peps Industries</b>	20.5%	18.1%	18.8%
<b>Comfort Grid Technologies</b>	-4.5%	79.0%	-374%
<b>Kurlon</b>	12.2%	4.5%	-2.7%

Source: MCA Reports, Technopak Analysis

### Return on Capital Employed

Return on Capital Employed (“**ROCE**”) indicated the company’s efficiency by measuring the profitability of the business after factoring in the capital used by the company to generate profits. ROCE is a good indicator of the company’s performance over long periods.

### ROCE for Competitors in Fiscal 2020 to Fiscal 2022

Company	2020	2021	2022
<b>The Company</b>	21.4%	22.3%	17.3%
<b>Wakefit</b>	16.9%	-15.6%	-29.3%
<b>Duroflex</b>	15.3%	16.0%	-4.5%
<b>Peps Industries</b>	27.4%	24.0%	24.3%
<b>Comfort Grid Technologies</b>	0.0%	104.3%	-30.0%
<b>Kurlon</b>	14.1%	8.5%	-1.9%

Source: MCA Reports, Technopak Analysis

### Working Capital Cycle

Working capital cycle describes the number of days it takes for a company to convert its working capital into sales generating cash. The lower the working capital days, the more efficient the business is. Comfort Grid Technologies had the lowest working capital days in Fiscal 2022.

### Working Capital Days for Key Players in Fiscal 2020 to Fiscal 2022

Company	2020	2021	2022
<b>The Company</b>	59	67	40
<b>Wakefit</b>	-4	34	61
<b>Duroflex</b>	22	11	28
<b>Peps Industries</b>	136	157	130
<b>Comfort Grid Technologies</b>	-534	-11	-15
<b>Kurlon</b>	33	59	30

Source: MCA Reports, Technopak Analysis

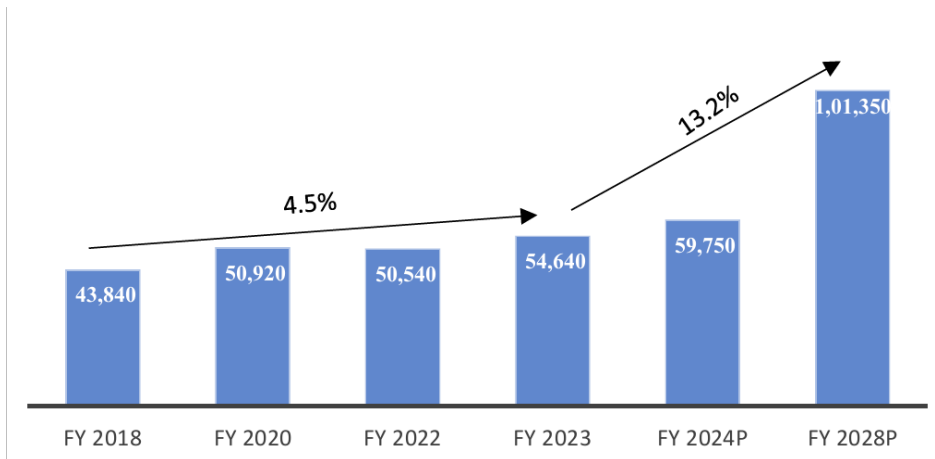
## Indian Comfort and Home Care Industry

### Indian Overview

### Home Furnishing Market Size

The Indian home furnishing market has exhibited continuous growth over the years. The domestic mattress market has grown at a CAGR of 4.5% from Rs 43,840 Crore in Fiscal 2018 to Rs 54,640 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 13.2% until Fiscal 2028 to reach a market value of Rs 1,01,350 Crore. The home furnishing market encompasses a wide range of products, from pillows and cushions to bedsheets, curtains, and carpets. Several factors have propelled this growth trajectory. Increasing urbanisation has been a significant driver, as more people seek to transform their living spaces into comfortable and aesthetically pleasing environments. The rising demand for residential real estate has further fueled the demand for home furnishing products, as homeowners strive to personalize their spaces.

*Indian Home Furnishings Market – By Value (Rs Crore)*



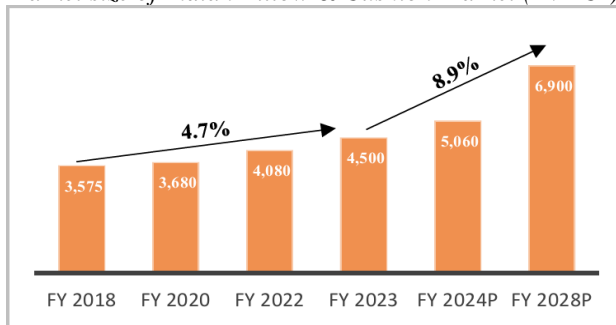
Source: Technopak Analysis. Please note that the market size is given at Consumer Price level.

**Key sub-categories of Home Furnishing related to Comfort and Home Care**

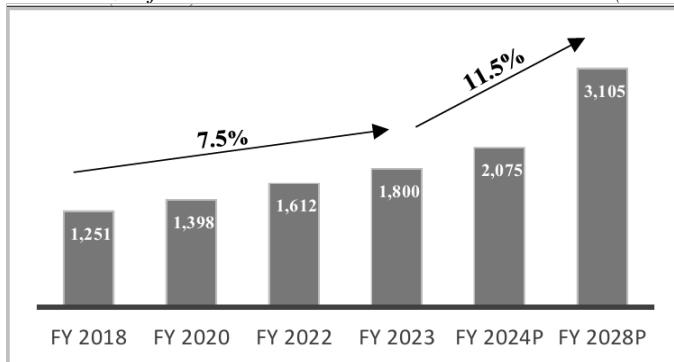
*Indian Pillow and Cushion Market*

Over the years, the Indian Pillow & Cushion market has demonstrated consistent growth. The domestic Pillow & Cushion market has grown at a CAGR of 4.7% from Rs 3,575 Crore in Fiscal 2018 to Rs 4,500 Crore in Fiscal 2023 and is further expected to grow at a CAGR of 8.9% until Fiscal 2028 to reach a market value of Rs 6,900 Crore. The growth of the Pillow market and the Mattress market in India are intertwined due to the interconnected nature of bedding products and the shared goal of providing better sleep experiences. As people prioritize comfort, health, and quality in their bedding choices, the demand for both pillows and mattresses is likely to continue growing in tandem.

*Market size of Indian Pillow & Cushion Market (INR Cr)*



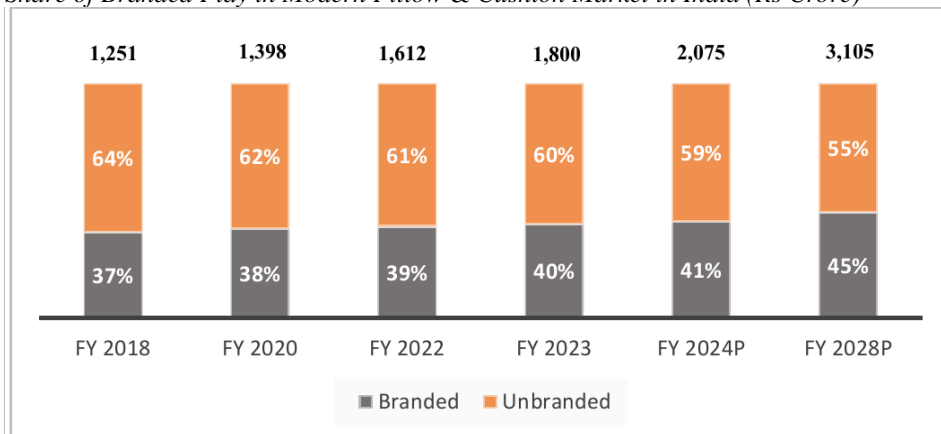
*Market size of Indian Modern Pillow & Cushion Market (INR Cr)*



The overall pillow and cushion market in India can be classified into cotton and modern pillow and cushion. As of Fiscal 2023, the cotton pillow and cushion market contributed approximately 60% (Rs 2,700 Crore) and modern mattresses contributed approximately 40% (Rs 1,800 Crore) to the Indian pillow and cushion market by value.

A significant portion of cotton pillows & cushions find utilisation among residents of rural and semi-urban locales. This preference is attributed to their affordability, a characteristic attributed to their production by unbranded players. Conversely, the modern pillow and cushion market varieties hold a considerable market share in metropolitan, mini-metropolitan, and Tier I cities.

*Share of Branded Play in Modern Pillow & Cushion Market in India (Rs Crore)*



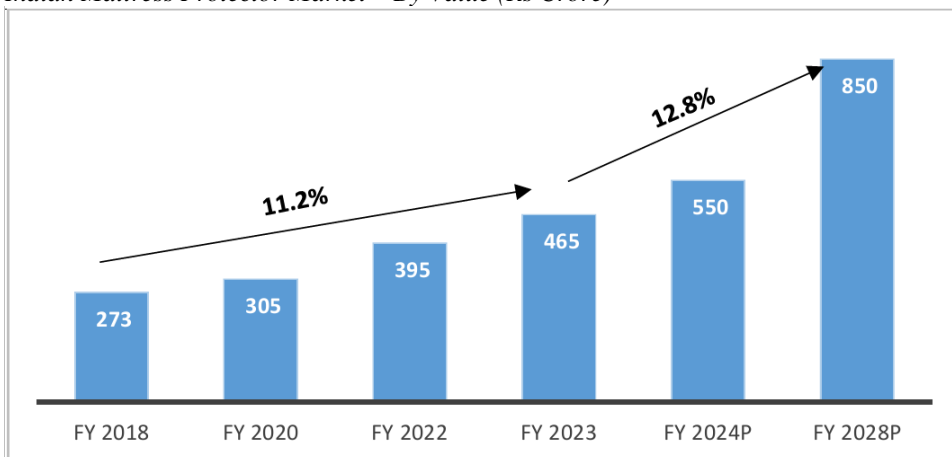
Source: Technopak Analysis

As of Fiscal 2023, branded play controlled nearly 40% (approximately Rs 720 Crore) of the modern pillow and cushion market in India. This represents a significant increase from the market share of around 37% (approximately Rs 457 Crore) recorded in Fiscal 2018, reflecting a notable growth trajectory for the branded market. The branded play is estimated to capture approximately 45% (approximately Rs 1,398 Crore) market share by Fiscal 2028.

### **Indian Mattress Protector Market**

The Indian mattress protector market has emerged as a dynamic and essential segment within the home furnishing industry. With a focus on enhancing mattress longevity and maintaining hygiene, this market showcases a range of innovative solutions designed to safeguard mattresses from wear, spills, allergens, and more. As urbanisation and consumer awareness about sleep health rise, the demand for high-quality mattress protectors has experienced significant growth, reflecting the evolving preferences of Indian consumers. The market has expanded from Rs 273 Crore in Fiscal 2018 to reach Rs 465 Crore in Fiscal 2023 to grow at CAGR of 11.2%. Further it is expected to reach a market size of Rs 850 Crore by Fiscal 2027 growing at a CAGR of 12.8% from Fiscal 2023.

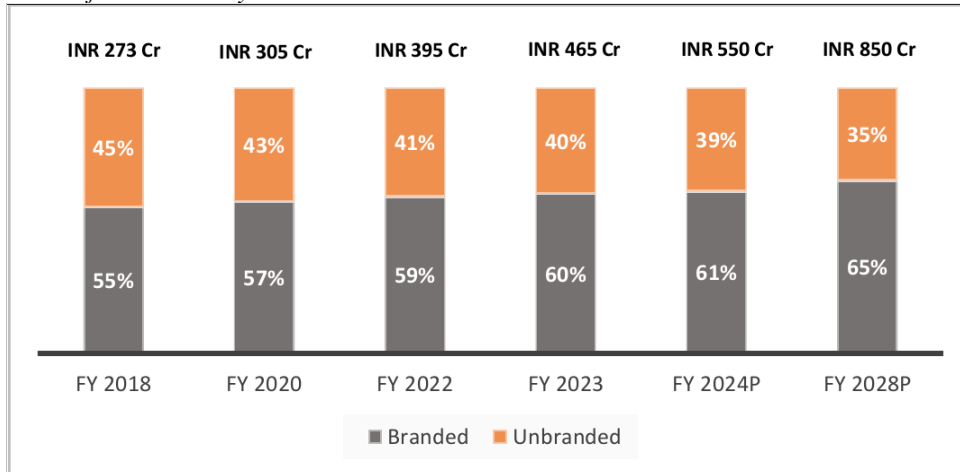
*Indian Mattress Protector Market – By Value (Rs Crore)*



Source: Technopak Analysis

The mattress protector market in Fiscal 2023 is predominantly led by branded players, with a substantial 60% (approximately 279 Crore) market share. This niche segment underscores the significance of brand recognition and consumer trust, as these established entities offer specialized and reliable mattress protection solutions. This branded market has shown a continuous increase from the market share of 55% (approximately 150 Crore) in Fiscal 2018 and is further expected to reach approximately 65% (approximately 553 Crore) by Fiscal 2028.

*Share of Branded Play in Indian Mattress Protector Market*



Source: Technopak Analysis

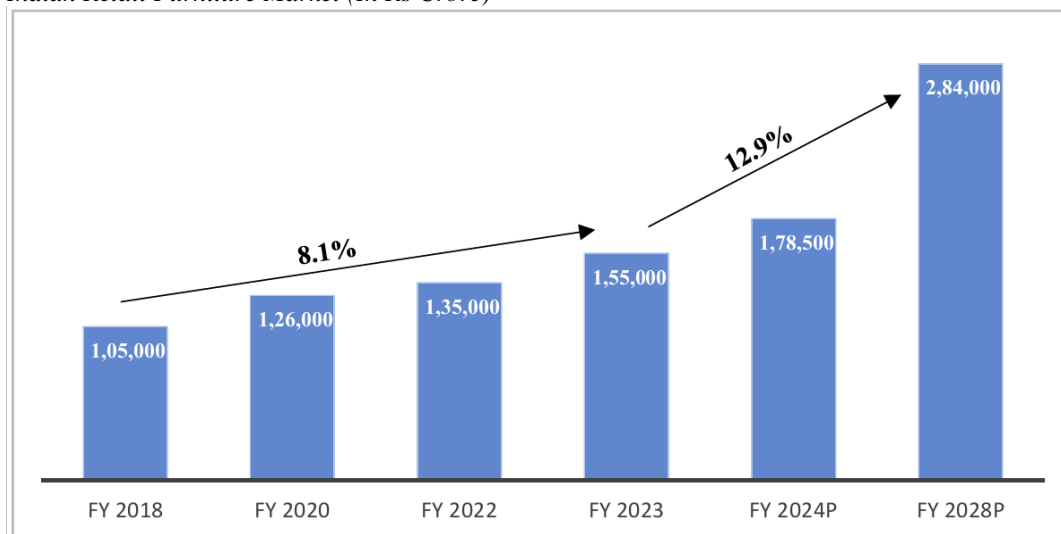
## Furniture and Furniture Rental Market

### Indian Overview

#### Indian Furniture Market Size

The Indian Retail Furniture market has demonstrated a consistent growth trajectory over the years, with a market value of Rs 1,05,000 Crore in Fiscal 2018 which increased to Rs 1,55,000 Crore by Fiscal 2023, representing a CAGR of 8.1%. The market is expected to grow at a CAGR of 12.9% between Fiscal 2023 and Fiscal 2028 to reach a market size of Rs 2,84,000 Crore. The furniture industry is approximately 3-4 times larger than the Indian mattress industry by value in Fiscal 2023.

*Indian Retail Furniture Market (In Rs Crore)*



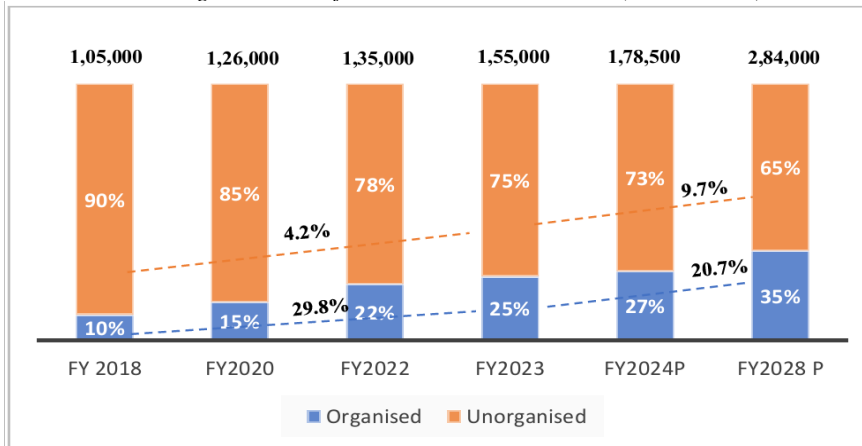
Source: Technopak Analysis

This growth can be attributed to several factors including increasing urbanisation, rising disposable incomes, and changing consumer preferences. The rise of e-commerce platforms has also contributed significantly to the growth of the furniture industry in India, making it convenient for consumers to shop for furniture online.



The organised furniture market in India expanded from Rs 10,500 Crore to Rs 38,750 Crore growing at a CAGR of approximately 30% during the period. Further the market is expected to grow at CAGR of 20.7% for the period Fiscal 2023 to Fiscal 2028 to reach a market size of Rs 99,400 Crore in Fiscal 2028.

*Retail Channel Segmentation of Indian Furniture Market (In Rs Crore)*



Source: Technopak Analysis

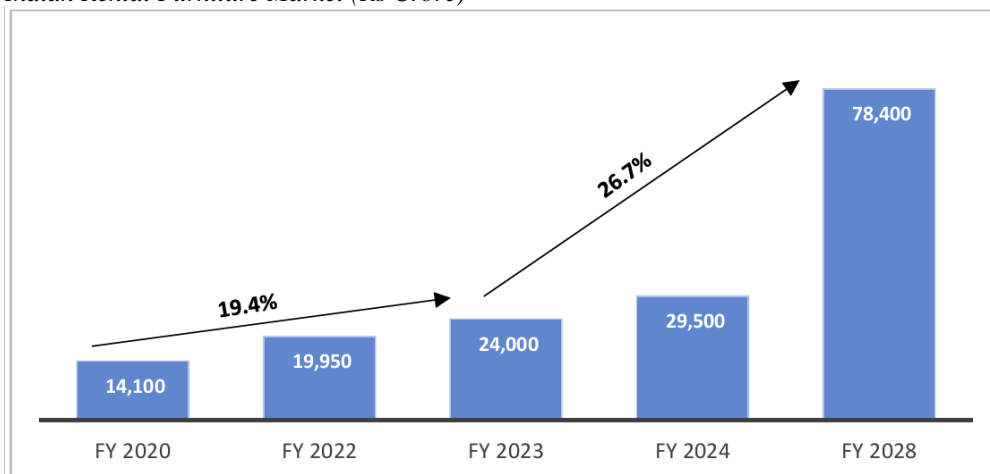
Concurrently, the unorganized furniture market also experienced growth, and grew with a CAGR of 4.2%, from Rs 94,500 Crore in Fiscal 2018 to Rs 1,16,250 Crore in Fiscal 2023. Furthermore, the unorganized segment is expected to grow at a CAGR of 9.7% between Fiscal 2023 and Fiscal 2028 to reach a size of Rs 1,84,600 Crore, that is, 65% of the total market. The organised sector includes players like Godrej Interio, Durian and Pepperfry.

### **Indian Furniture Rental Market**

The Indian furniture rental market has been a long-standing component of the furniture market in India and is largely dominated by the unorganised sector which is fueled by wedding rental furniture and that for other occasions. A small but growing component of this market is the organised furniture rental market (having approximately 5-7% share of the furniture rental market for Fiscal 2023). The organised and specifically online furniture rental market has emerged as an innovative solution to the evolving needs of modern lifestyles. This market caters to a consumer base seeking flexibility and convenience, especially in times of changing work environments and urban mobility. The market includes a wide range of furniture options, from sofas and beds to desks and chairs, offering individuals the opportunity to access high-quality furnishings without the burden of ownership. Driven by the rise of millennials and the Gen-Z population, who value adaptability and experiences over ownership, the online rental furniture market has witnessed substantial growth over the years.

The Indian furniture rental market was valued at Rs 24,000 Crore in Fiscal 2023 and is expected to grow at a CAGR of approximately 27% from Fiscal 2023 to Fiscal 2028.

*Indian Rental Furniture Market (Rs Crore)*



Technopak Analysis

Factors driving the growth of the rental furniture industry include corporate adoption of rentals for office spaces, the need for better home workspaces during remote work, the extension of rental services to tier II and III cities, and cost-cutting strategies by rental companies. These dynamics underscore an evolving landscape, with adaptability and changing needs fueling the sector's expansion.

### ***Key Trends that are shaping the growth of Rental Furniture market in India***

#### Millennials and Gen-Zs moving to cities for better opportunities

The Gen-Z and millennial population are playing a pivotal role in propelling the demand for rental furniture. This preference stems from the convenient nature of rental options, which facilitates smooth relocations, city changes, and frequent job transitions. Furthermore, these demographics value access to contemporary designs. Brands like Furlenco and Rent Mojo provide various packages starting from monthly fee of Rs 800, with benefits such as free relocation and convenient returns. Such offerings enable individuals to switch cities without the constraints of furniture ownership.

#### Evolving requirements of the Indian consumer (in Tier I and Tier II cities)

In the aftermath of the pandemic, characterized by the prevalence of remote and hybrid work arrangements, there's been a noticeable rise in the need for desks and ergonomic chairs. Given the economic considerations, investing in new luxury furniture might not be a feasible choice for a substantial segment. In this context, furniture rental subscriptions emerge as a solution to set up a temporary office at home.

#### Increasing popularity of home décor trends

Renting furniture allows the flexibility to alter the look of the space as frequently as one desires. Customers can upgrade basis new collections and the latest design trends. Brands like Rentickle also provide the option for free exchange of products.

#### Growing utilisation of furniture on rent by corporate businesses

Start-up culture has given rise to co-working or office-rental space in India. Owing to budget constraints & temporary settlement, renting furniture has become a cost-effective alternative to set up new businesses. Brands like Fabrento are providing furniture to many co-living spaces like Coho and Stanza Living.

### ***Key players in Online Rental Furniture Market***

The furniture rental industry has seen a growing interest from investors which shows an optimism in the overall growth prospects of the industry.

The organised online furniture rental industry has witnessed an influx of new entrants in recent times. This is also an indicator of the growing demand in the segment and augurs well with the optimistic projections for the future. Amongst the key players in the industry Furlenco is India's fastest growing online furniture company over Fiscal 2021 to Fiscal 2023.

#### *Key Players' Revenue and Growth in Indian Rental Furniture Market*

Company	Founded Year	Revenue FY 2021	Revenue FY 2022	Revenue FY 2023	YoY Growth FY 2021-22	YoY Growth FY2022-23	CAGR FY 2021-23
		(INR Cr)	(INR Cr)	(INR Cr)			
Furlenco	2011	84	129	155	53.6%	19.4%	35.8%
Cityfurnish	2015	14	18	NA	28.6%	NA	NA
Rentomojo	2014	106	105	169	-0.9%	61.0%	26.3%
Rentickle	2015	15	14	NA	-6.7%	NA	NA

Source: Technopak Analysis. Fiscal 2023 revenue from secondary research, Fiscal 2021, 2022 revenue from MCA

## Route to market for furniture and mattresses

The route to the market for furniture exhibits a blend of organized and unorganized channels. In the unorganized market, local brick-and-mortar stores and smaller businesses hold sway, constituting a significant 75% of the market. These stores, often catering to specific niches or localized markets, offer a wide range of furniture options, albeit with limited brand recognition and standardized offerings.

On the organized front, both physical and online avenues play a pivotal role in shaping the furniture market. Recognizable names in the organized physical market, which constitutes 25% of the market share as of Fiscal 2023, include specialized furniture showrooms and retail chain players like Godrej, Zuari, Durian and Nilkamal. These establishments provide customers with curated collections, standardized quality, and elevated experiences, nurturing brand loyalty and consumer trust. Meanwhile, the digital landscape is dominated by e-commerce platform players like, Ikea, Pepperfry, Urban Ladder and Wakefit which command a growing share of the market, offering unparalleled convenience and extensive product arrays.

The landscape of modern mattresses mirrors this trend, with a 40% share in the organized sector and 60% in the unorganized sector. Local retailers, particularly furniture stores and mattress showrooms, dominate the unorganized sector for mattresses. In the organized realm, specialty mattress retailers and e-commerce platforms cater to the increasing demand for branded and standardized mattress selections.

It is noteworthy that furniture and mattress outlets often coexist within retail spaces, with many furniture shops strategically offering mattress options. This phenomenon is particularly pronounced among organized players, reflecting the symbiotic nature of these offerings. As such, the shared route to market for both furniture and mattresses presents a strategic opportunity. For instance, players in the mattress industry can seamlessly leverage established distribution channels to introduce furniture offerings. The interwoven nature of these markets allows for efficient cross-selling, expanding market reach, and capitalizing on evolving consumer preferences for comprehensive home solutions.

## **Financial Profiling of Key Home Improvement Categories**

The current opportunity in home improvement segments offer attractive proposition for corporates in the market targeting growth, profitability, and robust ROCE. The attractiveness of this prospect is enhanced by the fragmentation and lack of organisation present within the industry. This industry dynamics presents a unique opportunity for companies, to support the market shift towards branded products, across different categories like ceramics, electricals, paints, and kitchen appliances. As Indian consumers' spending power continues to rise, their inclination towards improving their living spaces gains momentum. In light of this, the category-level benchmarking data from key players serves as an indicator for continued investments from corporates. Notably, market leaders in home improvement sector exhibit sustainable revenue growth, stable EBITDA margins, and strong ROCE figures within their respective categories. These indicators showcase the opportunities present in the home improvement segments in India.

### *Category level benchmarking*

#### *Category level benchmarking – Paint, Electricals, Plywood, Kitchen, Ceramics*

Category	Average Revenue Growth (FY 2018-2023)	Average MM% (FY 2018-2023)	Average EBITDA Margin (FY 2018-2023)	Average ROCE (FY 2018-2023)
<b>Paint</b>	11-12%	40-41%	17-18%	23-25%
<b>Electricals</b>	6-7%	38-39%	12-13%	20-21%
<b>Wood Panels</b>	5-6%	44-45%	12-13%	19-20%
<b>Appliances</b>	10-11%	40-41%	11-12%	27-28%
<b>Ceramics</b>	6-7%	46-47%	13-14%	17-18%

Source: Technopak Analysis

Companies considered for the above averages; (1) Paints -Asian Paints, Kansai Nerolac, Indigo paints Berger, (2) Electricals- Orient, Bajaj Electricals, IFB, Symphony, (3) Wood Panel – Century Plyboards, Greenlam Industries Greenply, (4) Kitchen Stovekraft, Prestige, Hawkins, Butterfly, (5) Ceramics – Kajaria, Somany,Cera

In the paint category, companies have showcased double-digit revenue growth of 11-12% and maintain efficient material margins of 40-41%, which parallels the Kitchen category, where we observe similar growth rates of 10-

11% and balanced material margins of 40-41%. Both categories display impressive potential for profitability with Paint achieving EBITDA margins of 17-18% and Kitchen boasting EBITDA margins of 11-12%.

The electricals and wood panels categories exhibit steady and moderate revenue growth of 6-7% and 5-6% respectively and along with material margins of 38-39% for electricals and 44-45% for wood panels. Moreover, the EBITDA margins for both categories are comparable, with electricals and wood Panels at 12-13%.

The Ceramics category demonstrates consistent growth of 6-7% with well-managed material margins of 46-47% and decent EBITDA margins of 13-14%, leading to satisfactory ROCE of 17-18%.

## OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 17 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors” on page 54 for a discussion of certain risks that may affect our business, financial condition, or results of operations, and “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 272 and 97, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Unless the context requires otherwise, the financial information corresponding to (i) Fiscal 2021 has been derived from the Fiscal 2021 Audited Consolidated Financial Statements, (ii) Fiscal 2022 has been derived from the Fiscal 2022 Audited Consolidated Financial Statements. However, if the financial information corresponding to Fiscal 2022 has been reclassified or regrouped in the Fiscal 2023 Audited Consolidated Financial Statements, then such financial information for Fiscal 2022 has been derived from the Fiscal 2023 Audited Consolidated Financial Statements and (iii) Fiscal 2023 has been derived from the Fiscal 2023 Audited Consolidated Financial Statements, and (iv) the three months ended June 30, 2022 and June 30, 2023 for the unaudited condensed interim consolidated statement of profit and loss and unaudited condensed interim statement of cash flows has been derived from the Unaudited Condensed Interim Consolidated Financial Statements , and (v) June 30, 2023 for the unaudited condensed interim consolidated balance sheet has been derived from the Unaudited Condensed Interim Consolidated Financial Statements. Financial information for the three months ended June 30, 2022 and June 30, 2023 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled “**Industry Report on PU Foam and Mattress Market in India**” dated September 11, 2023, prepared exclusively for the Issue and released by Technopak Advisors Private Limited (“**Technopak Report**”), commissioned and paid by our Company in connection with the Issue. Technopak was appointed pursuant to engagement letter dated July 18, 2023. Technopak is not related in any manner to our Company, its Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management, our Promoters or the BRLMs.

Unless otherwise stated, references in this section to “we”, “our” or “us” are to our Company along with our Consolidated Subsidiaries, on a consolidated basis.

### Overview

We are an established manufacturer of a diverse range of foam-based home care products, such as mattresses, pillows, bedsheets and furniture cushioning, as well as of technical grades of polyurethane foam (“**PU Foam**”) for use in a wide range of industries, including automotive, healthcare and acoustics. We are the largest manufacturer of mattresses in the Indian branded modern mattress market, with a market share of 18.6% (based on revenue in Fiscal 2023) and are among the leading manufacturers of PU Foam in Asia Pacific (based on revenue in Fiscal 2023) (Source: *Technopak Report*). Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We are also among the leading players in key PU Foam end-use industries, such as mattresses, automotive, footwear, lingerie and furniture (Source: *Technopak Report*). We also have manufacturing presence in Australia and Spain and are the largest manufacturer of PU Foam in Australia, with a market share of 40% (based on revenue in calendar year 2022) (Source: *Technopak Report*).

Our products are broadly classified as follows: (i) home care product portfolio, which comprises (a) mattresses; (b) comfort foam and home comfort products with varying physiological and comfort solutions to appeal to consumers of widely different attributes and preferences; and (c) furniture foam; and (ii) technical grade PU Foam, which we supply to a diverse range of industries. Set forth below is a snapshot of our product portfolio as of June 30, 2023:

Product	Product description	Product line	Brands
<b>Home Care</b>			
<b>Mattress</b>	Pure foam mattresses as well as hybrids of spring and coir with foam that are	<i>Luxury Range</i> <i>Back Support Range</i> <i>Revital Range</i>	<i>Sleepwell (Offline and Online)</i> <i>Feather Foam</i>

Product	Product description	Product line	Brands
<b>Home Care</b>			
	capable of bespoke customisation as per the requirements of consumers.	<i>GenX Range</i> <i>Spring Range</i> <i>Durafirm Range</i> <i>Omni Range</i> <i>Low selling price (LSP) Range</i> <i>Basic Range</i>	<i>Starlite</i> <i>SleepX (Online Brand)</i>
<b>Comfort foam and home comfort products</b>	Pillows, bolsters and cushions, sofa-cum-beds, bed sheets, mattress protectors as well as PU Foam cores utilised for manufacturing finished home comfort products.	<i>Bedsheets</i> <i>Pillows</i> <i>Blankets</i> <i>Bolster</i> <i>Cushion</i> <i>Protectors</i> <i>Sofa Cum Beds</i> <i>Foam Sheets</i> <i>Foam Blocks</i> <i>Foam Cores</i>	<i>Sleepwell</i> <i>Feather Foam</i> <i>Starlite</i> <i>Quilted</i> <i>Hygroflex</i> <i>Coolflow</i> <i>Dricell</i> <i>Viscoform</i> <i>Gelform</i> <i>Premium Comfort</i> <i>Active Comfort</i> <i>Living Comfort</i> <i>Econoform</i>
<b>Furniture foam</b>	Furniture-cushioning – PU Foam that constitutes upholstery material of varying densities to ensure greater comfort and durability.	<i>Sleepwell Resitec Neo</i> <i>Sleepwell Pro Sofa</i> <i>Sleepwell Primo</i> <i>Sleepwell Primo Cool</i> <i>Feather Foam grades</i>	<i>Sleepwell</i> <i>Feather Foam</i>
<b>Technical Grade PU Foam</b>			
<b>Various types of technical foam</b>	<ul style="list-style-type: none"> <li>Automotive foam used to manufacture auto parts.</li> <li>Reticulated foams utilised in filtration systems.</li> <li>Ultra-violet stable foams used for the manufacture of garments, shoes and innerwear.</li> <li>Silentech used in industrial sound absorption systems.</li> </ul>	<i>Automotive Foams</i> <i>Reticulated Foams</i> <i>Ultra-Violet Stable Foams</i> <i>Silentech Foams</i>	<i>Lamiflex</i> <i>Ultimate comfort</i> <i>Estafoam</i> <i>Meracell</i>
<b>Moulded Foam</b>			
<b>Moulded foam</b>	Foam that is moulded into a predefined shape.	<i>Pillows</i> <i>Automotive / Rail / Seating</i>	<i>Hygroflex Moulded</i> <i>Viscoform Moulded</i> <i>Ultimate Moulded</i> <i>Ultimate Moulded Plus</i>

We were incorporated in 1971, and over the last three decades, have developed *Sleepwell* as a brand associated with comprehensive and quality home-comfort solutions. We commenced manufacturing PU Foam in 1972, and as of June 30, 2023, we owned and operated 17 facilities comprising manufacturing and processing units, across India, Australia and Spain. We operate 11 facilities in India, all of which are utilized for manufacturing home care products, and five of these facilities also manufacture PU Foam. All five of our PU Foam manufacturing facilities located in Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad were ISO 9001: 2015 certified as of June 30, 2023. We consistently endeavour to upgrade technology at our facilities, and utilise Hennecke foaming machines in all our Indian PU Foam manufacturing units. Our installed capacity for foam production in India was 129,000 MTPA as of June 30, 2023. In addition to our 11 facilities in India, we are establishing an integrated manufacturing facility near Jabalpur, which is expected to manufacture foam using variable pressure foaming (“VPF”) technology. Commercial production at the new facility near Jabalpur is expected to commence in January 2024.

In addition to our manufacturing operations in India, we manufacture flexible PU Foam in Australia through our subsidiary, Joyce Foam Pty Ltd (“**Joyce Foam**”) and in Spain through our subsidiary, International Foam Technologies Spain, S.L.U. and its controlled entity Interplasp S.L. (“**Interplasp**”). As of June 30, 2023, Joyce Foam operated five manufacturing facilities in Australia that exclusively manufactured PU Foam primarily through VPF technology and had a total installed production capacity of 10,000 MTPA. The PU Foam we manufacture in Australia is supplied to manufacturers of comfort products and home furniture, and we are the

largest manufacturer of PU Foam in Australia with a market share of 40% (by revenue in calendar year 2022) (Source: *Technopak Report*). We are also establishing another facility in Adelaide (Australia) for PU Foam that is expected to commence commercial production in the third quarter of 2023. As of June 30, 2023, Interplasp operated one manufacturing facility in Spain that manufactures flexible PU Foam using VPF technology and had an installed production capacity of 16,000 MTPA.

The tables below set forth a breakdown of our revenue from operations in India, Australia and Spain, for the periods indicated:

Revenue from operations	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations	Amount (₹ million)	As a % of total revenue from operations
India	16,860.33	69.23%	20,060.30	70.00%	20,399.54	71.00%	4,876.64	69.60%	4,572.43	70.88%
Australia	4,134.09	16.98%	4,295.22	14.99%	4,379.25	15.24%	1,084.26	15.47%	1,001.77	15.53%
Spain	3,359.15	13.79%	4,300.26	15.01%	3,954.42	13.76%	1,045.81	14.93%	876.66	13.59%
<b>Total</b>	<b>24,353.57</b>	<b>100.00%</b>	<b>28,655.78</b>	<b>100.00%</b>	<b>28,733.21</b>	<b>100.00%</b>	<b>7,006.71</b>	<b>100.00%</b>	<b>6,450.86</b>	<b>100.00%</b>

We have developed a pan-India distribution network that consisted of more than 5,700 exclusive brand outlets (“EBOs”), 7,800 multi-brand outlets (“MBOs”) and 127 channel partners, as of June 30, 2023. Our Home Care products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* brand franchises or sell our products at multi-brand outlets. As of June 30, 2023, exclusive *Sleepwell* franchises comprised 421 *Sleepwell Worlds* (large sized stores), 1,075 *Sleepwell Galleries* (medium sized stores) and 1,104 *Sleepwell Shoppes* (small sized stores). Our brands, *Sleepwell* and *SleepX*, offer durable, high-quality mattresses for enhanced back support and comfort, which cater to the changing buying habits and lifestyles of the youth who prefer the convenience of buying online. As a result, we believe we have developed a strong online presence through our website, social media pages and e-commerce platforms. Our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023, and we intend to prioritize and increase the visibility of our *Sleepwell* brand on our website, social media pages and e-commerce platforms. In addition to our B2C channels, we sell technical foams in India to manufacturers in the industries that our foam lines cater to and export technical foams to countries in the Middle East, South Asia, Europe, Australia and the United States.

Our Company is led by Mr. Rahul Gautam, our Chairman and Managing Director, and Chairman Emeritus of the Indian Polyurethane Association, who has been instrumental in the growth of our business from a small foam producing unit to the position of a recognized manufacturer of mattresses and technical PU Foam in India, Australia and Spain. We believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their extensive experience in the home care and PU Foam industry.

We have, over the years, received numerous awards and accolades for our quality business practices, including the “Great Place to Work” certification four times in a row from November 2019 to December 2020, March 2021 to February 2022, March 2022 to March 2023 and March 2023 to March 2024, respectively, the “Most Trusted Brand” by India Today in 2020, the CIO 100 Award in 2020, the “Trusted Brand” by Reader’s Digest in 2022 and we ranked 465 in the Fortune 500 List in 2022.

The table below sets forth certain financial information (on a consolidated basis) for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022*	Three months ended June 30, 2023*
<i>Amount (₹ million, except percentages)</i>					
Revenue	24,353.57	28,655.78	28,733.21	7,006.71	6,450.86
Revenue growth/ (decline) (%)	12.04%	17.67%	0.27%	27.11%	(7.93)%
Gross Profit <sup>(1)</sup>	9,969.02	9,262.81	10,188.25	2,284.28	2,305.55
Gross Profit Margin <sup>(2)</sup> (%)	40.93%	32.32%	35.46%	32.60%	35.74%
Adjusted EBITDA <sup>(3)</sup>	3,623.17	3,149.45	2,972.77	658.58	776.22
Adjusted EBITDA Margin (%) <sup>(4)</sup>	14.88%	10.99%	10.35%	9.40%	12.03%
PAT	2,401.51	2,187.28	2,030.62	425.20	433.20

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022*	Three months ended June 30, 2023*
<i>Amount (₹ million, except percentages)</i>					
<b>PAT Margin (%)<sup>(5)</sup></b>	9.65%	7.43%	6.86%	5.92%	6.47%
<b>Return on Equity (%)<sup>(6)</sup></b>	20.13%	15.62%	12.62%	2.97%	2.63%
<b>Return on Capital Employed (%)<sup>(7)</sup></b>	22.26%	17.28%	14.51%	3.33%	3.29%
<b>Fixed Asset Turnover<sup>(8)</sup></b>	367.11%	381.62%	327.09%	91.30%	66.51%
<b>Net Working Capital Days<sup>(9)</sup></b>	50	34	40	32	45
<b>Operating Cash Flows</b>	2,603.04	1,971.48	2,120.07	406.74	549.70

\* Not annualised

*Notes:*

- (1) *Gross Profit is calculated as Revenue from Operations less cost of goods sold and other manufacturing expenses.*
- (2) *Gross Profit Margin is calculated as gross profit divided by revenue from operations*
- (3) *Adjusted EBITDA is calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost, income tax expense and exceptional items less other income.*
- (4) *Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue from operations.*
- (5) *PAT Margin is calculated as profit after tax divided by total income.*
- (6) *ROE is calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity (including Non-controlling interest). For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.*
- (7) *ROCE is defined as EBIT divided by Adjusted Capital Employed, where Adjusted Capital Employed is Total Assets less current liabilities.*
- (8) *Fixed Asset Turnover is computed on the basis of Revenue from Operation divided by Total Fixed Assets where Total Fixed Assets is sum of Property, Plant and Equipment, Capital WIP, Right to Use Assets and Investment Property.*
- (9) *Net Working Capital Days is computed as Net Working Capital divided by Turnover multiplied by 365/91, where Net Working Capital is Inventory plus Debtors (net of advances) less Trade Payables.*

## Significant ongoing acquisitions and investments

### *Acquisition of Kurlon Enterprises Limited (the “Kurlon Acquisition”)*

On July 17, 2023, we executed a share purchase agreement with Kurlon Enterprises Limited, Kanara Consumer Products Limited and Kurlon Trading and Investment Management Private Limited for the purchase of a 94.66% shareholding in Kurlon Enterprises (“**KEL**” or “**Kurlon**”), at an equity valuation of ₹ 21,500 million subject to customary adjustments for net working capital, debt and surplus cash, if any. For further information on the terms of the acquisition including consideration and timeline for completion, see “*Management’s Discussions and Analysis of Financial Condition and Results of Operations – Overview – Recent Developments*” on page 100 and “*Use of Proceeds*” on page 89.

Founded in 1962, Kurlon is among the oldest mattress brands in India and is known for innovating rubberized coir (coconut fiber) mattresses in India. In Fiscal 2023, Kurlon was the third largest company in the branded modern mattress market in India, with a market share of 10.8% (based on revenue) (*Source: Technopak Report*), and a strong presence in the Southern and Eastern regions of India.

Kurlon’s operations include 10 manufacturing facilities located across five states in India, with a combined manufacturing capacity of 17,000 MTPA. As of June 30, 2023, Kurlon’s extensive distribution network comprised more than 4,500 MBOs and more than 500 EBOs. Kurlon’s product portfolio comprises: (i) mattresses (rubberized coir, foam based and spring mattress) that are distributed under the brands, “Kurl-On,” “Spring Air”, “Four Seasons”, “Nature’s Best”, “Englander”, and “Chattam & Wells”; (ii) comfort foam and home care products, such as mattresses, furniture cushions, pillows and coverings; (iii) furniture foam that is distributed under the brand, “Home Komfort”; and (iv) technical foam that is distributed under the brand, “Komfort Universe”.

The manufacturing facilities, distribution network, product portfolio and brands are together referred to as the “**Kurlon Business**”.

The Kurlon Acquisition is being carried out to diversify our customer base, leverage on the Kurlon Business’ distribution network and manufacturing capabilities, strengthen our presence across established brands and gain access to technological advancements to consolidate our position as a market leader in the Indian mattress market. For further details, see “*Our Business – Our Strategies – Derive synergies from the Kurlon Acquisition and Furlenco Acquisition*” on page 189.

The Kurlon Acquisition is expected to strengthen our leadership position in the domestic branded modern mattress market. The combined market share of Kurlon and our Company in India was approximately 29% (by revenue in



Fiscal 2023), which is more than twice the market share of the next largest company in the domestic branded modern mattress market in India (*Source: Technopak Report*). Our combined network of EBOs and MBOs in India is expected to be the largest distribution network in the Indian mattress industry. We also expect to have a strong presence across all geographic regions in India through the combined operations of Kurlon and our Company (*Source: Technopak Report*).

#### *Investment in House of Kieraya (the “Furlenco Acquisition”)*

On July 17, 2023, we executed a securities subscription agreement with House of Kieraya for the acquisition of 35% share capital (on a fully diluted basis) in House of Kieraya Private Limited, an online furniture retailer that operates under the brand “Furlenco” for a consideration of ₹ 3,000 million, subject to customary working capital and other adjustments (“**Furlenco Acquisition**”). We completed the Furlenco Acquisition, as intimated by way of our announcement dated September 14, 2023 on BSE and NSE. The Furlenco Group was founded by Mr. Ajith Mohan in 2011 with a vision to emerge as India’s largest furniture rental and subscription business. It is India’s fastest growing online furniture company based on its CAGR of revenue of 35.68% between Fiscal 2021 and Fiscal 2023 (*Source: Technopak Report*).

The Furlenco Acquisition is being carried out to strengthen our e-commerce presence, leverage Furlenco’s digital capabilities to cross-sell our mattresses and other products, expand our product portfolio through the addition of furniture products and tap into the furniture industry which was three to four times the Indian mattress industry (by revenue in Fiscal 2023) (*Source: Technopak Report*). Furlenco similarly intends to derive synergies from this arrangement by leveraging our pan-India logistics network to reduce their logistical and warehousing costs. For further information on the terms of the investment including consideration and shareholding arrangements, see “*Management’s Discussions and Analysis of Financial Condition and Results of Operations – Overview – Recent Developments*” on page 100.

### **Competitive Strengths**

Our principal competitive strengths are:

#### ***Strong brands with market leadership backed by innovation***

We are the largest manufacturer of mattresses in the Indian branded modern mattress market, with a market share of 18.6% (based on revenue in Fiscal 2023) and are among the leading manufacturers of PU Foam in Asia Pacific (based on revenue in Fiscal 2023) (*Source: Technopak Report*). Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We are also among the leading players in key PU Foam end-use industries, such as mattresses, automotive, footwear, lingerie and furniture (*Source: Technopak Report*). We also have manufacturing presence in Australia and Spain and are the largest manufacturer of PU Foam in Australia, with a market share of 40% (based on revenue in calendar year 2022) (*Source: Technopak Report*).

Our flagship mattress brand, *Sleepwell*, is a renowned household brand in India. We had a market share of 13% in the west, 14% in the south, 15% in the east, and 31% in the north (by value in Fiscal 2023) in the modern mattress segment in India. (*Source: Technopak Report*) Over the last three decades, we have developed this brand through an emphasis on innovation and adoption of sophisticated manufacturing technologies, enabling production of personalised and niche home care products.

We have endeavoured to consistently supplement our brand recall by innovation and quality enhancement. Set forth below are examples of our innovative manufacturing technologies:

<b>Technology Initiatives</b>	<b>Description</b>
Radio-frequency identification chips	Our initiative of introducing radio frequency identification (“ <b>RFID</b> ”) micro-chips in our mattresses helps differentiate our products from counterfeits, ensures tracking of <i>Sleepwell</i> sales and curtailing of unauthorised sales. RFID micro-chips also enable us to monitor the prices of our products and prevent over or under-pricing of our products through unique scan codes that notifies us on the invoice price of the mattresses that are sold.
Zero Turn	“Zero Turn” technology ensures these mattresses do not require periodic turning to avoid sagging.
Breathable visco-elastic or Memory foam	“Breathable visco-elastic” or “Memory foam” in some of our <i>Sleepwell</i> mattresses supports proper sleep posture and blood circulation and induces faster recovery of the mattresses to their original shape once a weight is removed from them. We are among the leading manufacturers of

Technology Initiatives	Description
	“Breathable visco-elastic” or “Memory foam” in the Indian modern mattress market. ( <i>Source: Technopak Report</i> )
Neem fresche	“Neem fresche” technology seeks to protect our consumers from breathing disorders and various allergies, such as dust mites. The natural properties of the neem herb helps protect the user against germs and dead cells.
SANtech	“SANtech” technology in our <i>Sleepwell</i> products seeks to maintain improved airflow, therefore enhancing firmness and durability of the mattress material.
Comfort Cell	“Comfort Cell” technology in some of our mattress lines seeks to raise the comfort quotient for the consumer.
VPF Technology	“VPF Technology” is an efficient and environmentally responsible foam manufacturing process and involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions.

We supplement our efforts in product development by on-ground brand building initiatives, by continuing to increase our exclusive *Sleepwell* outlets, and by engaging in brand training initiatives with our distributors and dealers to ensure that they effectively showcase and market our products. We have also undertaken advertisement campaigns in print and electronic media.

The tables below set forth a breakdown of our advertisement, marketing and brand building expenses (on a consolidated basis), for the periods indicated:

	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue	Amount (₹ million)	Advertisement expense as a % of total revenue
<b>Advertisement, marketing and brand building expense</b>	522.16	2.14%	704.44	2.46%	745.23	2.59%	142.73	2.04%	88.55	1.37%

Our brand has significantly contributed to our growth. The recall of our brand has been established by an extensive suite of products that range from baseline bedding and furniture cushioning material to ergonomically tailored offerings, an emphasis on quality control and focused brand building. In respect of our technical foam manufacturing business, we believe that “*Sheela Foam*” is a recognised name associated with diverse and sophisticated grades of technical foam. We believe that we can effectively leverage our brand recall to increase our scale of operations, introduce new and more innovative product lines, increase our manufacturing capacity and expand our presence into under-penetrated geographies and markets.

#### ***Extensive and well-developed pan-India sales and distribution network***

Our distribution network provides key support to our business operations and our well-developed sales and distribution network is difficult to replicate, creating barriers for new entrants. We adopt a multi-format approach to ensure maximum coverage that comprises a pan-India network of EBOs and MBOs. Our global distribution network consisted of more than 5,700 EBOs, 7,800 MBOs and 127 channel partners, as of June 30, 2023. As of June 30, 2023, exclusive *Sleepwell* outlets comprised 421 *Sleepwell Worlds* (large sized stores), 1,075 *Sleepwell Galleries* (medium sized stores) and 1,104 *Sleepwell Shoppes* (small sized stores).

As of June 30, 2023, we deployed more than 200 sales personnel who actively engage with key distributors. We have long-term relationships with our distributors and many of our distributors have been associated with us for more than 20 years. Our exclusive distributors are typically engaged in strategic proximity to our manufacturing facilities, which helps us reduce our carriage expenses and minimise the possibility of damage of our finished and foam products. Several of our distributors have presence in territories in addition to our current markets, which we can leverage to expand into such territories. Furthermore, our distribution network is well integrated with our information technology platforms, through technologies that, *inter alia*, allow us to track secondary sales made by our distributors and dealers and assist in calculation of sales incentives to be provided to them in real time, reduce turnaround time and quicken strategic decisions.

We regularly launch initiatives to incentivize our dealers which encourages our dealers to effect greater sales and increase our brand visibility. For details on our initiatives, see “*Our Business – Sales, marketing and distribution – Sales*” on page 204. We also have a dedicated sales team of employees which handles business development and relationship management for our technical foam manufacturing business. Our technical foam sales personnel visit our institutional customers periodically and deal directly with them or their representatives, and are responsible for customer addition, as well as identification and liaising with manufacturers suitable for our technical foam grades. Our technical foam grades are sold to finished product manufacturers in India, the Middle East, South Asia, Europe, Australia and the United States of America. Our sales team has significant technical expertise in our core business of production of home care products and technical foam and undertake periodic training and branding programmes to augment their marketing expertise.

Our sales team also uses digital marketing initiatives, such as content marketing, to cater to the urban population. From Fiscal 2022 to Fiscal 2023, our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023, and in the three months ended June 30, 2023, our online sales represented 3.18% of our total sales by volume.

### ***Strategically located, quality manufacturing capabilities driven by technological innovation***

We have developed our manufacturing processes over five decades of production experience. We have not had any product recalls since incorporation. We operate 11 facilities in India, five facilities in Australia and one facility in Spain, that are located in proximity to key distributors and markets. As a result of our facilities, we have an extensive global presence and exported our products to 20 countries in the last five fiscal years.

*Strategically located facilities.* Our facilities in India are geographically dispersed, with five units located in the North (Greater Noida, Surajpur, Rajpura, Kalaamb and Sahibabad), three units in the West (Silvassa, Talwada and Nandigram), two units in the South (Hyderabad and Erode) and one unit in the Eastern regions of India (Jalpaiguri). Three of our facilities in India (Talwada, Nandigram and Erode) are located in close proximity to the major Indian ports of Nhava Sheva, Kandla, Mundra and Chennai, which facilitate cost-effective import of raw materials as well as export of technical foam to overseas manufacturers. The strategic locations of our manufacturing facilities enable us to produce and distribute our products more efficiently, reducing lead times and transportation costs. As of June 30, 2023, our five foam manufacturing facilities in India had a combined installed production capacity of 129,000 MTPA of foam. Capacity utilization at our five foam manufacturing facilities in India increased from 31.7% in Fiscal 2021 to 35.5% in Fiscal 2023.

We operate five manufacturing facilities in Australia that produce PU Foam. As of June 30, 2023, our five manufacturing facilities in Australia had a combined installed production capacity of 10,000 MTPA of foam. Capacity utilization at our facilities in Australia was 93% in Fiscal 2023.

We operate one manufacturing facility in Yecla, Spain. The manufacturing facility is strategically located in Yecla, a manufacturing hub for mattress and upholstery sectors in Spain.

*Quality manufacturing capabilities.* We focus on the quality of our manufacturing processes and maintain key certifications. All five of our PU Foam manufacturing facilities located in India (at Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad) are also ISO 9001: 2015 certified.

*Technological innovation.* We consistently endeavour to adopt the latest technology at our facilities, and currently utilise Hennecke (“**HK**”) foaming machines in all our Indian foam manufacturing units, which provides us higher yields of foams with uniform cellular structure. We manufacture flexible PU foam in Spain and Australia using VPF technology. We have replicated the use of VPF technology in our Indian manufacturing operations. VPF is an environmentally responsible foam manufacturing process and involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions. We have similarly enhanced our manufacturing capabilities through our relationship with Joyce Foam, which enables us to leverage its production expertise to adopt manufacturing technologies in our domestic operations. For instance, we adopted compression technology in our Indian manufacturing facilities. The technology allows compression of foam for transportation in a manner that it regains its original shape after being unpacked at its destination. Such technology enables us to transport higher volumes of foam in the same shipment, leading to significant reduction in our freight costs. For further details on such technology, see “*Our Business – Our Strategies – Adoption of advanced production technology*” on page 191.

### ***Integrated operations and economies of scale***

We are a backward integrated player with a wide product basket (*Source: Technopak Report*). We benefit from synergised business operations through the manufacture of home care products as well as the underlying foam that constitutes their principal component. We achieve manufacturing synergies as well, given that five of our domestic manufacturing units are capable of producing both PU Foam and finished home care products. Additionally, we have successfully leveraged our expertise in manufacture of our products to effectively consolidate our other business of manufacture of technical foam. Our integrated operations also enable us to exploit reverse logistics benefits. For instance, we typically utilise logistics infrastructure hired by us for supply of raw materials to our manufacturing facilities for onward supply of finished products and foams to our distributors. Such business synergies effect reduction in our operating expenses and enable us upscale our operations in an efficient and seamless manner.

### ***Proven track record of acquiring and integrating complementary businesses***

We have an established track record of strategically acquiring and successfully integrating companies to strengthen our product portfolio, expand our PU Foam manufacturing capacities and diversify our revenue streams. For example, we acquired the PU Foam and polystyrene manufacturing businesses of Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Ltd in 2005, which strengthened our PU Foam business globally, and specifically in Australia. Under our leadership, Joyce Foam has grown to be the largest manufacturer of PU Foam in Australia with a market share of 40% (by revenue in calendar year 2022) (*Source: Technopak Report*). We also acquired Interplasp in 2019, which specialises in the manufacture of flexible polyurethane foam blocks in Spain.

We were able to successfully integrate the businesses of Joyce Foam and Interplasp with our operations by implementing standard operating procedures to the acquired businesses and streamlining operations across expanded capacities. We enhanced our manufacturing capabilities through our relationship with Joyce Foam, which enabled us to leverage its production expertise in our domestic operations. For instance, our “Bed in a box” strategy uses compression technology, which allows a compressed mattress to be packaged in a box and transported in a manner that it regains its original shape after being unpacked at its destination. Such technology enables us to offer economy and premium models that can be sold online to customers as a differentiated product. We have also gained technical knowhow in VPF technology from Joyce Foam. These measures helped consolidate our strength in India by pooling a range of products and solutions that we are able to offer our combined customer base as one entity, and positioned us well to derive business and operational synergies by leveraging economies of scale and procurement benefits, and utilising combined management expertise, technology and supply chain, to serve our customers with greater efficiency. Our international operations allow us to be geographically closer to large international mattress manufacturers, enabling us to remain at the forefront of new trends in the global mattress industry.

### ***Well qualified and professional management***

Our management team is professional, well-qualified and experienced in foam and home care products and has played a key role in the sustained growth of our operations. Our operations commenced under late Ms. Sheela Gautam, who successfully managed various phases of expansion, growth and consolidation of our business and operations. Our business is now led by Mr. Rahul Gautam, our Promoter, Chairman and Managing Director, who holds a bachelor’s degree of technology in chemical engineering from the Indian Institute of Technology, Kanpur, a master’s degree of science in chemical engineering from the Polytechnic Institute of New York, a professional doctoral degree in global leadership and management from the European International University, has more than 40 years of experience in the PU Foam and home care products industry, and is the Chairman Emeritus of the Polyurethane Association of India. Our R&D operations are led by Mr. Tushaar Gautam, a Director in our Company since 2007. Mr. Tushaar Gautam has completed his education from Purdue University, USA, and has more than 20 years of experience in production and R&D.

Our management is also supported by an experienced and technically qualified execution team. Mr. Nilesh Sevabrata Mazumdar, Chief Executive Officer, has over 25 years of experience in sales, marketing and brand management. Mr. Amit Kumar Gupta, Group Chief Financial Officer, served as vice president – treasury and FPA at Samvardhana Motherson. Mr. Kevin Graham, Chief Operating Officer – Joyce, has significant experience and has been associated with our Company since 2011. Mr. Alejandro Juan Palao Serrano, Chief Executive Officer –

Interplasp, has been associated with Interplasp since 2011. For further information on our Board and senior management, see “*Board of Directors and Senior Management*” on page 208.

## **Our Vision**

Our vision statement is set forth below.

We seek to continue to be recognised as a leading organisation in quality comfort products while practicing values of integrity, reliability, proactivity and transparency, as well as to do business with a smile for customer delight and a commitment to society.

## **Our Strategies**

The Indian domestic modern mattress market (at consumer price level) has grown at a CAGR of approximately 9% from Fiscal 2018 to Fiscal 2023 and is further expected to grow at a CAGR of approximately 12% till Fiscal 2028 to have a market value of ₹ 29,445 crore. The reason for the high growth rate of modern mattresses can be attributed to increasing population, rising urbanization, increase in disposable income of people, increase in health-related issues of the Indian population, rising demand of such mattresses among consumers because of its various health benefits such as better comfort, temperature regulations etc. and higher replacement cycle (*Source: Technopak Report*).

We strive to increase our market share in India’s growing mattress market and believe we are uniquely positioned to capitalize on India’s growth opportunities by leveraging our competitive strengths and pursuing the following strategies.

### ***Derive synergies from the Kurlon Acquisition and Furlenco Acquisition***

We seek to create long-term value for our stakeholders through the Kurlon Acquisition by leveraging the Kurlon Business’s well-established manufacturing capacities, brand equity, distribution network and target customer market.

We expect to expand our offerings to include Kurlon’s rubberized coir mattress products in our product portfolio through the Kurlon Acquisition. The added manufacturing capacities of the Kurlon Business will also enhance our manufacturing footprint and help us to achieve economies of scale by increasing our manufacturing capacity and accordingly lowering costs, including raw material costs and logistics costs. The Kurlon Acquisition is also expected to strengthen our presence in the Southern and Eastern regions of India to complement our market leadership position in the Northern and Western regions of India. Furthermore, we intend to leverage cross-selling opportunities that our combined product portfolio is expected to present by offering our *Sleepwell* range of products in the MBOs operated by the Kurlon Business. As the combined market share of Kurlon and our Company was approximately 29% (by revenue in Fiscal 2023), which was more than twice the market share of the next largest company in the domestic branded modern mattress market in India (*Source: Technopak Report*), we believe the Kurlon Acquisition will help consolidate our position as the leading mattress manufacturer in the Indian branded mattress market.

We aim to similarly derive synergies from the Furlenco Acquisition by leveraging Furlenco’s strong digital capabilities and e-commerce presence to cross-sell our mattresses and other products and expand our product portfolio through the addition of furniture products. Furlenco similarly aims to derive synergies from this arrangement by leveraging our pan-India logistics network to reduce their logistical and warehousing costs. In addition, our extensive reach through EBOs may help Furlenco access an established platform to bolster its offline presence. The Furlenco Acquisition will particularly help us establish a presence in the furniture industry, which was three to four times the Indian mattress industry (by revenue in Fiscal 2023) (*Source: Technopak Report*). The Furlenco Acquisition will also enable us to diversify our revenue streams to include the online furniture retail market, enabling us to implement further forward integration in our operations.

### ***Continue to develop our brand***

Our ability to continue to benefit from our brands is a key factor that contributes to our success. We have a significant opportunity to leverage our *Sleepwell* brand to further improve our market share. Our strategy is to continue building brand leadership in core home care products, such as mattresses and bedding material, as well as higher-grade technical PU Foam lines, which represents a significant opportunity for our future growth. We also seek to market and consolidate customer recall of our various customised product sub-brands under *Sleepwell*

and introduce new ranges, such as *Nexa* as affordable luxury for the middle- and upper-class of the Indian demographic and *Fitrest* for enhanced back support. We intend to accomplish this by offering quality products at attractive prices under these sub-brands and promoting them through different forms of marketing and advertising, increasing our retail presence through expansion of exclusive *Sleepwell* outlets and capitalising on the strength of our distribution and dealer network. For example, after successfully testing our online brand, *SleepX*, on various e-commerce platforms, we launched our *Sleepwell* products on various e-commerce platforms to increase brand visibility and attract loyal customers. Additionally, in an effort to increase our brand presence through online platforms, we intend to develop and transform our *Sleepwell* website to a one-stop shop for sleep solutions, providing a complete product portfolio of mattresses and home care products and providing information and professional advice on choosing appropriate bedding material.

### ***Expand our product portfolio to capture higher consumer wallet share***

We aim to leverage our existing suite of products, knowhow and manufacturing capabilities to produce niche and higher-margin products. In particular, we intend to commence production of more sophisticated grades of technical PU Foam that do not have a significant manufacturing presence in India, and that are currently imported by Indian manufacturers from overseas suppliers. For example, we have used our expertise and experience in PU Foam to expand into allied segments, such as furniture foam, including sofas, chairs and upholstery for beds. We believe that, given our manufacturing capacity and expertise, we would be able to produce and sell such foam grades at competitive prices.

We also intend to enter into new product lines and target new consumer segments in furtherance of our vision to achieve “a mattress for every Indian”. To achieve this, we are setting up a new manufacturing facility near Jabalpur, Madhya Pradesh to manufacture foldable branded mattresses for sale at lower price points that are specifically aimed at rural retail consumers of traditional cotton and EPE foam mattresses. Cotton mattresses and other forms of traditional bedding comprised approximately 64% of the total Indian wholesale mattress market in Fiscal 2023 (by value) (*Source: Technopak Report*). This represents a significant untapped opportunity for introducing durable and affordable home care solutions to the rural demographic. We intend to capitalize on this opportunity and cater to the growing demand in rural and semi-urban markets for branded mattresses by manufacturing durable and affordable mattresses at attractive price points. We intend to continue to manufacture PU Foam using VPF technology, which is an environmentally responsible foam manufacturing process and involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions.

We also propose to capture higher consumer wallet share through the Indian furniture market which grew at a CAGR of 8.1% from ₹105,000 crore in Fiscal 2018 to ₹155,000 crore in Fiscal 2023 (*Source: Technopak Report*). The Indian retail furniture market is expected to grow at a CAGR of 12.9% between Fiscals 2023 and 2028, representing a significant opportunity for the growth of players in the furniture value chain (*Source: Technopak Report*). We intend to capitalize on this opportunity by entering into strategic alliances, such as the Furlenco Acquisition. The Furlenco Acquisition is being carried out to expand our product portfolio through the addition of furniture products and leverage Furlenco’s online furniture rental and subscription platform. We believe that such initiatives will optimally diversify our business and product portfolio and enable access to the furniture rental market.

### ***Continue to focus on development of personalised products***

We believe that with rising household incomes in India, our target consumers are increasingly favouring personalised home-comfort packages that are tailored towards their physiological, aesthetic and ergonomic attributes. According to the *Technopak Report*, the sales for premium and luxury segment mattresses in India is expected to grow at a faster pace than those in the economy and mid to premium segment. To this end, we aim to manufacture higher volumes of our current portfolio of customised products, as well as develop newer lines of personalised home-comfort products to further improve our operating margins. We plan to expand our product portfolio, and manufacture mattresses to ensure that they offer differing features and levels of comfort for different body zones at attractive prices to our target consumers. We also intend to continue offering bespoke made-to-order mattresses, which cater to specific customer requirements.

### ***Expand our distribution network and export sales***

Our historically developed pan-India distribution and dealer network has been critical to our growth. As of June 30, 2023, our pan-India distribution network consisted of more than 5,700 EBOs, more than 7,800 MBOs and 127 channel partners. We intend to continue developing and nurturing existing distributor relationships. We also aim

to continue to develop our online presence through the sale of our products on e-commerce platforms and our website. Our online sales grew by 23.97% from ₹ 844.32 million in Fiscal 2022 to ₹ 1,046.68 million in Fiscal 2023. In the three months ended June 30, 2023, our online sales represented 3.18% of our total sales by volume. Furthermore, we intend to create new distribution channels in under and non-penetrated geographies. We aim to further develop our domestic sales networks in primarily two types of territories: the first being those which have a significant demand for our products, and the second, being areas where we have a low brand presence. Such expansion plans are intended to be effected by in-house examination of the market potential of various territories and our available distribution network in such geographies. For our domestic retail presence, we intend to increase our partnerships with exclusive dealers and expand our network of Sleepwell branded EBOs. We also aim to expand our international export business by upscaling our export operations to sell higher volumes of our technical foam grades to manufacturers located in SAARC nations.

#### ***Adoption of advanced production technology***

We firmly believe in making investments for achieving product excellence and implementing the dynamic and diverse specifications of our customers. We introduced HK technology in our Greater Noida facility in 2007 and have implemented VPF technology at Joyce Foam, Australia. HK technology is currently used in all five of our Indian foam manufacturing facilities. For further details about our technology platforms, see “*Manufacturing and Processing Facilities*” on page 198. We intend to continue to invest in emerging technology and processes that render our manufacturing cycles more efficient and cost-effective.

We have implemented vertical variable foaming technology in our Greater Noida manufacturing facility, a production technology that we have innovated in our manufacturing operations. Vertical variable foaming is a process that combines efficiencies of vertifoam and VPF. Vertical variable foaming is expected to facilitate our domestic and international operations, and is intended to produce super soft foams to replace polyester fibre in the quilting of *Sleepwell* mattresses. Through implementation of such technology, we further aim to produce PU Foam grades of enhanced feel and higher durability at considerably lower costs.

Additionally, we intend to introduce “polyol recycling” technology that will assist us to produce polyol, one of our key raw materials, by using foam scrap, fresh polyol and other chemicals. Given the inherently technical nature of the PU Foam production process, we intend to ensure greater automation in the operations of our existing and future manufacturing facilities through increased involvement of robotics-enabled machinery.

#### ***Continue to drive manufacturing efficiencies through capacity addition and distributed manufacturing***

We are currently in the process of setting up a new manufacturing facility near Jabalpur, Madhya Pradesh. We intend to use our new integrated manufacturing facility near Jabalpur to manufacture foldable branded mattresses to sell to consumers of traditional cotton and EPE foam mattresses. Cotton mattresses and other forms of traditional bedding comprised approximately 64% of the total Indian wholesale mattress market (by value in Fiscal 2023) (*Source: Technopak Report*). We intend to manufacture durable and affordable mattresses to cater to rural and semi-urban markets and shift consumer preferences from traditional mattresses to modern mattresses. The new manufacturing facility seeks to manufacture foam in an environmentally friendly manner through VPF technology, which seeks to reduce waste, improve worker safety, increase production capacity, improve the quality of foam production and is expected to result in cost efficiencies. Given the central location of the manufacturing facility, the new plant is expected to be well connected to the other manufacturing facilities in India. As of March 31, 2023, capital expenditure incurred on the manufacturing facility was approximately ₹1,039 million and once built the manufacturing facility is expected to cover approximately 28.95 acres of land.

We are also setting up a new manufacturing facility in Adelaide to manufacture PU Foam for our customers based in Adelaide and Victoria in Australia. The new manufacturing facility is expected to manufacture PU Foam using VPF technology. The upcoming facility will enable us to efficiently cater to our existing customer base in Australia in the event manufacturing operations at any of our other Australian facilities are disrupted. The manufacturing facility has been commissioned and is being constructed on 12.5 acres of land that we own. As of March 31, 2023, capital expenditure incurred on the manufacturing facility was approximately ₹ 1,423 million and once complete, it is expected to have a manufacturing capacity of 5,000 MTPA.

We are also in the process of increasing the installed capacity at our manufacturing facility in Spain by around 40% of our existing installed capacity, with the aim to continue increasing our presence in the European mattress market. The expansion project, which is intended to be completed by the end of calendar year 2023, mainly involves two new depots to increase our storage capacity and the expansion of capacities of the dryers for curing of foam blocks.

## Our Products

Our products are broadly classified as follows: (i) home care product portfolio which comprises (a) mattresses; (b) comfort foam and home comfort products with varying physiological and comfort solutions to appeal to consumers of widely different attributes and preferences; and (c) furniture foam; and (ii) technical grade PU Foam that we supply to a diverse range of industries.

### Home care

#### *Mattresses*

We have launched different mattress brands to cater to different segments of the mattress market. For example, our “*Sleepwell*” brand is tailored to the premium and mid-range mattress segments, our “*Feather Foam*” brand is targeted at the mid-range segment and our “*Starlite*” brand is specifically aimed at the economy segment. The range of mattresses manufactured by us comprise *Luxury Range*, *Back Support Range*, *Revital Range*, *GenX Range*, *Spring Range*, *Durafirm Range*, *Omni Range*, *LSP Range* and *Basic Range*.

Provided below is a snapshot of our mattress portfolio.

Product line	Sub-product lines	Branding
<i>Luxury Range</i>	(i) <i>Nexa</i> (ii) <i>Naturalle 1.0</i> (iii) <i>Impressions</i> (iv) <i>Latex Plus</i> (v) <i>Cellergise</i>	<i>Sleepwell</i>
<i>Back Support Range</i>	(i) <i>Spinetech Air Luxury (Foam + Coir)</i> (ii) <i>Spinetech Air</i> (iii) <i>Spinetech (Foam + Coir)</i>	<i>Sleepwell</i>
<i>Revital Range</i>	(i) <i>Revital 4.0</i> (ii) <i>Revital 3.0</i> (iii) <i>Revital 2.0</i>	<i>Sleepwell</i>
<i>GenX Range</i>	(i) <i>GenX 2.0</i> (ii) <i>GenX 1.0</i> (iii) <i>GenX</i>	<i>Sleepwell</i>
<i>Spring Range</i>	(i) <i>Esteem</i> (ii) <i>Premia</i> (iii) <i>Mable</i> (iv) <i>Achiever</i>	<i>Sleepwell</i>
<i>Durafirm Range</i>	(i) <i>Durafirm 4.0</i> (ii) <i>Durafirm 3.0</i> (iii) <i>Durafirm 2.0 (foam and coir)</i> (iv) <i>Durafirm 1.0 (foam and coir)</i>	<i>Sleepwell</i>
<i>Omni Range</i>	(i) <i>Dual Pro Profiled</i> (ii) <i>Ortho Pro Profiled</i> (iii) <i>Ortho Pro Spring</i> (iv) <i>Star Gold</i>	<i>Sleepwell</i>
<i>LSP</i>	(i) <i>Cheer</i> (ii) <i>Utsav 2.0</i> (iii) <i>Utsav 1.0 (foam and coir)</i>	<i>Sleepwell</i>
<i>Basic Range</i>	(i) <i>Aakash (foam and coir)</i> (ii) <i>Vayu</i> (iii) <i>Prithvi</i>	<i>Sleepwell</i>

Provided below are brief descriptions of our mattress range.

#### *Luxury Range*

Our *Luxury Range* of mattresses are for the premium mattress segment and use different specialized foams, such as *Sleepwell Nexa*, natural latex and impression foam for greater air circulation, minimum partner disturbance and enhanced contour support. Premium knitted fabric and engineered side wall technology are also used to provide durability and smooth texture on both sides and top. Our *Luxury Range* mattresses are available in thickness levels of 150 mm to 225 mm and can be customized to fit all standard bed sizes.



### *Back Support Range*

Our *Back Support Range* of mattresses are profiled with three zones with special contouring for even pressure distribution and improved ventilation. *Back Support Range* of mattresses provide spine support with an enhanced plush top feel and medium soft feel. Our *Back Support Range* of mattresses are available in thickness levels of 125 mm to 200 mm and can be customized to fit standard bed sizes.

### *Revital Range*

Our *Revital Range* of mattresses have three layers of foam for a desired blend of bounce and softness, with exceptional pressure point relief. *Revital Range* of mattresses have a gentle feel and firm edge support with contour hugging. Our *Revital Range* of mattresses are available in thickness levels of 125 mm to 200 mm and can be customized to fit standard bed sizes.

### *GenX Range*

Our *GenX Range* of mattresses are high-value memory foam mattresses with even pressure distribution for cushion like comfort. Airmesh fabric is stitched to our *GenX* mattresses that supports ventilation with contour hugging, improved bounce and enhanced support. Our *GenX Range* of mattresses are available in thickness levels of 125 mm to 200 mm and can be customized to fit all standard bed sizes.

### *Spring Range*

Our *Spring Range* of mattresses are layered with pocket spring and memory foam. Our *Spring Range* of mattresses are high-value spring mattresses with added bounce and movement support for responsive luxurious comfort, enhanced support to minimize partner disturbance. Our *Spring Range* of mattresses are available in thickness levels of 150 mm to 200 mm and can be customized to fit standard bed sizes.

### *Durafirm Range*

Our *Durafirm Range* of mattresses are intended for ortho care and pain free sleep with a gentle feel and comfortable firm back support. *Durafirm Range* mattresses evenly distribute pressure throughout the body, which enhances deep sleep. Our *Durafirm Range* of mattresses are available in thickness levels of 115 mm to 150 mm and can be customized to fit standard bed sizes.

### *Omni Range*

Our *Omni Range* includes PU Foam and spring mattresses. Our *Omni Range* of mattresses relaxes the muscles and are designed for accurate pressure relief and to enhance air circulation in the mattress. *Omni Range* mattresses have a dual tone fabric. The light tone denotes a gentle feel and the dark tone denotes a firm feel. Our *Omni Range* of mattresses are available in thickness levels of 125 mm to 200 mm and can be customized to fit standard bed sizes.

### *LSP Range (Low Selling Price)*

Our *LSP Range* includes *Cheer* mattresses made with Resitec and Rebonded foam for a supportive and responsive feel. Our *Utsav 2.0* mattresses provide a soft resitec cushy comfort with gentle bounce and hard PU Foam to offer firm body support. Our *Utsav 1.0* mattresses have a medium firm feel and provide optimal body support and a comfortable bounce. Our *LSP Range* of mattresses are available in thickness levels of 100 mm to 200 mm and can be customized to fit standard bed sizes.

### *Basic Range*

Our *Basic Range* of mattresses cater to the destitute segment of the population, who want branded mattresses at a low price with warranty. *Basic Range* mattresses are made of EPE layered sheet for comfort sleep. Our *Basic Range* of mattresses are available in thickness of 100 mm to 150 mm and can be customized to fit standard bed sizes.

## ***Furniture foam***

Provided below is a snapshot of our furniture foam products.

<b>Product</b>	<b>Sub-product lines</b>	<b>Branding</b>
Resitec Neo-HR	(i) <i>Adore Neo</i> (ii) <i>Embrace Neo</i> (iii) <i>Royalty Neo</i> (iv) <i>Senses Neo</i>	<i>Sleepwell</i>
Prosofa	(i) <i>Prosofa</i> (ii) <i>Prosofa Latex Plus</i>	<i>Sleepwell</i>
Primo	(i) <i>Primo Satin</i> (ii) <i>Primo Velvet</i>	<i>Sleepwell</i>
Primo Cool	(i) <i>28D, 32D, 40D, 50D</i> (ii) <i>Memory</i>	<i>Sleepwell</i>
Feather Foam	(i) <i>SSF</i> (ii) <i>SSF-HD</i> (iii) <i>28D, 32D, 40D, 50D</i>	<i>Feather Foam</i>

Provided below are brief descriptions of our furniture foam product range.

We offer furniture cushioning through our *Resitec Neo*, *Prosofa* and *Primo Cool* ranges. Our *Resitec Neo* range of furniture cushioning is available in *Adore Neo*, *Embrace Neo*, *Royalty Neo* and *Senses Neo* variants, which are typically composed of higher resilience PU Foam which provide personalised comfort for an enhanced experience. Our *Sleepwell Resitec* range incorporates Neem Fresche, which is designed to ensure health and hygiene by preventing the breeding of dust mites, bacteria and allergens.

Our *Sleepwell Primo Cool* range of furniture cushioning is comprised of *28D*, *32D*, *40D*, *50D* and *Memory* variants. *Primo Cool* cushioning material is equipped with cool gel technology, which is designed to dissipate heat easily and offer cooling. *Primo Satin* and *Primo Velvet* variants are designed to provide comfort and support. The *Primo Satin* variant is characterised by a soft feel and the *Primo Velvet* variant is characterized by a super-soft feel.

### ***Feather Foam***

Our *Feather Foam* range of furniture cushioning is pure foam and designed to regain its size and strength for longer periods of time. *Feather Foam* cushioning material is treated with unique SANtech treatment, an advanced technology, which enhances the firmness and breathability of the material to provide improved comfort and support. *Feather Foam* is also equipped with pinhole-free technology that increases its durability of the material and provides better airflow.

### ***Comfort foam and home comfort products***

Comfort foam and home comfort products are industrial grade products that find their applications in the manufacture of mattresses, sofas and home accessories, including furniture cushions, mattress protectors and pillows. The table below sets forth a summary of our comfort foam and home comfort products.

<b>Product</b>	<b>Sub-product lines</b>	<b>Branding</b>
Comfort Foam	(i) <i>Foam Sheets</i> (ii) <i>Foam Blocks</i> (iii) <i>Foam cores</i>	-
Pillows	<b>PU Foam</b> (i) <i>Nexa Pillows</i> (ii) <i>Naturalle Pillows</i> (iii) <i>Impressions Pillows</i> (iv) <i>Norma</i> (v) <i>Breeze</i> <b>Fibre Pillow</b> (i) <i>Senses</i> (ii) <i>Cloud</i> (iii) <i>Umang</i> (iv) <i>Breeze</i> (v) <i>Venus</i>	<i>Sleepwell / Feather Foam / Starlite</i>

Product	Sub-product lines	Branding
Bed sets	(i) <i>Luxia</i> (ii) <i>Satinelle</i> (iii) <i>Comforelle</i> (iv) <i>Playground</i> (v) <i>Splende</i> (vi) <i>Pillow cover set</i>	<i>Sleepwell</i>
Bedsheet	(i) <i>Abundance</i> (ii) <i>Prudence</i> (iii) <i>Sonora</i>	<i>Sleepwell</i>
Blankets	(i) <i>Rexia</i> (ii) <i>Luxia</i> (iii) <i>Satinelle</i> (iv) <i>Splende</i> (v) <i>Perluxe</i> (vi) <i>Playground</i>	<i>Sleepwell</i>
Protector	(i) <i>Fibre Mattress Protector</i>	<i>Sleepwell</i>
Sofa 'N' Beds	(i) <i>Double Seater</i> (ii) <i>Single Seater</i>	<i>Sleepwell</i>
Back Cushion and Bolsters	(i) Back Cushion- Flexi PUF / Fibre Bolsters – Flexi PUF / Fibre	<i>Sleepwell / Feather Foam / Starlite</i>

Provided below are brief descriptions of our key comfort foam and home comfort product range.

*Pillows.* We manufacture both PU Foam pillows and fibre pillows. Our PU Foam pillows have ergonomic dual height design for head and neck comfort, a gentle responsive feel and evenly distribute pressure for optimum comfort. Fibre Pillows have an extra soft and fluffy feel for superior neck support.

*Bed sets.* Bed sets are the combination of a bedsheet with a comforter, dohar or duvet cover (comforter cover). The intent is for the same colour and design to apply across all components on the bed. Bed sets provide a complete package to the consumer and enhance home decor.

*Bedsheet.* Our bedsheet ranges are available in queen and king sizes.

*Blankets.* We offer blankets under *Sleepwell* as both, winter blankets and all seasons' blankets. Our blankets are available in single and double sizes.

*Protector.* Mattress protectors are designed to cover the mattress to protect against moisture, accident spills, stains and bed bug bites. Mattress protectors also increase the life of the mattress.

*Sofa 'N' Beds.* We offer double and single seater sofa beds made of high-quality PU Foam under *Sleepwell*. Our Sofa 'N' Beds are easy to handle, foldable, optimize space and can be used as a sofa or bed.

*Back Cushion and Bolsters.* Our back cushions and bolsters are manufactured using PU Foam and fibre material. Our back cushions and bolsters are designed to provide uniform support to the head and back.

*Comfort Foams.* We also manufacture various grades of commercial PU Foam sheets and blocks. These sheets are primarily in the nature of PU Foam that are marketed, through our existing distribution channels, to end-manufacturers of mattresses, bedding materials, home furniture, upholstery, rugs, quilting materials and ottomans. Some of the brands under which we sell PU Foam sheets include *Splash, Mystiq, Rainbow, Flexituf, Champion* and *Indigo*, which vary in terms of thickness, density and grade.

### Technical grade PU Foam

Our technical PU Foam products are used in various industries, including home furnishings, automobile seating, apparel and accessories, auditoriums and hospital beds.

Provided below is a snapshot of our principal technical PU Foam products.

Products	Product lines	End-use industries/applications
Automotive foams	Polyester foam Poly-ether foam	(i) Seat covers (ii) Sound absorption systems (iii) Sun visors (iv) Headliners

Products	Product lines	End-use industries/applications
		(v) Door trims (vi) Lamination systems
Reticulated foams	Ester-based foam Ether-based foam	(i) Filtration system (oil and air filter) (ii) Ceramic foam filters (iii) Outdoor furniture (iv) Microphones and headphones (v) Safety fuel tanks (vi) Ink cartridges
Ultra-Violet Stable foams	—	(i) Sportswear (ii) Innerwear and lingerie (iii) Clothing (iv) Swimwear (v) Comfort accessories for shoes
Silentech foams	Ester-based PU Foam	(i) Sound-proofing systems (ii) Automotive (iii) Diesel generator canopies (iv) Theatres, auditoriums, indoor stadiums (v) Broadcasting rooms and recording studios (vi) Industrial silencers (vii) Acoustic enclosures (viii) Engine testing rooms (ix) Overdeck and underdeck insulations

Provided below are brief descriptions of our technical foam grades.

#### *Automotive Foams*

We manufacture various grades of automotive foams, which comprise polyester and poly-ether based foams characterised by a regular and fine cell structure. As these foams have higher mechanical strength, they remain typically unaffected by additives such as organic solvents and petroleum. Further, these foams are also ideal for flame and glue lamination with normal textiles or leather and are easily printable. We sell automotive foams primarily for end-use by auto component manufactures for production of seat covers, sound and vibration absorption systems, sun visors, headliners and automobile door trims.

#### *Reticulated Foams*

We manufacture various grades of reticulated foams, which comprise ether and ester-based foams manufactured through the thermal reticulation process. Ester based reticulated foams are stable with petroleum products and are thus, uniquely suited for petroleum filtration systems. Ether based reticulated foams, on the other hand, remain unaffected by water, and therefore, are utilised for water filtration systems. We sell reticulated foams primarily for end-use by manufacturers of air, oil and water filtration systems, ceramic foam filters, safety fuel tanks, ink cartridges and outdoor furniture.

#### *Ultra-Violet Stable Foams*

We manufacture various grades of ultra violet stable foams, which are free from chlorofluorocarbons or any auxiliary blowing agents. These foams are designed to provide thermo-formability and colour stability and are therefore, suited for use in manufacture of clothing and innerwear. We sell ultra violet stable foams primarily for end-use by manufacturers of sportswear, footwear, lingerie, swimsuits and comfort accessories for shoes.

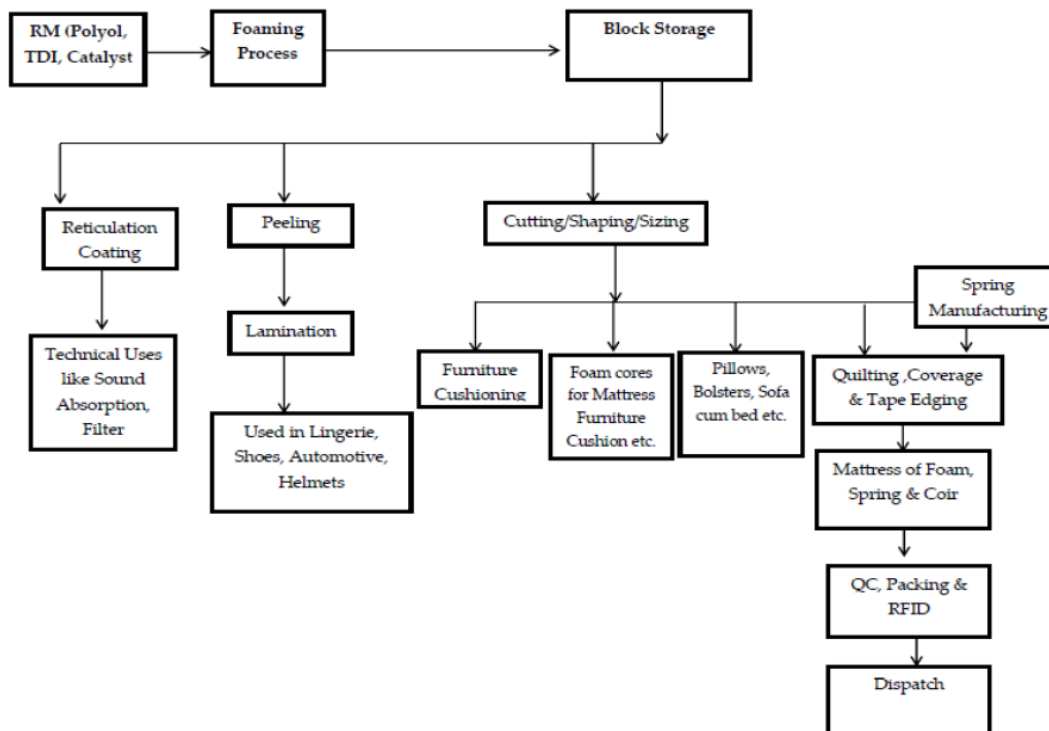
#### *Silentech foams*

We manufacture various grades of silentech foam, which are light weight ester-based PU Foams, incorporating technology which ensures lower sheet thickness and high levels of noise reduction. We sell silentech foams primarily for end-use by manufacturers of noise reduction systems and diesel generator sets. We also manufacture various grades of sound absorption foams, which are lighter weight foams that are designed to absorb low, mid and high frequencies of sound energy. These foams are utilised in applications which require fire retardancy and sound absorption. We sell sound-absorption foams primarily for end-use by manufacturers of canopies of diesel generator sets, industrial silencers, acoustic enclosures, and electronic data processing units and sound reduction applications in theatres, auditoriums, indoor stadiums and broadcasting and commentary rooms.

## Production Process

### Manufacture of PU Foam

We manufacture PU Foam through a continuous production line, whereby our key raw materials are mixed with requisite additives and converted to PU Foam, through our foaming machines, cut into requisite sizes and cured in a continuous and automated process. Set forth below is a snapshot of our production process.



### Raw material mixing

Our principal raw materials used in foam production, namely, toluene diisocyanate (“**TDI**”) and polyol are transported in drums to our manufacturing facilities on-road by tankers. These are then stored in insulated cylindrical tanks which maintain a constant temperature of around 22 degrees Celsius. The PU Foam production process commences when TDI and polyol added with blowing agents and additives are pumped from these storage tanks to a common mixing chamber. An impeller driven by a fast-rotating motor is installed in the mixer to aid dispersion.

### Foam forming and settling

The blowing agents create a foaming effect into the raw material mixture, as a result of which, the reacting mixture expands rapidly after exiting the mixer. Since the mixture is still in liquid form when pumped to the settling chamber, it readily assumes the shape of the foaming chamber. The foam gradually solidifies when travelling up the settling chamber, a process facilitated by a paper conveyor. It takes approximately 10 minutes for foam to travel through the foaming chamber, by which time it hardens fully. The hardened foam is then cut into different lengths of blocks.

### Curing

Freshly formed foam blocks remain at considerably high temperature levels when transported to the foam storage area. Although the peripheral of the foam is cooled to room temperature, the centre of the block can exceed 100 degrees Celsius. Accordingly, foam blocks are required to be cured at room temperature for a period extending to at least 16 hours before it is processed further. Once foam blocks are completely cured, they are cut into smaller sizes in accordance with specifications provided by our distributors and other customers.

Given their low-density levels, foam and foam-based products are large and bear high transportation expenses. To save on freight costs, we undertake vacuum packing/compression for certain types of PU Foams. Given that they are flexible, our PU Foams reduce in size when vacuum packed, and revert to their full size when returned to normal atmospheric pressure.

### *Processing*

The production process for technical PU Foams concludes after they are cured, peeled or reticulated, cut in appropriate sizes and vacuum packed for transportation.

### *Manufacture of mattresses*

Our mattress line involves a few more steps after the manufacture of the underlying PU Foam. Once the requisite PU Foam grade is cut into appropriate mattress sizes, various grades are combined with spring and rubberised coir in accordance with the type of mattress sought to be produced. Combined foam/coir/spring layers are then tape-edged, quilted, sewn and subjected to a final quality examination, before being packaged and transported to distributors and dealers. Each stage of production is monitored by our quality assurance team to ensure conformity with our quality standards and the requirements of our customers.

### *Manufacture of technical foam products*

After the technical PU Foam blocks are cured, they are cut using the horizontal and vertical cutting machines into different sizes and shapes depending on the needs of the industries that our foam lines cater to. The cutting sheet and PU Foam blocks are then packaged and dispatched to customers.

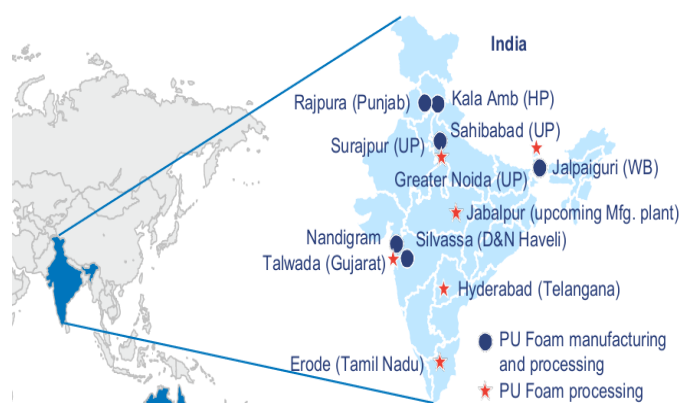
## **Manufacturing and Processing Facilities**

### *India*

We operate 11 facilities comprising manufacturing and processing units in India with a total installed production capacity of 129,000 MTPA as of June 30, 2023. These are strategically dispersed across India, in the states of Uttar Pradesh, Punjab, Himachal Pradesh, Telangana, Tamil Nadu, Gujarat, West Bengal and the union territory of Dadar and Nagar Haveli. Our Greater Noida, Hyderabad, Erode and Jalpaiguri units are equipped to produce both finished home care products and PU Foam, while our Surajpur, Kala Amb, Rajpura and Silvassa facilities are processing units, where PU Foam slabs are converted into finished comfort products, commercial PU Foam cores and technical foam. We also operate a warehouse in Sahibabad (which was earlier used to manufacture home comfort products and PU Foam).

We intend to establish a twelfth manufacturing facility near Jabalpur, Madhya Pradesh, which is expected to specialise in foaming and foam processing.

The following map sets out the location of our manufacturing facilities in India.



Our manufacturing facilities are near key distributors, dealers and exclusive retail outlets. The location of our facilities in India also provides us with significant savings in production, labour and transportation costs and helps us to utilize skilled labour and key technical personnel across all our facilities. All five of our PU Foam

manufacturing facilities located in India (Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad) are ISO 9001: 2015 certified.

We have made significant investments in establishing modern manufacturing facilities to complement our experience of over fifty years in manufacturing foam-based products. Our facilities incorporate advanced machinery and foaming equipment, such as HK foaming machines, Albrecht Baumer loopers and finishing equipment such as contour cutting machines, circular, vertical and horizontal cutting machines, tape edging technology and quilting machines which provide comprehensive foam cutting and other mattress manufacturing capabilities. All our Indian PU Foam manufacturing facilities incorporate HK technology. HK technology involves a foaming process whereby air is not introduced artificially in foaming machines, thereby resulting in creation of open cellular foam lines of higher quality. HK technology also results in production of thinner skins resulting in foam blocks of higher yield.

#### Capacity and capacity utilisation

The manufacturing capacity in our foaming units depends largely on the space required for curing, while the capacity of our finishing units is contingent on the critical capacity of finishing equipment such as loopers, horizontal and vertical cutting machines, tape edging machines, quilting and sewing machines.

Set forth below are details of installed and utilised production capacities of our foaming facilities at various locations in India.

Installed capacity as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(in MTA)</i>			
Uttar Pradesh	Greater Noida	1	60,000	60,000	60,000	60,000
Telangana	Hyderabad	1	13,000	13,000	13,000	13,000
Tamil Nadu	Erode	1	16,000	16,000	20,000	20,000
Gujrat	Talwada	1	30,000	30,000	30,000	30,000
West Bengal	Jalpaiguri	1	6,000	6,000	6,000	6,000
<b>Total</b>		<b>5</b>	<b>125,000</b>	<b>125,000</b>	<b>129,000</b>	<b>129,000</b>

\* Annualized

Actual production as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(in tons)</i>			
Uttar Pradesh	Greater Noida	1	19,797	25,006	22,189	4,560
Telangana	Hyderabad	1	5,091	5,041	3,912	806
Tamil Nadu	Erode	1	3,951	3,797	4,950	1,201
Gujrat	Talwada	1	8,874	10,989	12,909	3,236
West Bengal	Jalpaiguri	1	1,941	283	1,815	515
<b>Total</b>		<b>5</b>	<b>39,653</b>	<b>45,116</b>	<b>45,775</b>	<b>10,318</b>

\* Not annualized

Utilised capacity as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(%)</i>			
Uttar Pradesh	Greater Noida	1	33.0	41.7	37.0	7.6
Telangana	Hyderabad	1	39.2	38.8	30.1	6.2
Tamil Nadu	Erode	1	24.7	23.7	24.8	6.0
Gujrat	Talwada	1	29.6	36.6	43.0	10.8
West Bengal	Jalpaiguri	1	32.4	4.7	30.3	8.6
<b>Total</b>		<b>5</b>	<b>31.7</b>	<b>36.1</b>	<b>35.5</b>	<b>8.0</b>

\* Not annualized

For certain grades of lower density commercial PU Foam cores, the production process is outsourced to certain third parties, some of whom exclusively manufacture low density foam cores for us. These third parties purchase critical raw materials from us and resell finished foam cores to us.

## Australia

Our wholly owned subsidiary, Joyce Foam, operates five manufacturing facilities in Australia, located in key cities such as Adelaide, Canberra, Melbourne, Perth and Sydney, which are equipped to produce high-quality foam and mattress products. Of these, its facility in Sydney is engaged in manufacturing and processing PU Foam, while the other facilities are engaged in processing PU Foam (sourced from the Sydney facility). Joyce Foam's production facilities utilise advanced technological processes, including, a VPF machine which we introduced in 2010. Joyce Foam sells its products to manufacturers of comfort products, furniture, technical, industrial, and automotive components in Australia and New Zealand.

The following map sets out the location of our manufacturing facilities in Australia.



## Capacity and capacity utilisation

Set forth below are details of installed and utilised production capacities of our foaming facilities at various locations in Australia.

Installed capacity as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(in MTA)</i>			
New South Wales	Sydney	3	10,000	10,000	10,000	10,000

\* Annualized

Actual production as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(in tons)</i>			
New South Wales	Sydney	3	9,284	9,183	11,145	2,032

\* Not annualized

Utilised capacity as of						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023
			<i>(%)</i>			
New South Wales	Sydney	3	111	92	93	20

\* Not annualized

## Spain

Our subsidiary, Interplasp operates one manufacturing facility in Yecla, Spain, which is one of Europe's most cost-effective manufacturing locations. This strategic location provides a competitive advantage, therefore facilitating the development of a robust regional presence. We are expanding our production capacity in Spain to



increase our market share through our “Bed in a box” strategy for the United States market. We are tailoring our “Bed in a box” strategy to economy and premium models for online sales to customers as a differentiated product.

The following map sets out the location of our manufacturing facility in Yecla, Spain.



### *Capacity and capacity utilisation*

Set forth below are details of installed and utilised production capacities of our foaming facility in Yecla, Spain.

<b>Installed capacity as of</b>						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(in MTA)</i>			
Spain	Yecla, Spain	1	16,000	16,000	16,000	16,000

\* Annualized

<b>Actual production as of</b>						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(in tons)</i>			
Spain	Yecla, Spain	1	14,688	15,594	12,793	3,250

\* Not annualized

<b>Utilised capacity as of</b>						
State	City	No. of foam manufacturing machines	March 31, 2021	March 31, 2022	March 31, 2023	June 30, 2023*
			<i>(%)</i>			
Spain	Yecla, Spain	1	92	97	80	20

\* Not annualized

### ***Upcoming Manufacturing Facilities***

We are currently in the process of setting up a new Australian manufacturing facility in Adelaide, South Australia and a new Indian manufacturing facility near Jabalpur, Madhya Pradesh. These upcoming manufacturing facilities seek to expand the Company’s current market share in Australia and India. The new manufacturing facility near Jabalpur is expected to specialise in foaming and foam processing and to use VPF technology to manufacture specialty grades of foam, such as for use as railway berths, quilting and moulded pillows.

The upcoming manufacturing facility in Adelaide is expected to manufacture PU Foam for our customers based in Adelaide and Victoria in Australia. The new manufacturing facility is expected to manufacture PU Foam using VPF technology, with a manufacturing capacity of 5,000 MTPA.

### **Research and development**

As of June 30, 2023, we have a dedicated research and development team at our manufacturing facility in Greater Noida to support our product development and process development activities. Our research and development team continuously focuses on introducing new products in the market to cater to evolving consumer trends and

preferences. We believe that our research and development abilities are critical in maintaining our competitive position in the industry.

Our research and development efforts have resulted in our evolving niche products and advanced production lines. For example, we are commissioning a VPF machine in our upcoming facility near Jabalpur to manufacture foam in an environmental-friendly manner and improve the performance, quality and efficiency of foam production. VPF technology involves continuous foaming in an air-tight environment to produce flexible, higher performing and durable PU Foam under controlled atmospheric conditions. Additionally, our award-winning initiative of incorporating RFID micro-chips in mattresses helps differentiate our products from counterfeits and ensures tracking of *Sleepwell* sales. RFID micro-chips also enable us to monitor the prices of our products and prevent over or under-pricing of our products. Our “Zero Turn” technology ensures mattresses do not require periodic turning to avoid sagging. Our visco-elastic temperature sensitive grades of PU Foam are specifically designed to reduce stress, ensure correct sleep posture and improving blood circulation. We have, over the years, also introduced “cool gel” technology which is designed to keep furniture-cushion surfaces within a pleasant temperature range; economic HR foams that provide high resilience; and “Silentech” foam, a technical grade PU Foam, thin sheets of which achieve high noise reduction. Furthermore, our “Neem fresche” technology seeks to protect our consumers from breathing disorders and various allergies, such as dust mites.

### **Quality assurance and certifications**

We believe in adhering to the highest standards of quality for our products, by having a well-defined quality management system. We exercise stringent prevention-based quality control checks consisting of incoming, process and outgoing quality controls. We undertake stringent checks on every finished comfort product, commercial foam core and technical PU Foam grade at laboratories at our manufacturing facilities (or in recognised third party laboratories) prior to it being packed to ensure that no defective/damaged products are delivered to our distributors, dealers and manufacturers. Our internal systems are established to take corrective and preventive actions in the event of any non-adherence of our products to our quality standards. We have hired employees to monitor the quality of our products. All five of our PU Foam manufacturing facilities located in India (Greater Noida, Talwada, Jalpaiguri, Erode and Hyderabad) are also ISO 9001: 2015 certified.

### **Product guarantees and warranties**

We provide a set of guarantees and warranties on our products sold through our authorised dealers. Guarantee benefits are available to end-customers who register their purchases through the authorised dealer from who they purchase our products, and cover product damage arising from sagging, crumbling and natural disintegration. Our guarantees and warranties are typically either in the nature of replacement guarantees, whereby, we undertake to replace a damaged product by an equivalent or higher value substitute within the initial guarantee period, or pro-rata money-back guarantees, whereby, after the expiry of the replacement guarantee period, a pro-rated amount (based on the original purchase price and the year in which the guarantee is invoked) is refunded to the relevant customer. We also provide warranties for product defects, typically for a period of up to ten years, whereby our customers receive credit equivalent to the warranty settlement value of a damaged product for the purchase of a new product.

### **Raw materials**

The principal raw materials used by us for manufacturing PU Foam are TDI, polyols and additives. Further, the principal raw material used by us in the production of home care products is PU Foam, manufactured in-house at our foam manufacturing facilities.

PU Foam is produced by reacting polyols and diisocyanates, which are often derived from crude oil. The main diisocyanate used in the production of flexible PU Foam is TDI. Some foams, such as visco-elastic or memory foams, can be made with methylene diphenyl diisocyanate. When mixed with polyols, which are long alcoxyether chains, these chemicals form the building blocks of polyurethane. Depending on the foam specifications to be produced, the diisocyanates and the polyols are mixed with other substances, such as additives, catalysts, colorants and water/ carbon dioxide. In some instances, such as when required by local legislation, flame retardants are added to formulations to increase the fire resistance of PU Foam. Spontaneous ignition is not possible for flexible foams under normal operating temperature.

The tables below set forth the cost of raw materials for the periods indicated:

	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	Cost of raw materials as a % of total expenses	Amount (₹ million)	Cost of raw materials as a % of total expenses	Amount (₹ million)	Cost of raw materials as a % of total expenses	Amount (₹ million)	Cost of raw materials as a % of total expenses	Amount (₹ million)	Cost of raw materials as a % of total expenses
<b>Cost of raw materials (including packaging)</b>	13,673.54	63.20%	18,332.50	69.22%	16,183.04	60.23%	4,330.29	65.58%	3,539.68	59.19%

We source polyols and TDIs from local as well as overseas suppliers at prices that are typically fixed monthly. Most of our suppliers typically extend credit to us for a period ranging from 60 to 90 days. While the prices of our raw materials are largely driven by market forces, our historical presence in the PU Foam business enables us source raw materials at competitive prices.

The tables below set forth the cost of imported raw materials, for the periods indicated:

	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2022		Three months ended June 30, 2023	
	Amount (₹ million)	Cost of imported raw materials as a % of total raw material cost	Amount (₹ million)	Cost of imported raw materials as a % of total raw material cost	Amount (₹ million)	Cost of imported raw materials as a % of total raw material cost	Amount (₹ million)	Cost of imported raw materials as a % of total raw material cost	Amount (₹ million)	Cost of imported raw materials as a % of total raw material cost
<b>Cost of imported raw materials</b>	1,487.69	10.88%	1,711.55	9.34%	1,536.61	9.50%	581.84	13.44%	504.83	14.26%

## Utilities

Our manufacturing operations require a limited amount of power and water. We have solar panels installed in all of our manufacturing facilities in India (Greater Noida, Kalaamb, Erode, Hyderabad and Jalpaiguri) and Spain and we rely on solar power for our power requirements. Our solar power is supplemented by state electricity supply and we use diesel generators to meet exigencies to ensure that our facilities are operational during power failures. Our diesel generator sets operate on dual fuel mode, which is environmentally friendly and helps to reduce carbon emissions. The power supply systems at our facilities are equipped with feeder connections to ensure the continuous availability of power. To meet our water requirements for foaming and other purposes, we consume water supplied to us by municipal corporations or available through borewells.

## Sales, marketing and distribution

### *Distribution*

We have built a geographically dispersed and robust sales and distribution network over five decades of operational experience. Most of our distributors have been associated with us for more than 20 years. We sell our home care products through an extensive distribution network that consists, as of June 30, 2023 of more than 5,700 EBOs and 7,800 MBOs and 127 channel partners. We engage exclusive distributors, who typically operate in strategic proximity to our manufacturing and finishing facilities to resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* branded outlets on a franchisee basis or in multi-branded retail outlets. Exclusive *Sleepwell* branded outlets comprised, as of June 30, 2023, of 421 *Sleepwell Worlds* (large sized stores) 1,075 *Sleepwell Galleries* (medium sized stores) and 1,104 *Sleepwell Shoppes* (small sized stores). In respect of our business of manufacture of commercial PU Foam cores, we benefit from largely common distribution base with that of our finished home comfort products business.

Technical foam grades manufactured by us are directly sold to manufacturers who produce a diverse range of products, including mattress and furniture, automobiles seating systems, garments and sound absorption systems. We also export technical foam to manufacturers in countries in the Middle East, South Asia, and Europe and in Australia and the United States of America.

### **Sales**

We continually invest in strengthening our distributor relationships. As of June 30, 2023, we have deployed more than 200 sales personnel who actively engage with key distributors to review sales figures and discuss concerns and expectations from them. We also organise annual meetings with our distributors. We engage in periodic branding programmes with sales personnel of our distributors and dealers to ensure proper marketing and showcase of our brands. We also provide sales incentives to our dealers who sell over a certain number of our products. Additionally, we encourage high performing dealers operating smaller format *Sleepwell* outlets to upgrade the format of *Sleepwell* outlets.

We also have a dedicated sales team of employees which handles business development and relationship management for our technical foam manufacturing business. Our technical foam sales personnel visit our institutional customers periodically and deal directly with them or their representatives, and is responsible for customer addition, as well as identification and liaising with global manufacturers suitable for our technical foam grades.

### **Marketing**

Our internal sales efforts are also complemented by our marketing team which develops a separate marketing and distribution strategy for each of our product lines and engages in several marketing and promotional activities to promote our brands and increase our sales volumes. Our promotional activities include advertising campaigns on TV and print media, sponsorships of sporting events and participation in trade shows to raise brand awareness and drive sales. We are also constantly expanding our below-the-line marketing efforts for our legacy brands, such as *Sleepwell*, including in-store promotions, product demonstrations and direct mail campaigns. Our marketing efforts are further enhanced by our digital marketing initiatives. We have a strong online presence through our website, social media pages and e-commerce platforms. For example, our brands *Sleep X* and *Sleepwell* which are available on our e-commerce platforms, offer a collection of durable, high-quality mattresses for enhanced back support and comfort, which caters to the changing buying habits and lifestyles of youth.

### **International Business**

#### ***Australia***

To diversify into international markets, we acquired the PU Foam and polystyrene manufacturing business of three Australian companies, namely, Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Limited through Joyce Foam, our wholly owned Australian subsidiary in 2005. Joyce Foam operates production facilities in Adelaide, Canberra, Melbourne, Perth and Sydney, and specialises in the manufacture of numerous grades of comfort PU Foams used primarily in the manufacture of mattresses and has products catering to industries such as, furniture, medical, industrial, industrial automotive and polystyrene.

Joyce Foam's technical grade foam lines include soft foams such as *Quiltec* and *Viscoform*, that are designed to eliminate body impressions and increase airflow, *Econofoams* that are lower density bedding foams that are manufactured using variable foaming technology, *Premium Comfort* foams which are heavier foams envisaged to ensure longevity, *Ultimate Comfort* and *Indulgence Comfort* foams, which are high resilience foams that provide long-term comfort and deep down support, and *HealthGuard* foams, that provide protection for consumers by eliminating dust mites, moulds and bacteria. All comfort foams are protected by *CompriShield*, which prevents dust mites, moulds and bacteria. *CompriShield* is a sustainable, bio-based microbial control solution derived from coconut oil. All foams used in Joyce Foam's comfort foam lines are infused with *CompriShield* during the manufacturing process as it provides persistent antibacterial odour protection and mould and mildew resistance.

Industrial foams produced by Joyce Foam include acoustic foam that reduces noise barriers and provides smoother frequency responses to bass sounds, and *Flame Laminated* foams that are utilised in automobile seats and carpets. Joyce Foam also manufactures a line of foams that are utilised primarily in the medical industry, and are characterised by ventilation layers to promote cooling and airflow, support rails, contoured foot sections for ventilation and zoning of the lower body and thermally activated visco-elastic top layer moulds to patient shape

for added comfort and support. Additionally, Joyce Foam manufactures reticulated foam, a uniquely manufactured foam line manufactured in specially designed reticulation chambers, having a wide range of applications in vacuum and air conditioning filters, a sound absorption system in microphones, hospital grade foams, make-up applicators, face masks and lint free wiper pads. Additionally, Joyce also produces polystyrene foam grades, that are primarily used as insulation materials in energy-efficient buildings and refrigerated cool rooms and the packaging of food products.

As of June 30, 2023, Joyce Foam employed 154 personnel.

In Fiscals 2021, 2022, 2023 and the three months ended June 30, 2022 and June 30, 2023, Joyce Foam Pty Ltd contributed ₹4,134.09 million, ₹4,295.22 million, ₹4,379.25 million, ₹1,084.26 million and ₹1,001.77 million, respectively, to our consolidated operational revenues, which aggregated to 16.98 %, 14.99 %, 15.24%, 15.47% and 15.53%, respectively of our total audited consolidated operational revenues for such periods.

### ***Spain***

To further strengthen our global manufacturing footprint, we acquired Interplasp in 2019. Interplasp's manufacturing facility is located in Yecla, Spain, which is 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. Interplasp specialises in the manufacture of flexible polyurethane foam blocks and produces five types of PU Foams. It is a EUROPUR (European Association of Flexible Polyurethane Foam Blocks Manufacturers) member and has the Innovative Company and the Quality OEKO-TEX Standard 100 stamps.

Interplasp had an installed production capacity of 16,000 tons of foam manufacturing as of March 31, 2023 and in Fiscals 2021, 2022 and 2023, produced 14,688 tons, 15,594 tons and 12,793 tons of foam, respectively.

In Fiscals 2021, 2022, 2023 and the three months ended June 30, 2022 and June 30, 2023, Interplasp contributed ₹3,359.15 million, ₹4,300.26 million, ₹3,954.42 million, ₹1,045.81 million and ₹876.66 million, respectively, to our consolidated operational revenues, which aggregated to 13.79%, 15.01%, 13.76%, 14.93% and 13.59%, respectively of our total audited consolidated operational revenues for such periods.

### **Employees**

As of June 30, 2023, we had more than 2,800 permanent employees in India, Australia and Spain, engaged across various operational and business divisions of our Company, including our Business Planning and Strategy, Finance and Accounts, Human Resources, Marketing and Sales and Operations and Information Technology divisions. In addition, we had more than 800 employees engaged through contract labour as of June 30, 2023. Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We are also committed to an empowering environment that motivates and facilitates growth and rewards contribution. Various welfare measures have also been implemented by us including provision of medical and health benefits to our employees and group insurance policies. Except for our employees at our manufacturing facility in Hyderabad, India, our employees are not affiliated to any trade union.

We also engage several contract labourers to facilitate our operations in our manufacturing facilities in India, and Australia. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the respective governments.

### **Competition**

#### ***India***

The mattresses, home comfort products and foam industries in India are competitive and fragmented, and dominated by a large presence of unorganised players. While our *Sleepwell* branded mattresses are among the leading modern mattress brands in India, we face competition in our home comfort products business from other organised manufacturers and brands such as Duroflex, Wakefit and Peps Industries, as well as various unorganised brands running smaller scale operations in our markets (*Source: Technopak Report*). We believe that the recall of our brand, our extensive range of products and robust sales and distribution network set us apart from our competition. Specifically, our *Sleepwell* brand is as a renowned household brand across India. We had a market share of 13% in the west, 14% in the south, 15% in the east, and 31% in the north (based on value in Fiscal 2023) in the modern mattress segment in India (*Source: Technopak Report*).

## Australia

In Australia, Joyce Foam competes with other Australian companies and entities with international operations that manufacture and sell PU Foam. The Australian market is mature and highly competitive. While Joyce Foam competes with Dunlop Foam and FoamCo Industries, it aims to differentiate its products through strategic relationships and value addition in areas such as product innovation, higher quality service, performance, and environmental credentials (*Source: Technopak Report*).

## Spain

In Spain, Interplasp competes with other European companies and entities with international operations that manufacture and sell PU Foam. Due to its location in Europe, Interplasp also competes with entities in Portugal with its primary competitor being Flex 2000 Limited, which is located in Ovar, Portugal (*Source: Technopak Report*).

## Intellectual Property

We have registered certain business names and logos as trademarks under various classes with the Registrar of Trademarks in India under the Trade Marks Act, 1999. Most of our trademarks are registered in the name of Sheela Foam Private Limited or Sleepwell Enterprises Private Limited, our Subsidiary.

The table below sets forth details of some of our trademarks:

Registration status	Proprietor	Trademarks
Registered	Our Company	<ul style="list-style-type: none"><li>• “Feather Foam”</li><li>• “Bestec”</li></ul>
Registered	Sleepwell Enterprises Private Limited	<ul style="list-style-type: none"><li>• “Sleepwell”</li><li>• “Sleep X”</li></ul>

In addition to our registered trademarks, we also licence certain trademarks pursuant to a license agreement, in lieu of payment of annual license fees. Such trademarks were unregistered as of June 30, 2023.

We have also obtained copyright registration over three works, including for the text of our vision statement.

## Insurance

We maintain insurance policies in respect of our business, operations, products and workforce. We have obtained industrial all risk policies in respect of the buildings, plant and machinery, stocks of goods and office equipment in our manufacturing and storage facilities. We maintain fire and perils insurance for the fit-outs provided in exclusive *Sleepwell* branded outlets. We also maintain transit insurance that covers transport of critical raw materials and finished products and cash insurance policies that cover cash in transit and at our offices. In respect of our workforce, we maintain medical group insurance policies that cover various medical and emergency services for our employees and travel insurance policies for certain directors. We also maintain public liability policies that cover personal injury and property damage to third parties.

## Corporate Social Responsibility

We established Sleepwell Foundation in 2001 as a not-for-profit entity, which is engaged in a wide range of corporate social responsibility initiatives, including in programmes involving education, skill development, wellness and cleanliness. In Fiscal 2023, we collaborated with various organisations to host the Wellness Conclave. We also partnered with renowned senior journalist and media personality, to produce “Sleepwell Foundation Presents Zindagi with Richa”, an inspirational film series featuring real-life stories. Our Sleepwell Foundation conducts emotional wellness and skill development workshops, with the aim to make a difference in the lives of the youth in India. Specifically, the Sleepwell Foundation has been promoting proactive emotional wellness through online and offline workshops, conclaves, counselling and social media awareness programs on various topics for students and teachers. To equip youth in rural areas with the required skill sets and knowledge to make them “job-ready”, the Sleepwell Foundation has set up a Skill Development Centre in Village Mirpur, Khurja, Uttar Pradesh, where underprivileged youth are trained in computer, fashion design, English and paramedical courses. The Skill Development Centre also includes the Col. Gautam Academy for Armed Forces, which is a physical and classroom training centre for rural youth aspiring to join the armed forces, paramilitary

forces, police force and other allied services. To conduct these activities, the Sleepwell Foundation has partnered with various NGOs, government agencies, industry bodies, schools and colleges.

In Fiscal 2023, we also undertook several corporate social responsibility initiatives near our manufacturing facilities. These initiatives included constructing toilet blocks in schools near our Jabalpur and Hyderabad manufacturing facilities, constructing a prayer hall in a school near our Talwada manufacturing facility and providing free skill development programmes for the youth of Jewar (Uttar Pradesh) at the Skill Development Centre in Khurja. These initiatives were designed to enhance amenities and infrastructure within local schools and villages, benefiting thousands of people. We are committed, through digital technology, to broaden our reach and raise awareness and promote proactive emotional wellness.

The table below sets forth a breakdown of the amount spent on corporate social responsibility initiatives (on a consolidated basis), for the periods indicated:

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Three months ended June 30, 2022	Three months ended June 30, 2023
	<i>Amount (₹ million)</i>				
<b>Amount spent on corporate social responsibility initiatives</b>	48.96	45.75	52.30	7.41	14.21

### Properties

Our registered office is located at 604 Ashadeep, 9 Hailey Road, New Delhi, which is owned by us. Additionally, our 11 facilities comprising manufacturing and processing units are located on land that is either owned by us or leased by us on a long-term basis (typically for periods ranging from three to 99 years) from state industrial development utilities. Our five manufacturing facilities in Australia are located on land that is leased to us and our one manufacturing facility in Spain is located on land that is owned by us.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Company shall not have less than three Directors and more than fifteen Directors, provided that our Company may appoint a director in excess of the limit provided by passing a special resolution. As of the date of this Preliminary Placement Document, our Company has nine Directors, of which four are Executive Directors and five are Independent Directors. Our Board also has two women Directors (which includes one Independent Director).

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding our Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, our Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling-off period of three years prior to re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by our Shareholders through a special resolution.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

S. No.	Name, Date of Birth, Address, Occupation, Nationality Term and DIN	Age	Designation
1.	<p><b>Rahul Gautam</b></p> <p><i>Date of Birth:</i> November 18, 1952</p> <p><i>Address:</i> E-3, Asola Homes, New Raj Vidya Kender Fatehpur Beri, Hauz Khas, South Delhi, Delhi -110074</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Reappointed with effect from April 1, 2022 till March 31, 2027 for a period of five years and not liable to retire by rotation</p> <p><i>DIN:</i> 00192999</p>	70 years	Chairman and Managing Director
2.	<p><b>Namita Gautam</b></p> <p><i>Date of Birth:</i> July 17, 1953</p> <p><i>Address:</i> E-3, Asola Homes, New Raj Vidya Kender Fatehpur Beri, Hauz Khas, South Delhi, Delhi -110074</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Reappointed with effect from April 1, 2022, till March 31, 2027 for a period of five years and liable to retire by rotation</p> <p><i>DIN:</i> 00190463</p>	70 years	Whole-time Director
3.	<p><b>Rakesh Chahar</b></p> <p><i>Date of Birth:</i> December 15, 1964</p> <p><i>Address:</i> C 648, First Floor, New Friends Colony, New Delhi-110065</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p>	58 years	Whole-time Director



S. No.	Name, Date of Birth, Address, Occupation, Nationality Term and DIN	Age	Designation
	<p><b>Term:</b> Reappointed with effect from April 1, 2022 till March 31, 2027 for a period of five years and liable to retire by rotation</p> <p><b>DIN:</b> 00180587</p>		
4.	<p><b>Tushaar Gautam</b></p> <p><b>Date of Birth:</b> May 21, 1978</p> <p><b>Address:</b> E-3, Asola Homes, New Raj Vidya Kender Fatehpur Beri, Hauz Khas, South Delhi, Delhi -110074</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Reappointed with effect from April 1, 2022 till March 31, 2027 for a period of five years liable to retirement by rotation</p> <p><b>DIN:</b> 01646487</p>	45 years	Whole-time Director
5.	<p><b>Som Mittal</b></p> <p><b>Date of Birth:</b> February 7, 1952</p> <p><b>Address:</b> D-330, D- Block, Sector 47, Noida- 201303</p> <p><b>Occupation:</b> Strategic Consultant and Advisor</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Reappointed with effect from June 7, 2021 for a period of five years* till June 6, 2026 and not liable to retire by rotation</p> <p><b>DIN:</b> 00074842</p>	71 years	Independent Director
6.	<p><b>Ravindra Dhariwal</b></p> <p><b>Date of Birth:</b> September 11, 1952</p> <p><b>Address:</b> Behind Radha Swami Satsang, Asola Village Aashray Farm, Sub Post Office S.P. School, Bhatti Mines Asola Village, South Delhi, Delhi-110030</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Reappointed with effect from June 7, 2021 for a period of five years till June 6, 2026 and not liable to retire by rotation</p> <p><b>DIN:</b> 00003922</p>	71 years	Independent Director
7.	<p><b>Anil Tandon</b></p> <p><b>Date of Birth:</b> September 2, 1952</p> <p><b>Address:</b> House No. 407/9, Heritage City, Mehrauli Road, Gurgaon, Haryana- 122001</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p>	71 years	Independent Director

S. No.	Name, Date of Birth, Address, Occupation, Nationality Term and DIN	Age	Designation
	<i>Term:</i> Reappointed with effect from June 7, 2021 for a period of five years <sup>#</sup> till June 6, 2026 and not liable to retire by rotation <i>DIN:</i> 00089404		
8.	<b>Vijay Kumar Ahluwalia</b> <i>Date of Birth:</i> February 2, 1952 <i>Address:</i> AWHO Flat No.504 Sispal Vihar Sohna Road, Near South City 2, Sector 49, Gurgaon, Haryana- 122018 <i>Occupation:</i> Retd. Army Officer (Lt. General) <i>Nationality:</i> Indian <i>Term:</i> Reappointed with effect from March 5, 2021 for a period of five years <sup>#</sup> till March 4, 2026 and not liable to retire by rotation <i>DIN:</i> 08078092	71 years	Independent Director
9.	<b>Meena Jagtiani</b> <i>Date of Birth:</i> December 13, 1965 <i>Address:</i> 18, Diamond Apartment, 24 Mount Mary Road Bandra West, Mumbai, Maharashtra- 400050 <i>Occupation:</i> Advisory Service <i>Nationality:</i> Indian <i>Term:</i> Reappointed with effect from April 08, 2022 for a period of five year <sup>#</sup> till April 07, 2027 and not liable to retire by rotation <i>DIN:</i> 08396893	57 years	Independent Director

<sup>\*</sup> Reappointed for a term of four years which was subsequently increased to five years pursuant to a shareholders' resolution dated August 18, 2022.

<sup>#</sup> Reappointed for a term of three years which was subsequently increased to five years pursuant to a shareholders' resolution dated August 18, 2022.

### Relationship with other Directors

Except as stated below, none of our Directors are related to each other.

Name of the Directors	Relationship
Rahul Gautam and Namita Gautam	Husband and wife
Namita Gautam and Tushaar Gautam	Mother and son
Rahul Gautam and Tushaar Gautam	Father and son

### Borrowing powers of our Board

In accordance with the Articles of Association, our Board of Directors has been empowered to borrow funds in accordance with applicable law. Pursuant to the resolution dated February 16, 2023, passed by our Shareholders, our Board is authorized to borrow any sum or sums of money for and on behalf of our Company, from time to time provided that such or sums of monies so borrowed together with monies, if any, already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up share capital of our Company and its free reserves provided further that total amount up to which monies may be borrowed shall not exceed ₹ 35,000 million, at any time. Our borrowing limits may be changed from time to time, subject to approval of the Board and our Shareholders.

## Interests of the Directors

All the Directors may be deemed to be interested to the extent of their shareholding, remuneration and fees payable to them for attending meetings of our Board or committees thereof, as well as to the extent of reimbursement of expenses, and the whole-time Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Except for Rahul Gautam and Tushaar Gautam, who are Promoters of our Company, and Namita Gautam, a member of our Promoter Group, none of our Directors have any interest in the promotion of our Company.

All of the Directors may also be regarded as interested in any Equity Shares held by them and to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by the companies, firms, HUFs, and trusts in which they are interested as directors, members, partners, karta, trustees, etc.

None of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company.

No loans have been availed by our Directors from our Company.

Except as provided in “*Related Party Transactions*” on page 53, our Company has not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Preliminary Placement Document, in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested.

## Shareholding of Directors

As per our Articles, our Directors are not required to hold any qualification shares.

Except as disclosed below, none of our Directors hold Equity Shares in our Company as of the date of this Preliminary Placement Document.

Sr. No.	Name of the Director	Designation	Number of stock options outstanding	Number of stock options vested and unexercised	Number of Equity Shares	Percentage (%) shareholding
1.	Rahul Gautam	Chairman & Managing Director	Nil	Nil	1,24,18,970	12.73%
2.	Namita Gautam	Whole-time Director	Nil	Nil	1,14,31,758	11.72%
3.	Tushaar Gautam	Whole-time Director	Nil	Nil	3,41,72,628	35.03%

## Terms of Appointment of Executive/ Whole-Time Directors

Pursuant to the board resolutions dated May 12, 2022, and shareholders’ resolutions dated August 18, 2022, each of the Executive Directors our Company are entitled to the following remuneration and perquisites:

### *Rahul Gautam*

Rahul Gautam is the Chairman and Managing Director of our Company. The following is a description of the current terms of appointment of Rahul Gautam:

Sr. No.	Particulars	Amount
i.	Basic Salary	At the rate not exceeding ₹0.6 million per month
ii.	Allowances/ perquisites	Not exceeding one time of the basic salary, with increments as per the annual increment decided by the Human Resources department from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing basic salary and allowances, as on April 1 every year, commencing from April 1, 2023

Sr. No.	Particulars	Amount
iii.	Incentives	At the rate not exceeding 1.5% of the profit before tax of our Company

#### ***Namita Gautam***

Namita Gautam is a Whole-time Director of our Company. The following is a description of the current terms of appointment of Namita Gautam:

Sr. No.	Particulars	Amount
i.	Basic Salary	At the rate not exceeding ₹0.5 million per month
ii.	Allowances/ perquisites	Not exceeding one time of the basic salary, with increments as per the annual increment decided by the human resources department, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing basic Salary and Allowances, as on April 1 every year, commencing from April 1, 2023.
iii.	Incentive	At the rate not exceeding 0.75% of the profit before tax of our Company

#### ***Rakesh Chahar***

Rakesh Chahar is a Whole-time Director of our Company. The following is a description of the current terms of appointment of Rakesh Chahar:

Sr. No.	Particulars	Amount
i.	Basic Salary	At the rate not exceeding ₹0.4 million per month
ii.	Allowances/ perquisites	Not exceeding one time of the basic salary, with increments as per the annual increment decided by the human resources department, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing basic salary and allowances, as on April 1 every year, commencing from April 1, 2023
iii.	Incentive	At the rate not exceeding 0.75% of the profit before tax of our Company

#### ***Tushaar Gautam***

Tushaar Gautam is a Whole-time Director of our Company. The following is a description of the current terms of appointment of Tushaar Gautam:

Sr. No.	Particulars	Amount
i.	Basic Salary	At the rate not exceeding ₹0.4 million per month
ii.	Allowances/ perquisites	Not exceeding one time of the basic salary, with increments as per the annual increment decided by the human resources department, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing basic salary and allowances, as on April 1 every year, commencing from April 1, 2023
iii.	Incentive	At the rate not exceeding 0.75% of the profit before tax of our Company

Pursuant to a resolution passed by our Board of Directors dated July 11, 2016, our Whole-time Directors are eligible for reimbursement of expenses incurred on travelling and other expenses for attending meetings of our Board of Directors and committees.

#### **Remuneration paid to Whole-time Directors**

The following tables set forth the details of remuneration paid by our Company to the Executive Directors of our Company for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for current Fiscal:

(in ₹ million)

Sr. No.	Name of the Director	Remuneration for Fiscal 2021*	Remuneration for Fiscal 2022*	Remuneration for Fiscal 2023*	Remuneration from April 1, 2023, to the date of this Preliminary Placement Document*
1.	Rahul Gautam	39.80	43.19	42.07	1.63
2.	Namita Gautam	21.19	22.92	22.38	1.47
3.	Rakesh Chahar	20.95	22.68	22.12	1.34
4.	Tushaar Gautam	21.90	23.65	23.14	1.80

\*Does not include performance link incentive.

### Remuneration of the Independent Directors

Our Independent Directors are entitled to receive sitting fees for attending meetings of our Board of Directors or any of its committee and other payments as may be determined by our Board of Directors from time to time. Pursuant to a resolution passed by our Board of Directors dated July 11, 2016, our Independent Directors are entitled to sitting fees of ₹ 0.1 million for attending each meeting of our Board of Directors and are eligible for reimbursement of expenses incurred on travelling and other expenses for attending meetings of our Board of Directors and committees. Additionally, pursuant to a resolution of our Board of Directors dated May 29, 2021, our Independent Directors are entitled to sitting fees of ₹ 0.1 million and ₹ 0.08 million for attending each meeting of the Audit Committee as chairperson and member, respectively, and ₹ 0.08 million and ₹ 0.05 million for attending each meeting of any committee other than the Audit Committee as chairperson and member, respectively.

Further, pursuant a resolution dated July 18, 2023, passed by our Shareholders, each of our Independent Directors is entitled to receive for the payment of ₹ 1.5 million, in addition to the sitting fees payable to the Independent Directors.

The following tables set forth the details of commission and sitting fees paid by our Company to the Independent Directors of our Company for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for current Fiscal:

(in ₹ million)

Sr. No.	Name of the Director	Commission and sitting fees for Fiscal 2021*	Commission and sitting fees for Fiscal 2022*	Commission and sitting fees for Fiscal 2023*	Commission and sitting fees from April 1, 2023, to the date of this Preliminary Placement Document*
1.	Som Mittal	2.15	2.55	3.00	0.90
2.	Ravindra Dhariwal	2.15	2.53	2.78	0.80
3.	Anil Tandon	1.90	1.98	2.48	0.63
4.	Vijay Kumar Ahluwalia	1.85	2.15	2.60	0.75
5.	Meena Jagtiani	1.80	2.13	2.63	0.73
6.	Vijay Kumar Chopra <sup>#</sup>	2.10	2.38	0.28	-

\*Does not include commission.

<sup>#</sup> Retired from our Board of Directors on June 6, 2022.

Notes:

The compensation paid to non-executive directors comprises sitting fees and commission only.

No professional fee was paid to any non-executive directors in their capacity as a consultant.

### Prohibition by SEBI or Other Governmental Authorities

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI or any other governmental authority.

None of the Directors of the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other governmental authority.

### Key Managerial Personnel

The Key Managerial Personnel are permanent employees of our Company. In addition to the Chairman and Managing Director, and Whole-Time Directors, the details of our other Key Managerial Personnel in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

Sr. No.	Name	Designation
1.	Nilesh Sevabrata Mazumdar	Chief Executive Officer
2.	Amit Kumar Gupta	Group Chief Financial Officer
3.	Md Iquebal Ahmad	Company Secretary and Compliance Officer

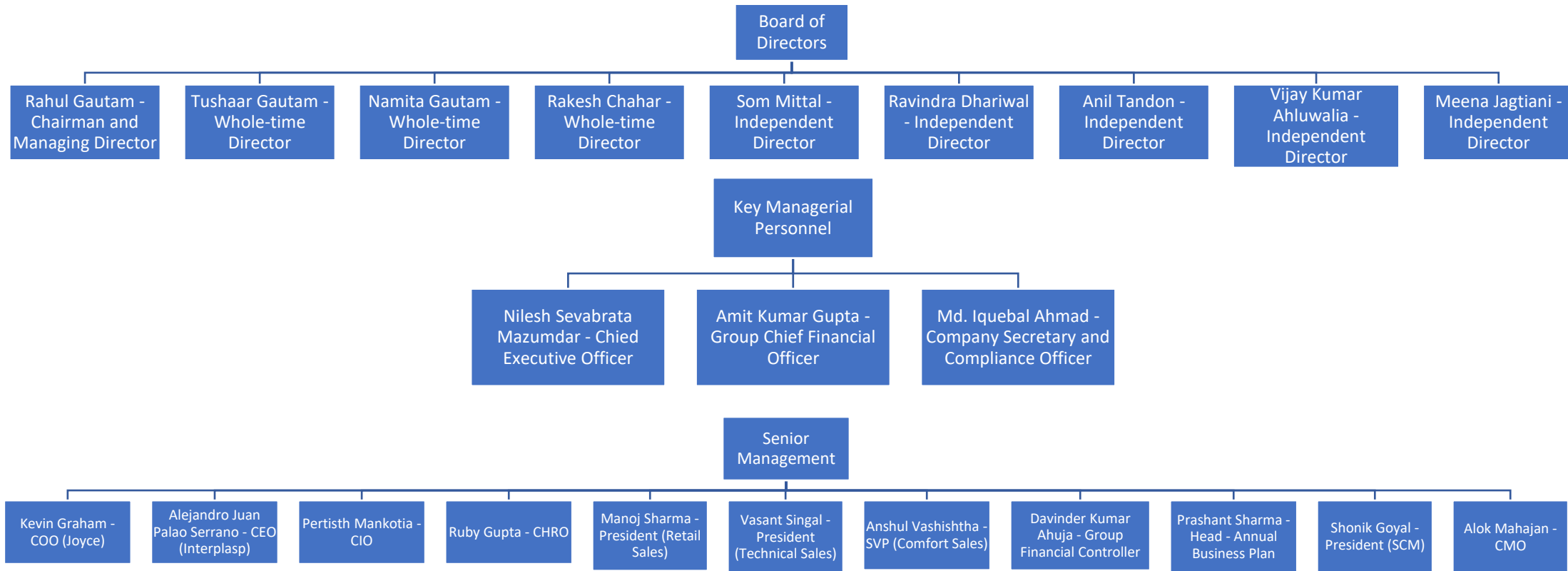
### Members of Senior Management

The members of Senior Management are permanent employees of our Company. In addition to the Group Chief Financial Officer of our Company and the Company Secretary and Compliance Officer of our Company, the details of our members of Senior Management, as on the date of this Preliminary Placement Document are set forth below:

Sr. No.	Name	Designation
1.	Kevin Graham	Chief Operating Officer – Joyce Foam Pty Ltd, Australia
2.	Alejandro Juan Palao Serrano	Chief Executive Officer – Interplasp, S.L., Spain
3.	Pertisth Mankotia	Chief Information Officer
4.	Ruby Gupta	Chief Human Resources Officer
5.	Manoj Sharma	President – Retail Sales
6.	Vasant Singal	President – Technical Sales
7.	Anshul Vashishtha	Senior Vice President – Comfort Sales
8.	Davinder Kumar Ahuja	Group Finance Controller
9.	Prashant Sharma	Head – Annual Business Plan
10.	Shonik Goyal	President – Supply Chain Management
11.	Alok Mahajan	Chief Marketing Officer

## Organisational Chart of our Company

Set forth below is the organisational structure of our Company, including our Board, Key Managerial Personnel and Senior Management.



## Relationship

Other than as disclosed under “-*Relationship with other Directors*” on page 210, none of our Key Managerial Personnel and members of our Senior Management are related either to each other or to the Directors.

## Interest of Key Managerial Personnel and members of Senior Management

Other than as disclosed under “-*Interest of Directors*” on page 211, our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. Our Key Managerial Personnel and members of Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any.

Our Key Managerial Personnel and members of Senior Management may also be entitled to participate in the SHEELA FOAM – Employee Stock Option Plan 2022.

None of our Key Managerial Personnel and members of Senior Management have been paid any consideration of any nature from our Company, other than their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and members of Senior Management was selected as member of senior management.

## Corporate Governance

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board’s supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

## Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations and applicable circulars or directions issued by the RBI.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders’ Relationship Committee; (iv) Risk Management Committee; and (v) Corporate Social Responsibility Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

Sr. No.	Committee	Name and Designation of Members
1.	Audit Committee	Som Mittal (Chairperson), Ravindra Dhariwal and Tushaar Gautam
2.	Nomination and Remuneration Committee	Ravindra Dhariwal (Chairperson), Som Mittal and Meena Jagtiani
3.	Stakeholders Relationship Committee	Meena Jagtiani (Chairperson), Anil Tandon and Vijay Kumar Ahluwalia
4.	Risk Management Committee	Vijay Kumar Ahluwalia (Chairperson), Som Mittal, Rakesh Chahar, Tushaar Gautam
5.	Corporate Social Responsibility Committee	Anil Tandon (Chairperson), Vijay Kumar Ahluwalia, Namita Gautam, and Meena Jagtiani

## Other Confirmations

None of our Directors, Promoters or Key Managerial Personnel or members of Senior Management have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.



Neither our Company, nor the Directors or Promoters have ever been identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the RBI.

None of our Promoters or Directors have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, our Promoter, Key Managerial Personnel or Senior Management of our Company intend to subscribe to the Issue.

No change in control of our Company will occur consequent to the Issue.

#### **Policy on disclosures and internal procedure for prevention of insider trading**

The SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and conduct for the prevention of insider trading. Our Company has implemented a code of practices and procedures for disclosure of unpublished price sensitive information in accordance with the SEBI Insider Trading Regulations.

#### **Related Party Transactions**

For details in relation to the related party transactions entered into by our Company during Fiscals 2021, 2022 and 2023, see “*Financial Information*” and “*Related Party Transactions*” on pages 272 and 53, respectively.

## ORGANISATIONAL STRUCTURE OF OUR COMPANY

### Corporate History

Our Company was incorporated as ‘Sheela Foam Private Limited’, a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the RoC on June 18, 1971 at Delhi. Our Company became a deemed public limited company under Section 43A (1A) of the Companies Act, 1956 on July 1, 1989 and was restored to its status of private limited company with effect from November 30, 1990 as per Section 43A (4) of the Companies Act, 1956. Our Company was converted to a public limited company pursuant to a special resolution of our shareholders dated April 30, 2016 and the name of our Company was changed to ‘Sheela Foam Limited’, to reflect the legal status of our Company pursuant to a fresh certificate of incorporation granted by the RoC on June 6, 2016.

Our Company’s CIN is L74899DL1971PLC005679.

The registered office of our Company is located at 604, Ashadeep 9 Hailey Road, New Delhi 110 001, India.

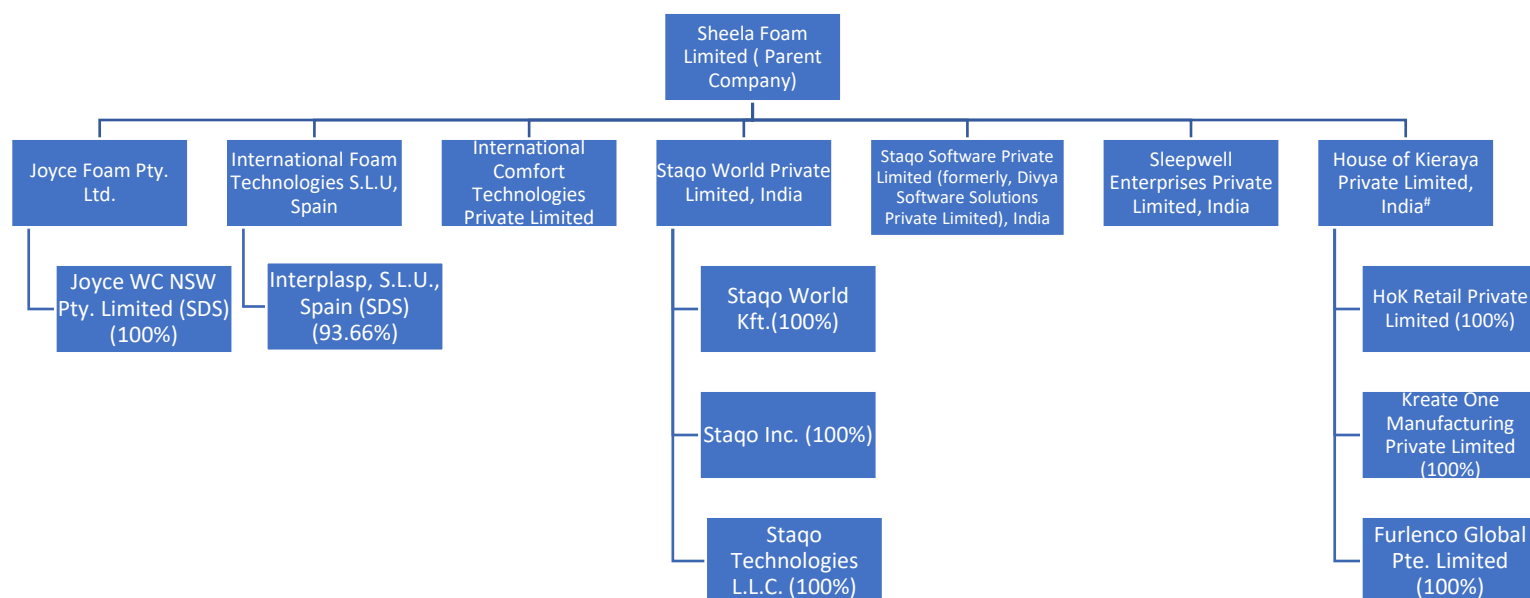
The corporate office of our Company is located at 14, Sector 135, Noida, Uttar Pradesh 201 301.

Our Equity Shares are listed on BSE and NSE since December 9, 2016.

### Organizational Structure

As of the date of this Preliminary Placement Document, we have 15\*# Subsidiaries. For further details, see “Definitions and Abbreviations” and “Financial Information” on pages 21 and 272, respectively.

Our organisational structure is set forth below.



\* International Comfort Technologies Private Limited, one of our Subsidiaries is currently in the process of being amalgamated with our Company, for which a scheme under Sections 230 to 232 of the Companies Act, 2013 has been filed with the National Company Law Tribunal, New Delhi. Upon completion of the amalgamation, International Comfort Technologies Private Limited will cease to be a Subsidiary.

# On July 17, 2023, our Company executed a securities subscription agreement with House of Kieraya for the acquisition of 35% of the share capital (on a fully diluted basis) of House of Kieraya Private Limited, an online furniture retailer that operates under the brand “Furlenco”. We completed the abovementioned acquisition of equity shares of House of Kieraya Private Limited, as intimated by way of our announcement dated September 14, 2023, on BSE and NSE. Accordingly, as of the date of this preliminary placement document, we have disclosed House of Kieraya Private Limited, HoK Retail Private Limited, Furlenco Global Pte. Limited and Kreate One Manufacturing Private Limited (“Furlenco Group”) as subsidiaries of our Company in accordance with the Companies Act, 2013, as amended.

## SHAREHOLDING PATTERN OF OUR COMPANY

### Shareholding pattern of our Company as on June 30, 2023

The following table sets forth the details regarding the equity shareholding pattern of our Company as on June 30, 2023.

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Number of Voting Rights					Total as a % of (A+B+C)	Number (a)	As a % of total Shares held (b)	Number (a)		As a % of total Shares held (b)
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoters and Promoter Group	4	7,117,4174	-	-	7,117,4174	72.95	7,117,4174	-	7,117,4174	72.95	-	-	-	-	-	7,117,4174	
(B)	Public	30,570	26,391,442	-	-	26,391,442	27.05	26,391,442	-	26,391,442	27.05	-	-	-	-	-	26,391,431	
(C)	Non-Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Total</b>	<b>30,574</b>	<b>97,565,616</b>	<b>-</b>	<b>-</b>	<b>97,565,616</b>	<b>100.00</b>	<b>97,565,616</b>	<b>-</b>	<b>97,565,616</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,565,605</b>	

**Statement showing shareholding pattern of our Promoters and Promoter Group**

The following table sets forth the details regarding the equity shareholding pattern of our Promoters and Promoter Group as on June 30, 2023.

Category	Category & Name of shareholder (I)	Entity type (II)	Number of Shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held = (IV)+(V)+(VI) (VII)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
									Number of Voting Rights		Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)		
									Class e.g.: Equity Shares	Class e.g.: Others									
<b>A(1)</b>	<b>Indian</b>																		
(a)	<b>Individuals / Hindu Undivided Family</b>		3	58,023,356	-	-	58,023,356	59.47	58,023,356	-	58,023,356	59.47	-	59.47	-	-	-	-	58,023,356
(i)	Tushaar Gautam	Promoter	1	34,172,628	-	-	34,172,628	35.03	34,172,628	-	34,172,628	35.03	-	35.03	-	-	-	-	34,172,628
(ii)	Rahul Gautam	Promoter	1	12,418,970	-	-	12,418,970	12.73	12,418,970	-	12,418,970	12.73	-	12.73	-	-	-	-	12,418,970
(iii)	Namita Gautam	Promoter Group	1	11,431,758	-	-	11,431,758	11.72	11,431,758	-	11,431,758	11.72	-	11.72	-	-	-	-	11,431,758
(b)	<b>Any other (Specify)</b>		1	13,150,818	-	-	13,150,818	13.48	13,150,818	-	13,150,818	13.48	-	13.48	-	-	-	-	13,150,818
(i)	Rangoli Resorts Private Limited	Promoter	1	13,150,818	-	-	13,150,818	13.48	13,150,818	-	13,150,818	13.48	-	13.48	-	-	-	-	13,150,818

Category	Category & Name of shareholder (I)	Entity type (II)	Number of Shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held = (IV)+(V)+(VI) (VII)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Number of shares Outstanding (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
									Number of Voting Rights			Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
									Class e.g.: Equity Shares	Class e.g.: Others	Total								
	<b>Sub Total (A)(1)</b>		4	71,174,174	-	-	71,174,174	72.95	71,174,174	-	71,174,174	72.95	-	72.95	-	-	-	-	71,174,174
<b>A(2)</b>	<b>Foreign</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total = A(1)+ A(2)</b>		<b>4</b>	<b>71,174,174</b>	<b>-</b>	<b>-</b>	<b>71,174,174</b>	<b>72.95</b>	<b>71,174,174</b>	<b>-</b>	<b>71,174,174</b>	<b>72.95</b>	<b>-</b>	<b>72.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,174,174</b>

**Statement showing shareholding pattern of the Public Shareholders**

The following table sets forth the details regarding the equity shareholding pattern of the Public Shareholders as on June 30, 2023:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculate as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Number of Voting Rights					Total as a % of (A+B+C)	Number (a)	As a % of total Shares held (b)	Number (a)		As a % of total Shares held (b)
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
<b>B(1)</b>	<b>Institutions (Domestic)</b>																	
(a)	Mutual Funds	8	21,358,068	-	-	21,358,068	21.89	21,358,068	-	21,358,068	21.89	-	21.89	-	-	-	-	21,358,068
(i)	UTI Flexi Cap Fund	1	2,366,374	-	-	2,366,374	2.43	2,366,374	-	2,366,374	2.43	-	2.43	-	-	-	-	2,366,374
(ii)	DSP Midcap Fund	1	4,207,012	-	-	4,207,012	4.31	4,207,012	-	4,207,012	4.31	-	4.31	-	-	-	-	4,207,012
(iii)	Kotak Emerging Equity Scheme	1	6,099,559	-	-	6,099,559	6.25	6,099,559	-	6,099,559	6.25	-	6.25	-	-	-	-	6,099,559
(iv)	SBI Small Cap Fund	1	8,470,282	-	-	8,470,282	8.68	8,470,282	-	8,470,282	8.68	-	8.68	-	-	-	-	8,470,282
(c)	Alternative Investments Funds	1	47,875	-	-	47,875	0.05	47,875	-	47,875	0.05	-	0.05	-	-	-	-	47,875
(e)	Insurance Companies	1	9,880	-	-	9,880	0.01	9,880	-	9,880	0.01	-	0.01	-	-	-	-	9,880
	<b>Sub-Total B(1)</b>	<b>10</b>	<b>21,415,823</b>	<b>-</b>	<b>-</b>	<b>21,415,823</b>	<b>21.95</b>	<b>21,415,823</b>	<b>-</b>	<b>21,415,823</b>	<b>21.95</b>	<b>-</b>	<b>21.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,415,823</b>
<b>B(2)</b>	<b>Institutions (Foreign)</b>																	
(a)	Foreign Portfolio	72	3,059,935	-	-	3,059,935	3.14	3,059,935	-	3,059,935	3.14	-	3.14	-	-	-	-	3,059,935

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculate as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Number of Voting Rights					Total as a % of (A+B+C)	Number (a)	As a % of total Shares held (b)	Number (a)		As a % of total Shares held (b)
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
	Investors Category-I																	
(b)	Foreign Portfolio Investors Category-II	3	69,392	-	-	69,392	0.07	69,392	-	69,392	0.07	-	-	-	-	-	-	69,392
	<b>Sub-Total B(2)</b>	<b>75</b>	<b>3,129,327</b>	-	-	<b>3,129,327</b>	<b>3.21</b>	<b>3,129,327</b>	-	<b>3,129,327</b>	<b>3.21</b>	-	-	-	-	-	-	<b>3,129,327</b>
<b>B(3)</b>	<b>Central Government / State Government (s)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>B(4)</b>	<b>Non-Institutions</b>																	
(a)	Resident Individuals holding nominal share capital up to ₹2 lakhs	29,244	1,344,423	-	-	1,344,423	1.38	1,344,423	-	1,344,423	1.38	-	-	-	-	-	-	1,344,412
(b)	Resident Individuals holding nominal share capital in excess of ₹ 2 lakhs	2	195,055	-	-	195,055	0.20	195,055	-	195,055	0.2	-	-	-	-	-	-	195,055

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Number of Voting Rights					Total as a % of (A+B+C)	Number (a)	As a % of total Shares held (b)	Number (a)		As a % of total Shares held (b)
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(c)	Non-Resident Indians	623	57,766	-	-	57,766	0.06	57,766	-	57,766	0.06	-	-	0.06	-	-	57,766	
(d)	Bodies Corporate	113	148,112	-	-	148,112	0.15	148,112	-	148,112	0.15	-	-	0.15	-	-	148,112	
(e)	Any other (Specify)	503	100,936	-	-	100,936	0.10	100,936	-	100,936	0.10	-	-	0.10	-	-	100,936	
(i)	Clearing Members	10	15,803	-	-	15,803	0.02	15,803	-	15,803	0.02	-	-	0.02	-	-	15,803	
(ii)	Hindu Undivided Family	477	67,997	-	-	67,997	0.07	67,997	-	67,997	0.07	-	-	0.07	-	-	67,997	
(iii)	LLP	16	17,136	-	-	17,136	0.02	17,136	-	0.02	17,136	-	-	0.02	-	-	17,136	
	<b>Sub-Total B(4)</b>	<b>30,485</b>	<b>1,846,292</b>	-	-	<b>1,846,292</b>	<b>1.89</b>	<b>1,846,292</b>	-	<b>1,846,292</b>	<b>1.89</b>	-	-	<b>1.89</b>	-	-	<b>1,846,281</b>	
	<b>Total B=B(1)+B(2)+B(3)+B(4)</b>	<b>30,570</b>	<b>26,391,442</b>	-	-	<b>26,391,442</b>	<b>27.05</b>	<b>26,391,442</b>	-	<b>26,391,442</b>	<b>27.05</b>	-	-	<b>27.05</b>	-	-	<b>26,391,431</b>	



## ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to Bidding, payment of Application Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers.*

*Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.*

*Bidders were advised to inform themselves of any restrictions or limitations that may be applicable to them and were required to consult their respective advisers in this regard. Bidders that have applied in the Issue were required to confirm and were deemed to have represented to our Company, the BRLMs and their respective directors, employees, counsels, officers, agents, affiliates and representatives that they were eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the BRLMs and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder was eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. For details, see "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 240 and 247, respectively.*

### **Qualified Institutions Placement**

#### **THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.**

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- our Shareholders have adopted a special resolution approving the Issue. Such special resolution inter alia must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to a qualified institutions placement and (b) the Relevant Date.
- the explanatory statement to the notice to our Shareholders for convening the general meeting must disclose, amongst others, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- under Regulation 172(1)(b) of the SEBI ICDR Regulations, equity shares of the same class of our Company, which are proposed to be allotted through the qualified institutions placement, are listed on the Stock Exchanges for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to pass the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer letter (i.e., this Preliminary Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by our Company shall have been completed or our Company shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;
- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;
- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of this Issue;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter (i.e., the Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;
- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited;
- the Directors are not fugitive economic offenders; and
- the Directors are not declared as ‘Fraudulent Borrower’ by the lending Banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016.

At least 10% of the Equity Shares issued to Eligible QIBs shall be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The “Relevant Date” referred to above means the date of the meeting in which the Board decides to open the Issue and “stock exchange”, for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the resolution of our Shareholders (passed through postal ballot) dated September 1, 2023, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of our Shareholder’s resolution approving the Issue, being September 1, 2023 and within 60 days from the date of receipt of Application Amount from the Successful Bidders failing which our Company shall refund the Bid Amount in accordance with applicable laws. For details of refund of Application Amount, see “– Pricing and Allocation – Designated Date and Allotment of Equity Shares” on page 235.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary Placement Document and the Placement Document, which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or Placement

Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500 million; and
- five, where the issue size is greater than ₹2,500 million.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes “same group” or “common control”, see “– *Bid Process - Application Form*” on page 231.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to U.S. QIBs in transactions exempt from the registration requirements of the U.S. Securities Act and (ii) outside the United States in “offshore transactions”, in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For a description of certain restrictions on transfer of the Equity Shares, see “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 240 and 247, respectively.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Our Company has filed a draft of this Preliminary Placement Document with each of the Stock Exchanges. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on September 20, 2023.

#### **Issue Procedure**

1. On the Issue Opening Date, our Company and the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the BRLMs, at their sole discretion.
2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.
3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the

Book Running Lead Managers. Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders will be required to indicate the following in the Application Form:
- A representation that it is either (i) outside the United States acquiring the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S, or (ii) a U.S. QIB and it has agreed to certain other representations set forth in the “*Representation by Investors*” on page 6 and “*Transfer Restrictions and Purchaser Representations*” on page 247 and certain other representations as set forth in the Application Form;
  - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details and bank account details;
  - number of Equity Shares Bid for;
  - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;
  - Equity Shares held by the Eligible QIBs in our Company prior to the Issue;
  - details of the depository account to which the Equity Shares should be credited; and
  - Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.
5. Eligible QIBs shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, Application Amounts received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in “–*Refunds*” on page 236.

6. Once a duly completed Application Form is submitted by a Bidder and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.
7. Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, 2013, upon Allocation, our Company will disclose the names of proposed Allottees and the percentage of their post Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares were allocated to it.
8. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, on or after the Issue Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Managers.**
9. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.
10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.
11. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.
12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.
13. Our Company will then apply for the final trading approvals from the Stock Exchanges.
14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.
15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.
16. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be

refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in the Refund Intimation which will be dispatched to such Bidder.

### **Eligible Qualified Institutional Buyers**

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;
- pension funds with minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹250 million;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies.

**Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules respectively, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue equity share capital of our Company, and the total holding of all FPIs, collectively, shall not exceed 24% of the paid-up equity share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company (i.e. up to 100% under the automatic route). Further, if any FPI holds 10% or more of the Equity Share capital of our Company, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its

investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

### **Restriction on Allotment**

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

**Our Company, the BRLMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply in the Issue. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document.**

**A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.**

*Note: Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

### **Bid Process**

#### ***Application Form***

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings as well as those given or made under the sections "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 3, 6, 240 and 247, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;
2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;
3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;
4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;
5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;
6. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;
7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;
8. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;
9. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act 2013, upon Allocation, our Company will be required to disclose names as proposed Allottees and percentage to post-Issue shareholding of the proposed Allottees in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;
10. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:
  - a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and
  - b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(c) of the SEBI Takeover Regulations;
11. The Eligible QIB acknowledges that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;
12. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary accounts maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares Allotted in the Issue are issued by the Stock Exchanges; and



13. The Eligible QIB confirms that:
- a. If it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the definition and requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate;
  - b. If it is outside the United States, it is subscribing to the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and
  - c. It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections entitled “*Notice to Investors*”, “*Representations by Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions and Purchaser Representations*” on pages 3, 6, 240 and 247, respectively.

**ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.**

**IF SO, REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.**

**IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.**

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

#### ***Submission of Application Form***

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

**JM Financial Limited**  
7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai 400 025  
Maharashtra, India  
**Contact Person:** Prachee Dhuri

**Nomura Financial Advisory and Securities (India) Private Limited**  
Ceejay House, Level 11  
Plot F, Shivsagar Estate  
Dr. Annie Besant Road  
Worli, Mumbai 400 018

**Email:** sfl.qip@jmfl.com  
**Phone No.:** +91 22 6630 3030

**Contact Person:** Vishal Kanjani  
**Email:** sheelafoamqip@nomura.com  
**Phone No.:** +91 22 4037 4037

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

### **Payment of Application Amount**

Our Company has opened the “SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023” with the Escrow Bank, in terms of the arrangement among our Company, the Book Running Lead Managers and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments are to be made only through electronic fund transfer.

**Note: Payments through cheques or demand draft or cash shall be rejected.**

If the payment is not made favouring the “SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023” account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in “SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023” only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in “– Refunds” on page 236.

### ***Permanent Account Number or PAN***

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form, to the extent applicable. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

### ***Bank Account Details***

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

### **Pricing and Allocation**

#### ***Build-up of the Book***

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

#### ***Price Discovery and Allocation***

Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders through a resolution (passed through postal ballot) dated September 1, 2023.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

### ***Method of Allocation***

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

**THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.**

### **CAN**

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allotted shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Book Running Lead Managers. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

**Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.**

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "Notice to Investors" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

### ***Designated Date and Allotment of Equity Shares***

The Equity Shares in the Issue will be issued, and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Successful Bidders' beneficiary demat accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Company will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company will be disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Book Running Lead Managers and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

## **Refunds**

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Application Amount, our Company shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

## **Other Instructions**

### ***Right to Reject Applications***

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details see "*Bid Process*" – "*Refund*" on page 236.

### ***Equity Shares in dematerialized form with NSDL or CDSL***

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

**Release of Funds to our Company**

The Escrow Bank shall not release the monies lying to the credit of the “SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023” account to our Company until receipt of notice from the Book Running Lead Managers, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

## PLACEMENT

### Placement Agreement

The BRLMs have entered into the Placement Agreement dated September 20, 2023 with our Company, pursuant to which the BRLMs have agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, as amended and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company, and it is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

This Preliminary Placement Document and the Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares offered pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

The Equity Shares offered hereby have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares offered in this Issue are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made. For further information, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 240 and 247, respectively. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges.

In connection with the Issue, the BRLMs (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be offered pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLMs (or their affiliates) may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. The Affiliates of the BRLMs may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 12.

From time to time, the BRLMs, and their respective affiliates have been engaged in or may in the future engage in transactions with and perform services, including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, its group companies, affiliates and the shareholders of our Company, as well as to their respective affiliates, pursuant to which fees and commissions have been paid or will be paid to the BRLMs and their respective affiliates.

### Lock-up

The Company agrees, subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, for a period from the date hereof up to 45 days after the Closing Date without the prior written consent of the BRLMs, however, the foregoing restriction shall not be applicable to the (i) the issuance of the Equity Shares pursuant to the Issue; (ii) issuance of non-convertible debentures; and (iii) any transaction required by law or an order of a court of law or a statutory authority.

Our Promoters, without the prior written consent of the BRLMs, it shall not, announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 45 days from the date of the Placement Document (both dates inclusive) directly or indirectly: (1) offer, pledge, sell, encumber, contract to sell or otherwise transfer or dispose of any Shares or any other securities of the Company substantially similar to the Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Lock-up Shares or any such substantially similar securities, whether now owned or hereinafter acquired; (2) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Shares and the securities that are convertible into, exercisable or exchangeable for or any such substantially similar securities, whether now owned or hereinafter acquired, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, (3) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Shares in any depository receipt facility, or (4) publicly announce its intention to enter into the transactions referred to in (1) to (3) above.

## SELLING RESTRICTIONS

*The distribution of this Preliminary Placement Document or any offering material and the offering, sale or delivery of Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.*

### General

No action has been taken or will be taken by our Company or the BRLMs that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Preliminary Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each purchaser of the Equity Shares in this Issue will be deemed to have made representations, warranties, acknowledgments and agreements as described in this section and under “*Notice to Investors*”, “*Representations by Investors*” and “*Transfer Restrictions and Purchaser Representations*” on page 3, 6 and 247.

### Republic of India

The Issue will be made in compliance with the SEBI ICDR Regulations, Section 42 of the Companies Act, read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder.

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, or an advertisement and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

### Australia

This Preliminary Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the “**Corporations Act**”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“**ASIC**”), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors (“**Exempt Investors**”), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed



in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

### **Bahrain**

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency (“**BMA**”) has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

### **British Virgin Islands**

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a “**BVI Company**”), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Preliminary Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

### **Cayman Islands**

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

### **People’s Republic of China**

This Preliminary Placement Document does not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People’s Republic of China (the “**PRC**”). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

### **European Economic Area**

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Equity Shares at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Placement Agent for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Company or Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

### **Hong Kong**

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “CWUMPO”) or which do not constitute an offer to the public within the meaning of the CWUMPO.

No advertisement, invitation or document relating to the Equity Shares has been or will be issued for the purposes of the issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### **Japan**

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “FIEA”) and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree is not a “qualified institutional investor” (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the “**Qualified Institutional Investor**”), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made.

If an offeree is a Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made. To subscribe to the Equity Shares (the “**QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

### **Kuwait**

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

## Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

## Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

## New Zealand

This Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the “**New Zealand Securities Act**”). This Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act (“**Habitual Investors**”). By accepting this Preliminary Placement Document, each investor represents and warrants that if they receive this Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Preliminary Placement Document to any person who is not also a Habitual Investor.

## Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the “**FSCMA**”), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the “**FETL**”). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

## **Sultanate of Oman**

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority (“CMA”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document will not take place inside Oman. The Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

## **Qatar (excluding the Qatar Financial Centre)**

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Preliminary Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Preliminary Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

## **Qatar Financial Centre**

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center (“QFC”), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

## **Singapore**

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the “SFA”), (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred

within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **Switzerland**

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, our Company or the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

### **Saudi Arabia**

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority (“CMA”) pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the “CMA Regulations”). The CMA does not make any representation as to the accuracy or completeness of this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

### **Taiwan**

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, “Promotion”) of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the “UAE”) unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the “SCA”) and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors’ Chairman Decision no. (3/R.M.) of 2017

(the “**Promotion and Introduction Regulations**”), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to “Qualified Investors” (excluding “**High Net Worth Individuals**”) (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

### **Dubai International Financial Centre**

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (“**DFSA**”). This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

### **United Kingdom**

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA provided that no such offer of the Equity Shares shall require the Issuer or any Placement Agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

### **United States**

See “*Transfer Restrictions and Purchaser Representations*” of this Preliminary Placement Document.

### **Other Jurisdictions**

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

## TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge, or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see “*Selling Restrictions*” on page 240.

### **Purchaser Representations and Transfer Restrictions for Purchasers within the United States**

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States, by accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Placement Agent as follows:

- You (A) are U.S. QIB and (B) are aware that the sale of the Equity Shares to you is being made pursuant to an available exemption from the registration requirements of the U.S. Securities Act and (C) are acquiring such Equity Shares for your own account or for the account of a U.S. QIB.
- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who is a U.S. QIB, (ii) in an “offshore transaction”, as defined in, and in reliance on, Regulation S, (iii) pursuant to and in accordance with Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made.
- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you/ it, nor any of your/ its affiliates, nor any person acting on your/ its behalf, will make any “general solicitation” or “general advertising” within the meaning of Regulation D under the U.S. Securities Act, with respect to the Equity Shares. You/ it acknowledge and agree that you/ it is not purchasing any Equity Shares as a result of any “general solicitation” or “general advertising”.
- The Equity Shares offered and sold in the United States are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares.
- You will not deposit or cause to be deposited such Equity Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act.
- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Preliminary Placement Document, as it may be supplemented.

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Placement Agent or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution.
- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.
- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at our Company's request.
- You have been provided access to this Preliminary Placement Document which you have read in its entirety.
- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions will not be recognized by us.

#### **Purchaser Representations and Transfer Restrictions for Purchasers outside the United States**

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Placement Agent and their respective affiliates shall have any responsibility in this regard.
- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States, and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States, and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.



- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an “offshore transaction” in compliance with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (iv) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction.
- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any “directed selling efforts” as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any “directed selling efforts.”
- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Preliminary Placement Document, as may be supplemented.
- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions, will not be recognized by us.

## THE SECURITIES MARKET OF INDIA

*The information in this section has been extracted from documents available on the respective websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLMs or any of their respective affiliates or advisors.*

### **The Indian Securities Market**

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in India in terms of the number of listed companies, market capitalisation and trading activity.

### **Indian Stock Exchanges**

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the “**SCR (SECC) Regulations**”), which regulate *inter alia* the recognition, ownership and governance of stock exchanges and clearing corporations in India together with providing for minimum net-worth requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

### **BSE**

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

### **NSE**

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

### **Listing and delisting of Securities**

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations, as well as pursuant to the listing agreements entered into by our Company with the Stock Exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company’s obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange’s governing body and withdraw recognition of a recognized stock exchange.

Delisting of equity shares from the stock exchanges, whether by way of a compulsory or a voluntary delisting, is governed by the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the “**Delisting Regulations**”). Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

### **Minimum Level of Public Shareholding**

All listed companies (except exempted public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

### **Disclosures under the Companies Act and securities regulations**

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company’s registered office is situated. A company’s directors and promoters shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public limited companies are required under the Companies Act, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act’s disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management’s discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial statements (subject to a limited review by the company’s auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

### **Insider Trading Regulations**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the “**Insider Trading Regulations**”) have been notified on January 15, 2015 and came into effect on May 15, 2015, by SEBI to amongst other things, prohibit and penalize insider trading in India and prohibit dealing in the securities of a listed company when in possession of unpublished price sensitive information (“**UPSI**”).

The Insider Trading Regulations also impose certain restrictions on the communication of UPSI relating to a company or securities listed or proposed to be listed. In terms of the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. It also provides disclosure obligations for promoters, employees and directors, with regard to their shareholding in the company, and the changes therein. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations define the term “unpublished price sensitive information” to mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of its securities and ordinarily includes but not restricted to information relating to the following: (a) financial results; (b) dividends; (c) change in capital

structure; (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions; and (e) changes in key managerial personnel. Further, in terms of the Insider Trading Regulations, “generally available information” is defined as information that is accessible to the public on a non-discriminatory basis. An “insider” means any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information. The term “connected person” means any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holding any position, including a professional or business relationship between himself and the company, whether temporary or permanent, that allows such person, directly or indirectly, to have access to unpublished price sensitive information or is reasonably expected to allow such access.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities (including fiduciaries and intermediaries) that are required to handle UPSI in the course of business operations to establish (i) an internal code of practices and procedures for fair disclosure of UPSI; (ii) an internal code to regulate, monitor and report trading by designated persons and immediate relatives of designated persons; and (iii) a policy for procedures to be adopted by a company in case of any leak of UPSI. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

### **Index-Based Market-Wide Circuit Breaker System**

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the NIFTY 50 of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down, for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

### **Settlement**

The stock exchanges in India operate on a trading day plus two, or T+2 rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday.

Further, in accordance with the circular dated September 7, 2021, issued by SEBI, at any time on or after January 1, 2022, a Stock Exchanges may choose to offer T+1 settlement cycle after giving an advance notice of at least one month.

### **Trading Hours**

Trading on both BSE and NSE normally occurs from Monday through Friday between 9:15 a.m. IST and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. IST to 9.15 a.m. IST that has been introduced). BSE and NSE are closed on public holidays.

### **Internet-Based Securities Trading and Security Trading using Wireless Technology Services**

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers’ internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of NSE.

## **Trading Procedure**

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE online trading facility in 1995. This 100% automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus. NSE has a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade.

## **Depositories**

The Depositories Act, 1996 provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. Further, SEBI has framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners.

## **Takeover Regulations**

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the “**Takeover Regulations**”) provide specific regulations in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company’s shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding that a person or entity (along with persons acting in concert with such person or entity) has in the listed Indian company, which give rise to certain obligations on the part of the acquirer. Acquisition of shares or voting rights up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions (direct or indirect, along with persons acting in concert with such acquirer) crossing particular thresholds may result in the acquirer having to make an open offer for the shares of the target company.

## **Buy-back**

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, 2013, as amended and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, 2013, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

## **Derivatives (Futures and Options)**

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

## DESCRIPTION OF THE EQUITY SHARES

*The following is the information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act, 2013. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.*

### Share Capital

The authorised share capital of our Company is ₹ 1,000 million comprising of 200,000,000 Equity Shares (of face value of ₹ 5 each). As on the date of this Preliminary Placement Document, the issued, subscribed and paid-up capital of our Company is ₹ 487.82 million comprising of 97,565,616 Equity Shares (of face value of ₹ 5 each). The Equity Shares are listed on BSE and NSE.

### Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting of its shareholders. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of the same class of a company must receive equal dividend treatment.

These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorize the Board to pay to the members such interim dividends as in their judgement the position of our Company justifies. Under the Companies Act, 2013 dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant AGM, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

No dividend shall be payable except out of the profits of the year or any other undistributed profits of our Company, or otherwise than in accordance with the provisions of the Act and no dividend shall carry interest as against our Company.

### Bonus Shares

In addition to permitting dividends to be paid as described above, the Companies Act permits the Board, subject to the approval of the Shareholders of our Company, to distribute to the Shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to the Shareholders in proportion to the number of equity shares owned by them.

Bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/interest payments on fixed deposits or debt securities issued by it. Bonus shares shall not be issued in lieu of dividend.

### Pre-Emptive Rights and Offer of Additional Shares

The Companies Act, 2013 gives shareholders the right to subscribe for new shares in proportion to their existing shareholdings unless otherwise determined by a resolution passed members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. Under the Companies Act and the Articles, in the event of an issuance of securities, subject to the limitations set forth above, our Company must first offer the new Equity Shares to the holders of Equity Shares at the date of offer. The offer shall be made by notice specifying the number of Equity Shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. The offer, required

to be made by notice, shall include a statement that the right exercisable by the Shareholders to renounce the Equity Shares offered in favour of any other person.

Our Board is permitted to distribute Equity Shares not accepted by existing shareholders in the manner it deems beneficial for us in accordance with the Articles.

### **Issuance of Preference Shares**

Subject to Section 55 of the Companies Act, 2013, and in accordance with the Articles, any new shares may be issued as redeemable preference shares which are liable to be redeemed in any manner permissible under the Companies Act, 2013.

### **General meetings of shareholders**

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. Our Company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board may convene an EGM when necessary or at the request of Shareholders in accordance with the Companies Act. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the Shareholders. Shorter notice is permitted if consent is received from 95% of the Shareholders entitled to vote at such meeting. Five Shareholders or such other number of Shareholders as required under the Companies Act or applicable law personally present shall constitute quorum for a general meeting.

### **Voting rights**

A shareholder has one vote for each Equity Share and voting may be on a poll or through electronic means or postal ballot.

Ordinary resolutions may be passed by simple majority if the votes cast in favour exceeds the votes cast against the resolution. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act, 2013 read with the rules issued thereunder. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting.

Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 deal with the exercise of right to vote by members by electronic means.

### **Transfer and transmission of shares**

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the Depositories. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

The Equity Shares shall be freely transferable, subject to applicable laws.

**Winding up**

Our Articles of Association provide that on winding up, the liquidator may, with the sanction of a special resolution and any other sanction required under the Companies Act, 2013, divide amongst the members, in specie or kind, the whole or any part of the assets of our Company and vest the whole or any part of the assets of our Company in trustees upon such trust for the benefit of the contributories if considered necessary.



**TAXATION**  
**STATEMENT OF SPECIAL TAX BENEFITS**

To,

The Board of Directors  
Sheela Foam Limited  
Plot No. 14, Sector 135,  
Noida, U.P. - 201301

**Sub: Statement of possible special tax benefits available to Sheela Foam Limited and its shareholders, prepared in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (“SEBI ICDR Regulations”)**

1. We, M S K A & Associates (the “**Firm**”), Chartered Accountants, the statutory auditors of **Sheela Foam Limited** (the “**Company**”) hereby confirm the enclosed statement in the Annexure 1 prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 (‘**Act**’) presently in force in India viz. the Income-tax Act, 1961, (‘**Act**’), the Income-tax Rules, 1962, (‘**Rules**’), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2023-24 and assessment year 2022-23 relevant to the financial year 2022-23 and financial year 2021-22, available to the Company and its shareholders under the tax laws of respective country of tax residence. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfil.
2. This statement of possible special tax benefits is required as per Schedule VII of the SEBI ICDR Regulations. While the term ‘special tax benefits’ has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.
3. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.
4. The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them.
5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
6. The benefits stated in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.
7. We do not express any opinion or provide any assurance whether:
  - The Company and its shareholders will continue to obtain these benefits in future;
  - The conditions prescribed for availing the benefits have been/would be met;

- The revenue authorities/courts will concur with the views expressed herein.
8. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

#### **Restriction on Use**

9. This report is addressed to Board of Directors and BRLMs and issued at specific request of the Company for submission to the BRLMs to assist them in conducting their due-diligence and documenting their investigations of the affairs of the Company in connection with the proposed Issue. This report may be delivered to SEBI or the stock exchanges by the BRLMs only when called upon by SEBI or the stock exchanges, Registrar of Companies, Delhi & Haryana at Delhi, in writing in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLMs due diligence obligations pertaining to subject matter of this report or for any defence that the BRLMs may wish to advance in any claim or proceeding with SEBI or stock exchanges and Registrar of Companies, Delhi & Haryana at Delhi in connection with due diligence obligations of the BRLMs in the Issue pertaining to subject matter of this report. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For M S K A & Associates**  
**Chartered Accountants**  
**Firm Registration Number:105047W**

**Nipun Gupta**  
**Partner**  
**Membership No: 502896**

UDIN: 23502896BGTEVR4854

**Place: Gurugram**  
**Date: September 20, 2023**

## **ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SHEELA FOAM LIMITED (“THE COMPANY”) AND THE EQUITY SHAREHOLDERS OF THE COMPANY**

The information provided below sets out the possible special tax benefits available to the Company and its equity shareholders in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current Income tax Act, 1961 (“**IT Act**”), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“**GST Act**”), the Customs Act, 1962 (“**Customs Act**”), the Customs Tariff Act, 1975 (“**Tariff Act**”) and Foreign Trade Policy 2015-2020 (as extended) including the rules, regulations, circulars and notifications issued thereunder (collectively the “**Taxation Laws**”) presently in force in India.

Several of these benefits are dependent on fulfilling the conditions prescribed under the relevant Taxation Laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives any of them face, they may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the tax implications of an investment in the Offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on the Annexure.

The statement below covers only relevant Taxation Laws benefits and does not cover any benefit under any other law.

### **A. SPECIAL TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 IN THE HANDS OF SHEELA FOAM LIMITED OR ITS EQUITY SHAREHOLDERS**

The law stated below is as per the IT Act and applicable for financial year 2022-23 relevant to assessment year 2023-24.

#### **1. Special direct tax benefits available to the Company under IT Act**

##### **i. Lower corporate tax rate under section 115BAA**

Section 115BAA was inserted in the Income Tax Act by the Taxation Laws (Amendment) Act, 2019 (“**Amendment Act, 2019**”) w.e.f. April 1, 2020 (AY 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. The option once exercised, shall apply to subsequent AYs and cannot be subsequently withdrawn for the same or any other tax year. If a company opts for section 115BAA, it can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their ‘book profits’ under section 115JB of the IT Act. Consequently, the company will not be eligible to claim the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years.

However, such a company will no longer be eligible to avail specified exemptions/ incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The provisions do not specify any limitation / condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

The Company has already opted for the benefit of concessional tax rate for the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration in Form 10IC has already been filed with the income tax authority.

The tax expenses are recognized in the Statement of Profit and Loss (including other comprehensive income) of Company for the year ended March 2023 by applying the tax rate as prescribed in section 115BAA of the IT Act.

The Company is eligible for lower rate under section 115BAA of the IT Act:

**ii. Deductions in respect of employment of new employees Section 80JJAA of the IT Act**

As per section 80JJAA of the IT Act, where a company is subject to tax audit under section 44AB of the IT Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfillment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

The Company has claimed such deduction in FY 2021-22 and wish to claim for FY 2022-23 and have obtained necessary certification from Chartered Accountant on fulfilment of the conditions under the extant provisions of the Act.

The Company is eligible for deduction under section 80JJAA

**iii. Deduction in respect of certain inter-corporate dividends Section 80M of IT Act**

As per Section 80M of the IT act, where domestic companies have declared dividend and are also in receipt of the dividend from another domestic company or a foreign company or a business trust, deduction is allowed with respect to the dividend received as long as the same is distributed as dividend one month prior to the due date of furnishing the return of income under sub-section (1) of section 139.

The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80M of the Act even under the concessional regime under section 115BAA.

The Company is eligible for deduction under section 80 M of the IT Act:

**2. Special direct tax benefits available to the equity shareholders under IT Act**

There is no special direct tax benefit available to the shareholders of Company for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act. Further, it may be noted that these are general tax benefits available to equity shareholders, other shareholders holding any other type of instrument are not covered below.

**i. Dividend Income**

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the IT Act would be available on fulfilling the conditions (as discussed above).

As per section 194 of the Act, the Company is required to deduct tax at source from the amount of dividend paid to shareholders, except in the case of certain categories of shareholders as specified in the said section which inter alia include individual shareholders receiving dividend not exceeding ₹5,000 (in aggregate during a FY) by any mode other than cash.

Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, maximum rate of surcharge is restricted to 15%, irrespective of the amount of dividend.

**ii. Tax on Capital gains**

As per section 112A of the IT Act, Long Term Capital Gains ('LTCG') arising from the transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) (plus applicable surcharge and cess) of such capital gains subject to fulfillment of prescribed conditions under the IT Act as well as per Notification No. 60/2018/F.No. 370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such long term capital

gains exceed ₹100,000.

Further, the Finance Act 2022 restricts surcharge to 15% in respect of LTCG arising from any capital asset.

As per section 111A of the IT Act, Short-Term Capital Gains ('STCG') arising from the transfer of an equity share shall be taxed at the rate of 15% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the IT Act.

### iii. Simplified tax regime

As per section 115BAC of the IT Act, a new / simplified tax regime has been introduced wherein income-tax shall be computed at the rates specified in sub-section 1 of section 115BAC of the IT Act, subject to the assessee not availing specified exemptions and deductions. The said regime is applicable for individuals and Hindu Undivided Family.

In order to make the simplified tax regime more attractive, certain additional benefits have been provided vide Finance Act, 2023 with effect from FY 2023-24 relevant to the AY 2024-25 which are listed as under:

- Basic exemption limit has increased from ₹250,000 to ₹ 300,000;
- Highest applicable surcharge on income above ₹ 50,000,000 has been reduced from 37% to 25% (lowering the highest marginal tax rate from 42.74% to 39%);
- Income threshold for the tax rebate available for resident individuals has been increased from INR ₹ 500,000 to ₹ 700,000;
- Benefit of standard deduction up to INR 50,000 has now been made available on salary / pension income.

It may be noted that the shareholders have the discretion to exercise the simplified tax regime.

### iv. Double Taxation Avoidance Agreement benefit

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

## 3. Special indirect tax benefits available to the Company

### i. *Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)*

#### **Remission of Duties and Taxes on Exported Products (RoDTEP)**

The objective of RoDTEP scheme is to refund various duties and taxes incurred on the export of goods. Under the scheme, rebate of taxes will be given in the form of electronic scrip which could be utilised for payment of Basic Customs Duty.

RoDTEP was implemented with effect from January 1, 2021. The Company is availing the benefit under RoDTEP Scheme.

Benefits under the Central Goods and Services Act, 2017 (CGST Act), respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (IGST) (read with relevant Rules prescribed thereunder)

### ii. Export of goods under the GST law

**Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated. On account of zero rating of supplies, the supplier will be entitled to claim**

**Input Tax Credit (ITC) in respect of input and input services used for such supplies and can seek refund of accumulated/ unutilized ITC.**

GST law inter-alia allows export of goods at zero rate on fulfilment of certain conditions. Exporters can export goods under Bond / Letter of Undertaking (LUT) without payment of IGST and claim refund of accumulated ITC. There is also an alternative available to export goods with payment of IGST and subsequently claim refund thereof, as per the provisions of Section 54 of CGST Act. We understand that the Company is undertaking exports without payment of tax under the cover of LUT. However, refund under zero rated supply is not applied since ITC is fully utilized against domestic supplies liability.

**4. Special indirect tax benefits available to the shareholders of the Company**

There are no special indirect tax benefits available to the Shareholders of Company under the GST Act.

**Note:**

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

The above statement of possible direct tax & indirect tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

All the above benefits are as per the current tax law and any change or amendment in the laws/regulation, which when implemented would impact the same.

This statement has been prepared solely in connection with the proposed issue under the Companies Act, 2013 and applicable rules and regulations made thereunder, each as amended, and SEBI ICDR Regulations.

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Equity Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Equity Shares in the offering that are U.S. Holders that will hold the Equity Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Equity Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 10 per cent. or more of the equity interests of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Equity Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Equity Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “**U.S. Holder**” means a beneficial owner of Equity Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Equity Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Equity Shares by the partnership. This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and India (the “**Treaty**”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect. No rulings have been requested from the U.S. Internal Revenue Service (the “**IRS**”) and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE EQUITY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### ***Distributions***

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Indian withholding tax paid by the Company with respect thereto, generally will be taxable to a U.S. Holder as dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in the Equity Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to Equity Shares will be treated as ordinary dividend income. Such dividend income will not be eligible for the dividends received deduction allowed to corporations. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal

income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, and certain holding period and other requirements are met. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a passive foreign investment company in the taxable year of the Company in which the dividends are received or in the preceding taxable year. See “—*Passive Foreign Investment Company Considerations*” below. Prospective purchasers should consult their tax advisers regarding the qualified dividend income rules.

Dividends paid in Indian rupees will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Indian rupees are converted into U.S. dollars at that time. If dividends received in Indian rupees are converted into U.S. dollars at the spot rate applicable on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

A U.S. Holder may be entitled, subject to certain complex limitations and requirements, to a credit against its U.S. federal income tax liability for Indian income taxes withheld by the Company on payments of dividends (at a rate not exceeding any applicable Treaty rate). Dividends generally will constitute foreign source “passive category income” for purposes of the foreign tax credit. The rules governing foreign tax credits are complex and recently issued final U.S. Treasury regulations (“**Final FTC Regulations**”) have imposed additional requirements that must be met for a foreign tax to be creditable, and we do not intend to determine whether such requirements are met. A recent notice from the IRS indicates that the Treasury and the IRS are considering proposing amendments to such regulations and allows taxpayers, subject to certain conditions, to defer the application of many aspects of such regulations for taxable years ending on or before December 31, 2023 (the notice also indicates that the Treasury and the IRS are considering whether, and under what conditions, to provide additional temporary relief for later taxable years). In lieu of claiming a credit, a U.S. Holder may be able to take a deduction for such taxes if, among other things, such U.S. Holder does not elect to claim a foreign tax credit for any other non-U.S. taxes paid or accrued during the taxable year. An election to deduct foreign taxes instead of claiming foreign tax credits must be applied to all foreign taxes paid or accrued in the U.S. Holder’s taxable year. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Indian withholding taxes.

### ***Sale or Other Taxable Disposition***

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

Upon a sale or other taxable disposition of Equity Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other taxable disposition and the U.S. Holder’s adjusted tax basis in the Equity Shares, in each case as determined in U.S. dollars. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period in the Equity Shares exceeds one year. Non-corporate U.S. Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital losses is subject to significant limitations. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or other taxable disposition of Equity Shares that are not paid in U.S. dollars.

Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of Equity Shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes. As a result, the use of U.S. foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. Moreover, under the Final FTC Regulations described above (and subject to the IRS notice described above), Indian income taxes on disposition gains of U.S. Holders that are not entitled to, or do not elect to apply, the benefits of the Treaty, are generally not creditable for U.S. federal income tax purposes. Indian income taxes on disposition gains that are not creditable may reduce the amount realized on the disposition of Equity Shares or alternatively may be deductible. Indian STT is not creditable for U.S. federal income tax purposes. U.S. Holders should consult their tax advisers regarding the tax consequences if Indian income taxes are imposed on a taxable disposition of Equity Shares, including their ability to credit or deduct any Indian income tax against their U.S. federal income tax liability, the proper application of the Treaty (which in some respects is not entirely clear), the determination of the amount realized and disclosure obligations of any Treaty-based tax return position, as well as the proper U.S. federal income tax treatment of Indian STT (including whether Indian STT is deductible, increases the adjusted tax basis in the Equity Shares or reduces the amount realized on disposition).



### ***Passive Foreign Investment Company Considerations***

A non-U.S. corporation will be a passive foreign investment company (“**PFIC**”) in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules”, either (i) at least 75 per cent. of its gross income is “passive income” or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For these purposes, “passive income” generally includes interest, dividends, rents, royalties and gains from non-dealer securities transactions. In general, cash is a passive asset for these purposes.

Based on the Company’s current and projected composition of the Company’s income and assets, the Company does not expect to be a PFIC for the current taxable year. However, the Company’s possible status as a PFIC must be determined annually after the close of each taxable year, and therefore may be subject to change. This determination will depend on, among other things, the composition of the income and assets, as well as the value of the assets, of our Company and its subsidiaries from time to time. The value of our assets for purposes of the PFIC determination may be determined by reference to the market price of our Equity Shares, which could fluctuate significantly. In addition, the Company’s possible status as a PFIC will also depend on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that the Company will not be a PFIC for any year in which a U.S. Holder holds the Equity Shares.

If the Company is a PFIC in any year during which a U.S. Holder holds the Equity Shares, and such holder has not made any of the elections described below, the U.S. Holder will generally be subject to special rules with respect to (i) any “excess distribution” (generally, the excess of the total amount of distributions during a taxable year in which distributions received by the U.S. Holder on the Equity Shares over 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the Equity Shares) and (ii) any gain realised on the sale or other disposition of the Equity Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder’s holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. Additionally, dividends paid by the Company will not be eligible for the special reduced rate of tax described above under “*Distributions*”. If the Company is a PFIC for any taxable year during which a U.S. Holder holds the Equity Shares, the Company would generally continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such holder owns the Equity Shares, even if the Company ceases to meet the threshold requirements for PFIC status (unless the U.S. Holder makes a deemed sale election with respect to the Equity Shares once the Company is no longer a PFIC). If the Company is a PFIC for any taxable year, U.S. Holders should consult their tax advisers regarding the application of the PFIC rules to their ownership of the Equity Shares.

If the Company is a PFIC for any taxable year, to the extent any of its subsidiaries are also PFICs, a U.S. Holder will generally be deemed to own equity interests in such lower-tier PFICs that are directly or indirectly owned by the Company in the proportion which the value of the Equity Shares owned by such U.S. Holder bears to the value of all of the Company’s equity interests, and such U.S. Holder will generally be subject to the tax consequences described above (and the IRS Form 8621 reporting requirement described below) with respect to the equity interests of such lower-tier PFIC the U.S. Holder is deemed to own. As a result, if the Company receives a distribution from any lower-tier PFIC or sells equity interests in a lower-tier PFIC, a U.S. Holder will generally be subject to tax under the excess distribution rules described above in the same manner as if such U.S. Holder had held a proportionate share of the lower-tier PFIC equity interests directly, even if such amounts are not distributed to the U.S. Holder. The application of the PFIC rules to indirect ownership of any lower-tier PFIC held by the Company is complex and uncertain, and U.S. Holders should therefore consult their own tax advisers regarding the application of such rules to their ownership of Equity Shares.

If the Company is a PFIC in a taxable year and the Equity Shares are treated as “marketable stock” in such year, a U.S. Holder may make a mark-to-market election with respect to its Equity Shares. A U.S. Holder that makes a valid mark-to-market election with respect to the first taxable year during its holding period in which the Company is a PFIC generally will not be subject to the PFIC rules described above. Instead, in general, such U.S. Holder will include as ordinary income each year the excess, if any, of the fair market value of the Equity Shares at the end of the taxable year over the U.S. Holder’s adjusted basis in the Equity Shares. Such U.S. Holder will also be allowed to take an ordinary loss in respect of the excess, if any, of such holder’s adjusted basis in the Equity

Shares over the fair market value of such Equity Shares at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. Any gain that is recognized on the sale or other taxable disposition of Equity Shares would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. However, because a mark-to-market election cannot technically be made for equity interests in any lower-tier PFICs of the Company that are not treated as "marketable stock", a U.S. Holder would continue to be subject to the excess distribution rules (and corresponding basis adjustments, as discussed above) with respect to any subsidiaries of the Company that are PFICs, any distributions received by the Company from a subsidiary that is a PFIC, and any gain recognized by the Company upon a sale of equity interests of a subsidiary that is a PFIC, even if a mark-to-market election has been made by the U.S. Holder with respect to its Equity Shares. The interaction of the mark-to-market rules and the rules governing lower-tier PFICs is complex and uncertain, and U.S. Holders should therefore consult their own tax advisers regarding the availability and advisability of the mark-to-market election as well as the application of the PFIC rules to their ownership of the Equity Shares.

In some cases, a shareholder of a PFIC may be subject to alternative treatment by making a qualified electing fund ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. To make a QEF election, the Company must provide U.S. Holders with certain information compiled according to U.S. federal income tax principles. The Company currently does not intend to provide such information for U.S. Holders, and therefore it is expected that this election will be unavailable.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime to their investment in the Company.

#### ***Backup Withholding and Information Reporting***

Payments of dividends on, and proceeds from the sale or other taxable disposition of, Equity Shares by a U.S. or U.S.-connected paying agent or other U.S. or U.S.-connected intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Equity Shares, including reporting obligations related to the holding of certain "specified foreign financial assets".

## LEGAL PROCEEDINGS

*Our Company is involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of civil proceedings and tax disputes, which are pending before various adjudicating forums.*

*There are no outstanding legal proceeding which have been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations.*

*Additionally, solely for the purpose of the Issue, the following outstanding legal proceedings have been disclosed in this section involving our Company, its Directors, its Subsidiaries and our Promoters (as applicable):*

- outstanding criminal proceedings involving our Company, our Subsidiaries, our Directors and our Promoters;*
- outstanding actions by statutory or regulatory authorities against our Company and our Subsidiaries, our Directors and Promoters;*
- outstanding civil proceedings involving our Company and our Subsidiaries, where the amount involved in such proceeding exceeds ₹ 20.31 million i.e., 1% of our profit after tax, on a consolidated basis for the financial year ended March 31, 2023 (“Materiality Threshold”);*
- outstanding direct and indirect tax matters involving our Company and our Subsidiaries (disclosed in a consolidated manner);*
- any other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis; and*
- other outstanding litigation involving our Promoters and our Directors wherein an adverse outcome could materially and adversely affect the reputation, operations or financial position of our Company, on a consolidated basis.*

*The Materiality Threshold was adopted by the QIP Committee solely for the purpose of the Issue pursuant to its resolution dated September 20, 2023.*

*Further, except as disclosed in this section, there are no:*

- inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 in the last three years preceding the year of the Issue Documents, involving our Company and its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of the Issue Documents, involving our Company and our Subsidiaries;*
- material frauds committed against our Company and our Subsidiaries in the last three years, and if so, the action taken by our Company and our Subsidiaries;*
- significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company on a consolidated basis;*
- defaults by our Company and our Subsidiaries, including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon;*
- defaults in annual filings of our Company under the Companies Act, 2013; and*
- any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of the Issue Documents, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.*

*It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiaries, our Directors and our Promoters, from third parties (excluding statutory/ regulatory/ governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Subsidiaries, our Directors and our Promoters, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced. Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.*

## **Litigation involving our Company**

### ***Litigation against our Company***

#### *Criminal proceedings*

Nil

#### *Actions taken by regulatory and statutory authorities*

Nil

#### *Civil proceedings above the Materiality Threshold*

Nil

### ***Litigation by our Company***

#### *Criminal proceedings*

Our Company has filed 8 cases pending before various judicial forums for alleged violations of Section 138 of the Negotiable Instruments Act, 1881, for recovery of amounts for which cheques issued in favour of our Company have been dishonoured. The total monetary value involved in these cases is ₹7.61 million.

#### *Civil proceedings above the Materiality Threshold*

Our Company had purchased a standard fire and special perils policy (“**Fire Insurance Policy**”) dated December 9, 2015 from The New India Assurance Company Limited (“**Respondent**”) to insure against destruction or damages to our manufacturing facility situated at 51-A Udyog Vihar, Greater Noida (“**Greater Noida Facility**”) caused on account of fire. On May 20, 2016, a fire broke out at the Greater Noida Facility due to a short circuit causing loss to buildings, machinery and stock. Subsequently, our Company submitted an insurance claim under the Fire Insurance Policy with the Respondent amounting to ₹430.90 million for damages caused by the incident. After multiple correspondences with the Respondent, our claim was rejected by the Respondent through repudiation letters dated January 8, 2019 and July 7, 2020 citing surveyor’s observations. Thereafter, on September 30, 2020, our Company filed a complaint under section 6 read with section 34 of the Consumer Protection Act, 2019 before the District Consumer Disputes Redressal Commission, East Delhi (“**DCDRC**”) seeking payment of the following amounts from the Respondent: (i) ₹213.88 million along with an interest at 18% from May 20, 2016, (ii) ₹1 million as compensation for deficiency in service and causing undue hardship, mental agony and loss to our Company and (iii) legal costs. The matter was admitted by the DCDRC on October 20, 2020 and the DCDRC issued notice to the Respondent by its order dated October 20, 2020. Our Company made written submissions before the DCDRC on August 29, 2022. Subsequently, a written statement dated October 22, 2022 has been filed by the Respondent. The matter is currently pending.

## **Litigation involving our Subsidiaries**

### ***Litigation against our Subsidiaries***

#### *Criminal proceedings*

Nil

#### *Actions taken by regulatory and statutory authorities*

Nil

*Civil proceedings above the Materiality Threshold*

Nil

***Litigation by our Subsidiaries***

*Criminal proceedings*

Our Subsidiary, House of Kieraya Private Limited, has filed a complaint before the Chief Metropolitan Magistrate, Bangalore for alleged violations of Section 138 of the Negotiable Instruments Act, 1881. The total monetary value involved in the matter is ₹ 0.30 million.

*Civil proceedings above the Materiality Threshold and Other Matters*

Sleeptex, a third party entity has objected against the registration of a trademark ‘Sleeptex’ of our Subsidiary, Interplasp, S.L., on May 22, 2023. The matter is currently pending.

**Other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis**

A group of individuals (“**Plaintiffs**”) filed a suit dated September 1, 2005 before the II Additional District Judge, Ranga Reddy district, Telangana (“**ADJ**”) for declaration of claim and recovery of possession of property against a part of the premises over which our manufacturing facility in Hyderabad is located. By its order dated April 29, 2014 (“**Order**”), the ADJ dismissed the suit stating that the suit was barred by limitation and that the plaintiffs failed to establish their legal rights over the claimed properties. The Plaintiffs filed an appeal against the Order before the High Court of Hyderabad (“**Court**”), wherein the Court, by an interim order dated June 8, 2015 restrained our Company from alienating or effecting transfer of the disputed land without the permission of the Court. The matter is currently pending.

**Litigation involving our Directors**

*Criminal proceedings against our Directors*

Nil

*Criminal proceedings by our Directors*

Nil

*Actions taken by regulatory and statutory authorities*

Nil

**Litigation involving our Promoters**

*Criminal proceedings against our Promoters*

Nil

*Criminal proceedings by our Promoters*

Nil

*Actions taken by regulatory and statutory authorities*

Nil

**Other outstanding litigation involving our Promoters and our Directors wherein an adverse outcome could materially and adversely affect the reputation, operations or financial position of our Company, on a consolidated basis**

Nil

**Inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 in the last three years preceding the year of the Issue Documents, involving our Company and its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of the Issue Documents, involving our Company and its Subsidiaries**

Nil

**Material frauds committed against our Company and its Subsidiaries in the last three years, and if so, the action taken by our Company and Subsidiaries**

Nil

**Significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company on a consolidated basis**

Nil

**Default by our Company and its Subsidiaries, including therein the amount involved, duration of default and present status, in repayment of statutory dues, debentures and interest thereon, deposits and interest thereon and loan from any bank or financial institution and interest thereon.**

Nil

**Default in annual filings of our Company under the Companies Act, 2013**

Nil

**Litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of the Issue Documents, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.**

Nil

#### **Tax litigation**

As on the date of this Preliminary Placement Document, except as disclosed below, there are no outstanding tax litigations, involving our Company and its Subsidiaries:

<b>Nature of case</b>	<b>Number of cases</b>	<b>Amount involved (in ₹ million)*</b>
<b><i>Tax litigation involving our Company</i></b>		
Direct tax	4	56.50
Indirect tax	9	90.83
<b>Total</b>	<b>13</b>	<b>147.33</b>
<b><i>Tax litigation involving our Subsidiaries</i></b>		
Direct tax	3	4.47
Indirect tax	Nil	Nil
<b>Total</b>	<b>3</b>	<b>4.47</b>

*\*To the extent quantifiable, including interest and penalty thereon.*

## **STATUTORY AUDITORS**

In term of the provisions of Section 139 of the Companies Act, 2013, M/s M S K A & Associates, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a resolution adopted by our Shareholders at the AGM held on August 20, 2021 for a period of five years, from Fiscal 2022 to Fiscal 2026. The Fiscal 2022 Audited Consolidated Financial Statements and the Fiscal 2023 Audited Consolidated Financial Statements have been audited by our Statutory Auditors, and the Unaudited Condensed Interim Consolidated Financial Statements have been subjected to limited review by our Statutory Auditors.

The Fiscal 2021 Audited Consolidated Financial Statements have been audited by our previous statutory auditors, S.P. Chopra & Co who last appointed as statutory auditors of our Company from the conclusion of our Company's AGM on August 14, 2020 till the conclusion of the succeeding AGM of our Company to be held in year 2021.

The peer review certificate of our Statutory Auditors is valid as of the date of this Preliminary Placement Document.

## FINANCIAL INFORMATION

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## **Report on Review of the Unaudited Condensed Interim Consolidated Financial Statements**

### **To the Board of Directors of Sheela Foam Limited**

We have reviewed the accompanying Unaudited Condensed Interim Consolidated Financial Statements of Sheela Foam Limited (the “Company” or “Holding Company”) and its subsidiaries (together referred to as the “Group”), which comprise the Unaudited Condensed Interim Consolidated Balance Sheet as at June 30, 2023 and the Unaudited Condensed Interim Consolidated Statement of Profit and Loss (including other comprehensive income), Unaudited Condensed Interim Consolidated Cash Flow Statement and the Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the three-months period June 30, 2023 and a summary of select explanatory notes (together hereinafter referred to as the “Unaudited Condensed Interim Consolidated Financial Statements”). The Unaudited Condensed Interim Consolidated Financial Statements have been prepared by the Company solely in connection with the proposed qualified institutions placement of equity shares of the Company, in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), as amended and other applicable laws.

### **Responsibilities of Management for the Unaudited Condensed Interim Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Unaudited Condensed Interim Consolidated Financial Statements in accordance with the recognition and measurement principles laid down as per the requirements of Indian Accounting Standard (Ind AS 34) “Interim Financial Reporting” specified under section 133 of the Companies Act, 2013 (the “Act”), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Unaudited Condensed Interim Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Unaudited Condensed Interim Consolidated Financial Statements**

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditors of the Entity”, issued by the Institute of Chartered Accountants of India. This standard require that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Condensed Interim Consolidated Financial Statements are free from material misstatement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. Our responsibility is to express a conclusion on the Unaudited Condensed Interim Consolidated Financial Statements based on our review.

### **Conclusion**

Based on our review conducted as above and based on the consideration of the review reports of other auditors referred to in Other Matters paragraph below, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with the recognition and

measurement principles of Ind AS 34 as specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

#### Other matters

- (i) We did not review the Interim Financial Statements of 10 subsidiaries included in the Unaudited Condensed Interim Consolidated Financial Statements, whose Interim Financial Statements reflect total assets of Rs. 2,72,202.03 lakhs as at June 30, 2023 and total income of Rs. 66,927.91 lakhs, total net profit after tax of Rs. 4,331.05 lakhs and total comprehensive income of 4,041.54 lakhs and cash outflows (net) of Rs. (677.91) lakhs for the three months period ended June 30, 2023, as considered in the Unaudited Condensed Interim Consolidated Financial Statements. These Interim Financial Statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated above.
- (ii) Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been reviewed 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 reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion on the Statement, in so far as it relates to the financial statements 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 reviewed by us.
- (iii) The Group had prepared separate Statement of Unaudited Consolidated Financial Results (the 'Unaudited Consolidated Financial Results 2023') for the three-months period ended June 30, 2023, in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting", on which we had issued a separate auditor's review report dated August 02, 2023. These Unaudited Consolidated Financial Results 2023 were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (iv) The Group had prepared separate Statement of Unaudited Consolidated Financial Results (the 'Unaudited Consolidated Financial Results 2022') for the three-months period ended June 30, 2022, in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting", on which we had issued a separate auditor's review report dated August 02, 2022. These Unaudited Consolidated Financial Results 2022 were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements is not modified in respect of the above matters.

### **Restriction of use**

This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes of submission to the stock exchanges or any other authority as may be required under applicable law and for the purposes of including it in the Preliminary Placement Document and Placement document, to be filed by the Company with the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies, National Capital Territory of Delhi and Haryana, as applicable, in connection with proposed qualified institutions placement of the equity shares of the Company. As a result, these Unaudited Condensed Interim Consolidated Financial Statements may not be suitable for another purpose. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For **M S K A & Associates**  
Chartered Accountants  
Firm Registration Number: **105047W**

Nipun Gupta  
Membership Number: 502896

UDIN: 23502896BGTEVP6405

Place: Gurugram  
Date: September 20, 2023

Sheela Foam Limited  
Unaudited Condensed Interim Consolidated Balance Sheet as at June 30, 2023

Particulars	Note no.	(Rs. in Millions)	
		As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	4,264.87	4,290.36
Right-of-use assets		1,451.30	1,085.48
Capital work-in-progress	3	3,459.12	2,874.90
Intangible assets	4A	2,725.94	2,740.20
Intangible assets under development	4B	10.07	-
Investment property		524.10	533.88
Financial assets			
(i) Investments		841.01	564.13
(ii) Loans		19.69	19.39
(iii) Other financial assets		60.14	51.90
Deferred tax asset		140.07	136.78
Non current tax assets (net)		131.74	123.89
Other non-current assets		264.93	354.31
<b>Total non current assets</b>		<b>13,892.98</b>	<b>12,775.22</b>
<b>Current assets</b>			
Inventories	5	2,876.55	3,313.27
Financial assets			
(i) Investments		3,377.51	7,119.57
(ii) Trade receivables		2,828.84	2,819.76
(iii) Cash and cash equivalents	6	353.25	422.71
(iv) Bank balances other than cash and cash equivalents	7	18.57	2.67
(v) Loans		6.41	6.71
(vi) Other financial assets		3,229.24	10.00
Other current assets		636.85	638.09
<b>Total current assets</b>		<b>13,327.22</b>	<b>14,332.78</b>
<b>Total assets</b>		<b>27,220.20</b>	<b>27,108.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital		487.82	487.82
Other equity	8	15,929.14	15,516.09
<b>Equity attributable to shareholders of the Holding Company</b>		<b>16,416.96</b>	<b>16,003.91</b>
Non-controlling Interest		66.75	82.65
<b>Total equity</b>		<b>16,483.71</b>	<b>16,086.56</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	9	2,570.43	2,838.07
(ii) Lease liabilities		1,193.42	874.91
(iii) Other non current financial liabilities		276.39	259.40
Provisions		131.62	130.42
Other non current liabilities		1.91	1.99
Deferred tax liabilities		87.43	83.15
<b>Total non current liabilities</b>		<b>4,261.20</b>	<b>4,187.94</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	10	1,941.90	1,838.05
(ii) Lease liabilities		214.16	159.84
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises		35.63	72.20
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,181.64	2,521.94
(iv) Other financial liabilities		899.63	917.05
Provisions		213.60	205.08
Current tax liabilities (net)		62.19	11.71
Other current liabilities		926.54	1,107.63
<b>Total current liabilities</b>		<b>6,475.29</b>	<b>6,833.50</b>
<b>Total liabilities</b>		<b>10,736.49</b>	<b>11,021.44</b>
<b>Total equity and liabilities</b>		<b>27,220.20</b>	<b>27,108.00</b>

Significant accounting policies

2

The accompanying notes are an integral part of these unaudited condensed interim 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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No. A20921

**Sheela Foam Limited**  
**Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the period ended June 30, 2023**

Particulars	Note no.	(Rs. in Millions)	
		For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Income</b>			
Revenue from operations	11	6,450.86	7,006.71
Other income		241.94	179.75
<b>Total Income</b>		<b>6,692.80</b>	<b>7,186.46</b>
<b>Expenses</b>			
Cost of materials consumed	12	3,539.68	4,330.29
Purchase of stock-in-trade	13	124.83	210.97
Changes in inventories of finished goods, stock-in-trade and work-in-progress	14	292.10	6.43
Other manufacturing expenses		188.70	174.74
Employee benefits expense		732.11	689.54
Finance costs		78.85	48.13
Depreciation and amortisation expense		226.56	206.46
Other expenses		797.22	936.16
<b>Total Expenses</b>		<b>5,980.05</b>	<b>6,602.72</b>
<b>Profit before tax and Exceptional Items</b>		<b>712.75</b>	<b>583.74</b>
Exceptional items	24	109.53	-
<b>Profit before tax</b>		<b>603.22</b>	<b>583.74</b>
<b>Income Tax expense</b>	23		
Current tax		172.24	163.41
Tax expenses related to earlier years		-	0.03
Deferred tax (net)		(2.22)	(4.90)
<b>Total income tax expense</b>		<b>170.02</b>	<b>158.54</b>
<b>Profit for the period</b>		<b>433.20</b>	<b>425.20</b>
<b>Other comprehensive income (net of tax)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements gain / (loss) of the net defined benefit plans		(4.76)	(10.68)
Income tax on above item		1.20	2.72
<i>Items that will be reclassified to profit or loss</i>			
Fair value gain / (loss) on investments and other financial instruments		8.52	(36.40)
Income tax on above item		(2.15)	8.94
Exchange differences on translation of foreign operations		(31.86)	(30.55)
<b>Total Other comprehensive income/ (loss) (net of tax)</b>		<b>(29.05)</b>	<b>(65.97)</b>
<b>Total comprehensive income for the period</b>		<b>404.15</b>	<b>359.23</b>
<b>Profit for the period attributable to:</b>			
Shareholders of the Holding Company		430.67	420.90
Non-controlling Interest		2.53	4.30
		<b>433.20</b>	<b>425.20</b>
<b>Other Comprehensive income for the period attributable to:</b>			
Shareholders of the Holding Company		(29.05)	(65.97)
Non-controlling Interest		-	-
		<b>(29.05)</b>	<b>(65.97)</b>
<b>Total Comprehensive Income for the period attributable to:</b>			
Shareholders of the Holding Company		401.62	354.93
Non-controlling Interest		2.53	4.30
		<b>404.15</b>	<b>359.23</b>
<b>Earnings per equity share (face value of Rs.5/- each):</b>			
Basic and diluted (Rs.)		4.41	4.36

Significant accounting policies 2  
The accompanying notes are an integral part of these unaudited condensed interim 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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

**Md. Iqubal Ahmad**  
Company Secretary  
Membership No. A20921

Sheela Foam Limited  
Unaudited Condensed Interim Consolidated Statement of Cash Flows for the period ended June 30, 2023

	(Rs. in Millions)	
Particulars	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>A. Cash flow from operating activities</b>		
Profit before tax	712.75	583.74
<b>Adjustments for:</b>		
Depreciation and amortisation expense	226.56	206.46
Finance costs	78.85	48.13
Advances/Balances written off (including bad debts)	3.16	38.51
Provision for doubtful receivables	4.82	1.64
Provision for warranty	17.68	29.26
Subsidy income	(1.29)	(0.07)
Net gain on foreign currency forward contracts	(16.04)	-
Fair value (gain) / loss on investments (net)	(12.16)	(23.60)
(Profit) / Loss on sale of investments (net)	(134.41)	(11.13)
Liabilities/provisions no longer required written back	(2.36)	(0.09)
Unrealised foreign exchange loss / (gain) (net)	0.46	-
Rental Income	(30.33)	(29.76)
Interest Income	(17.29)	(91.37)
(Profit) / Loss on sale of property, plant and equipment (net)	1.94	0.95
<b>Operating profit before working capital changes</b>	<b>832.34</b>	<b>752.67</b>
<b>Changes in working capital:</b>		
(Increase) / Decrease in inventories	320.43	37.88
(Increase) / Decrease in loans and trade receivables	(31.05)	454.18
(Increase) / Decrease in other financial and non-financial assets	81.92	(138.98)
(Decrease) / Increase in trade payables	(366.17)	(331.89)
(Decrease) / Increase in other financial liabilities, non-financial liabilities and provisions	(159.16)	(192.61)
<b>Cash generated from operations</b>	<b>678.31</b>	<b>581.25</b>
Income tax paid (net of refunds)	(128.61)	(174.51)
<b>Net cash flow from operating activities (A)</b>	<b>549.70</b>	<b>406.74</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and change in capital work-in-progress	(762.28)	(496.73)
Intangible Assets under development	(10.07)	-
Proceeds from sales of property, plant and equipment	13.99	1.92
Deposits matured/made during the period (net)	(15.90)	-
Investment in bonds, debentures and mutual funds (net)	391.81	(498.71)
Loans and advances given	(3.96)	0.41
Rental income	30.33	29.76
Interest income received	17.04	192.81
<b>Net cash flow (used in) investing activities (B)</b>	<b>(339.04)</b>	<b>(770.54)</b>
<b>C. Cash flow from financing activities</b>		
Payment of dividend during the period	(7.00)	(5.81)
Proceeds from long term borrowings	55.86	544.08
Repayment of long term borrowings	(231.77)	(95.79)
Proceeds from short term borrowings	42.87	-
Payment of lease liabilities (principal and interest)	(77.12)	(83.83)
Finance costs	(61.30)	(31.09)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(278.46)</b>	<b>327.56</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(67.80)</b>	<b>(36.24)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1.66)	(6.92)
Cash and cash equivalents at the beginning of the period	422.71	408.13
<b>Cash and cash equivalents at the end of the period</b>	<b>353.25</b>	<b>364.97</b>

**Notes :**

- The above unaudited condensed interim consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
- Figures in brackets represent cash outflow.
- Components of cash and cash equivalents:

	(Rs. in Millions)	
Particular	As at June 30, 2023 (Unaudited)	As at June 30, 2022 (Unaudited)
<b>Cash and cash equivalents</b>		
Cash on hand	1.86	1.61
Deposits having original maturity of less than 3 months	0.15	56.79
Balance with banks in current accounts	351.24	306.57
<b>Balance as per Statement of Cash Flows</b>	<b>353.25</b>	<b>364.97</b>

**Sheela Foam Limited**  
**Unaudited Condensed Interim Consolidated Statement of Cash Flows for the period ended June 30, 2023**

4. Changes in liabilities arising from financing activities:

Particular	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Borrowings</b>		
Borrowings at the beginning of the period	4,676.12	3,377.55
Proceeds from the borrowings	98.73	544.08
Repayment of borrowings	(231.77)	(95.79)
Forex fluctuation on restatement of loan	(1.54)	0.01
Exchange differences on translation of foreign operations	(29.21)	(93.72)
Borrowings as at period end	<u>4,512.33</u>	<u>3,732.13</u>
<b>Lease liabilities</b>		
Lease liabilities at the beginning of the period	1,034.75	1,287.10
Addition during the period	446.34	-
Finance charges	17.55	17.04
Payment of lease liabilities	(77.12)	(83.83)
Cancellation / adjustments	(13.94)	(39.85)
Lease liabilities as at period end	<u>1,407.58</u>	<u>1,180.46</u>

The accompanying notes are an integral part of these unaudited condensed interim 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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No. A20921

Sheela Foam Limited  
Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the period ended June 30, 2023

A. EQUITY SHARE CAPITAL

Particulars	Rs. in Millions
Balance as at April 01, 2022	243.91
Add: Bonus shares issued during the year	243.91
Balance as at March 31, 2023	487.82
Add: Issued during the period	-
Balance as at June 30, 2023	487.82

B. OTHER EQUITY

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 March 31, 2022	13,133.12	39.56	171.63	287.99	7.06	42.40	-	13,681.76	76.33	13,758.09
Profit for the year	2,011.57	-	-	-	-	-	-	2,011.57	19.06	2,030.63
Bonus shares issued during the year	(39.43)	(32.86)	(171.63)	-	-	-	-	(243.92)	-	(243.92)
Expenses towards increase in authorised share capital	(5.04)	-	-	-	-	-	-	(5.04)	-	(5.04)
Dividend paid	(10.30)	-	-	-	-	-	-	(10.30)	-	(10.30)
Other Comprehensive Income for the year (net of tax)	(13.56)	-	-	-	-	-	-	(13.56)	-	(13.56)
Other adjustments	0.02	-	-	-	(0.72)	-	-	(0.70)	(12.74)	(13.44)
Exchange gain/(loss) on translation (net)	-	-	-	164.71	-	-	-	164.71	-	164.71
Loss on cash flow hedge reserve (net of tax)	-	-	-	-	-	-	(26.03)	(26.03)	-	(26.03)
Realised gain from debt instruments transferred to profit and loss (Net of Tax)	-	-	-	-	-	(42.40)	-	(42.40)	-	(42.40)
<b>Total comprehensive income for the year</b>	<b>1,943.26</b>	<b>(32.86)</b>	<b>(171.63)</b>	<b>164.71</b>	<b>(0.72)</b>	<b>(42.40)</b>	<b>(26.03)</b>	<b>1,834.33</b>	<b>6.32</b>	<b>1,840.65</b>
Balance as at March 31, 2023	15,076.38	6.70	-	452.70	6.34	-	(26.03)	15,516.09	82.65	15,598.74
Profit for the period	430.67	-	-	-	-	-	-	430.67	2.53	433.20
Other Comprehensive Income for the period (net of tax)	(3.56)	-	-	-	-	-	-	(3.56)	-	(3.56)
Other adjustments	12.03	-	-	-	(0.60)	-	-	11.43	(18.43)	(7.00)
Exchange gain/(loss) on translation (net)	-	-	-	(31.86)	-	-	-	(31.86)	-	(31.86)
Loss on cash flow hedge reserve (net of tax)	-	-	-	-	-	-	6.37	6.37	-	6.37
<b>Total comprehensive income for the period</b>	<b>439.14</b>	<b>-</b>	<b>-</b>	<b>(31.86)</b>	<b>(0.60)</b>	<b>-</b>	<b>6.37</b>	<b>413.05</b>	<b>(15.90)</b>	<b>397.15</b>
Balance as at June 30, 2023	15,515.52	6.70	-	420.84	5.74	-	(19.66)	15,929.14	66.75	15,995.89

The accompanying notes are an integral part of these unaudited condensed interim 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  
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Rahul Gautam  
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Amit Kumar Gupta  
Group Chief  
Financial Officer

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

Md. Iqbal Ahmad  
Company Secretary  
Membership No. A20921



**Sheela Foam Limited**

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

**NOTE 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 'Staqo Software Private Limited (formerly known as 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 unaudited condensed interim consolidated financial statements for the period ended June 30, 2023 were approved by the Board of Directors and authorised for issue on September 20, 2023.

**NOTE 1.1 : INFORMATION ABOUT SUBSIDIARIES**

Name of the Company	Country of Incorporation	Principal Activities	As at June 30, 2023	As at March 31, 2023
Joyce Foam Pty. Limited and its Controlled Entity (Joyce W C NSW Pty Limited)	Australia	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)	100%	100%
Staqo Software Private Limited (formerly known as 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 and its Controlled Entity (Interplasp S.L)	Spain	To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam	100%	100%
Staqo World Pvt. Ltd. and its 3 Controlled Entities (Staqo Technologies L.L.C. , Staqo World LLC and Staqo Incorporated)	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 2 : SIGNIFICANT ACCOUNTING POLICIES****2.1 Statement of Compliance and Basis of Preparation****a. Basis of Preparation**

The Unaudited Condensed Interim Consolidated Financial statements for the three months ended June 30, 2023 have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time.

The Unaudited Condensed Interim Consolidated Financial Statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended March 31, 2023.

The Unaudited Condensed Interim Consolidated Financial Statements have been prepared by the Company solely in connection with the proposed Issue of equity shares of the Company in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and other applicable laws. Accordingly, these are not statutory consolidated Ind AS financial statements of the Group as required under Section 129 of the Companies Act, 2013.

**b. New Standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of Unaudited Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended March 31, 2023. Several amendments apply for the first time in 2023, but do not have an impact on the unaudited condensed interim consolidated financial statements of the Group.

The unaudited condensed interim consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Millions except when otherwise indicated.

**Sheela Foam Limited**

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

**c. 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 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.

Particulars	(Rs.in Millions)	
	June 30, 2023	March 31, 2023
Acquired Goodwill	2,622.44	2,636.62

Following key assumptions were considered while performing impairment testing:

Factors tested	June 30, 2023	March 31, 2023
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)	8.25%	8.25%
post tax (Discount rate)		

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.

**NOTE 3 : PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK-IN-PROGRESS**

During the period ended June 30, 2023, the Group has added Rs.155.92 Millions (March 31, 2023: Rs.441.63 Millions) to gross block of property, plant and equipment. Further, there has been net addition in Capital work-in-progress of Rs. 651.37 Millions (March 31, 2023: Rs.1,791.91 Millions).Property, plant and equipment and capital work-in-progress has been pledged as security amounted Rs.5,258.05 Millions (March 31, 2023: Rs.4,903.94 Millions).

**NOTE 4A : INTANGIBLE ASSETS**

During the period ended June 30, 2023, there has been no addition in gross block of Intangible Assets (March 31, 2023: Rs. Nil).

**NOTE 4B : INTANGIBLE ASSETS UNDER DEVELOPMENT**

During the period ended June 30, 2023, the Group has added Rs.10.06 Millions (March 31, 2023: Rs. Nil) to Intangible assets under development.

**Sheela Foam Limited**

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

**NOTE 5 : INVENTORIES**

- (i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to Rs. 56.73 Millions (March 31, 2023: Rs. 65.56 Millions) 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.

**NOTE 6 : 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:

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Balance with banks :</b>		
Current accounts	351.24	407.22
Fixed deposits account with an original maturity of less than three months	0.15	14.18
Cash on hand	1.86	1.31
<b>Total</b>	<b>353.25</b>	<b>422.71</b>

**Notes:**

- a. There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period 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 7 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Deposits having original maturity more than 3 months but less than 12 months	18.57	2.67
<b>Total</b>	<b>18.57</b>	<b>2.67</b>

**Note:**

Other bank balances represents fixed deposits with banks.

## NOTE 8 : OTHER EQUITY

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Capital reserve	6.70	6.70
General reserve	-	-
Retained earnings	15,515.52	15,076.38
Other comprehensive income(refer note below)	-	-
Cash flow hedge reserve	(19.66)	(26.03)
Foreign currency translation reserve	420.84	452.70
Capital Subsidy	5.74	6.34
<b>Total</b>	<b>15,929.14</b>	<b>15,516.09</b>

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Capital reserve</b>		
Opening balance	6.70	39.56
Bonus Share issued during the year	-	(32.86)
<b>Closing balance</b>	<b>6.70</b>	<b>6.70</b>
<b>General Reserve</b>		
Opening balance	-	171.63
Bonus Share issued during the year	-	(171.63)
<b>General Reserve</b>	<b>-</b>	<b>-</b>
<b>Retained earnings</b>		
Opening balance	15,076.38	13,133.12
Net profit for the year	430.67	2,011.57
Bonus shares issued during the year	-	(39.43)
Expenses towards increase in authorised capital	-	(5.04)
Dividend paid to non-controlling interest	-	(10.30)
Remeasurements of the net defined benefit plans (net of tax)	(3.56)	(13.56)
Other adjustments	12.03	0.02
<b>Closing balance</b>	<b>15,515.52</b>	<b>15,076.38</b>
<b>Components of Other Comprehensive Income:-</b>		
Opening balance	-	42.40
Realised gain from debt instruments transferred to profit and loss (Net of Tax)	-	(42.40)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Cash flow hedge reserve</b>		
Opening balance	(26.03)	-
Gain/(Loss) on cash flow hedge reserve (net of tax)	6.37	(26.03)
<b>Closing balance</b>	<b>(19.66)</b>	<b>(26.03)</b>
<b>Foreign currency translation reserve</b>		
Opening balance	452.70	287.99
Exchange gain on translation (net) during the year	(31.86)	164.71
<b>Closing balance</b>	<b>420.84</b>	<b>452.70</b>
<b>Capital Subsidy</b>		
Opening balance	6.34	7.06
Amortizations/repayments	(0.60)	(0.72)
<b>Closing balance</b>	<b>5.74</b>	<b>6.34</b>

**Sheela Foam Limited****Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023****Notes:****(a) Capital reserve**

During the year 2012-13, pursuant to the scheme of amalgamation of certain subsidiaries the excess of net assets, over consideration paid was treated as capital reserve. During the year ended March 31, 2023, Holding Company had issued bonus share in the ratio of 1:1 out of capital reserve of Rs.32.86 Millions.

**(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 ended March 31, 2023, Company had issued bonus share in the ratio of 1:1 out of general reserve of Rs.171.63 Millions.

**(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 9 : NON CURRENT BORROWINGS**

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Secured</b>		
<b>Term loan from banks</b>		
- INR bank loan	373.34	407.28
- USD bank loan	530.75	580.23
- AUD term Loan	550.12	604.60
- EURO term Loan	1,116.22	1,245.96
<b>Total</b>	<b>2,570.43</b>	<b>2,838.07</b>

**Notes:**

a. INR & USD Term loans Loan taken by International Comfort Technologies Private Limited have been taken from JP Morgan chase bank, N.A, India & Kotak Mahindra Bank respectively for purchase of capital equipment's 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 Limited 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 instalments as per predefined schedule with the first installment started from July 2021 and the last installment 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:-

- 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.

**Sheela Foam Limited**

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

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 Loan (Euro Loan)	The purpose of the loan is the acquisition of the shares of the target company.	Yes	Not Applicable
Citi Bank Loan (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 loans during the period

Particulars	Citi Bank Spain (AUD Loan)	Citi Bank Spain (EURO Loan)	JP Morgan (INR Loan)	Kotak Mahindra (USD Loan)
Number of instalments due (Nos)	36	9	15	15
Frequency of Installments	Monthly	Quarterly	Quarterly	Quarterly
Rate of Interest (%)	BBSY+ Applicable Margin	3 Month EURIBOR	1.37% over 3M T- Bill rates	2.25%
Within one year (Rs. in Millions) (refer note no 10)	186.18	665.49	135.76	193.00
After one year but not more than 5 years (Rs. in Millions)	550.12	1,116.22	373.34	530.75
More than 5 years (Rs. in Millions)	-	-	-	-

**NOTE 10 : BORROWINGS (CURRENT)**

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Secured</b>		
<b>Term loan from banks</b>		
- INR bank loan	135.76	135.76
- USD bank loan	193.00	193.41
- AUD term Loan	186.18	188.65
- EURO term Loan	665.49	596.09
Working capital Loans from Banks (refer note a below)	190.05	192.58
	<b>1,370.48</b>	<b>1,306.49</b>
<b>Unsecured</b>		
Loan from financial credit institutions (refer note b below)	571.42	531.56
	<b>571.42</b>	<b>531.56</b>
<b>Total</b>	<b>1,941.90</b>	<b>1,838.05</b>

**Note:**

a. The Joyce foam PTY Ltd., Australia has taken working capital facility to meet day to day funds requirement with interest rate for this facilities @ 5.64% approx.

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, 2023 : 0.90% to 1.10%).

## NOTE 11 : REVENUE FROM OPERATIONS

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Sale of products	6,417.70	6,984.13
Sale of services	26.44	15.66
	<b>6,444.14</b>	<b>6,999.79</b>
Other operating revenue		
-Rodteq scheme subsidy	0.25	0.57
-Income from sale of processed scrap	6.47	6.35
<b>Total</b>	<b>6,450.86</b>	<b>7,006.71</b>

**Reclassifications and comparative figures:-**

Certain reclassifications have been made to the comparative period's financial statements to enhance comparability with the current period'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 period ended June 30, 2022**

Particulars	(Rs. in Millions)		
	Amount before reclassification	Reclassification	Amount after Reclassification
Revenue from operations	7,291.24	(284.53)	7,006.71
Other Income	184.22	(4.47)	179.75
Cost of Materials Consumed	4,173.58	156.71	4,330.29
Employee benefits expense	694.59	(5.05)	689.54
Finance costs	52.60	(4.47)	48.13
Other Expenses	1,372.34	(436.18)	936.16

## NOTE 11.1 : DISAGGREGATED REVENUE INFORMATION

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segment	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Geographical Revenue</b>		
<b>Type of goods</b>		
Revenue from external customers	6,417.70	6,984.13
<b>Total revenue from contracts with customers</b>		
India	4,470.26	4,787.45
Outside India	1,947.44	2,196.68
	<b>6,417.70</b>	<b>6,984.13</b>
<b>Type of services ( IT Support Services)</b>		
Revenue from external customers	26.44	15.66
<b>Total revenue from contracts with customers</b>		
India	18.42	5.97
Outside India	8.02	9.69
	<b>26.44</b>	<b>15.66</b>
<b>Total revenue from contracts with customers</b>	<b>6,444.14</b>	<b>6,999.79</b>

## NOTE 11.2 : CONTRACT BALANCES

The following table provides information about receivables and contract liabilities from contract with customers.

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Contract Liabilities</b>		
Advance from customers	273.88	377.47
<b>Receivables</b>		
Trade Receivables	2,828.84	2,819.76

**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.

**NOTE 11.3 : RECONCILING THE AMOUNT OF REVENUE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS WITH THE CONTRACTED PRICE**

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Revenue as per contracted price (goods and services)	6,941.84	7,423.66
Less: Adjustments		
Sales return	31.38	20.14
Rebate and discount	466.32	403.73
<b>Revenue from contracts with customers</b>	<b>6,444.14</b>	<b>6,999.79</b>

**NOTE 11.4 : 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 12 : COST OF MATERIALS CONSUMED**

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Raw material</b>		
Opening inventory	1,989.41	1,868.34
Add: Purchases	3,387.78	4,219.33
Less: Sales/adjustments	(132.28)	(119.10)
Less: Closing inventory (including goods in transit of Rs. 24.23 Millions (June 30, 2022: Rs. 338.16 Millions))	(1,841.53)	(1,837.09)
<b>Raw materials consumed</b>	<b>3,403.38</b>	<b>4,131.48</b>
<b>Packing Material</b>		
Opening inventory	63.39	16.84
Add: Purchases	135.84	279.96
Less: Sales/adjustments	(12.43)	(15.64)
Less: Closing inventory (including goods in transit of Rs. Nil)	(50.50)	(82.35)
<b>Packing materials consumed</b>	<b>136.30</b>	<b>198.81</b>
<b>Cost of materials consumed</b>	<b>3,539.68</b>	<b>4,330.29</b>

**NOTE 13 : PURCHASE OF STOCK-IN-TRADE**

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses	124.83	210.97
<b>Total</b>	<b>124.83</b>	<b>210.97</b>

**NOTE 14 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS**

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Closing stock:</b>		
Finished Goods	283.79	373.02
Stock in trade	168.91	104.27
Work-in-progress	398.68	582.09
Right to recover return goods	12.84	15.03
	<b>864.22</b>	<b>1,074.41</b>
<b>Opening stock:</b>		
Finished Goods	342.96	368.37
Stock in trade	259.03	84.02
Work-in-progress	539.72	611.84
Right to recover return goods	14.61	16.61
	<b>1,156.32</b>	<b>1,080.84</b>
<b>Changes in inventories of finished goods, stock-in-trade and work-in-progress</b>	<b>292.10</b>	<b>6.43</b>



## NOTE 15 : 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 Pvt. Ltd. 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 period:

Particulars	(Rs. in Millions)	
	For the Period ended June 30, 2023 (Unaudited)	For the Period ended June 30, 2022 (Unaudited)
<b>(i) Sale of material/ capital goods</b>		
<b>Related entities</b>		
Sleepwell Foundation (Trust)	0.01	0.01
	<b>0.01</b>	<b>0.01</b>
<b>(ii) Key management personnel</b>		
Compensation of Key management personnel		
Short-term Employee Benefits	38.03	31.13
Post Employment Benefits	0.38	0.36
	<b>38.41</b>	<b>31.49</b>
<b>(ii) Contribution for CSR Expenses</b>		
Sleepwell Foundation (Trust)	13.50	4.50
	<b>13.50</b>	<b>4.50</b>

## (C) Disclosure of balances outstanding at the end of the reporting period:

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Post employee benefit plan for the benefitted employees</b>		
SFL Employee Gratuity Trust	52.83	43.90
Payable to key managerial personnel	28.69	69.31
<b>Trade Receivable</b>		
Sleepwell Foundation (Trust)	0.01	-

**Sheela Foam Limited**

**Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023**

**NOTE 16 : 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 17 : 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.

**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 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.

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at June 30, 2023 (Unaudited):**

Fair Value measurement hierarchy of Assets:		(Rs. in Millions)			
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)
<b>Financial Assets measured at fair value though profit and loss</b>					
Other Investments	June 30, 2023	4,215.77	3,374.80	840.97	-
<b>Financial Assets measured at amortized cost</b>					
Other Investments	June 30, 2023	2.75	-	-	2.75
Loans	June 30, 2023	26.10	-	-	26.10
Trade receivables	June 30, 2023	2,828.84	-	-	2,828.84
Cash and cash equivalents	June 30, 2023	353.25	-	-	353.25
Bank balances other than cash and cash equivalents	June 30, 2023	18.57	-	-	18.57
Other financial assets	June 30, 2023	3,289.38	-	-	3,289.38

Particulars	(Rs. in Millions)	
	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
<b>Assets for which Fair Values are disclosed:</b>		
Investment Property	1,143.20*	1,143.20

\* As per latest valuation report available with the company as on dated March 31, 2023

Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

Fair Value measurement hierarchy of Liabilities:

(Rs. in Millions)

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)
<b>Financial liabilities measured at amortized cost</b>					
Borrowings	June 30, 2023	4,512.33	-	-	4,512.33
Lease liabilities	June 30, 2023	1,407.58	-	-	1,407.58
Trade payables	June 30, 2023	2,217.27	-	-	2,217.27
Other financial liabilities	June 30, 2023	1,176.02	-	-	1,176.02

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023 (Audited):

Fair Value measurement hierarchy of Assets:

(Rs. in Millions)

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)
<b>Financial Assets measured at fair value though profit and loss</b>					
Other Investments	March 31, 2023	7,680.94	7,116.85	564.09	-
<b>Financial Assets measured at amortized cost</b>					
Other Investments	March 31, 2023	2.76	-	-	2.76
Loans	March 31, 2023	26.10	-	-	26.10
Trade receivables	March 31, 2023	2,819.76	-	-	2,819.76
Cash and cash equivalents	March 31, 2023	422.71	-	-	422.71
Bank balances other than cash and cash equivalents	March 31, 2023	2.67	-	-	2.67
Other financial assets	March 31, 2023	61.90	-	-	61.90

Fair Value measurement hierarchy of Liabilities:

(Rs. in Millions)

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)
<b>Financial liabilities measured at amortized cost</b>					
Borrowings	March 31, 2023	4,676.12	-	-	4,676.12
Lease liabilities	March 31, 2023	1,034.75	-	-	1,034.75
Trade payables	March 31, 2023	2,594.14	-	-	2,594.14
Other financial liabilities	March 31, 2023	1,176.45	-	-	1,176.45

NOTE 18 : 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:

**Sheela Foam Limited****Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023****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 June 30, 2023 and March 31, 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 June 30, 2023 and 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 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" 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:

Particulars	Currency	(Rs. in Millions)	
		As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Financial assets:</b>			
Trade receivables	USD	47.57	81.78
Trade receivables	AED	27.71	20.59
<b>Financial liabilities:</b>			
Trade payables	USD	(55.06)	(235.80)
Trade payables	EURO	(7.99)	(3.31)
Trade payables	GBP	-	(2.00)
Creditors for Capital Goods	EURO	-	(5.94)
Creditors for Capital Goods	USD	(1.03)	-
Term Loan	USD	(723.75)	(773.63)
<b>Net assets / (liabilities)</b>		<b>(712.55)</b>	<b>(918.31)</b>

**Foreign currency sensitivity analysis**

The Group is mainly exposed to USD, EURO, GBP, AUD and AED. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

**Foreign currency sensitivity**

Currency	%	(Rs. in Millions)	
		As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
USD	2%	(14.65)	(18.55)
USD	(2%)	14.65	18.55
EURO	3%	(0.24)	(0.28)
EURO	(3%)	0.24	0.28
GBP	2%	-	(0.04)
GBP	(2%)	-	0.04
AED	2%	0.55	0.41
AED	(2%)	(0.55)	(0.41)

**(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.

**(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 June 30, 2023 and 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 Group.

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Non-current assets</b>		
- Investments	841.01	564.13
- Loans	19.69	19.39
- Other financial assets	60.14	51.90
<b>Current assets</b>		
- Investments	3,377.51	7,119.57
- Trade receivables	2,828.84	2,819.76
- Cash and cash equivalents	353.25	422.71
- Bank balances other than cash and cash equivalents	18.57	2.67
- Loans	6.41	6.71
- Other financial assets	3,229.24	10.00
<b>Total</b>	<b>10,734.66</b>	<b>11,016.84</b>

**(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:

Particulars	(Rs. in Millions)		
	Less than 1 Year	More than 1 Year	Total
<b>As at June 30, 2023 (Unaudited)</b>			
Trade payables	2,217.27	-	2,217.27
Other financial liabilities	899.63	276.39	1,176.02
Borrowings	1,941.90	2,570.43	4,512.33
Lease Liability	214.16	1,193.42	1,407.58
	<b>5,272.96</b>	<b>4,040.24</b>	<b>9,313.20</b>
<b>As at March 31, 2023 (Audited)</b>			
Trade payables	2,592.23	1.91	2,594.14
Other financial liabilities	917.05	259.40	1,176.45
Borrowings	1,838.05	2,838.07	4,676.12
Lease Liability	159.84	874.91	1,034.75
	<b>5,507.17</b>	<b>3,974.29</b>	<b>9,481.46</b>

**NOTE 19 : COMMITMENTS FOR EXPENDITURE**

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 236.00 Millions (March 31, 2023: Rs. 335.73 Millions))	605.06	653.83
	<u>605.06</u>	<u>653.83</u>

**NOTE 20 : CONTINGENT LIABILITIES**

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
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	44.00	44.00
- Entry tax	5.77	19.41
- Income tax	56.50	56.50
- Excise Duty	41.06	41.06

**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 21 : 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**

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Revenue from external customers</b>		
Within India	4,495.40	4,800.34
Outside India	1,955.46	2,206.37
<b>Total revenue</b>	<u>6,450.86</u>	<u>7,006.71</u>

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Non-Current Assets</b>		
Within India	5,435.96	5,234.17
Outside India	7,396.11	6,768.85
<b>Total non-current assets</b>	<u>12,832.07</u>	<u>12,003.02</u>

The revenue information is based on location of customers and excluding other operating revenue.

## NOTE 22 : 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/period is provided below:

Particulars	(Rs. in Millions)			
	Financial Assets		Financial liabilities	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
<b>Derivatives designated as Hedging Instruments:</b>				
Cross currency interest rate swap	-	-	82.22	94.6
<b>Derivatives not designated as Hedging Instruments:</b>				
Principal Only Swap	-	-	116.24	132.23
Forward contract	-	-	(0.05)	-

## (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.

Particulars	(Rs. in Millions)		
	Less than 1 year	1 to 5 year	More than 5 Years
<b>Cross currency interest rate swap</b>			
<b>As at June 30, 2023 (Unaudited)</b>			
Nominal Amount	-	-	641.68
<b>As at March 31, 2023 (Audited)</b>			
Nominal Amount	-	-	641.68

## (vi) The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Cash flow Hedge Reserve at the beginning of the period	(26.03)	-
Total hedging gain/(loss) recognised in OCI	8.52	-
Income tax on above	(2.15)	-
Ineffectiveness recognised in profit or loss	16.04	-
Line item in the statement of profit or loss that includes the recognised ineffectiveness	Net gain on foreign currency forward contract in "other income"	-
Amount reclassified from OCI to profit or loss	-	-
Income tax on above	-	-
Cash flow Hedge Reserve at the end of the period	(19.66)	-
Line item in the statement of profit or loss that includes the reclassification adjustments	Not applicable	-

Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

(vii) The outstanding position of derivative instrument is as under:

Nature	Currency	Purpose	As at June 30, 2023 (Unaudited)		As at March 31, 2023 (Audited)	
			(Nominal value) (Rs. in Millions)	(Notional value) Foreign Currency (in Millions)	(Nominal value) (Rs. in Millions)	(Notional value) Foreign Currency (in Millions)
Cross currency interest rate swap	EURO	Hedging of Foreign Currency Loans Principal & Interest	641.68	8.00	641.68	8.00
Principal Only Swap	EURO	Hedging of equity investment in foreign subsidiary	939.00	12.00	939.00	12.00
	<b>Total</b>		<b>1,580.68</b>	<b>20.00</b>	<b>1,580.68</b>	<b>20.00</b>

Exchange rates used for conversion of foreign currency exposure:

Currency	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
EURO	89.1258	89.6076

(viii) The impact of the hedging instruments on the statement of financial position is as under:

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Nominal Amount	641.68	641.68
Carrying Amount (net)	713.01	716.86
Line item in the statement of financial position that's includes Hedging Instruments	Other current financial liabilities	Other current financial liabilities
Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the period/year - Gain / (Loss)	6.37	(26.03)

(ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Balance in Cash flow hedge reserve as at the end of the period/year for continuing hedges (net of tax)	(19.66)	-
Change in value of the hedged item used for measuring ineffectiveness for the period	6.37	-

(x) Particulars of unhedged foreign currency exposure as at balance sheet date:

Particulars	Currency	As at June 30, 2023 (Unaudited)		As at March 31, 2023 (Audited)	
		FC in Millions	Rs. in Millions	FC in Millions	Rs. in Millions
Trade payables	USD	(0.67)	(55.06)	(2.87)	(235.80)
	EURO	(0.09)	(7.99)	(0.04)	(3.31)
	GBP	-	-	(0.02)	(2.00)
Creditors for Capital Goods	EURO	-	-	(0.07)	(5.94)
	USD	(0.01)	(1.03)	-	-
Term Loan	USD	(8.82)	(723.75)	(9.41)	(773.63)
Trade receivables	USD	0.58	47.57	0.99	81.78
	AED	1.24	27.71	0.92	20.59



## NOTE 23 : INCOME TAX EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
<b>Current tax</b>		
In respect of current period	172.24	163.41
Tax expenses related to earlier periods	-	0.03
	<u>172.24</u>	<u>163.44</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences including Tax impact on Other Comprehensive Income	(1.27)	(16.56)
	<u>(1.27)</u>	<u>(16.56)</u>
<b>Total income tax expense recognised in the current period including tax impact on Other Comprehensive Income</b>	<u>170.97</u>	<u>146.88</u>

## NOTE 24: EXCEPTIONAL ITEMS

During the quarter ended June 30, 2023, a fire outbreaked at Silvassa location of the Holding company on June 28, 2023 which resulted in loss of inventory and fixed assets amounting to Rs. 109.53 Millions. The Holding Company has recognised this loss as 'Exceptional items' in the statement of profit and loss. The Holding Company is in the process of filing the insurance claim. In the absence of reasonable certainty of collection, the same has not been accounted in these condensed interim consolidated financial statements.

## NOTE 25: EVENTS AFTER THE REPORTING DATE

The Holding Company is in the process of acquiring 94.66% shareholding in 'Kurlon Enterprise Limited' at an equity valuation of Rs. 21,500 Millions (Approx Cost of investment is Rs. 20,350 Millions). The transfer of control will occur on fulfilment of certain conditions and in the absence of fulfilment of such conditions, this transaction has not been accounted in these condensed interim consolidated financial statements. Further, the Holding Company had acquired 35% shareholding in 'House of Kieraya Private Limited (Furlenco)' with an approx. cost of Investment of Rs. 3,000/- Million on August 29, 2023.

Further, the management intends to raise required funds through a mix of Qualified Institutions Placement (QIP) of eligible securities and Debt Securities including but not limited to non-convertible securities on private placement basis within the borrowing limits of the Company as approved by the shareholders, for the partial funding of the aforementioned transaction.

## NOTE 26: FOLLOWING ARE THE RECLASSIFICATIONS MADE IN THE PREVIOUS PERIOD FIGURES TO MAKE THEM COMPARABLE/ BETTER PRESENTATION WITH THE CURRENT PERIOD FIGURES:

Particulars	(Rs. in Millions)		Nature
	June 30, 2022 (Revised)	June 30, 2022 (Published)	
<b>Income</b>			
Revenue from Operations	7,006.71	7,291.24	Reclassification items
Other Income	179.75	184.22	Reclassification items
<b>Expenses</b>			
Cost of materials consumed	4,330.29	4,173.58	Reclassification items
Employee benefits expense	689.54	694.59	Reclassification items
Finance Costs	48.13	52.60	Reclassification items
Other expenses	936.16	1,372.34	Reclassification items

## NOTE 27: SCHEME OF AMALGAMATION WITH WHOLLY OWNED SUBSIDIARY OF THE HOLDING 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.

**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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

**Md. Iquebal Ahmad**  
Company Secretary  
Membership No.: A20921

# 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	<b>Impairment of Goodwill</b>  Refer Note 2.1(d)(6) to the consolidated financial statements  Group has a Goodwill on account of consolidation of INR 26,366.16 lakhs as	Description of Auditor’s response: <ul style="list-style-type: none"><li>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</li></ul>

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>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.</p> <p>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</p>	<ul style="list-style-type: none"> <li>• the process of impairment assessment to perform annual impairment test related to goodwill.</li> <li>• Obtained the impairment analysis model from the management and reviewed their conclusions.</li> <li>• Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results.</li> <li>• 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.</li> <li>• Reconciled the future operating cash flow forecasts with the business plan approved by the Company’s board of directors.</li> <li>• Evaluated the appropriateness of the disclosures made in the consolidated financial statement in relation to the above as required under applicable accounting standards.</li> <li>• Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.</li> </ul>
2	<p><b>Revenue recognition - Discounts and rebates</b></p> <p>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).</p> <p>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,</p>	<p>Description of Auditor’s response:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Understood the process followed by the Company to determine the amount of accrual for discounts and rebates.</li> <li>• 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.</li> <li>• Verified on a test check basis, key customer contracts to identify the</li> <li>• relevant terms and conditions related to discounts and rebates.</li> </ul>

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>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.</p> <p>In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Verified completeness and accuracy of the data used by the Company for accrual of discounts and rebates through test of controls.</li> <li>• Verified on a test check basis, rebate accruals after the reporting date to validate whether the accrual is recorded in the correct period.</li> <li>• Verified payments made after reporting/year end date and where relevant, comparing the payment to the related rebate accrual.</li> <li>• 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.</li> <li>• Verified manual journal entries posted to revenue, on a test check basis, to identify unusual items and examining the underlying documentation.</li> <li>• Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.</li> </ul>

#### 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**  
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**  
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**  
Firm Registration No. 105047W

Nipun Gupta  
Partner  
Membership No.502896  
UDIN: 23502896BGTEUR3640  
Place: Gurugram  
Date: May 17, 2023

Sheela Foam Limited  
Consolidated Balance Sheet as at March 31, 2023

(Rs. in Lakhs)

Particulars	Note no.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Total non current assets</b>		<b>1,27,752.17</b>	<b>1,57,677.61</b>
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>1,43,327.76</b>	<b>78,649.67</b>
<b>Total assets</b>		<b>2,71,079.93</b>	<b>2,36,327.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	21	4,878.28	2,439.14
Other equity	22	1,55,160.90	1,36,817.48
<b>Equity attributable to shareholders of the Holding Company</b>		<b>1,60,039.18</b>	<b>1,39,256.62</b>
Non-controlling Interest		826.46	763.33
<b>Total equity</b>		<b>1,60,865.64</b>	<b>1,40,019.95</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
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
<b>Total non current liabilities</b>		<b>41,879.39</b>	<b>41,339.33</b>
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>68,334.90</b>	<b>54,968.00</b>
<b>Total liabilities</b>		<b>1,10,214.29</b>	<b>96,307.33</b>
<b>Total equity and liabilities</b>		<b>2,71,079.93</b>	<b>2,36,327.28</b>

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

Place: Gurugram  
Date: May 17, 2023

Place: Noida  
Date: May 17, 2023

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No. A20921

**Sheela Foam Limited**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2023**

(Rs. in Lakhs)

Particulars	Note no.	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	34	2,87,332.09	2,86,557.84
Other income	35	8,650.12	7,916.32
<b>Total Income</b>		<b>2,95,982.21</b>	<b>2,94,474.16</b>
<b>Expenses</b>			
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
<b>Total Expenses</b>		<b>2,68,673.93</b>	<b>2,64,838.28</b>
<b>Profit before tax</b>		<b>27,308.28</b>	<b>29,635.88</b>
<b>Income Tax expense</b>	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)
<b>Total Income tax expense</b>		<b>7,002.06</b>	<b>7,763.08</b>
<b>Profit for the year</b>		<b>20,306.22</b>	<b>21,872.80</b>
<b>Other comprehensive income (net of tax)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements gain / (loss) of the net defined benefit plans		(181.17)	(506.09)
Income tax on above item	62	45.60	128.67
<i>Items that will be reclassified to profit or loss</i>			
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)
<b>Total Other comprehensive income/ (loss) (net of tax)</b>		<b>1,251.26</b>	<b>(185.07)</b>
<b>Total comprehensive income for the year</b>		<b>21,557.48</b>	<b>21,687.73</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the Holding Company		20,115.67	21,732.97
Non-controlling Interest		190.55	139.83
		<b>20,306.22</b>	<b>21,872.80</b>
<b>Other Comprehensive income for the year attributable to:</b>			
Shareholders of the Holding Company		1,251.26	(185.07)
Non-controlling Interest		-	-
		<b>1,251.26</b>	<b>(185.07)</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Shareholders of the Holding Company		21,366.93	21,547.90
Non-controlling Interest		190.55	139.83
		<b>21,557.48</b>	<b>21,687.73</b>
<b>Earnings per equity share (face value of Rs.5/- each):</b>	44		
Basic and diluted (Rs.)		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

**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

Place: Gurugram  
Date: May 17, 2023

Place: Noida  
Date: May 17, 2023

**Md. Iqubal Ahmad**  
Company Secretary  
Membership No.: A20921

Sheela Foam Limited  
Consolidated Statement of Cash Flows for the year ended March 31, 2023

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>27,308.28</b>	<b>29,635.88</b>
<b>Adjustments for:</b>		
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
<b>Operating profit before working capital changes</b>	<b>34,752.37</b>	<b>34,881.41</b>
<b>Changes in working capital:</b>		
(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)
<b>Cash generated from operations</b>	<b>29,270.73</b>	<b>29,144.98</b>
Income tax paid (net of refunds)	(8,070.06)	(9,430.14)
<b>Net cash flow from operating activities (A)</b>	<b>21,200.67</b>	<b>19,714.84</b>
<b>B. Cash flow from investing activities</b>		
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
<b>Net cash flow (used in) investing activities (B)</b>	<b>(26,840.89)</b>	<b>(30,638.22)</b>
<b>C. Cash flow from financing activities</b>		
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)
<b>Net cash flow from financing activities (C)</b>	<b>5,612.40</b>	<b>9,268.35</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(27.82)</b>	<b>(1,655.03)</b>
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
<b>Cash and cash equivalents at the end of the year</b>	<b>4,227.05</b>	<b>4,081.28</b>

**Notes :**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
- Figures in brackets represent cash outflow.
- Components of cash and cash equivalents:

Particular	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
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
<b>Balance as per Statement of Cash Flows</b>	<b>4,227.05</b>	<b>4,081.28</b>

**Sheela Foam Limited**  
**Consolidated Statement of Cash Flows for the year ended March 31, 2023**

Particular	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>4. Changes in liabilities arising from financing activities:</b>		
<b>Borrowings</b>		
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	<u>46,761.06</u>	<u>33,775.50</u>
<b>Lease liabilities</b>		
Lease liabilities 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 liabilities	(2,821.38)	(2,445.30)
Cancellation / adjustments	(207.14)	(592.21)
Lease liabilities as at year end	<u>10,347.47</u>	<u>12,870.97</u>

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

Place: Gurugram  
Date: May 17, 2023

Place: Noida  
Date: May 17, 2023

**Md. Iqubal Ahmad**  
Company Secretary  
Membership No.: A20921



Sheela Foam Limited  
Consolidated Statement of Changes in Equity for the year ended March 31, 2023

**A. EQUITY SHARE CAPITAL**

Particular	Rs. in Lakhs
Balance as at April 01, 2021	2,439.14
Add: Issued during the year	-
<b>Balance as at March 31, 2022</b>	<b>2,439.14</b>
Add: Bonus shares issued during the year	2,439.14
<b>Balance as at March 31, 2023</b>	<b>4,878.28</b>

**B. OTHER EQUITY**

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			
<b>Balance as at April 01, 2021</b>	<b>1,10,120.96</b>	<b>2,364.58</b>	<b>1,716.27</b>	<b>1,549.57</b>	<b>56.98</b>	<b>181.59</b>	<b>-</b>	<b>1,15,989.95</b>	<b>891.81</b>	<b>1,16,881.76</b>
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)
<b>Total comprehensive income for the year</b>	<b>21,210.23</b>	<b>(1,968.96)</b>	<b>-</b>	<b>1,330.29</b>	<b>13.59</b>	<b>242.38</b>	<b>-</b>	<b>20,827.53</b>	<b>(128.48)</b>	<b>20,699.05</b>
<b>Balance as at March 31, 2022</b>	<b>1,31,331.19</b>	<b>395.62</b>	<b>1,716.27</b>	<b>2,879.86</b>	<b>70.57</b>	<b>423.97</b>	<b>-</b>	<b>1,36,817.48</b>	<b>763.33</b>	<b>1,37,580.81</b>
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)
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)
<b>Total comprehensive income for the year</b>	<b>19,432.57</b>	<b>(328.57)</b>	<b>(1,716.27)</b>	<b>1,647.08</b>	<b>(7.17)</b>	<b>(423.97)</b>	<b>(260.25)</b>	<b>18,343.42</b>	<b>63.13</b>	<b>18,406.55</b>
<b>Balance as at March 31, 2023</b>	<b>1,50,763.76</b>	<b>67.05</b>	<b>-</b>	<b>4,526.94</b>	<b>63.40</b>	<b>-</b>	<b>(260.25)</b>	<b>1,55,160.90</b>	<b>826.46</b>	<b>1,55,987.36</b>

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

Place: Gurugram  
Date: May 17, 2023

Place: Noida  
Date: May 17, 2023

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No. A20921

## 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 'Staqa World Private Limited and its three Controlled Foreign Entities 'Staqa World Kft, Hungary, Staqa Incorporated, USA and Staqa Technologies L.L.C, Dubai').

The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its eleven subsidiary companies (including step down subsidiaries) (together referred as "the Group").

The consolidated financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on May 17, 2023.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The consolidated financial statements have been prepared on accrual and going concern basis. All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except, except for the following:

- certain financial assets and liabilities (including derivative instruments), measured at fair value (refer accounting policy regarding financial instruments).
- defined benefit plans - plan asset measured at fair value.

#### b. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees ('Rs. '), which is the Holding Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimal places, unless stated otherwise.

#### c. Current versus non-current classification

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

An asset is classified as current when it is: -

- expected to be realized, or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

**Deferred tax assets and liabilities:**

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating Cycle:**

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalent. The Group has identified twelve months as its operating cycle.

**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 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.

(Rs in Lakhs)

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

Following key assumptions were considered while performing impairment testing:

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,

**SHEELA FOAM LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

the subsidiary prepares, for consolidation purposes, additional financial information as of the same date 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:

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Proportion (%) of Shareholding as on 31.03.2023</b>	<b>Proportion (%) of Shareholding as on 31.03.2022</b>
<b>Subsidiary Companies</b>			
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%
Staqa World Pvt. Ltd. and its 3 Controlled Entities (Staqa Technologies L.L.C. , Staqa World LLC and Staqa Incorporated)	India	100%	100%
International Comfort Technologies Private Limited	India	100%	--

**2.3 Property, Plant & Equipment**

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till the date of commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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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)

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.

<b>Asset</b>	<b>Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)</b>	<b>Useful life as assessed / estimated by the Group (No. of Years)</b>
<b>Buildings :</b>		
- Factory (including roads & lanes)	30	29
- Office	60	4-59
- Residential	60	59
<b>Plant &amp; Equipment</b>	15	20
<b>Furniture &amp; Fixtures</b>	10	15
<b>Vehicles :</b>		
- Motor Cars	8	10
<b>Office Equipment</b>	5	20
<b>Date Processing Equipment :</b>		
- Computer Equipment	3	6
<b>Electrical Fittings</b>	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.

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 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 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.

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 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 value. Cost of work in progress and manufactured finished goods comprises is determined on weighted average and its cost comprises of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods includes cost of purchase and such other costs.

In determining the cost of inventories, first-in-first-out cost method is used.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made on item-by-item basis.

## 2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

## 2.8 Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets, other than deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cashgenerating unit to which the asset belongs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU on a pro rata basis. Refer note 3 for the use of estimates and judgments for assessing impairment of goodwill.

## 2.9 Provisions and Contingent Liabilities

### a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### b) Provision for Warranty

Warranty provision is determined based on the historical percentage of warranty expense to sales for the same types of goods depending upon the warranty period offered. The percentage to the sales is applied to derive the warranty expense to be accrued. Actual warranty claims are settled against warranty provision. The warranty claims may not exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence. Closing warranty provision is bifurcated into Current and Non-current based on the past settlement trend with the non-current portion being discounted to derive the present value. The assumptions are consistent with prior years.

**c) Contingent Liabilities**

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**2.10 Revenue Recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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 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, Staqa 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.

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.

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 liabilities assumed. After initial recognition, Goodwill is tested for impairment annually and measured at cost less any accumulated impairment losses if any

Goodwill is not amortized; however, it is tested annually for impairment and whenever there is an indication that the unit may be impaired and carried at cost less any accumulated impairment losses.

For the purpose of impairment testing, the goodwill is allocated to a cash-generating-unit ('CGU') or group of CGUs ('CGUs'), which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying value of a CGU / CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU / CGUs. The recoverable amount of a CGU / CGUs is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to be derived from the CGU / CGUs.

The total impairment loss of a CGU / CGUs is allocated first to reduce the carrying value of goodwill

allocated to that CGU / CGUs and then to the other assets of that CGU / CGUs - on pro-rata basis of the carrying value of each asset.

#### 2.19 Transactions within Group

Transactions including expenses to be shared between the companies within the Group are initially recorded under operational heads by the respective Group, and reduced on actual or proportionate (where those are not directly attributable) basis during consolidation.

#### 2.20 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

#### 2.21 Contributed equity

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction , net of tax , from the proceeds.

#### 2.22 Standards (including amendments) issued but not yet effective.

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023, to amend certain Ind ASs which are effective from 01 April, 2023: Below is a summary of such amendments:

##### (i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

##### (ii) Definition of Accounting Estimates - Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The amendments are not expected to have a material impact on the Company's financial statements.

**2.23 Standards that became effective during the year**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from 01 April 2022

(i) Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37  
Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

These amendments have no impact on the financial statements of the Company.

(ii) References to the Conceptual Framework - Amendments to Ind AS 103  
The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also add a new exception in Ind AS 103 for liabilities and contingent liabilities.

These amendments have no impact on the financial statements of the Company.

(iii) Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16  
The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

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

The amendment clarifies which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

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Sheela Foam Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2023

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

(Rs. 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
<b>At cost or deemed cost</b>										
<b>As at April 1, 2021</b>	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/Adjustments	(6.69)	(359.78)	(1,426.26)	(1.34)	(3.86)	(85.38)	(19.04)	(2.62)	(1,904.97)	(6,965.49)
<b>As at March 31, 2022</b>	<b>1,843.96</b>	<b>24,079.16</b>	<b>41,017.54</b>	<b>114.66</b>	<b>1,396.66</b>	<b>1,229.05</b>	<b>2,357.65</b>	<b>1,512.23</b>	<b>73,550.91</b>	<b>11,989.21</b>
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/ Adjustments	-	(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
<b>As at March 31, 2023</b>	<b>1,886.26</b>	<b>26,598.96</b>	<b>43,301.59</b>	<b>114.58</b>	<b>1,482.33</b>	<b>1,687.13</b>	<b>2,610.56</b>	<b>1,520.54</b>	<b>79,201.95</b>	<b>28,749.03</b>
<b>Accumulated depreciation</b>										
<b>As at April 1, 2021</b>	-	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)	-
<b>As at March 31, 2022</b>	<b>-</b>	<b>6,953.03</b>	<b>19,822.34</b>	<b>11.93</b>	<b>663.72</b>	<b>620.32</b>	<b>1,308.08</b>	<b>623.94</b>	<b>30,003.36</b>	<b>-</b>
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	-
<b>As at March 31, 2023</b>	<b>-</b>	<b>8,919.12</b>	<b>23,402.90</b>	<b>17.65</b>	<b>810.05</b>	<b>808.24</b>	<b>1,586.00</b>	<b>754.39</b>	<b>36,298.35</b>	<b>-</b>
<b>Net carrying amount</b>										
<b>As at March 31, 2022</b>	<b>1,843.96</b>	<b>17,126.13</b>	<b>21,195.20</b>	<b>102.73</b>	<b>732.94</b>	<b>608.73</b>	<b>1,049.57</b>	<b>888.29</b>	<b>43,547.55</b>	<b>11,989.21</b>
<b>As at March 31, 2023</b>	<b>1,886.26</b>	<b>17,679.84</b>	<b>19,898.69</b>	<b>96.93</b>	<b>672.28</b>	<b>878.89</b>	<b>1,024.56</b>	<b>766.15</b>	<b>42,903.60</b>	<b>28,749.03</b>

Notes:

a. Property, plant and equipment and capital work-in-progress has been pledged as security amounted Rs.49,039.43 Lakhs ( March 31, 2022 : Rs. 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:

(Rs. in Lakhs)										
Particular	March 31, 2023				Total	March 31, 2022				Total
	Amount in Capital Work-in-progress for a period of					Amount in Capital Work-in-progress for a period of				
	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:-

(Rs. in Lakhs)										
Particular	March 31, 2023				Total	March 31, 2022				Total
	Amount in Capital work-in-progress to be completed in					Amount in Capital work-in-progress to be completed in				
	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	-	-	-	-	-

NOTE 4 : RIGHT OF USE ASSETS

(Rs. in Lakhs)

Particulars	Leasehold land	Buildings	Plant & Equipment	Total
<b>Cost</b>				
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)
<b>As at March 31, 2022</b>	<b>4,139.16</b>	<b>15,126.76</b>	<b>172.18</b>	<b>19,438.10</b>
Additions	-	40.54	-	40.54
Disposal/Transfer	(5.61)	(277.77)	(0.14)	(283.52)
<b>As at March 31, 2023</b>	<b>4,133.55</b>	<b>14,889.53</b>	<b>172.04</b>	<b>19,195.12</b>
<b>Accumulated depreciation</b>				
At April 1, 2021	100.37	2,434.02	70.73	2,605.12
During the year	111.12	2,803.89	39.05	2,954.06
Disposal/Transfer	(12.10)	(43.66)	(1.04)	(56.80)
<b>As at March 31, 2022</b>	<b>199.39</b>	<b>5,194.25</b>	<b>108.74</b>	<b>5,502.38</b>
During the year	203.07	2,691.89	37.23	2,932.19
Disposal/Transfer	-	(94.15)	(0.10)	(94.25)
<b>As at March 31, 2023</b>	<b>402.46</b>	<b>7,791.99</b>	<b>145.87</b>	<b>8,340.32</b>
<b>Net book value as at March 31, 2022</b>	<b>3,939.77</b>	<b>9,932.51</b>	<b>63.44</b>	<b>13,935.72</b>
<b>Net book value as at March 31, 2023</b>	<b>3,731.09</b>	<b>7,097.54</b>	<b>26.17</b>	<b>10,854.80</b>

(i) Refer note no. 47 for detailed disclosures as per Ind AS 116 "Leases".

(ii) Leasehold land has been pledged as security amounted Rs.730.27 Lakhs ( March 31, 2022 Rs. 737.91 Lakhs).

NOTE 5 : INTANGIBLE ASSETS

(Rs. in Lakhs)

Particulars	Goodwill	Other Intangible assets	Total
<b>Cost</b>			
<b>At April 1, 2021</b>	26,306.69	292.99	26,599.68
Additions	-	4.73	4.73
Disposal/Transfer	(1,108.13)	(12.93)	(1,121.06)
<b>As at March 31, 2022</b>	<b>25,198.56</b>	<b>284.79</b>	<b>25,483.35</b>
Additions	-	-	-
Disposal/Transfer	-	-	-
Foreign Currency Translation Reserve	2,200.19	25.93	2,226.12
<b>As at March 31, 2023</b>	<b>27,398.75</b>	<b>310.72</b>	<b>27,709.47</b>
<b>Accumulated Amortisation</b>			
<b>At April 1, 2021</b>	-	292.99	292.99
Charge for the year	-	0.14	0.14
Disposal/Transfer	-	(12.93)	(12.93)
<b>As at March 31, 2022</b>	<b>-</b>	<b>280.20</b>	<b>280.20</b>
Charge for the year	-	1.59	1.59
Disposal/Transfer	-	-	-
Foreign Currency Translation Reserve	-	25.64	25.64
<b>As at March 31, 2023</b>	<b>-</b>	<b>307.43</b>	<b>307.43</b>
<b>Net book value as at March 31, 2022</b>	<b>25,198.56</b>	<b>4.59</b>	<b>25,203.15</b>
<b>Net book value as at March 31, 2023</b>	<b>27,398.75</b>	<b>3.29</b>	<b>27,402.04</b>

Note : Intangible assets has been pledged as security amounted Rs. 33.65 Lakhs ( March 31, 2022 : Rs. 33.67 Lakhs).



NOTE 6 : INVESTMENT PROPERTY

(Rs. in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Total
<b>Cost</b>				
At April 1, 2021	10.90	68.47	6,328.54	6,407.91
Additions	-	-	-	-
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2022</b>	<b>10.90</b>	<b>68.47</b>	<b>6,328.54</b>	<b>6,407.91</b>
Additions	-	-	-	-
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2023</b>	<b>10.90</b>	<b>68.47</b>	<b>6,328.54</b>	<b>6,407.91</b>
<b>Accumulated depreciation</b>				
At April 1, 2021	-	4.55	497.89	502.44
Charge for the year	-	0.91	287.45	288.36
Disposals during the year	-	-	-	-
<b>As at March 31, 2022</b>	<b>-</b>	<b>5.46</b>	<b>785.34</b>	<b>790.80</b>
Charge for the year	-	0.91	277.39	278.30
Disposals during the year	-	-	-	-
<b>As at March 31, 2023</b>	<b>-</b>	<b>6.37</b>	<b>1,062.73</b>	<b>1,069.10</b>
<b>Net book value as at March 31, 2022</b>	<b>10.90</b>	<b>63.01</b>	<b>5,543.20</b>	<b>5,617.11</b>
<b>Net book value as at March 31, 2023</b>	<b>10.90</b>	<b>62.10</b>	<b>5,265.81</b>	<b>5,338.81</b>

Notes:

- Refer 'Para- 2.4' of Significant Accounting Policies' for depreciation and measurement of investment property.
- The leasehold land has been amortised during the year by Rs. 0.91 lakhs (March 31, 2022 : Rs. 0.91 lakhs) as per the accounting policy in terms of the Ind AS 40 on 'Investment Property'.
- Income from investment property:

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Rental Income derived from investment property	216.63	214.73
Profit arising from investment property before depreciation	216.63	214.73
(Less): Depreciation for the year	(278.30)	(288.36)
<b>Net profit / (loss) arising from investment property</b>	<b>(61.67)</b>	<b>(73.63)</b>

d. The Group has obtained independent valuation for its investment properties at Rs. 11,431.96 Lakhs as on March 31, 2023 and Rs. 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.

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)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>In Bonds &amp; Debentures - fully paid up</b>		
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
<b>Total Investments</b>	<b>5,641.29</b>	<b>52,883.17</b>
<b>Aggregate amount of Quoted Investments</b>	-	<b>47,876.02</b>
<b>Market value of Quoted Investments</b>	-	<b>47,876.02</b>
<b>Aggregate amount of Unquoted investment</b>	<b>5,641.29</b>	<b>5,007.15</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-

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)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(Unsecured, considered good)</b>		
<b>At amortised cost</b>		
Loans to employees	10.53	7.59
Other Loans	183.38	-
<b>Total</b>	<b>193.91</b>	<b>7.59</b>

**NOTE 9 : OTHER FINANCIAL ASSETS (NON CURRENT)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(Unsecured, considered good)</b>		
Security deposits	517.63	452.27
Deposits with Banks:		
- held as margin money	1.34	1.34
	<b>518.97</b>	<b>453.61</b>

**NOTE 10 : DEFERRED TAX ASSETS**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	1,367.82	783.19
<b>Total</b>	<b>1,367.82</b>	<b>783.19</b>

**Movement of deferred tax assets**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax assets in relation to</b>		
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 or 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
<b>Total</b>	<b>1,367.82</b>	<b>783.19</b>

**NOTE 11 : NON CURRENT TAX ASSETS (NET)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provision of Rs.13,963.88 Lakhs (March 31, 2022 Rs. 26,077.86 Lakhs))	1,238.76	693.34
<b>Total</b>	<b>1,238.76</b>	<b>693.34</b>

**NOTE 12 : OTHER NON CURRENT ASSETS**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(Unsecured, considered good)</b>		
Capital advances*	3,357.30	2,485.15
Prepaid rent	38.48	38.82
Loan and advances	147.36	40.00
<b>Total</b>	<b>3,543.14</b>	<b>2,563.97</b>

\*For value of contracts in capital account remaining to be executed (refer note no. 52).

**NOTE 13 : INVENTORIES**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(Valued at lower of cost and net realisable value unless otherwise stated)</b>		
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
<b>Total</b>	<b>33,132.68</b>	<b>31,445.89</b>

(i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to Rs. 655.58 Lakhs (March 31, 2022: Rs.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)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>In Mutual Funds - fully paid up</b>		
Carried at fair value through profit and loss - Quoted	71,168.46	8,913.05
<b>In Bonds &amp; Debentures - fully paid up</b>		
Carried at amortised cost - Unquoted	27.27	25.00
<b>Total Investments</b>	<b>71,195.73</b>	<b>8,938.05</b>
<b>Aggregate amount of Quoted Investments</b>	<b>71,168.46</b>	<b>8,913.05</b>
<b>Aggregate market value of Quoted Investments</b>	<b>71,168.46</b>	<b>8,913.05</b>
<b>Aggregate amount of Unquoted investments</b>	<b>27.27</b>	<b>25.00</b>
<b>Aggregate amount of impairment in value of investment</b>	<b>-</b>	<b>-</b>

**NOTE 15 : TRADE RECEIVABLES**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(At amortised cost)</b>		
<b>Unsecured</b>		
Trade receivables - considered good (refer note below)	28,197.60	26,939.30
Trade receivables - considered doubtful	2,553.65	800.02
<b>Trade receivables (gross)</b>	<b>30,751.25</b>	<b>27,739.32</b>
Less: Impairment allowance for trade receivables considered doubtful	(2,553.65)	(800.02)
<b>Total</b>	<b>28,197.60</b>	<b>26,939.30</b>

**Note :**

- No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.
- Trade receivables are usually non-interest bearing and are on trade terms of 0 - 60 days.
- 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.

d. Movement in the expected credit loss allowance:

Particulars	(Rs. in Lakhs)	
	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)
<b>Balance at the end of the year</b>	<b>2,553.65</b>	<b>800.02</b>

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.

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements for the year ended March 31, 2023**

g. Below is the ageing analysis of trade receivables.

**As on March 31, 2023** (Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	more than 3 years	
(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	-	-	-	-	-	-	-
(iii) 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
<b>Total</b>	<b>9,819.90</b>	<b>18,448.92</b>	<b>578.48</b>	<b>773.37</b>	<b>89.70</b>	<b>1,040.88</b>	<b>30,751.25</b>

**As on March 31, 2022** (Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	more than 3 years	
(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	-	-	-	-	-	-	-
(iii) 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
<b>Total</b>	<b>14,289.28</b>	<b>12,445.42</b>	<b>266.70</b>	<b>262.27</b>	<b>178.10</b>	<b>297.55</b>	<b>27,739.32</b>

**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:

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Balance with banks :</b>		
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
<b>Total</b>	<b>4,227.05</b>	<b>4,081.28</b>

**Notes:**

- There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior years.
- 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**

Particulars	(Rs. in Lakhs)	
	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
<b>Total</b>	<b>26.65</b>	<b>31.58</b>

**Note:**

Other bank balances represents fixed deposits with banks.

**NOTE 18 : LOANS (CURRENT)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(Unsecured, considered good)</b>		
<b>(At amortised cost)</b>		
Loans to employees	67.05	57.36
Inter-corporate deposits	-	500.00
<b>Total</b>	<b>67.05</b>	<b>557.36</b>

**Note:**

In the above no loans or advances are granted to promoters, directors, KMPS and related parties.

**NOTE 19 : OTHER FINANCIAL ASSETS (CURRENT)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>		
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
<b>Total</b>	<b>99.98</b>	<b>2,634.23</b>

**Note:**

Other loans & advances comprise of advances to staff for expenses and advances to other parties etc.

NOTE 20 : OTHER CURRENT ASSETS

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>		
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
<b>Total</b>	<b>6,381.02</b>	<b>4,021.98</b>

**Notes:**

- a. Prepaid expenses includes amount of Rs. 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**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>(a) Authorised share capital:</b>		
20,00,00,000 fully paid equity shares of Rs. 5/- each	10,000.00	4,401.05
(March 31, 2022 : 8,80,21,000 fully paid equity shares of Rs. 5/- each)		
	<b>10,000.00</b>	<b>4,401.05</b>
<b>Issued, subscribed &amp; paid up share capital:</b>		
9,75,65,616 fully paid equity shares of Rs. 5/- each	4,878.28	2,439.14
(March 31, 2022 : 4,87,82,808 equity shares of Rs. 5/- each)		
<b>Total</b>	<b>4,878.28</b>	<b>2,439.14</b>

**(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	As at March 31, 2023		As at March 31, 2022	
	Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. 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	-	-
<b>Outstanding at the end of the year</b>	<b>9,75,65,616</b>	<b>4,878.28</b>	<b>4,87,82,808</b>	<b>2,439.14</b>

**(c) Terms and rights attached to equity shares**

The Holding Company has one class of equity shares having a par value of Rs. 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**

	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 Rs. 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:1.

**(f) Shareholding of promoters and promoter group**

Shares held by promoters at the end of the year	As at March 31, 2023			As at March 31, 2022		
	Number	% of holding	% Change during the year	Number	% of holding	% Change during the year
<b>Promotor name</b>						
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%	-
<b>Total</b>		<b>72.95%</b>			<b>72.95%</b>	

(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

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Capital reserve (refer note (a) below)	67.05	395.62
General reserve (refer note (b) below)	-	1,716.27
Retained earnings	1,50,763.76	1,31,331.19
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
<b>Total</b>	<b>1,55,160.90</b>	<b>1,36,817.48</b>

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Capital reserve</b>		
Opening balance	395.62	2,364.58
Foreign exchange gain/(loss) on reserve	-	(1,968.96)
Bonus Share issued during the year	(328.57)	-
<b>Closing balance</b>	<b>67.05</b>	<b>395.62</b>
<b>General Reserve</b>		
Opening balance	1,716.27	1,716.27
Bonus Share issued during the year	(1,716.27)	-
<b>General Reserve</b>	<b>-</b>	<b>1,716.27</b>
<b>Retained earnings</b>		
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
<b>Closing balance</b>	<b>1,50,763.76</b>	<b>1,31,331.19</b>
<b>Other Comprehensive Income</b>		
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)	-
<b>Closing balance</b>	<b>-</b>	<b>423.97</b>
<b>Cash flow hedge reserve</b>		
Opening balance	-	-
Loss on cash flow hedge reserve (net of tax)	(260.25)	-
<b>Closing balance</b>	<b>(260.25)</b>	<b>-</b>
<b>Foreign currency translation reserve</b>		
Opening balance	2,879.86	1,549.57
Exchange gain on translation (net) during the year	1,647.08	1,330.29
<b>Closing balance</b>	<b>4,526.94</b>	<b>2,879.86</b>
<b>Capital Subsidy</b>		
Opening balance	70.57	56.98
Receipts during the year	-	13.59
Amortizations/repayments	(7.17)	-
<b>Closing balance</b>	<b>63.40</b>	<b>70.57</b>

**Note:**

**(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 Rs. 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 Rs.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.

**(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**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
<b>Term loan from banks</b>		
- 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
	<b>28,380.63</b>	<b>22,735.97</b>
<b>Unsecured</b>		
Loan from financial credit institutions	-	82.21
	-	<b>82.21</b>
<b>Total</b>	<b>28,380.63</b>	<b>22,818.18</b>

**Notes:**

a. INR & USD Term loans Loan taken by International Comfort Technologies Private Limited have been taken from JP Morgan chase bank, N.A, India & Kotak Mahindra Bank respectively for purchase of capital equipments for its Nandigram & towards construction of Mandla (Jabalpur) manufacturing facilities and has been secured by hypothecation of first charge on entire fixed assets (Movable fixed assets and immovable fixed assets)

b. INR Term Loan taken by International Comfort Technologies Private Limited carries interest to be charged on loan linked to 1.37% over 3M T- Bill. Rates as applicable on the date of agreement shall be revised at interval of every 3 months .The loan is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period from the first disbursement.

c. USD Term Loan taken by International Comfort Technologies Private Limited carries interest of 2.25% p.a. and is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period from the first disbursement.

d. Euro Term Loan from CITI Bank is taken by International Foam Technologies Spain S.L based on Stand by Letter of Credit from Citi Bank, India secured by exclusive charge on certain fixed assets of the Holding Company.

The term loan carry the arithmetic sum of the reference Interest rate viz. 3 month EURIBOR communicated by the bank for the period and accepted by the borrower. The principal amount of Loan will be repaid by the Company in 20 quarterly equated installments as per predefined schedule and with first installment started from October, 2020 and last installment due in October, 2025.

e. AUD Term Loan from Citi Bank, Australia is taken by Joyce Foam PTY Limited 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 instalment started from July 2021 and the last installment 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:-

- 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 Loan (Euro Loan)	The purpose of the loan is the acquisition of the shares of the target company.	Yes	Not Applicable
Citi Bank Loan (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 (INR loan)	Kotak Mahindra (USD Loan)
Number of instalments due (Nos)	39	10		
Frequency of Installments	Monthly	Quarterly	Quarterly	Quarterly
Rate of Interest (%)	BBSY+ Applicable Margin	3 Month EURIBOR	1.37% over 3M T- Bill rates	2.25%
Within one year (Rs. 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 5years (Rs. in Lakhs)	6,045.95	12,459.60	4,072.83	5,802.25
More than 5 years (Rs. in Lakhs)	-	-	-	-

h. During Previous financial year Rs. 82.21 Lakhs obtained from various financials credit institutions. These unsecured loans carried interest rate 0.90%



**NOTE 24 : LEASE LIABILITIES**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Lease liabilities (refer note no. 47)	10,347.47	12,870.97
<b>Total</b>	<b>10,347.47</b>	<b>12,870.97</b>
Current	1,598.40	2,306.18
Non current	8,749.07	10,564.79

**NOTE 25 : OTHER NON CURRENT FINANCIAL LIABILITIES**

Particulars	(Rs. in Lakhs)	
	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	-
<b>Total</b>	<b>2,593.96</b>	<b>5,034.08</b>

**NOTE 26 : PROVISIONS**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Long term provisions:</b>		
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
<b>Total</b>	<b>1,304.19</b>	<b>1,932.59</b>
<b>Short term provisions:</b>		
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
<b>Total</b>	<b>2,050.75</b>	<b>1,056.13</b>

**Notes:**

**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:

Particulars	(Rs. in Lakhs)	
	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)
<b>At the end of the year</b>	<b>1,123.22</b>	<b>679.33</b>

**NOTE 27 : OTHER NON CURRENT LIABILITIES**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deferred capital grant	19.85	22.70
<b>Total</b>	<b>19.85</b>	<b>22.70</b>

The table below gives information about movement in deferred capital grant:

Particulars	(Rs. in Lakhs)	
	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
<b>At the end of the year</b>	<b>22.68</b>	<b>25.52</b>
Non Current	19.85	22.70
Current	2.84	2.82

**NOTE 28 : DEFERRED TAX LIABILITIES**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities	831.69	966.99
<b>Total</b>	<b>831.69</b>	<b>966.99</b>
<b>Movement of deferred tax liabilities</b>		
(Rs. in Lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax liabilities in relation to</b>		
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 or 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
<b>Total</b>	<b>831.69</b>	<b>966.99</b>

**NOTE 29 : BORROWINGS (CURRENT)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
<b>Term loan from banks</b>		
- 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	-
	<b>13,064.87</b>	<b>4,137.78</b>
<b>Unsecured</b>		
Loan from financial credit institutions (refer note (b))	5,315.56	6,703.47
Loan and advances from others (refer note (c))	-	116.07
	<b>5,315.56</b>	<b>6,819.54</b>
<b>Total</b>	<b>18,380.43</b>	<b>10,957.32</b>

**Note:**

- The Joyce foam PTY Ltd., Australia has taken working capital facility to meet day to day funds requirement with interest rate for this facilities @ 5.64% approx. (refer note no. 54 for assets pledged as security)
- 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%).
- Loan and advances from others carries interest charged equates to the lender's cost of borrowing plus a margin that does not exceed the cost charged by the Bank.

**NOTE 30 : TRADE PAYABLES**

Particulars	(Rs. in Lakhs)	
	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
<b>Total</b>	<b>25,941.38</b>	<b>28,542.75</b>

**Notes:**

- Trade payables for micro and small enterprises are non interest bearing and are normally settled on 7 days to 30 days credit terms.
- Trade payables other than micro and small enterprises are non interest bearing and are normally settled on 60 days to 90 days credit terms.
- Ageing Analysis for Trade payables:

Particulars	(Rs. in Lakhs)						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	-	-	-	-	-	-	-
<b>Total</b>	<b>1,216.98</b>	<b>18,535.34</b>	<b>6,169.95</b>	<b>18.63</b>	<b>0.48</b>	<b>-</b>	<b>25,941.38</b>

Sheela Foam Limited  
Notes forming part of the consolidated financial statements for the year ended March 31, 2023

As on March 31, 2022							(Rs. 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	5,624.77	0.68	3.49	-	28,036.46
(iii) Disputed dues MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>4,864.84</b>	<b>18,047.95</b>	<b>5625.79</b>	<b>0.68</b>	<b>3.49</b>	<b>-</b>	<b>28,542.75</b>

**NOTE 31 : OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	(Rs. in Lakhs)	
	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
<b>Total</b>	<b>9,170.50</b>	<b>4,402.60</b>

**NOTE 32 : CURRENT TAX LIABILITIES (NET)**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Provision for income tax (Net of advance tax of Rs. 67 Lakhs)	117.14	-
<b>Total</b>	<b>117.14</b>	<b>-</b>

**NOTE 33 : OTHER CURRENT LIABILITIES**

Particulars	(Rs. in Lakhs)	
	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
<b>Total</b>	<b>11,076.30</b>	<b>7,703.02</b>

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 Rs. 2,229.60 Lakhs (March 31, 2022 of Rs. 2,322.80 Lakhs).

**NOTE 34 : REVENUE FROM OPERATIONS**

Particulars	(Rs. in Lakhs)	
	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
	<u>2,86,836.28</u>	<u>2,86,365.25</u>
Other operating revenue		
-Job Work Services	-	4.25
-Rodtep scheme subsidy	13.68	10.70
-Income from sale of scrap	482.13	177.64
<b>Total</b>	<u><b>2,87,332.09</b></u>	<u><b>2,86,557.84</b></u>

**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**

Particulars	(Rs. in Lakhs)		
	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 Company's revenue from contracts with customers:

Particular	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Geographical Revenue</b>		
<b>Type of goods</b>		
Revenue from external customers	2,86,011.15	2,85,755.17
<b>Total revenue from contracts with customers</b>		
India	1,98,852.01	1,95,001.30
Outside India	87,159.14	90,753.87
	<u>2,86,011.15</u>	<u>2,85,755.17</u>
<b>Type of services ( IT Support Services)</b>		
Revenue from external customers	825.13	610.08
<b>Total revenue from contracts with customers</b>		
India	450.15	297.64
Outside India	374.98	312.44
	<u>825.13</u>	<u>610.08</u>
<b>Total revenue from contracts with customers</b>	<u><b>2,86,836.28</b></u>	<u><b>2,86,365.25</b></u>

**NOTE 34.2 : CONTRACT BALANCES**

The following table provides information about receivables and contract liabilities from contract with customers.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Contract Liabilities</b>		
Advance from customers (refer note no. 33)	3,774.66	3,538.82
<b>Receivables</b>		
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.

**NOTE 34.3 : RECONCILING THE AMOUNT OF REVENUE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS WITH THE CONTRACTED PRICE**

Particulars	(Rs. in Lakhs)	
	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
<b>Revenue from contracts with customers</b>	<u><b>2,86,836.28</b></u>	<u><b>2,86,365.25</b></u>

**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**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest income from:</b>		
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	-
<b>Other non operating income</b>		
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
<b>Total</b>	<b>8,650.12</b>	<b>7,916.32</b>

**Note:**

- a. Includes rental income of Rs.216.63 lakhs (March 31,2022: Rs.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.

**NOTE 36 : COST OF MATERIALS CONSUMED**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Raw material</b>		
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 Rs.1,913.61 Lakhs (March 31, 2022: Rs. 2,975.91 Lakhs))	(19,894.13)	(19,393.37)
<b>Raw materials consumed</b>	<b>1,54,079.40</b>	<b>1,75,766.50</b>
<b>Packing Material</b>		
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 Rs. 40.68 Lakhs (March 31, 2022: Rs. 54.88 Lakhs))	(633.88)	(894.79)
<b>Packing materials consumed</b>	<b>7,751.03</b>	<b>7,558.53</b>
<b>Cost of materials consumed</b>	<b>1,61,830.43</b>	<b>1,83,325.03</b>

**NOTE 37 : PURCHASE OF STOCK-IN-TRADE**

Particulars	(Rs. in Lakhs)	
	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
<b>Total</b>	<b>18,063.14</b>	<b>5,353.84</b>

**NOTE 38 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**

	(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Closing stock:</b>		
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
	<b>11,563.20</b>	<b>10,354.48</b>
<b>Opening stock:</b>		
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	-
	<b>10,354.48</b>	<b>9,376.70</b>
<b>Changes in Inventories of finished goods, stock-in-trade and work-in-progress</b>	<b>(1,208.72)</b>	<b>(977.78)</b>

**NOTE 39 : OTHER MANUFACTURING EXPENSES**

	(Rs. 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
<b>Total</b>	<b>6,764.73</b>	<b>6,228.69</b>

**NOTE 40 : EMPLOYEE BENEFITS EXPENSE**

	(Rs. 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
	<b>27,975.87</b>	<b>25,547.57</b>
Less: Transfer to Capital work-in-progress / Capitalised	60.54	-
<b>Total</b>	<b>27,915.33</b>	<b>25,547.57</b>

**NOTE 41 : FINANCE COSTS**

	(Rs. 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
	<b>2,361.99</b>	<b>1,709.34</b>
Less: Transfer to Capital work-in-progress / Capitalised	254.92	12.03
<b>Total</b>	<b>2,107.07</b>	<b>1,697.31</b>

**NOTE 42 : DEPRECIATION AND AMORTISATION EXPENSE**

	(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (refer note no. 3)	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
<b>Total</b>	<b>8,962.43</b>	<b>8,077.73</b>

**NOTE 43 : OTHER EXPENSES**

Particulars	(Rs. in Lakhs)	
	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 for Investments designated through profit and loss	-	382.97
Loss on sale/disposal of fixed assets	-	28.16
Miscellaneous	3,695.10	3,494.52
	<b>44,429.81</b>	<b>35,696.60</b>
Less: Transfer to Capital work-in-progress / Capitalised	190.29	110.71
<b>Total</b>	<b>44,239.52</b>	<b>35,585.89</b>

**NOTE 43.1 : AUDITOR S REMUNERATION INCLUDED IN LEGAL AND PROFESSIONAL (EXCLUDING GST)**

Particulars	(Rs. in Lakhs)	
	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
<b>Total</b>	<b>42.70</b>	<b>44.00</b>

\*Includes Rs. Nil (March 31, 2022 : Rs.5.43 Lakhs) paid to erstwhile auditors.

**NOTE 44. EARNINGS PER SHARE**

Particulars	(Rs. in Lakhs)	
	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

Particulars	(Numbers in Lakhs)	
	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

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".

Particulars	(Rs. per share)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Basic and diluted earnings per share	20.81	22.42

**Sheela Foam Limited****Notes forming part of the consolidated financial statements for the year ended March 31, 2023****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 Rs. 774.14 Lakhs (March 31, 2022 : Rs. 696.42 Lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	(Rs. in Lakhs)	
	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)	<b>774.14</b>	<b>696.42</b>

**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 Rs. Nil (March 31, 2022 : Rs. 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		
<i>Employee turnover</i>		
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.

Particulars	(Rs. in Lakhs)	
	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		
<b>Discount rate</b>		
Increase by 1.00%	(316.43)	(284.20)
Decrease by 1.00%	360.67	331.38
<b>Salary increase</b>		
Increase by 1.00%	358.37	329.76
Decrease by 1.00%	(320.17)	(288.20)



**Sheela Foam Limited**

**Notes forming part of the consolidated financial statements for the year ended March 31, 2023**

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:**

Particulars	(Rs. in Lakhs)	
	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
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>307.94</b>	<b>185.39</b>
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 in demographic assumptions	1.35	-
Actuarial (gains) / losses arising from experience adjustments	148.43	(11.05)
Return on Plan Asset	(21.24)	5.37
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>181.17</b>	<b>425.68</b>
<b>Total</b>	<b>489.11</b>	<b>611.07</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefit expenses' 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:**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended 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)
<b>Net liability arising from defined benefit obligation</b>	<b>590.94</b>	<b>706.55</b>
Refer Note no. 26		

**Movements in the present value of the defined benefit obligation are as follows:**

Particulars	(Rs. in Lakhs)	
	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 in demographic assumptions	1.35	(12.87)
Actuarial (gains) / losses arising from experience adjustments	148.43	18.42
Benefits paid	(119.52)	(79.42)
<b>Closing defined benefit obligation</b>	<b>3,060.57</b>	<b>2,545.11</b>

**Change in plan assets are as follows:**

Particulars	(Rs. in Lakhs)	
	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)
<b>Closing fair value of plan assets</b>	<b>2,469.63</b>	<b>1,838.56</b>

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements for the year ended March 31, 2023**

**The major categories of plan assets:**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Insurance products	2,469.63	1,838.56
<b>Total</b>	<b>2,469.63</b>	<b>1,838.56</b>

**Maturity profile of gratuity liability is as follows:**

Year	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended 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	2,116.54
<b>Expected contribution to the fund in next year.</b>	<b>688.52</b>	<b>823.87</b>

**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 plans' 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.

**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:

Particulars	For the year ended March 31, 2023	(Rs. in Lakhs) For the year ended March 31, 2022
<b>(i) Sale of material/ capital goods</b>		
<b>Related entities</b>		
Sleepwell Foundation (Trust)	0.18	0.36
	<u>0.18</u>	<u>0.36</u>
<b>(ii) Key management personnel</b>		
Compensation of Key management personnel		
Short-term Employee Benefits	1,431.86	1,419.73
Post Employment Benefits	25.19	13.56
	<u>1,457.05</u>	<u>1,433.29</u>
<b>(iii) Contributions for CSR expenses</b>		
Sleepwell Foundation (Trust)	275.00	315.00
	<u>275.00</u>	<u>315.00</u>

(C) Disclosure of balances outstanding at the end of the reporting year:

Particulars	As at March 31, 2023	(Rs. in Lakhs) As at March 31, 2022
<b>Post employee benefit plan for the benefitted employees</b>		
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 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.

(ii) The carrying amounts of lease liabilities and the movements during the year:

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening Liabilities</b>	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)
<b>Closing liabilities</b>	<b>10,347.47</b>	<b>12,870.97</b>
Current	1,598.40	2,306.18
Non current	8,749.07	10,564.79
	<b>10,347.47</b>	<b>12,870.97</b>

(iii) Maturity analysis of the lease liabilities:

Contractual undiscounted cash flows	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended 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
<b>Total undiscounted lease liability</b>	<b>14,244.66</b>	<b>17,794.81</b>
Less: Impact of discounting and other adjustments	3,897.19	4,923.84
<b>Lease liabilities</b>	<b>10,347.47</b>	<b>12,870.97</b>

(iv) The following are the amounts recognised in the Statement of Profit and Loss:

Particulars	(Rs. in Lakhs)	
	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:

Particulars	(Rs. in Lakhs)	
	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.

**Sheela Foam Limited****Notes forming part of the 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 Rs. 160.60 lakhs (March 31, 2022: Rs. 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 Rs. 8.52 lakhs (March 31, 2022: Rs. 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 Rs. 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 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 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.

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023:**

<b>Fair Value measurement hierarchy of Assets:</b>			<b>(Rs. in Lakhs)</b>		
<b>Particulars</b>	<b>Date of Valuation</b>	<b>Total</b>	<b>Fair value measurement using</b>		
			<b>Quoted prices in active markets (Level 1)</b>	<b>Significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Financial Assets measured at fair value through profit and loss</b>					
Other Investments	March 31, 2023	76,809.40	71,168.46	5,640.94	-
<b>Financial Assets measured at fair value through other comprehensive income</b>					
Other Investments	March 31, 2023	-	-	-	-
<b>Financial Assets measured at amortized cost</b>					
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
			<b>(Rs. in Lakhs)</b>		
<b>Particulars</b>			<b>March 31, 2023</b>		<b>March 31, 2022</b>
<b>Assets for which Fair Values are disclosed:</b>					
Investment Property			11,431.96		10,857.04

Fair Value measurement hierarchy of Liabilities:			(Rs. 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)
<b>Financial liabilities measured at amortized cost</b>					
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

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2022:**

Fair Value measurement hierarchy of Assets:			(Rs. 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)
<b>Financial Assets measured at fair value through profit and loss</b>					
Other Investments	March 31, 2022	13,919.85	8,913.05	5,006.80	-
<b>Financial Assets measured at fair value through other comprehensive income</b>					
Other Investments	March 31, 2022	47,876.02	-	47,876.02	-
<b>Financial Assets measured at amortized cost</b>					
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:			(Rs. 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)
<b>Financial liabilities measured at amortized cost</b>					
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

**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.

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements for the year ended March 31, 2023**

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 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.

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:

Particulars	Currency	(Rs. in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
<b>Financial assets:</b>			
Trade receivables	USD	817.82	778.46
Trade receivables	AED	205.88	-
Bank balances	AED	-	0.11
Bank balances	USD	-	268.87
<b>Financial liabilities:</b>			
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)
<b>Net assets / (liabilities)</b>		<b>(9,183.17)</b>	<b>(8,456.44)</b>

**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**

Currency	%	(Rs. in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
USD	2%	(185.53)	(164.61)
USD	-2%	185.53	164.61
EURO	3%	(2.78)	(2.38)
EURO	-3%	2.78	2.38
GBP	2%	(0.40)	(0.39)
GBP	-2%	0.40	0.39
NZD	5%	-	(6.36)
NZD	-5%	-	6.36
AED	2%	4.12	-
AED	-2%	(4.12)	-

**(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.

**(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.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Non-current assets</b>		
- Investments	5,641.29	52,883.17
- Loans	193.91	7.59
- Other financial assets	518.97	453.61
<b>Current assets</b>		
- 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
<b>Total</b>	<b>1,10,168.23</b>	<b>96,526.17</b>

**(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:

Particulars	(Rs. in Lakhs)		
	Less than 1 Year	More than 1 Year	Total
<b>As at March 31, 2023</b>			
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
	<b>55,071.60</b>	<b>39,742.77</b>	<b>94,814.37</b>
<b>As at March 31, 2022</b>			
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
	<b>46,204.68</b>	<b>38,421.22</b>	<b>84,625.90</b>

**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.

Particulars	(Rs. in Lakhs, unless otherwise stated)	
	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
<b>Total equity</b>	<b>1,60,865.64</b>	<b>1,40,019.95</b>
Borrowings	46,761.06	33,775.50
Less: cash and cash equivalents	4,227.05	4,081.28
Total debt	<b>42,534.01</b>	<b>29,694.22</b>
Overall financing	<b>2,03,399.65</b>	<b>1,69,714.17</b>
Gearing ratio ( In %)	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**

Particulars	(Rs. in Lakhs)	
	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 Rs. 3,357.30 Lakhs (March 31, 2022: Rs. 2,485.15 Lakhs))	6,538.31	7,313.94
	<b>6,538.31</b>	<b>7,313.94</b>

**NOTE 53 : CONTINGENT LIABILITIES**

Particulars	(Rs. in Lakhs)	
	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:

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Current Asset</b>		
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
	<b>13,393.82</b>	<b>14,481.90</b>
<b>Non-Current assets</b>		
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
	<b>49,803.35</b>	<b>37,994.41</b>
<b>Total Assets pledged as security</b>	<b>63,197.17</b>	<b>52,476.31</b>

**Note based on the terms and conditions written on sanction letters by bank:**

1.Term loan with JP Morgan & Kotak Mahindra Bank in International Comfort Technologies Private Limited has been secured by hypothecation of first charge on entire fixed assets ( Movable fixed assets and immovable fixed assets & corporate guarantee provided by Holding Company).

2.Euro Term Loan with Citi Bank Spain in International Foam Technologies S.L, Spain having exclusive charge on owned fixed assets (moveable 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 Limited having fixed charge over present & future interest in Non -Disposable Property (which include both Movable & Immovable property ) & floating charge on all other assets which does not subject to fixed charge.

4 Working capital loan with Citi Bank Australia in Joyce foam PTY Ltd., has been secured by hypothecation of first charge on entire current assets.

**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**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from external customers</b>		
Within India	1,99,797.97	1,95,491.53
Outside India	87,534.12	91,066.31
<b>Total revenue</b>	<b>2,87,332.09</b>	<b>2,86,557.84</b>
<b>Assets</b>		
Within India	52,341.67	42,962.28
Outside India	67,688.51	58,805.53
<b>Total assets</b>	<b>1,20,030.18</b>	<b>1,01,767.81</b>

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**

Particulars	(Rs. in Lakhs)	
	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 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 ending	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	-	-
(iv) The amount of interest accrued and remaining unpaid for the year ending	-	-
(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.

**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.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
a) <b>Gross amount required to be spent as per section 135 of the Act</b>	476.02	409.07
Add: Amount Unspent from previous years	-	-
Total Gross amount required to be spent during the year	<u>476.02</u>	<u>409.07</u>
b) <b>Amount approved by the Board to be spent during the year</b>	523.02	457.53
c) <b>Amount spent during the year on</b>		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	523.02	457.53
d) <b>Details related to amount spent</b>		
Contribution to Sleepwell Foundation Trust	275.00	315.00
Spent on Health Support , Promoting education including employment enhancing vocational skills	<u>248.02</u>	<u>142.53</u>
	523.02	457.53
e) <b>Details of CSR expenditure in respect of other than ongoing projects</b>		
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	<u>523.02</u>	<u>457.53</u>
<b>Balance (Short) / Excess Spent at end of the year</b>	<u>47.00</u>	-

f) Corporate social responsibility expenses of Company are managed by related party -Sleepwell foundation (refer note no. 46).

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Notes forming part of the consolidated financial statements for the year ended March 31, 2023

NOTE 59 : STATUTORY GROUP INFORMATION

(Rs. 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
<b>Parent</b>								
Sheela Foam Limited								
Balance as at 31 March, 2023	85%	1,36,446.09	81%	16,534.26	-31%	(383.92)	75%	16150.34
Balance as at 31 March, 2022	87%	1,21,172.09	91%	19,884.05	63%	(116.36)	91%	19767.69
<b>Subsidiaries</b>								
<b>Indian</b>								
1 Divya Software Solutions Private Limited								
Balance as at 31 March, 2023	-1%	(1,498.90)	-2%	(391.75)	0%	0.00	-2%	(391.75)
Balance as at 31 March, 2022	-1%	(1,131.10)	-2%	(390.48)	0%	0.00	-2%	(390.48)
2 Sleepwell Enterprises Private Limited								
Balance as at 31 March, 2023	0%	230.19	0%	(20.30)	0%	0.00	0%	(20.30)
Balance as at 31 March, 2022	0%	207.32	0%	(28.56)	0%	0.00	0%	(28.56)
3 Staqa World Private Limited								
Balance as at 31 March, 2023	-1%	(904.22)	-7%	(1,397.24)	0%	(5.95)	-7%	(1,403.19)
Balance as at 31 March, 2022	-1%	(809.03)	-5%	(1,156.72)	12%	(22.28)	-5%	(1,179.00)
4 International Comfort Technologies Private Limited								
Balance as at 31 March, 2023	1%	1,149.43	9%	1,881.40	-1%	(10.76)	9%	1870.64
Balance as at 31 March, 2022	0%	(587.51)	-3%	(591.13)	-2%	3.61	-3%	(587.52)
<b>Foreign</b>								
1 Joyce Foam Pty Limited								
Balance as at 31 March, 2023	9%	14,297.89	5%	1,087.99	-1%	(10.71)	5%	1077.28
Balance as at 31 March, 2022	10%	13,782.87	9%	2,038.01	22%	(41.51)	9%	1996.50
2 International Foam Technologies Spain SLU								
Balance as at 31 March, 2023	6%	10,318.70	12%	2,421.31	133%	1,662.60	19%	4083.91
Balance as at 31 March, 2022	5%	6,621.97	9%	1,977.80	5%	(8.53)	9%	1969.27
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2023	1%	826.46	1%	190.55	0%	0.00	1%	190.55
Balance as at 31 March, 2022	1%	763.34	1%	139.83	0%	0.00	1%	139.83
<b>Total</b>								
Balance as at 31 March, 2023	100%	1,60,865.64	100%	20,306.22	100%	1,251.26	100%	21557.48
Balance as at 31 March, 2022	100%	1,40,019.95	100%	21,872.80	100%	(185.07)	100%	21687.73

## NOTE 60 : INTEREST IN OTHER ENTITIES

## Subsidiaries

The Group's subsidiaries as at 31 March, 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. Limited, Australia	Australia	100%	100%	0%	0%	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)
Divya Software Solutions (P) Ltd., India	India	100%	100%	0%	0%	Software development and related ancillary activities
Sleepwell Enterprises (P) Ltd., 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 Pvt. Ltd., 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 Limited (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

**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:

Particulars	(Rs. in Lakhs)			
	Financial Assets		Financial liabilities	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Derivatives designated as Hedging Instruments:</b>				
Cross currency interest rate swap	-	-	945.98	-
<b>Derivatives not designated as Hedging Instruments:</b>				
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.

Particulars	(Rs. in Lakhs)		
	Less than 1 year	1 to 5 year	More than 5 Years
<b>Cross currency interest rate swap</b>			
<b>As at March 31, 2023</b>			
Nominal Amount	-	-	6,416.80
<b>As at March 31, 2022</b>			
Nominal Amount	-	-	-

**(vi) The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is as follows:**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow Hedge Reserve at the beginning of the year	-	-
Total hedging (loss) recognised in OCI	(347.78)	-
Income tax on above	87.53	-
Ineffectiveness recognised in profit or loss	(1,322.29)	-
	Net Loss on Foreign Currency Forward Contracts in "other expenses"	-
Line item in the statement of profit or loss that includes the recognised ineffectiveness	-	-
Amount reclassified from OCI 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 or loss that includes the reclassification adjustments	Not Applicable	-



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(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) (Rs. in Lakhs)	(Notional value) Foreign Currency (in Lakhs)	(Nominal value) (Rs. in Lakhs)	(Notional value) Foreign Currency (in Lakhs)
Cross currency interest rate swap	EUR	Hedging of Foreign Currency Loans Principal & Interest	6,416.80	80.00	-	-
Principal Only Swap	EUR	Hedging of equity investment in foreign subsidiary	9,390.00	120.00	-	-
	<b>Total</b>		<b>15,806.80</b>	<b>200.00</b>	<b>-</b>	<b>-</b>

Exchange rates used for conversion of foreign currency exposure:

Currency	As at March 31, 2023	As at March 31, 2022
EUR	89.61	82.13

(viii) The impact of the hedging instruments on the statement of financial position is as under:

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Nominal Amount	6,416.80	-
Carrying Amount (net)	7,168.61	-
Line item in the statement of financial position that's includes Hedging Instruments	Other current financial liabilities	-
Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the year - Gain / (Loss)	(260.25)	-

(ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended 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	Rs. in Lakhs	FC in Lakhs	Rs. 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 OR LOSS**

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax</b>		
In respect of current year	7,875.59	8,331.47
Tax expenses related to earlier years	(77.20)	(22.04)
	<u>7,798.39</u>	<u>8,309.43</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences including Tax impact on Other Comprehensive Income	(929.46)	(593.50)
	<u>(929.46)</u>	<u>(593.50)</u>
Total income tax expense recognised in the current year including tax impact on Other Comprehensive Income	<u>6,868.93</u>	<u>7,715.93</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax (Including Other comprehensive income)</b>	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
	<u>6,946.13</u>	<u>7,737.97</u>
Adjustments recognised in the current year in relation to tax of prior years	(77.20)	(22.04)
<b>Income tax expense recognised in the Statement of Profit and Effective Tax Rate</b>	<u>6,868.93</u> 25.65%	<u>7,715.93</u> 26.20%

**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:
- 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
  - 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:
- 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.

**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 transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**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 (Rs. in Lakhs)	Amount as reported in the Quarterly statement (Rs. 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

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account (Rs. in Lakhs)	Amount as reported in the Quarterly statement (Rs. 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.

**NOTE 74: FOLLOWING ARE THE RECLASSIFICATIONS MADE IN THE PREVIOUS YEAR FIGURES TO MAKE THEM COMPARABLE/ BETTER PRESENTATION WITH THE CURRENT YEAR FIGURES:**

(Rs. In Lakhs)			
Particulars	March 31,2022 (Revised)	March 31,2022 (Published)	Nature
<b>Assets</b>			
<b>Non-Current Assets</b>			
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
<b>Current Assets</b>			
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
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Provisions	1,932.59	2,738.34	Reclassification items
Deferred tax liabilities	966.99	183.80	Reclassification items
<b>Current Liabilities</b>			
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
<b>Income</b>			
Revenue from Operations	2,86,557.84	2,98,180.84	Reclassification items
<b>Expenses</b>			
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.

**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

Place: Gurugram  
Date: May 17, 2023

Place: Noida  
Date: May 17, 2023

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No.: A20921

## **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, 2022, and the Consolidated Statement of Profit and Loss, 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 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

##### **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 India in terms of the Code of Ethics issued by 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 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, 2022. 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**

###### **Impairment of Goodwill**

Refer Note 4 to the consolidated financial statements

Group has a Goodwill of INR 25,198.56 lacs as on March 31, 2022. In determining the fair value/ value in use of subsidiaries, the Group has applied judgment in estimating future revenues, operating profit margins, long term 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**

We evaluated the judgement and estimation used by management in recognising the Impairment of Goodwill. Our procedures included, but were not limited to the following:

- a) Obtained an understanding from the management with respect to process and controls followed by the Group to perform annual impairment test related to goodwill;
- b) Obtained the impairment analysis model from the management and reviewed their conclusions;
- c) Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results;
- d) Assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and longterm growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;
- e) Reconciled the future operating cash flow forecasts with the business plan approved by the Company's board of directors;
- f) Evaluated the appropriateness of the disclosures made in the consolidated financial statement in relation to the above as required under 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 Director's report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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. 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 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 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 and of its associates and jointly controlled entities.

#### **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**

- a. We did not audit the financial statements of 7 subsidiaries (including 2 step down subsidiaries) whose financial statements reflect total assets of Rs. 92,917.40 lacs as at March 31, 2022, total revenues of Rs. 87,715.45 lacs and net cash flows amounting to Rs. 385.83 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of 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 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.

- b. The consolidated Ind AS financial statements of the Group for the year ended March 31, 2021, were audited by another auditor whose report dated May 29, 2021 expressed an unmodified opinion on those statements.

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 matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### **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, 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, 2022 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, 2022 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 over financial reporting of the Group 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. There were no pending litigations which would impact the consolidated financial position of the Group. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 52 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 71 to the consolidated financial statements.
  - 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. Refer Note 72 to the consolidated financial statements.
  - iv.
    - (1) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India 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 the Note 63 (i) 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 person(s) or entity(ies), 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 incorporated in India 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 the Note 63 (ii) to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), 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 incorporated in India 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.
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, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder except in case of 4 subsidiaries, as the provisions of the aforesaid section is not applicable to private companies.
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 Company and on consideration of CARO reports by statutory auditors of subsidiaries incorporated in India included in the consolidated financial statements of the Company 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

**Manish P Bathija**  
Partner  
Membership No. 216706  
UDIN: 22216706AIVAKH9850

Place: Gurugram  
Date: May 12, 2022

## **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 Standards on Auditing (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 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 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, 2022 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

**Manish P Bathija**  
Partner  
Membership No. 216706  
UDIN: 22216706AIVAKH9850

Place: Gurugram  
Date: May 12, 2022

## **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, 2022]

### **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 Sheela Foam Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies 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 and 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, 2022, 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 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 and 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 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 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 Matters 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 and 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 MATTERS**

Our aforesaid reports 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 3 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

**Manish P Bathija**  
Partner  
Membership No. 216706  
UDIN: 22216706AIVAKH9850

Place: Gurgaon  
Date: May 12, 2022

**Sheela Foam Limited**  
**Consolidated Balance Sheet as at March 31, 2022**  
(in Indian Rupees (Lakhs), unless otherwise stated)

Particulars	Note no.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	43,547.55	42,997.39
Capital work in progress	3	11,989.21	3,256.49
Intangible Assets	4	25,203.15	26,306.69
Right of use assets	5	13,935.72	14,179.88
Investment property	6	5,617.11	5,905.47
Financial assets			
(i) Other investments	7	52,883.17	30,359.99
(ii) Loans	8	8.47	15.91
(iii) Other financial assets	9	453.61	518.69
Non current tax assets (net)	10	675.35	-
Other non-current assets	11	799.71	264.38
<b>Total non current assets</b>		<b>1,55,113.05</b>	<b>1,23,804.89</b>
<b>Current assets</b>			
Inventories	12	31,445.89	31,530.73
Financial assets			
(i) Investments	13	8,938.05	10,701.16
(ii) Trade receivables	14	28,504.18	30,215.33
(iii) Cash and cash equivalents	15	4,081.28	5,736.31
(iv) Other bank balances	16	31.58	73.78
(v) Loans	17	555.07	555.24
(vi) Other financial assets	18	2,637.42	692.79
Other current assets	19	5,938.49	3,625.60
<b>Total current assets</b>		<b>82,131.96</b>	<b>83,130.94</b>
<b>Total assets</b>		<b>2,37,245.01</b>	<b>2,06,935.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	20	2,439.14	2,439.14
Other equity	21	1,36,817.48	1,15,989.95
<b>Equity attributable to shareholders of the Holding group</b>		<b>1,39,256.62</b>	<b>1,18,429.09</b>
Non-controlling Interest		763.33	891.81
<b>Total equity</b>		<b>1,40,019.95</b>	<b>1,19,320.90</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	22	22,818.18	13,263.48
(ii) Lease liabilities	23	10,564.79	10,855.07
(iii) Other financial liabilities	24	5,034.08	5,018.13
Long-term provisions	25	2,738.34	623.24
Other non current liabilities	26	22.70	25.54
Deferred tax liabilities (net)	27	183.80	887.87
<b>Total non current liability</b>		<b>41,361.89</b>	<b>30,673.33</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	28	10,957.32	7,299.14
(ii) Lease liabilities	23	2,306.18	2,005.17
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	29	506.29	1,168.31
- Total outstanding dues of creditors other than micro enterprises and small enterprises	29	29,625.31	31,844.25
(iv) Other financial liabilities	30	4,538.64	5,311.60
Short-term provisions	25	250.38	1,468.82
Current tax liabilities (net)	31	-	453.58
Other current liabilities	32	7,679.05	7,390.73
<b>Total current liabilities</b>		<b>55,863.17</b>	<b>56,941.60</b>
<b>Total liabilities</b>		<b>97,225.06</b>	<b>87,614.93</b>
<b>Total equity and liabilities</b>		<b>2,37,245.01</b>	<b>2,06,935.83</b>

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

**For MSKA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No.: 105047W

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

**Manish P Bathija**  
Partner  
Membership No.: 216706

Place: Gurugram  
Date: May 12, 2022

**Rahul Gautam**  
Managing Director  
DIN:00192999

Place: Noida  
Date: May 12, 2022

**Tushaar Gautam**  
Whole Time Director  
DIN:01646487

Place: Noida  
Date: May 12, 2022

**Nikhil Ghanashyam Datye**  
Chief Financial Officer

Place: Noida  
Date: May 12, 2022

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No.: A20921

Place: Noida  
Date: May 12, 2022

**Sheela Foam Limited**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2022**  
(in Indian Rupees (Lakhs), unless otherwise stated)

Particulars	Note no.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Income</b>			
Revenue from operations	33	2,98,180.84	2,43,719.22
Other income	34	7,916.32	5,024.30
<b>Total Income</b>		<b>3,06,097.16</b>	<b>2,48,743.52</b>
<b>Expenses</b>			
Cost of materials consumed	35	1,79,850.03	1,37,684.23
Purchase of traded goods	36	5,353.84	1,799.48
Other manufacturing expenses	37	6,228.69	4,962.19
Changes in inventories of finished goods, stock-in-trade and work in progress	38	(977.78)	(600.45)
Employee benefits expense	39	25,768.82	23,170.41
Finance costs	40	1,697.31	1,768.27
Depreciation and amortisation expense	41	8,077.73	7,286.72
Other expenses	42	50,462.64	40,288.12
<b>Total Expenses</b>		<b>2,76,461.28</b>	<b>2,16,358.97</b>
<b>Profit before tax</b>		<b>29,635.88</b>	<b>32,384.55</b>
<b>Tax expense</b>			
Current tax	61	8,370.60	8,460.28
Tax expenses related to earlier years		(22.04)	(42.32)
Deferred tax (credit)	27	(585.48)	(48.58)
<b>Total tax expense</b>		<b>7,763.08</b>	<b>8,369.38</b>
<b>Profit for the year</b>		<b>21,872.80</b>	<b>24,015.17</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss Remeasurements of the net defined benefit plans		(506.09)	252.96
(ii) Items that will be reclassified to profit or loss Fair value gain on investments		323.91	100.06
(iii) Income tax effect on these items on (i) & (ii)		47.15	(88.84)
(iv) Exchange differences on translation of foreign operations		(50.04)	1,616.92
		<b>(185.07)</b>	<b>1,881.10</b>
<b>Total comprehensive income for the year</b>		<b>21,687.73</b>	<b>25,896.27</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the Holding Company		21,732.97	23,772.11
Non-controlling Interest		139.83	243.06
		<b>21,872.80</b>	<b>24,015.17</b>
<b>Other Comprehensive Loss for the year attributable to:</b>			
Shareholders of the Holding Company		(185.07)	1,881.10
Non-controlling Interest		-	-
		<b>(185.07)</b>	<b>1,881.10</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Shareholders of the Holding Company		21,547.90	25,653.20
Non-controlling Interest		139.83	243.06
		<b>21,687.73</b>	<b>25,896.27</b>
<b>Earnings per equity share</b>			
Basic and diluted	43	44.84	49.23

The accompanying notes are an integral part of these consolidated financial statements.  
As per our report of even date

**For MSKA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No.: 105047W

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

**Manish P Bathija**  
Partner  
Membership No.: 216706

**Rahul Gautam**  
Managing Director  
DIN:00192999

**Tushaar Gautam**  
Whole Time Director  
DIN:01646487

**Nikhil Ghanashyam Datye**  
Chief Financial Officer

Place: Gurugram  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Company Secretary  
Membership No.: A20921

Place: Noida  
Date: May 12, 2022



**Sheela Foam Limited**  
**Consolidated Statement of Changes in Equity for the year ended March 31, 2022**  
(in Indian Rupees (Lakhs), unless otherwise stated)

**a. Equity share capital**

	Number of shares	Amount
<b>Balance as at April 01, 2020</b>	4,87,82,808	2,439.14
Add: Issued during the year	-	-
<b>Balance as at March 31, 2021</b>	<b>4,87,82,808</b>	<b>2,439.14</b>
Add: Issued during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>4,87,82,808</b>	<b>2,439.14</b>

**b. Other equity**

Particulars	Retained earnings	Capital reserve	General Reserve	Foreign Currency Translation	Capital Subsidy	Non-controlling Interest	Total
<b>Balance as at April 01, 2020</b>	86,456.83	1,402.97	1,716.27	(40.95)	-	667.38	<b>90,202.51</b>
Capital Subsidy received during the year	-	-	-	-	56.98	-	<b>56.98</b>
Profit for the year	23,772.11	-	-	-	-	243.06	<b>24,015.16</b>
Dividend paid	(190.66)	-	-	-	-	(45.03)	<b>(235.69)</b>
Foreign Exchange gain on Translation	-	-	-	-	-	26.40	<b>26.40</b>
Other adjustments	0.08	-	-	-	-	-	<b>0.08</b>
Other Comprehensive Gain for the year (net of tax)	264.18	-	-	-	-	-	<b>264.18</b>
Exchange gain on translation (net)	-	961.62	-	1,590.52	-	-	<b>2,552.15</b>
<b>Total comprehensive income for the year</b>	<b>23,845.70</b>	<b>961.62</b>	<b>-</b>	<b>1,590.52</b>	<b>56.98</b>	<b>224.42</b>	<b>26,679.25</b>
<b>Balance as at March 31, 2021</b>	<b>1,10,302.53</b>	<b>2,364.59</b>	<b>1,716.27</b>	<b>1,549.57</b>	<b>56.98</b>	<b>891.81</b>	<b>1,16,881.76</b>
Profit for the year	21,732.97	-	-	-	-	139.83	<b>21,872.80</b>
Capital Subsidy received during the year	-	-	-	-	13.59	-	<b>13.59</b>
Dividend paid	(146.02)	-	-	-	-	(226.76)	<b>(372.78)</b>
Foreign Exchange gain on Translation	-	-	-	-	-	-	<b>-</b>
Other adjustments	0.70	-	-	-	-	0.95	<b>1.65</b>
Other Comprehensive Gain for the year (net of tax)	(135.03)	-	-	-	-	-	<b>(135.03)</b>
Exchange gain on translation (net)	-	(1,968.96)	-	1,330.29	-	(42.50)	<b>(681.17)</b>
<b>Total comprehensive income for the year</b>	<b>21,452.62</b>	<b>(1,968.96)</b>	<b>-</b>	<b>1,330.29</b>	<b>13.59</b>	<b>(128.48)</b>	<b>20,699.05</b>
<b>Balance as at March 31, 2022</b>	<b>1,31,755.15</b>	<b>395.63</b>	<b>1,716.27</b>	<b>2,879.86</b>	<b>70.57</b>	<b>763.33</b>	<b>1,37,580.81</b>

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

**For MSKA & ASSOCIATES**  
**Chartered Accountants**  
Firm Registration No.: 105047W

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

**Manish P Bathija**  
Partner  
Membership No.: 216706

**Rahul Gautam**  
Managing Director  
DIN:00192999

**Tushaar Gautam**  
Whole Time Director  
DIN:01646487

**Nikhil Ghanashyam Datye**  
Chief Financial Officer

Place: Gurugram  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

**Md. Iqubal Ahmad**  
Company Secretary  
Membership No.: A20921

Place: Noida  
Date: May 12, 2022

**Sheela Foam Limited**  
**Consolidated Statement of Cash Flows for the year ended March 31, 2022**  
(in Indian Rupees (Lakhs), unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>29,635.88</b>	<b>32,384.55</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	8,077.72	7,286.73
Finance costs	1,697.32	1,768.27
Advances/Balances written off	-	59.67
Provision for doubtful receivables	-	207.39
Bad debts written off	-	69.88
Fair value loss/(gain) on investments (net)	383.00	(366.86)
(Profit) on sale of investments (net)	(1,228.00)	(1,688.03)
Liabilities/provisions no longer required written back	(59.43)	(19.05)
Unrealised foreign exchange loss/(Gain) (net)	256.93	(32.99)
Investment written off	-	1.02
Interest income	(3,759.45)	(1,375.89)
Assets written off	-	13.26
Loss/(Profit) on sale of property, plant and equipment (net)	28.16	(51.93)
<b>Operating profit before working capital changes</b>	<b>35,032.13</b>	<b>38,256.02</b>
<b>Changes in working capital:</b>		
Decrease/(Increase) in Inventories	84.84	(8,844.89)
Decrease/(Increase) in loans and trade receivables	1,718.75	(8,985.13)
(Increase) in other financial and non-financial assets	(4,057.22)	(616.33)
(Increase)/Decrease in trade payables	(3,078.38)	7,652.94
(Decrease)/Increase in lease liabilities, other financial liabilities, non-financial liabilities and provisions	(555.14)	6,111.28
<b>Cash generated from operations</b>	<b>29,144.98</b>	<b>33,573.89</b>
Income tax paid (net of refunds)	(9,430.14)	(8,186.87)
<b>Net cash inflow from operating activities (A)</b>	<b>19,714.84</b>	<b>25,387.02</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment including capital work in progress	(16,345.59)	(6,474.60)
Proceeds from Sales (Net of adjustment) of property, plant and equipment	2,054.84	145.82
Deposits matured/made during the year (net)	-	(70.41)
Investment in bonds, debentures and mutual funds (net)	(19,915.07)	(15,762.81)
Loans & advances given	(40.00)	-
Rental income	1,138.54	643.42
Interest income	2,469.06	691.86
<b>Net cash outflow from investing activities (B)</b>	<b>(30,638.22)</b>	<b>(20,826.72)</b>
<b>C. Cash flow from financing activities</b>		
Payment of Dividend during the year	(372.73)	(235.69)
Subsidy received during the year	13.59	75.97
Proceeds from Secured long term borrowings	9,587.46	-
Repayment of Secured long term borrowings	-	(2,677.78)
Repayment of Unsecured long term borrowings	(32.77)	(144.28)
Repayment of Unsecured short term borrowings	(5,652.79)	(2.45)
Proceeds from Secured short term borrowings	9,310.96	1,053.09
Proceeds from Unsecured short term borrowings	-	2,627.89
Payment of lease liabilities	(2,445.30)	(2,586.06)
Finance costs	(1,140.07)	(1,345.39)
<b>Net Cash inflow/(outflow) from Financing Activities (C)</b>	<b>9,268.35</b>	<b>(3,234.70)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(1,655.03)</b>	<b>1,325.60</b>
Cash and cash equivalents at the beginning of the year	5,736.31	4,410.71
<b>Cash and cash equivalents at the end of the year</b>	<b>4,081.28</b>	<b>5,736.31</b>

**Notes :**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
- Components of cash and cash equivalents:

	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
Cash on hand	20.95	2,400.00
Deposits having original maturity of less than 3 months	933.87	17.17
Balance with banks in current accounts	3,126.46	3,319.14
<b>Balance as per Statement of Cash Flows</b>	<b>4,081.28</b>	<b>5,736.31</b>

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

**For MSKA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No.: 105047W

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

Partner  
Membership No.: 216706

Managing Director  
DIN:00192999

Whole Time Director  
DIN:01646487

Chief Financial Officer

Place: Gurugram  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Place: Noida  
Date: May 12, 2022

Company Secretary  
Membership No.: A20921

Place: Noida  
Date: May 12, 2022

**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 eight Subsidiary companies (Joyce Foam Pty. Limited and its Controlled Entity Joyce W C NSW Pty Limited Australia , International Foam Technologies Spain and its Controlled Entity Interplasp S.L , 'Divya Software Solutions Private Limited', 'Sleepwell Enterprises Private Limited, International Comfort Technologies Private Limited and Staqo World Pvt. Ltd'). The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its eight Subsidiary companies (together referred as "the Group").

The consolidated financial statements for the year ended 31<sup>st</sup> March, 2022 were approved by the Board of Directors and authorized for issue on 12<sup>th</sup> May, 2022.

**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, certain financial assets and liabilities, measured at fair value. (refer accounting policy regarding financial instruments).

**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.

**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 non-Financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset 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, or other fair value indicators.

## 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 loses control of the subsidiary. The Consolidated Financial Statements have been prepared on the following basis: -

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**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 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 31.03.2022	Proportion (%) of Shareholding as on 31.03.2021
<b>Subsidiary Companies</b>			
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%
Stago World Pvt. Ltd.	India	100%	100%
International Comfort Technologies Private Limited	India	100%	--

**2.3 Property, Plant & Equipment**

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the

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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, Staqa World Private Limited and International Comfort Technologies Private Limited)**

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.

<b>Asset</b>	<b>Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)</b>	<b>Useful life as assessed / estimated by the Group (No. of Years)</b>
Buildings :		
- Factory (including roads)	30	29
- Office	60	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 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.

<b>Asset</b>	<b>Useful Life range</b>
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

**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.

<b>Asset</b>	<b>Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)</b>	<b>Useful life as assessed / estimated by the Group (No. of Years)</b>
Buildings :		
- Factory	30	29
- Office	60	59
- Residential	60	59

Based on usage pattern 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.

## 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:

Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the 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 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 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 default 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.

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 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.

**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 value. Cost of work in progress and manufactured finished goods comprises 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**

The Group 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 (the "cash-generating unit").

## 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) 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 Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods is recognised when the control of the goods is transferred to the customer, which is generally on the delivery of the goods, the associated costs and the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Company. It is measured at fair value of the consideration received or receivable, after deduction of sales returns, trade discount, volume rebates, goods and service tax collected on behalf of the government and amount collected on behalf of its customers.

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of indirect taxes, trade allowances, rebates and amounts collected on behalf of third parties and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

In respect of above, the amounts received in advance are reflected in the Balance sheet under "Other Current and Non-current Liabilities" as "Contract Liabilities".

## 2.11 Government Grants / Subsidy

Government grants are recognized when it is reasonably certain that the ultimate collection will be made. Government grants of capital nature are credited to capital reserve. Other government grants of revenue nature including subsidies are credited to specific expense head in the Statement of Profit and Loss.

## 2.12 Employee Benefits

### In the case of Holding Group and Indian Subsidiaries

#### 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, 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.

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.

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 asset classes primarily consist of leases for warehouse & facilities. 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: (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 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 leases of low value assets. For these short-term and leases of low value assets, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### Group as a lessor

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.

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.



**2.14 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.

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**

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of business combination over Holding Company's interest in the net fair value of identifiable assets acquired.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) 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. 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 amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost 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. Key assumptions in the cash flow projections are prepared based on current economic conditions and includes estimated long-term growth rates, weighted average cost of capital and estimated operating margins.

Growth rates : The growth rates reflect the long-term average growth rates for the product lines and industries of the segments (all publicly available). These growth rates are consistent with forecasts included in industry reports specific to the industry in which CGU operates. The group considers growth rate factor of 5-10%.

Discount rates : The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU. The group considers discount rate factor of 7-8.5%. Apart from the considerations in determining the value-in-use of the CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates

**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 that became effective during the year**

There are no new Standards that became effective during the year. The group has applied certain amendments that became effective during the year which are discussed below:

- a) Amendments to Ind AS consequential to conceptual Framework under Ind AS : The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards. The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS .includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc. The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021. These amendments have no impact on the consolidated financial statements of the group.
- b) Ind AS 116 : Covid 19 related rent concessions : MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the consolidated financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020. These amendments have no impact on the consolidated financial statements of the group.
- c) Ind AS 103 : Business Combination : The MCA clarified that for the purpose of this Ind AS, acquirers are required to apply the definition of asset and liability given in the framework for preparation and presentation of consolidated financial statements with Indian Accounting standards rather than the conceptual framework. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those

costs in its post-combination consolidated financial statements in accordance with other Ind AS. These amendments have no impact on the consolidated financial statements of the group.

- d) Amendment to Ind AS 105 , Ind AS 16 and Ind AS 28 : In the definition of “Recoverable amount” the words “the higher of an asset’s fair value less costs to sell and its value in use” are replaced with “higher of an asset’s fair value less costs of disposal and its value in use”. The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28. These amendments have no impact on the consolidated financial statements of the group.

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**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

**Note 3 : Property, plant and equipment**

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
<b>At cost or deemed cost</b>										
<b>As at April 1, 2020</b>	1,395.53	22,188.88	33,531.34	96.37	1,208.18	978.68	1,963.13	1,263.60	<b>62,625.71</b>	<b>1,797.32</b>
Additions	461.00	1,598.96	1,855.68	-	43.99	81.66	142.78	120.64	<b>4,304.72</b>	<b>3,718.58</b>
Disposals/transfer/adjustments	(5.88)	599.29	1,488.92	19.62	(0.01)	(65.42)	(8.57)	(12.90)	<b>2,015.05</b>	<b>(2,259.41)</b>
<b>As at March 31, 2021</b>	<b>1,850.65</b>	<b>24,387.13</b>	<b>36,875.94</b>	<b>116.00</b>	<b>1,252.16</b>	<b>994.92</b>	<b>2,097.34</b>	<b>1,371.34</b>	<b>68,945.48</b>	<b>3,256.49</b>
Additions	-	51.81	5,567.86	-	148.36	319.51	279.35	143.51	<b>6,510.40</b>	<b>15,698.22</b>
Disposals/transfer/adjustments	(6.69)	(359.78)	(1,426.26)	(1.34)	(3.86)	(85.38)	(19.04)	(2.62)	<b>(1,904.97)</b>	<b>(6,965.49)</b>
<b>As at March 31, 2022</b>	<b>1,843.96</b>	<b>24,079.16</b>	<b>41,017.54</b>	<b>114.66</b>	<b>1,396.66</b>	<b>1,229.05</b>	<b>2,357.65</b>	<b>1,512.23</b>	<b>73,550.90</b>	<b>11,989.21</b>
<b>Accumulated depreciation</b>										
<b>As at April 1, 2020</b>	-	4,683.13	13,971.96	2.65	378.45	416.24	765.71	363.47	<b>20,581.62</b>	-
Depreciation charge for the year	-	1,034.10	2,910.02	8.15	154.98	172.35	320.53	135.88	<b>4,736.01</b>	-
Disposals/transfer/adjustments	-	68.42	617.28	0.18	(1.10)	(44.01)	(4.18)	(6.14)	<b>630.45</b>	-
<b>As at March 31, 2021</b>	-	<b>5,785.65</b>	<b>17,499.27</b>	<b>10.98</b>	<b>532.33</b>	<b>544.58</b>	<b>1,082.06</b>	<b>493.21</b>	<b>25,948.09</b>	-
Depreciation charge for the year	-	1,229.57	2,958.66	5.77	133.53	136.30	240.21	131.14	<b>4,835.18</b>	-
Disposals/transfer/adjustments	-	(62.19)	(635.60)	(4.82)	(2.14)	(60.56)	(14.19)	(0.41)	<b>(779.92)</b>	-
<b>As at March 31, 2022</b>	-	<b>6,953.03</b>	<b>19,822.33</b>	<b>11.93</b>	<b>663.72</b>	<b>620.32</b>	<b>1,308.08</b>	<b>623.94</b>	<b>30,003.35</b>	-
<b>Net carrying amount</b>										
<b>As at March 31, 2021</b>	<b>1,850.65</b>	<b>18,601.48</b>	<b>19,376.67</b>	<b>105.01</b>	<b>719.83</b>	<b>450.34</b>	<b>1,015.27</b>	<b>878.13</b>	<b>42,997.39</b>	<b>3,256.49</b>
<b>As at March 31, 2022</b>	<b>1,843.96</b>	<b>17,126.13</b>	<b>21,195.21</b>	<b>102.73</b>	<b>732.93</b>	<b>608.73</b>	<b>1,049.57</b>	<b>888.28</b>	<b>43,547.55</b>	<b>11,989.21</b>

**Notes:**

- Property, plant and equipment & Capital work in progress has been pledged as security amounted Rs.28,622 lakhs.
- Refer note 50 for disclosure of commitment for expenditure on account of acquisition of Property, plant and equipment.
- Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

CWIP	March 31, 2022					March 31, 2021				
	Amount in CWIP				Total	Amount in CWIP				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	11,989.21	-	-	-	11,989.21	3,256.49	-	-	-	3,256.49

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in INR Lakhs, unless otherwise stated)**

**Note 4 : Goodwill & other intangible assets**

Particulars	Goodwill	Other Intangible assets	Total
<b>Cost</b>			
At April 1, 2020	25,459.01	283.30	25,742.31
Additions	-	-	-
Disposal/Transfer/adjustments during the year	847.68	9.69	857.37
<b>As at March 31, 2021</b>	<b>26,306.69</b>	<b>292.99</b>	<b>26,599.68</b>
Additions		4.73	4.73
Disposal/Transfer/adjustments during the year	(1,108.13)	(12.93)	(1,121.06)
<b>As at March 31, 2022</b>	<b>25,198.56</b>	<b>284.79</b>	<b>25,483.35</b>
<b>Depreciation</b>			
At April 1, 2020		281.86	281.86
Charge for the year		1.46	1.46
Disposal/Transfer/adjustments during the year	-	9.67	9.67
<b>As at March 31, 2021</b>	<b>-</b>	<b>292.99</b>	<b>292.99</b>
Charge for the year		0.14	0.14
Disposal/Transfer/adjustments during the year		(12.93)	(12.93)
<b>As at March 31, 2022</b>	<b>-</b>	<b>280.19</b>	<b>280.19</b>
<b>Net book value as at March 31, 2021</b>	<b>26,306.69</b>	<b>-</b>	<b>26,306.69</b>
<b>Net book value as at March 31, 2022</b>	<b>25,198.56</b>	<b>4.60</b>	<b>25,203.15</b>

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
(in INR Lakhs, unless otherwise stated)

**Note 5 : Right of use assets**

Particulars	Leasehold land	Buildings	Plant & Equipment	Total
<b>Cost</b>				
At April 1, 2020	2,104.72	10,739.26	144.72	12,988.70
Additions	-	3,395.55	-	3,395.55
Disposal/Transfer/adjustment during the year	-	(371.28)	(29.47)	(400.75)
<b>As at March 31, 2021</b>	<b>2,104.72</b>	<b>14,506.09</b>	<b>174.19</b>	<b>16,785.00</b>
Additions	2,628.77	787.57	-	3,416.34
Disposal/Transfer/adjustment during the year	(594.33)	(166.90)	(2.01)	(763.24)
<b>As at March 31, 2022</b>	<b>4,139.16</b>	<b>15,126.76</b>	<b>172.18</b>	<b>19,438.10</b>
<b>Depreciation</b>				
At April 1, 2020	78.83	1,478.58	26.13	1,583.54
Charge for the year	21.53	2,190.93	35.96	2,248.42
Disposal/Transfer/adjustment during the year	-	(1,235.49)	8.64	(1,226.85)
<b>As at March 31, 2021</b>	<b>100.37</b>	<b>2,434.02</b>	<b>70.73</b>	<b>2,605.12</b>
Charge for the year	111.12	2,803.89	39.05	2,954.06
Disposal/Transfer/adjustment during the year	(12.10)	(43.66)	(1.04)	(56.80)
<b>As at March 31, 2022</b>	<b>199.39</b>	<b>5,194.24</b>	<b>108.74</b>	<b>5,502.37</b>
<b>Net book value as at March 31, 2021</b>	<b>2,004.35</b>	<b>12,072.07</b>	<b>103.46</b>	<b>14,179.88</b>
<b>Net book value as at March 31, 2022</b>	<b>3,939.77</b>	<b>9,932.51</b>	<b>63.44</b>	<b>13,935.72</b>

**Note 6 : Investment property**

Particulars	Freehold land	Lease Hold	Buildings	Total
<b>Cost</b>				
At April 1, 2020	-	68.47	6,280.20	6,348.67
Additions	10.90	-	48.34	59.24
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2021</b>	<b>10.90</b>	<b>68.47</b>	<b>6,328.54</b>	<b>6,407.91</b>
Additions	-	-	-	-
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2022</b>	<b>10.90</b>	<b>68.47</b>	<b>6,328.54</b>	<b>6,407.91</b>
<b>Depreciation</b>				
At April 1, 2020	-	3.64	179.96	183.60
Transfer during the year	-	-	18.01	18.01
Charge for the year	-	0.91	299.92	300.83
Disposals during the year	-	-	-	-
<b>As at March 31, 2021</b>	<b>-</b>	<b>4.55</b>	<b>497.89</b>	<b>502.44</b>
Charge for the year	-	0.91	287.45	288.36
Disposals during the year	-	-	-	-
<b>As at March 31, 2022</b>	<b>-</b>	<b>5.47</b>	<b>785.34</b>	<b>790.80</b>
<b>Net book value as at March 31, 2021</b>	<b>10.90</b>	<b>63.92</b>	<b>5,830.65</b>	<b>5,905.47</b>
<b>Net book value as at March 31, 2022</b>	<b>10.90</b>	<b>63.00</b>	<b>5,543.20</b>	<b>5,617.11</b>

**Notes:**

- Refer 'Para- 2.4' of Significant Accounting Policies' for depreciation and measurement of investment property.
- The leasehold land has been amortised during the year by Rs. 0.91 lakhs (Previous Year : Rs. 0.91 lakhs) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.
- Income from investment property

Particulars	As at March 31, 2022	As at March 31, 2021
Rental Income derived from investment property	214.73	188.86
Profit arising from investment property before depreciation	214.73	188.86
Less: Depreciation for the year	(288.36)	(300.83)
<b>Net Profit arising from investment property</b>	<b>(73.63)</b>	<b>(111.97)</b>

d. The group has obtained independent valuation for its investment properties at Rs. 8,297 Lakhs as on 31st March 2022 and Rs. 8,297 lakhs as on March 31,2021. 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.

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 0-10 years.

**Note 7 : Other investments**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>In Bonds &amp; Debentures - fully paid up</b>		
Carried at amortised cost - Unquoted	0.35	0.35
Carried at fair value through other comprehensive income - Quoted	47,876.02	30,359.64
Carried at fair value through Profit & Loss - Unquoted	5,006.80	-
<b>Total Investments</b>	<b>52,883.17</b>	<b>30,359.99</b>
<b>Aggregate amount of Quoted Investments</b>	<b>47,876.02</b>	<b>30,359.64</b>
<b>Market value of Quoted Investments</b>	<b>47,876.02</b>	<b>30,359.64</b>
<b>Aggregate amount of Unquoted investment</b>	<b>5,007.15</b>	<b>0.35</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>-</b>	<b>-</b>

**Note 8 : Loans**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(Unsecured, considered good)</b>		
Loans to employees	8.47	15.91
<b>Total</b>	<b>8.47</b>	<b>15.91</b>

**Note 9 : Other financial assets**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(Unsecured, considered good)</b>		
Security deposits	452.27	258.61
Deposits with Banks:		
- held as margin money	1.34	1.34
- others	-	257.70
Interest accrued but not due on	-	1.04
<b>Total</b>	<b>453.61</b>	<b>518.69</b>

**Note 10 : Non current tax assets (net)**

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provision of Rs.24,863.71 lacs & (March 31,2021 Rs. 24,323.98 lacs))	675.35	-
<b>Total</b>	<b>675.35</b>	<b>-</b>

**Note 11 : Other non current assets**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(Unsecured, considered good)</b>		
Capital advances*	720.89	225.12
Prepaid rent	38.82	39.26
Loan & advances	40.00	-
<b>Total</b>	<b>799.71</b>	<b>264.38</b>

\*Value of Contracts in capital account remaining to be executed (refer note 51)

**Note 12 : Inventories**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(Valued at lower of cost and net realisable value unless otherwise stated)</b>		
Raw material	16,417.46	16,296.05
Raw Material (In Transit)	2,975.91	4,090.40
Work-in-progress	5,331.22	6,221.21
Finished goods	4,016.91	3,017.25
Stock-in-trade	840.21	138.23
Packing Material	839.91	633.94
Packing Material (In Transit)	54.88	14.30
Stores and spares	938.29	983.05
Stores & spares (In Transit)	31.10	136.30
<b>Total</b>	<b>31,445.89</b>	<b>31,530.73</b>

Inventories held by group are subject to hypothecation by bankers towards working capital limits obtained by the group.



Sheela Foam Limited  
Notes forming part of the consolidated financial statements  
(in Indian Rupees (Lakhs), unless otherwise stated)

Note 13 : Investments

Particulars	As at March 31, 2022	As at March 31, 2021
<b>In Bonds &amp; Debentures - fully paid up</b>		
Carried at amortised cost - Unquoted	25.00	-
Carried at fair value through profit and loss- Quoted	-	1,308.06
Carried at fair value through other comprehensive income - Quoted	-	3,212.45
	<u>25.00</u>	<u>4,520.51</u>
<b>In Mutual Funds - fully paid up</b>		
Carried at fair value through profit and loss- Quoted	8,913.05	6,180.65
	<u>8,913.05</u>	<u>6,180.65</u>
<b>Total Investments</b>	<b><u>8,938.05</u></b>	<b><u>10,701.16</u></b>
<b>Aggregate amount of Quoted Investments</b>	<b>8,913.05</b>	<b>10,701.16</b>
<b>Aggregate market value of Quoted Investments</b>	<b>8,913.05</b>	<b>10,701.16</b>
<b>Aggregate amount of Unquoted investment</b>	<b>25.00</b>	<b>-</b>
<b>Aggregate amount of impairment in value of investment</b>	<b>-</b>	<b>-</b>

Note 14 : Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(At amortised cost)</b>		
<b>Unsecured</b>		
Trade receivables - considered good (Refer note below)	28,504.18	30,215.33
Trade receivables - considered doubtful	800.02	1,557.95
<b>Trade receivables (gross)</b>	<b><u>29,304.20</u></b>	<b><u>31,773.28</u></b>
Less: Impairment allowance for trade receivables considered doubtful	<u>(800.02)</u>	<u>(1,557.95)</u>
<b>Total</b>	<b><u>28,504.18</u></b>	<b><u>30,215.33</u></b>

Note :

- No trade or other receivables are due from directors or other officers of the group either severally or jointly with any other person.
- Trade receivables are usually non-interest bearing and are on trade terms of 0 - 60 days.
- The group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The group tracks changes in expected credit loss on trade receivables based on overdue outstanding exposure, expected default rate and basis exposure is secured/unsecured. ECL impairment loss allowance (or reversal) recognised during the year is recognised in the Statement of Profit and Loss.

Movement in the expected credit loss allowance

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	1,557.95	1,289.20
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	<u>757.93</u>	<u>(268.75)</u>
<b>Balance at the end of the year</b>	<b><u>800.02</u></b>	<b><u>1,557.95</u></b>

- Refer note 48 for information about credit and market risk of trade receivables.
- Realization from trade receivables held by group are subject to hypothecation by bankers towards working capital limits obtained by the group.
- Below is the ageing analysis of trade receivables

As on March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	more than 3 years	
(i) Undisputed trade receivables							
– considered good	14,289.28	13,972.02	190.67	17.59	2.97	28.86	28,501.39
– which have significant increase in credit	-	-	-	-	-	-	-
(iii) Disputed trade receivables							
– considered good	-	-	-	2.80	-	-	2.80
– which have significant increase in credit	-	38.28	76.03	241.88	175.13	268.69	800.01
<b>Total</b>	<b>14,289.28</b>	<b>14,010.30</b>	<b>266.70</b>	<b>262.27</b>	<b>178.10</b>	<b>297.55</b>	<b>29,304.20</b>

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**  
**As on March 31, 2021**

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	more than 3 years	
(i) Undisputed trade receivables – considered good	17,363.84	12,524.58	161.92	63.26	45.58	-	30,159.18
– which have significant increase in credit	-	-	-	-	-	-	-
(iii) Disputed trade receivables – considered good	-	-	-	45.03	11.12	-	56.15
– which have significant increase in credit	-	138.25	247.67	148.43	142.60	881.00	1,557.95
<b>Total</b>	<b>17,363.84</b>	<b>12,662.83</b>	<b>409.59</b>	<b>256.72</b>	<b>199.30</b>	<b>881.00</b>	<b>31,773.28</b>

**Note 15 : 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:

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with banks :		
Current accounts	3,126.46	3,319.14
Fixed deposits account with an original maturity of less than three months	933.87	17.17
Cash on hand	20.95	2,400.00
<b>Total</b>	<b>4,081.28</b>	<b>5,736.31</b>

**Note:**

- a) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior year.  
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 16 : Other bank balances**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Deposits with Banks:</b>		
- held as margin money	-	47.63
- Deposits having original maturity more than 3 months but less than 12 months:	31.58	26.15
<b>Total</b>	<b>31.58</b>	<b>73.78</b>

**Note:**

Other bank balances represents fixed deposits invested with banks.

**Note 17 : Loans**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(Unsecured, considered good)</b>		
Loans to employees	55.07	55.24
Inter-corporate deposits	500.00	500.00
<b>Total</b>	<b>555.07</b>	<b>555.24</b>

**Note 18 : Other current financial assets**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured, considered good</b>		
Interest accrued but not due on deposits with Banks, bonds and debentures	1,983.18	692.79
Interest accrued on loan given to others	6.00	-
Rodtep incentive receivable	1.59	-
Other loans & advances (refer note below)	646.54	-
Insurance claim receivable	0.11	-
<b>Total</b>	<b>2,637.42</b>	<b>692.79</b>

**Note:**

- a. Other loans & advances comprise of advances to staff for expenses and advances to other parties etc.

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**  
**Note 19 : Other current assets**

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to contractors/suppliers	3,326.04	1,885.55
Balances with Statutory/Government authorities:		
- Excise & Custom	16.24	2.85
- GST	1,043.35	23.27
- VAT/Sales Tax	742.08	478.95
GST Refund receivable		550.33
Prepaid expenses	490.89	427.85
Lease equalisation	66.33	62.73
Income tax refund	15.33	15.33
Right to recover return goods*	166.14	-
Others	72.09	178.74
<b>Total</b>	<b>5,938.49</b>	<b>3,625.60</b>

\* In certain cases, the Group provides its customers right to return the goods within a specified period. The Group 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 group 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 Group 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).

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

**Note 20 : Equity share capital**

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>(a) Authorised share capital:</b>		
8,80,21,000 fully paid equity shares of Rs. 5 each (March 31, 2021 : 8,80,21,000 fully paid equity shares of Rs. 5 each)	4,401.05	4,401.05
	<b>4,401.05</b>	<b>4,401.05</b>
<b>Issued, subscribed &amp; paid up share capital:</b>		
4,87,82,808 fully paid equity shares of Rs. 5 each (March 31, 2021 : 4,87,82,808 equity shares of Rs. 5 each)	2,439.14	2,439.14
<b>Total</b>	<b>2,439.14</b>	<b>2,439.14</b>

**(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	As at		As at	
	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	4,87,82,808	2,439.14	4,87,82,808	2,439.14
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>4,87,82,808</b>	<b>2,439.14</b>	<b>4,87,82,808</b>	<b>2,439.14</b>

**(c) Terms and rights attached to equity shares**

The group has one class of equity shares having a par value of Rs. 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 group in proportion of their shareholding.

**(d) Details of shareholders holding more than 5% shares in the group**

	As at		As at	
	March 31, 2022		March 31, 2021	
	Number	% of holding	Number	% of holding
Sh. Rahul Gautam	62,09,485	12.73%	62,09,485	12.73%
Smt. Namita Gautam	57,15,879	11.72%	57,15,879	11.72%
Sh. Tushaar Gautam	1,70,86,314	35.03%	1,70,86,314	35.03%
Rangoli Resorts Private Limited	65,63,391	13.45%	65,63,391	13.45%
SBI Magnum Midcap Fund	43,84,301	8.99%	43,56,390	8.93%
DSP Midcap Fund	24,38,196	5.00%	28,55,425	5.85%
Kotak Emerging Equity Scheme	30,84,942	6.32%	27,73,731	5.69%

Note: As per records of the group, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares**

During 2016-17, 1,62,60,936 fully paid up equity shares of Rs. 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:2.

**(f) Shareholding of promoters & promoter group**

Shares held by promoters at the end of the year	As at		As at	
	March 31, 2022		March 31, 2021	
Promotor name	Number	% of holding	Number	% of holding
Sh. Rahul Gautam	62,09,485	12.73%	62,09,485	12.73%
Smt. Namita Gautam	57,15,879	11.72%	57,15,879	11.72%
Sh. Tushaar Gautam	1,70,86,314	35.03%	1,70,86,314	35.03%
Rangoli Resorts Private Limited	65,63,391	13.45%	65,63,391	13.45%
Core Mouldings Private Limited	12,018	0.02%	12,018	0.02%
<b>Total</b>		<b>72.95%</b>		<b>72.95%</b>

(g) No class of shares have been issued as bonus shares or for consideration other than cash by the group during the period of five years immediately preceding the current year end.

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**  
**Note 21 : Other equity**

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Capital reserve	395.62	2,364.59
Foreign currency translation reserve	2,879.86	1,549.57
Capital Subsidy	70.57	56.98
General reserve	1,716.27	1,716.27
Retained earnings	1,31,755.16	1,10,302.54
<b>Total</b>	<b>1,36,817.48</b>	<b>1,15,989.95</b>
Particulars	As at	As at
	March 31, 2022	March 31, 2021
<b>Capital reserve</b>		
Opening balance	2,364.58	1,402.97
Foreign exchange translation (loss)/gain	(1,968.96)	961.61
<b>Closing balance</b>	<b>395.62</b>	<b>2,364.58</b>
<b>General Reserve</b>		
Opening balance	1,716.27	1,716.27
<b>Closing balance</b>	<b>1,716.27</b>	<b>1,716.27</b>
<b>Foreign currency translation reserve</b>		
Opening balance	1,549.57	(40.95)
(Loss)/Gain on property, plant and equipment and goodwill (net)	(2,187.63)	4,035.46
Gain/(Loss) on others	3,517.92	(2,444.94)
<b>Closing balance</b>	<b>2,879.86</b>	<b>1,549.57</b>
<b>Retained earnings</b>		
Opening balance	1,10,302.54	86,456.83
Net profit for the year	21,732.97	23,772.11
Dividend paid to non-controlling interest	(146.02)	(190.66)
Other Comprehensive (loss)/gain (net of tax)	(135.03)	264.18
Other adjustments	0.70	0.08
<b>Closing balance</b>	<b>1,31,755.16</b>	<b>1,10,302.54</b>
<b>Capital Subsidy</b>		
Opening balance	56.98	56.98
Receipts during the year	13.59	-
<b>Closing balance</b>	<b>70.57</b>	<b>56.98</b>

**Note:**

**(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.

**(b) General reserve**

The group had transferred a portion of the net profit of the group before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956.

**(c) Foreign currency translation reserve**

The amount represents reserve arising from (gain/loss) on translation of the financial statements of foreign subsidiary in the presentation currency of the Holding company.

**Note 22 : Non current borrowings**

Particulars	As at	As at
	March 31, 2022	March 31, 2021
<b>Secured</b>		
Term loan from banks (refer note (i) below)		
- INR bank loan	352.68	13,148.51
- USD bank loan	7,247.32	-
-Euro Term Loan	9,767.62	-
-AUD Term Loan	5,368.35	-
	<b>22,735.97</b>	<b>13,148.51</b>
<b>Unsecured</b>		
Loan from financial credit institutions (refer note (ii) below)	82.21	114.97
	<b>82.21</b>	<b>114.97</b>
<b>Total</b>	<b>22,818.18</b>	<b>13,263.48</b>

**Notes**

(i) a. INR & USD Term loans have been taken from JP Morgan & Kotak Mahindra Bank respectively during the year for purchase of capital equipments for its Nandigram & towards construction of Mandla (Jabalpur) manufacturing facilities.

b. INR Term Loan taken by International Comfort Technologies Private Limited carries interest to be charged on loan shall be 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.

c. USD Term Loan taken by International Comfort Technologies Private Limited carries interest of 2.25% pa and is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period & has been secured by hypothecation of first charge on entire fixed assets ( Movable fixed assets and immovable fixed assets).

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 installements as per predefined schedule and with first installement started from October, 2020 and last installement due in October, 2025.

e. AUD Term Loan from Citi Bank, Australia is taken by Joyce Foam PTY Limited 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 instalments as per predefined schedule with the first installement started from July 2021 and the last installement 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:-

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

- 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 Loans	Purpose (as per Loan Agreement)	Whether used for the purpose stated in the loan Agreement	If no, mention the purpose for which it is utilised
JP Morgan ( INR loan)	The facility shall be used by the borrower towards Capex at their new plants in Nandigram and Jabalpur.	Yes	Not applicable
Kotak Mahindra (USD Loan)	For capex at Maneri, Medhi Niwas, Jabalpur, Madhya Pradesh and Nandigram, Umbergaon, Valsad, Gujrat.	Yes	Not applicable
Citi Bank Loan ( Euro Loan )	The purpose of the loan is the acquisition of the shares of the target company	Yes	Not applicable
Citi Bank Loan ( 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.

Particular	Citi Bank Spain ( Aud Loan )	Citi Bank Spain ( EURO Loan )	JP Morgan ( INR loan)	Kotak Mahindra (USD Loan)
Number of instalments due (Nos)	51	14	16	16
Rate of Interest (%)	BBSY+ Applicable Margin	3 Month EURIBOR	1.37% over 3M T- Bill rates	2.25%
Within one year (INR)	1,337.00	2,800.61	-	-
After one year but not more than 5 years (INR)	5,368.35	9,767.62	352.77	7,000.00
More than 5 years (INR)	-	-	-	-

(ii) Rs. 82.21 lakhs obtained from various financials credit institutions. These unsecured loans carries interest rate 0.90%

**Note 23 : Lease liability**

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	12,870.97	12,860.24
<b>Total</b>	<b>12,870.97</b>	<b>12,860.24</b>
<b>Current</b>	<b>2,306.18</b>	<b>2,005.17</b>
<b>Non current</b>	<b>10,564.79</b>	<b>10,855.07</b>

**Note:**

a. Refer note no. 46 A

**Note 24 : Other non current financial liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits from dealers and others	4,941.19	4,449.92
Unearned Interest Income on deposits from dealers	66.00	521.45
Unearned Rent Income	26.89	46.76
<b>Total</b>	<b>5,034.08</b>	<b>5,018.13</b>

**Note 25 : Provisions**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Long term provisions:</b>		
Provision for employee benefits:		
-Compensated absences	1,592.91	428.00
-Gratuity	704.41	-
Other provisions:		
-Provision for warranty (Refer note below)	441.02	195.24
<b>Total (A)</b>	<b>2,738.34</b>	<b>623.24</b>
<b>Short term provisions:</b>		
Provision for employee benefits:		
-Compensated absences	9.93	1,041.99
-Gratuity	2.14	-
Other provisions:		
-Provision for warranty (Refer note below)	238.31	426.83
<b>Total (B)</b>	<b>250.38</b>	<b>1,468.82</b>
<b>Grand total (A+B)</b>	<b>2,988.72</b>	<b>2,092.06</b>

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
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**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:

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	622.07	631.31
Created during the year	983.10	498.57
Utilised during the year	925.84	507.81
<b>At the end of the year</b>	<b>679.33</b>	<b>622.07</b>

**Note 26 : Other non current liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred capital grant income	22.70	25.54
<b>Total</b>	<b>22.70</b>	<b>25.54</b>

**Note 27 : Deferred tax liabilities (net)**

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liabilities (net)	183.80	887.87
<b>Total</b>	<b>183.80</b>	<b>887.87</b>

**Movement of deferred tax liabilities/(assets)**

Particulars	As at March 31, 2022	As at March 31, 2021
-------------	-------------------------	-------------------------

**Deferred tax liabilities/(assets) in relation to**

**As at March 31, 2022**

Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes.	(196.49)	806.54
Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis	(320.18)	(495.53)
Fair value gain on financial instruments at fair value through statement of profit or loss (Net)	65.50	69.32
Lease liabilities (net)	387.94	(4.00)
Business Loss	(350.22)	
Others	597.25	511.54
<b>Total</b>	<b>183.80</b>	<b>887.87</b>

**As at March 31, 2021**

Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes.	806.54	436.75
Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis	(495.53)	(244.26)
Fair value gain on financial instruments at fair value through statement of profit or loss (Net)	69.32	75.70
Lease liabilities (net)	(4.00)	(5.34)
Others	511.54	829.08
<b>Total</b>	<b>887.87</b>	<b>1,091.93</b>

**Note 28 : Current borrowings**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Secured</b>		
Term loan from banks	4,137.78	-
Working capital Loans from Banks	-	1,530.28
	4,137.78	1,530.28
<b>Unsecured</b>		
Loan from financial credit institutions*	6,703.47	5,657.46
Loan and advances from others**	116.07	111.40
	6,819.54	5,768.86
<b>Total</b>	<b>10,957.32</b>	<b>7,299.14</b>

\*The International Foam Technologies Spain has taken discounting and foreign trade facilities to meet day to day working capital requirement with interest rate for these facilities ranging from 0.70% & to 1.35%.

\*\*Loan and advances from others carries interest charged equates to the lender's cost of borrowing plus a margin that does not exceed the cost charged by the Bank.

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**  
**Note 29 : Trade payables**

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables other than acceptances:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 56)	506.29	1,168.31
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	29,625.31	31,844.25
<b>Total</b>	<b>30,131.60</b>	<b>33,012.56</b>

**Note:**

- a. Trade payables are non interest bearing and are normally settled on 60 days to 90 days credit terms.  
b. Ageing Analysis for Trade payable

As on March 31, 2022

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	6,453.69	17,542.68	5,624.77	0.68	3.49	-	29,625.31
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>6,453.69</b>	<b>18,047.95</b>	<b>5,625.79</b>	<b>0.68</b>	<b>3.49</b>	<b>-</b>	<b>30,131.60</b>

As on March 31, 2021

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	-	1,168.31	-	-	-	-	1,168.31
(ii) Others	8,178.03	19,709.33	3,936.15	20.74	-	-	31,844.25
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>8,178.03</b>	<b>20,877.64</b>	<b>3,936.15</b>	<b>20.74</b>	<b>-</b>	<b>-</b>	<b>33,012.56</b>

**Note 30 : Other current financial liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits from dealers and others	3,996.74	3,400.95
Book overdraft	26.77	-
Creditors for capital goods	406.28	264.54
Unearned Interest Income	63.99	142.85
Other liabilities	37.99	1,493.74
Unearned Rent Income	6.87	9.52
<b>Total</b>	<b>4,538.64</b>	<b>5,311.60</b>

**Note 31 : Current tax liabilities (net)**

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for income tax (Net of advance tax Rs. Nil) March 31, 2021 :Rs.28,512.20 Lacs)	-	453.58
<b>Total</b>	<b>-</b>	<b>453.58</b>

**Note 32 : Other current liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Refund liabilities	265.82	-
Deferred capital grant income	2.82	2.83
Contract Liabilities*	5,596.71	5,491.66
Statutory dues payable	1,813.70	1,896.24
<b>Total</b>	<b>7,679.05</b>	<b>7,390.73</b>

\*Consist of advances received from customers towards supply of products.



**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

**Note 33 : Revenue from operations**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products (refer note below)	2,97,378.17	2,43,375.83
Sale of services	610.08	183.47
	<b>2,97,988.25</b>	<b>2,43,559.30</b>
Other operating revenue		
-Job Work Services	4.25	-
-Roodtep incentive scheme	10.70	-
-Income from sale of process scrap	177.64	159.92
<b>Total</b>	<b>2,98,180.84</b>	<b>2,43,719.22</b>

**Note 33.1 : Disaggregated revenue information**

Set out below is the disaggregation of the group's revenue from contracts with customers

Segment	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Geographical Revenue</b>		
<b>Type of goods</b>		
Revenue from external customers	2,97,378.17	2,43,375.83
<b>Total revenue from contracts with customers</b>		
India	2,06,624.30	1,66,780.00
Outside India	90,753.87	76,595.83
	<b>2,97,378.17</b>	<b>2,43,375.83</b>
<b>Type of services ( IT Support Services)</b>		
Revenue from external customers	610.08	183.47
<b>Total revenue from contracts with customers</b>		
India	297.64	183.47
Outside India	312.44	-
	<b>610.08</b>	<b>183.47</b>
<b>Total revenue from contracts with customers</b>	<b>2,97,988.25</b>	<b>2,43,559.30</b>

**Note 33.2 : Contract balances : Movement in contract balances during the year**

Particulars	For the year ended March 31, 2022
Opening Balances	5,491.66
Less: Revenue recognised during the year	73,702.14
Add: Amount of consideration received during the year (net of adjustments)	73,597.09
<b>Closing Balances</b>	<b>5,596.71</b>

**Note:**

a. Contract liabilities consist of advances received from customers towards supply of products

**Note 33.3 : Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue as per contracted price (goods and services)	3,04,730.30	2,49,963.36
Less: Adjustments		
Sales return	2,304.18	2,649.95
Rebate and discount	4,437.87	3,754.11
<b>Revenue from contracts with customers</b>	<b>2,97,988.25</b>	<b>2,43,559.30</b>

**Note 33.4 : Performance obligations**

The performance obligation for sale of product is satisfied upon on dispatch and payment is generally due within 0 to 45 days from delivery.  
The performance obligation for sale of services is satisfied over the period of time as per contract with customers

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**Note 34 : Other income**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income from:		
-Bank deposits	7.67	21.10
-Bonds	3,713.11	1,041.83
Inter corporate deposit	45.00	48.00
Others	3.62	264.84
Rental income (refer note (a) below)		
-Investment & Other properties	1,138.54	643.42
-Containers	33.21	
Gain on sale/disposal of fixed assets	-	51.93
Liabilities/provisions no longer required written back	59.43	19.05
Income from sale of Investments (Mutual funds & Bonds)	1,228.48	1,688.03
Fair valuation adjustments of Investments designated as FVTPL (refer note b)	13.77	366.86
Grant Income	134.70	-
Investment Subsidy received	2.84	2.83
Sale of non-process scrap	578.69	378.22
Net gain on foreign currency transactions and translations	749.67	409.59
Other miscellaneous income	207.59	88.60
<b>Total</b>	<b>7,916.32</b>	<b>5,024.30</b>

**Note:**

a. Includes rental income of Rs.214.73 lakhs (March 31,2021: Rs.188.86 lakhs) from Investment property (refer note 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.

**Note 35 : Cost of materials consumed**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Raw material</b>		
Opening inventory	16,296.05	9,520.31
Add: Purchases	1,79,834.17	1,40,205.60
Less: Sales/adjustments	4,445.35	2,835.00
Less: Closing inventory		
(including goods in transit of Rs.2,975.91 (March 31, 2021: Rs 4,090.40)	19,393.37	16,296.05
<b>Raw material consumed</b>	<b>1,72,291.50</b>	<b>1,30,594.86</b>
<b>Packing Material</b>		
Opening inventory	648.24	572.55
Add: Purchases	8,570.16	7,732.55
Less: Sales/adjustments	765.08	567.49
Less: Closing inventory		
(including goods in transit of Rs.54.88 (March 31, 2021: Rs 14.30)	894.79	648.24
<b>Packing material consumed</b>	<b>7,558.53</b>	<b>7,089.37</b>
<b>Cost of material consumed</b>	<b>1,79,850.03</b>	<b>1,37,684.23</b>

**Note 36 : Purchase of stock in trade**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses	5,353.84	1,799.48
<b>Total</b>	<b>5,353.84</b>	<b>1,799.48</b>

**Note 37 : Other manufacturing expenses**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	1,568.18	1,261.62
Repair and maintenance:		
- Buildings	173.56	256.25
- Plant and equipment	1,900.41	1,645.42
Processing and other charges	2,586.54	1,798.90
<b>Total</b>	<b>6,228.69</b>	<b>4,962.19</b>

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**Note 38 : Changes in inventories of finished goods, Stock in Trade and work in progress**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Closing stock:</b>		
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	-
	<b>10,354.48</b>	<b>9,376.70</b>
<b>Opening stock:</b>		
Finished goods	3,017.25	3,453.05
Stock in trade	138.23	710.34
Work-in-progress	6,221.22	4,612.86
Right to recover return goods	-	-
	<b>9,376.70</b>	<b>8,776.25</b>
<b>Changes in inventories of finished goods, Stock in Trade and work in progress</b>	<b>(977.78)</b>	<b>(600.45)</b>

**Note 39 : Employee benefits expense**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages, allowance, and other benefits	22,923.46	20,386.80
Contribution to gratuity (refer note 44)	185.39	266.30
Contribution to provident and other funds	1,405.60	1,248.32
Workmen and staff welfare	1,254.37	1,268.99
<b>Total</b>	<b>25,768.82</b>	<b>23,170.41</b>

**Note 40 : Finance costs**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense:		
-On borrowings from banks	285.88	333.84
- Security deposits	523.06	757.92
-On lease liabilities	557.25	422.88
-Others	131.68	58.18
Bank Charges	199.44	195.45
<b>Total</b>	<b>1,697.31</b>	<b>1,768.27</b>

**Note 41 : Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 3)	4,835.17	4,736.01
Amortisation of intangible assets (Refer Note 4)	0.14	1.46
Depreciation on right-of-use assets (Refer Note 5)	2,954.06	2,248.42
Depreciation on investment property (Refer note 6)	288.36	300.83
<b>Total</b>	<b>8,077.73</b>	<b>7,286.72</b>

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**Note 42 : Other expenses**

<b>Particulars</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
Repair and maintenance others	1,007.08	785.16
Bad debts	15.16	69.88
Provision for doubtful receivables	5.07	207.38
Advances/Balances written off	34.18	59.67
Freight and forwarding	12,900.42	11,301.23
Rent and hire	618.98	528.42
Insurance	1,239.60	1,063.98
Rates and taxes	356.59	281.88
Legal and professional	1,323.07	656.68
Investment written off	-	1.02
Selling and promotion	19,281.01	15,699.58
Travelling and conveyance	944.43	747.78
Sales commision	118.98	-
Warranty	970.42	498.57
Advertisement	7,044.42	5,221.62
Property, Plant & Equipment written off	-	13.26
Contributions towards CSR (refer note 57)	457.53	489.55
Fair value loss for Investments designated as FVTPL	382.97	-
Loss on sale of fixed assets	28.16	-
Miscellaneous	3,734.57	2,662.46
<b>Total</b>	<b>50,462.64</b>	<b>40,288.12</b>

**Note 42.1 : Auditor's remuneration included in legal and professional charges (excluding GST)**

<b>Particulars</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
Statutory audit (including limited review)*	41.00	29.54
Certification*	2.00	3.54
Out of pocket expenses*	1.00	0.75
<b>Total</b>	<b>44.00</b>	<b>33.83</b>

Includes Rs. 5.43 lakhs (Previous Year: Rs.33.83 lakhs) paid to erstwhile auditors.

**Note 43. Earnings per share**

<b>Particulars</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
Profit for the year attributable to Equity shareholders	21,872.80	24,015.17
Earnings used in the calculation of basic earnings per share from continuing operations	21,872.80	24,015.17
Earnings used in the calculation of diluted earnings per share from continuing operations	21,872.80	24,015.17

<b>Particulars</b>	<b>For the year ended March 31, 2022 (Numbers in lakhs)</b>	<b>For the year ended March 31, 2021 (Numbers in lakhs)</b>
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	487.83	487.83

<b>Particulars</b>	<b>For the year ended March 31, 2022 (Rs. per share)</b>	<b>For the year ended March 31, 2021 (Rs. per share)</b>
Basic and diluted earnings per share	44.84	49.23

**Note 44 : 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 makes a defined contribution measured as a fixed percentage of salary. During the year, amount of Rs. 696.42 lakhs (Previous Year: Rs.642.63 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 March 31, 2022	For the year ended March 31, 2021
Employer's contribution towards Provident Fund(PF)	605.11	556.00
Employer's contribution towards Employees State Insurance (ESI)	56.49	54.91
Employer's contribution towards National Pension Scheme (NPS)	34.82	31.72
<b>Total</b>	<b>696.42</b>	<b>642.63</b>

**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 amount of Rs. 146.01 lakhs (Previous Year: Rs. 121.89 lakhs) has been charged to the Statement of Profit and Loss towards the said benefit.

**C. Defined benefit plans**

**Gratuity**

The employees' gratuity fund scheme, which is a defined benefit plan, is managed by a trust with effect from 2019 is being maintained by Sheela Foam Employees gratuity trust. Under the gratuity plan, every employee who has completed atleast 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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount rate	7.51%	7.08%
Future salary increase/salary escalation	7.00%	5.00%
Retirement age (years)	60	60
<i>Employee turnover</i>		
18 to 30 years	3.00%	3.00%
From 31 to 45 years	2.00%	2.00%
Above 45years	1.00%	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 2022 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.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Increase / (decrease) on present value of defined benefits obligations at the end of the year		
<b>Discount rate</b>		
Increase by 1.00%	(284.20)	(204.26)
Decrease by 1.00%	331.38	241.28
<b>Salary increase</b>		
Increase by 1.00%	329.76	243.96
Decrease by 1.00%	(288.20)	(209.82)

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.

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**Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Service cost:		
Current service cost	178.11	238.98
Net interest expense	7.28	27.31
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>185.39</b>	<b>266.29</b>
Remeasurement on the net defined benefit liability:		
Actuarial losses/(gains) arising from changes in financial assumptions	431.36	(66.04)
Actuarial (gains) / losses arising from experience adjustments	(11.05)	(159.56)
Return on Plan Asset (Excluding Interest)	5.37	(16.29)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>425.68</b>	<b>(241.89)</b>
<b>Total</b>	<b>611.07</b>	<b>24.40</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefit expenses' 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:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Present value of funded defined benefit obligation	2,545.09	1,874.94
Fair value of plan assets	(1,838.54)	(1,850.52)
<b>Net liability arising from defined benefit obligation</b>	<b>706.55</b>	<b>24.42</b>

**Movements in the present value of the defined benefit obligation are as follows:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening defined benefit obligation	1,874.94	1,891.61
Current service cost	178.11	238.98
Interest cost	132.73	128.25
Remeasurement (gains)/losses:		
Actuarial losses and (gains) arising from changes in demographic assumptions		
Actuarial losses and (gains) arising from changes in financial assumptions	433.18	(66.04)
Actuarial losses and (gains) arising from experience adjustments	(12.87)	(159.56)
Acquisition /Business Combination / Divestiture	18.42	-
Benefits paid	(79.42)	(158.30)
<b>Closing defined benefit obligation</b>	<b>2,545.09</b>	<b>1,874.94</b>

**Change in plan assets are as follows:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening fair value of plan assets	1,850.52	1,488.68
Return on plan assets	125.46	100.93
Fund management charges	-	-
Employer contribution	5.00	402.95
Actuarial loss/(gain) on Asset	5.37	(16.29)
Benefits paid	(147.81)	(125.73)
<b>Closing fair value of plan assets</b>	<b>1,838.54</b>	<b>1,850.54</b>

**The major categories of plan assets:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fund managed by insurer	1,838.54	1,850.54
<b>Total</b>	<b>1,838.54</b>	<b>1,850.54</b>

**Maturity profile of gratuity liability is as follows:**

Year	For the year ended March 31, 2022	For the year ended March 31, 2021
0 to 1 year	54.03	65.01
1 to 2 Year	45.55	82.84
2 to 3 Year	57.27	44.28
3 to 4 Year	117.36	71.05
4 to 5 Year	154.36	98.56
5 Year onwards	2,116.52	1,513.20

**Expected contribution to the fund in next year.**

823.87 134.31

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**Note 45 : Related party transactions**

**(A) Names of related parties and nature of relationship are given below :**

<b>Relationship</b>	<b>Name of the party</b>
a. Entities in which Key Management Personnel or their Relatives have significance influence	Rangoli Resorts Pvt. Ltd. Core Moulding Pvt. Ltd. Sleepwell Foundation (Trust)
b. Key management personnel	Mr. Rahul Gautam (Managing Director) Mr. Rakesh Chahar (Wholetime Director) Mrs. Namita Gautam (Wholetime Director) Mr. Tushaar Gautam (Wholetime Director)

**(B) Transactions during the year**

<b>Particulars</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
<b>(i) Sale of material/ capital goods</b>		
Related entities		
Sleepwell Foundation (Trust)	0.36	0.33
	<u>0.36</u>	<u>0.33</u>
<b>(ii) Key management personnel</b>		
Compensation of Key management personnel		
Short-term Employee Benefits	1,107.55	1,025.44
Post Employment Benefits	13.56	12.97
	<u>1,121.11</u>	<u>1,038.41</u>
<b>(iii) Contributions for CSR expenses</b>		
Sleepwell Foundation (Trust)	315.00	325.00
	<u>315.00</u>	<u>325.00</u>

**(C) Balances outstanding at the end of the reporting period**

<b>Particulars</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2021</b>
<b>Post employee benefit plan for the benefitted employees</b>		
SFL Employee Gratuity Trust	621.54	(29.52)

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**Note 46 : 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:

(a).The group has lease 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 9 years.

(ii) The carrying amounts of lease liabilities and the movements during the year:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As at April 1, 2021	12,860.24	9,832.70
Additions	2,490.99	3,395.55
Accretion of interest	557.25	422.88
Deletion	(3,037.51)	(790.89)
<b>Closing liability as at March 31, 2022</b>	<b>12,870.97</b>	<b>12,860.24</b>
Current	2,306.18	2,005.17
Non current	10,564.79	10,855.07
	<b>12,870.97</b>	<b>12,860.24</b>

(iii) Maturity analysis of the lease liabilities:

Contractual undiscounted cash flows	For the year ended March 31, 2022	For the year ended March 31, 2021
3 months or less	765.50	-
3-12 months	2,380.51	2,411.02
1-2 years	2,335.75	2,334.98
2-5 years	4,406.38	3,943.72
More than 5 years	7,906.67	8,114.48
<b>Total undiscounted lease liability</b>	<b>17,794.81</b>	<b>16,804.20</b>
Less: Impact of discounting and other adjustments	4,923.84	3,943.96
<b>Lease liability as at March 31, 2022</b>	<b>12,870.97</b>	<b>12,860.24</b>

(iv) The following are the amounts recognised in the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Finance cost	557.25	422.88
Depreciation and amortisation expense	2,954.06	2,248.42
Expenses relating to short term leases	618.98	528.42

(v) The following are the amounts disclosed in the Statement of Cash Flows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash outflow from leases	2,445.30	2,586.06

(B) Group as lessor

(i) The holding company has entered into lease agreements to lease the following properties which have been treated as "Investment Property".

Land & Factory Building situated at Sikkim	The lease agreement was executed on 1 <sup>st</sup> 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 Rs. 158.40 lakhs (Previous year: Rs. 153.12 lakhs).
Residential Flat situated at Greater Noida	The lease agreement was executed w.e.f. 15 <sup>th</sup> 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 Rs. 7.20 lakhs (Previous year: Rs. 7.08 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 Rs. 49.13 lakhs (Previous year: 28.66 lakhs ).



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**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 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 48 : 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

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2022:**

**Fair Value measurement hierarchy of Assets:**

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)
<b>Financial Assets measured at fair value though profit and loss</b>					
Other Investments	March 31, 2022	13,919.86	8,913.05	-	5,006.80
<b>Financial Assets measured at fair value though other comprehensive income</b>					
Other Investments	March 31, 2022	47,876.02	-	47,876.02	-
<b>Financial Assets measured at amortized cost</b>					
Other Investments		25.35	-	-	25.35
Loans		563.54	-	-	563.54
Trade receivables		28,504.18	-	-	28,504.18
Cash and cash equivalents	March 31, 2022	4,081.28	-	-	4,081.28
Bank balances other than cash and cash equivalents		31.58	-	-	31.58
Other financial assets		3,091.03	-	-	3,091.03

**Assets for which Fair Values are disclosed:**

	March 31, 2022	March 31, 2021
Investment Property	5,617.11	5,905.47

**Fair Value measurement hierarchy of Liabilities:**

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)
<b>Financial liabilities measured at amortized cost</b>					
Borrowings		33,775.50	-	-	33,775.50
Lease liabilities		12,870.97	-	-	12,870.97
Trade payables	March 31, 2022	30,131.60	-	-	30,131.60
Other financial liabilities		9,572.72	-	-	9,572.72

**Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2021:**

**Fair Value measurement hierarchy of Assets:**

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)
<b>Financial Assets measured at fair value though profit and loss</b>					
Other Investments	March 31, 2021	7,488.71	7,488.71	-	-
<b>Financial Assets measured at fair value though other comprehensive income</b>					
Other Investments	March 31, 2021	33,572.09	-	33,572.09	-
<b>Financial Assets measured at amortized cost</b>					
Other Investments		0.35	-	-	0.35
Loans		571.15	-	-	571.15
Trade receivables		30,215.33	-	-	30,215.33
Cash and cash equivalents	March 31, 2021	5,736.31	-	-	5,736.31
Bank balances other than cash and cash equivalents		73.78	-	-	73.78
Other financial assets		1,211.48	-	-	1,211.48

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**Fair Value measurement hierarchy of Liabilities:**

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)
<b>Financial liabilities measured at amortized cost</b>					
Borrowings		20,562.62	-	-	20,562.62
Lease liabilities		12,860.24	-	-	12,860.24
Trade payables	March 31, 2021	33,012.56	-	-	33,012.56
Other financial liabilities		10,329.73	-	-	10,329.73

**Note 49 : 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 31 March 2022 and 31 March 2021.

The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2022 and March 31, 2021.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The 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:

Particulars	Currency	As at	
		March 31, 2022	March 31, 2021
<b>Financial assets:</b>			
Trade receivables	USD	778.46	177.15
Vendor advances	USD	104.57	269.96
Vendor advances	EURO	0.12	39.88
Vendor advances	GBP	-	356.05
Capital advances	GBP	1,764.25	-
Capital advances	USD	1,432.19	31.79
Bank balances	USD	268.87	355.74
Bank balances	AED	0.11	-
<b>Financial liabilities:</b>			
Trade payables	USD	(2,030.66)	(1,207.62)
Trade payables	EURO	(79.48)	(208.94)
Trade payables	GBP	(19.28)	(6.20)
Trade payables	NZD	(127.14)	(92.83)
Customer advances	USD	(147.84)	(85.99)
Term loan	USD	(7,247.32)	-
<b>Net assets / (liabilities)</b>		<b>(5,303.15)</b>	<b>(371.01)</b>

**Foreign currency sensitivity analysis**

The group is mainly exposed to USD, EURO, GBP 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**

Currency	%	As at		%	As at	
		March 31, 2022			March 31, 2021	
USD	2%	267.91		2%	34.22	
	-2%	(267.91)		-2%	(34.22)	
EURO	3%	79.59		5%	12.14	
	-3%	(79.59)		-5%	(12.14)	
GBP	2%	37.96		5%	18.20	
	-2%	(37.96)		-5%	(18.20)	
NZD	5%	6.36		8%	7.43	
	-5%	(6.36)		-8%	(7.43)	

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**(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 (USD , AUD & EURO) project term loans. The Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

However, USD ,AUD & EURO term loans 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.

Exposure towards INR term loan is very small and management intends to repay same from operating cash flows in case of high fluctuations in interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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

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

**(ii) Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the group's finance department in accordance with the group's policy. Investments of surplus

The group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2022 and March 31, 2021 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the group.

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current assets</b>		
- Other Investments	52,883.17	30,359.99
- Loans	8.47	15.91
- Other non-current financial assets	453.61	518.69
<b>Current assets</b>		
-Other Investments	8,938.05	10,701.16
- Trade receivables	28,504.18	30,215.33
- Cash and cash equivalents	4,081.28	5,736.31
- Bank balances other than cash and cash equivalents	31.58	73.78
- Loans	555.07	555.24
- Other current financial asset	2,637.42	692.79
<b>Total</b>	98,092.83	78,869.20

**(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

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The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments

Particulars	Less than 1 Year	More than 1 Year	Total
<b>Year ended March 31, 2022</b>			
Trade payables	30,131.59	-	30,131.59
Other financial liabilities	4,538.64	5,034.08	9,572.72
Borrowings	10,957.32	22,818.18	33,775.50
Lease Liability	2,306.18	10,564.79	12,870.97
	<u>47,933.73</u>	<u>38,417.05</u>	<u>86,350.78</u>
<b>Year ended March 31, 2021</b>			
Trade payables	33,012.56	-	33,012.56
Other financial liabilities	5,311.60	5,018.13	10,329.73
Borrowings	7,299.14	13,263.48	20,562.62
Lease Liability	2,005.17	10,855.07	12,860.24
	<u>47,628.47</u>	<u>29,136.68</u>	<u>76,765.15</u>

**Note 50: Capital management**

For the purpose of the group's capital management, capital includes issued equity capital, convertible preference shares and all other equity reserves attributable to the equity holders. The primary objective of the group's capital management is to maximize the shareholder value and to ensure the group's ability to continue as a going concern.

The group 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. Total debt comprises of non-current borrowing & current borrowings from banks & financial Institutions. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		As at March 31, 2022	As at March 31, 2021
Equity		2,439.14	2,439.14
Other Equity		<u>1,37,580.81</u>	<u>1,16,881.76</u>
<b>Total equity</b>	(i)	<b>1,40,019.95</b>	<b>1,19,320.90</b>
Borrowings		33,775.50	20,562.62
Less: cash and cash equivalents		<u>4,081.28</u>	<u>5,736.31</u>
Total debt	(ii)	<b>29,694.22</b>	<b>14,826.31</b>
Overall financing	(iii) = (i) + (ii)	<b>1,69,714.17</b>	<b>1,34,147.21</b>
Gearing ratio	(ii) / (iii)	<b>0.17</b>	<b>0.11</b>

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2022

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**Note 51 : Commitments for expenditure**

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 720.89 lacs & March 31, 2021: Rs. 225.12 lacs)	9,078.19	3,454.69
	<u>9,078.19</u>	<u>3,454.69</u>

**Note 52 : Contingent liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
(a) 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	480.99	888.28
- Entry tax	194.11	165.24
- Income tax	439.12	447.57
- Excise Duty	410.57	380.46
(b) Guarantees given by the Bankers on behalf of the group to third parties	56.19	43.04
(c) Other money for which the group is contingently liable	75.00	75.00

**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 53 : Asset Pledged as Security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at March 31, 2022	As at March 31, 2021
<b>Current Asset</b>		
Inventories	5,776.56	-
Trade receivables	6,252.66	-
Other current assets	2,452.68	-
	<u>14,481.90</u>	<u>-</u>
<b>Non-Current assets</b>		
Leasehold land	1,362.29	907.34
Property, plant and equipment	16,865.29	7,571.60
Capital work in progress	11,756.50	-
Intangible Assets	33.67	-
	<u>30,017.75</u>	<u>8,478.94</u>
<b>Total Assets pledged as security</b>	<u><u>44,499.65</u></u>	<u><u>8,478.94</u></u>

**Note based on the terms and conditions written on sanction letters by bank**

1. Term loan with JP Morgan & Kotak Mahindra Bank in International Comfort Technologies Private Limited has been secured by hypothecation of first charge on entire fixed assets ( Movable fixed assets and immovable fixed assets & corporate guarantee provided by Holding Company

2. Euro Term Loan with Citi Bank Spain in International Comfort Technologies Spain having exclusive charge on owned fixed assets (moveable and immoveable) in holding company at manufacturing plant located at Jalpaiguri, West Bengal , Sahibabad , U.P , Rajpura , Punjab and Erode , Tamil Nadu

3 AUD Term Loan with Citi Bank Australia in Joyce Foam Pty Limited having fixed charge over present & future interest in Non -Disposable Property ( Which include both Movable & Immoveable property ) & floating charge on all other assets which does not subject to fixed charge .

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**Note 54 : Segment information**

**Operating segment information**

The group 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.

**Geographical information**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from external customer</b>		
Sale of products & services		
Within India	2,06,921.94	1,66,963.46
Outside India	91,066.31	76,595.83
<b>Total revenue</b>	<b>2,97,988.25</b>	<b>2,43,559.29</b>
<b>Assets</b>		
Within India	1,51,114.94	1,22,817.80
Outside India	86,130.07	84,118.03
<b>Total assets</b>	<b>2,37,245.01</b>	<b>2,06,935.83</b>
<b>Liabilities</b>		
Within India	36,373.04	40,847.94
Outside India	60,852.02	46,767.00
<b>Total Liabilities</b>	<b>97,225.06</b>	<b>87,614.94</b>

The revenue information is based on location of customer.

**Non-current operating assets**

The group 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 (In respect of companies incorporated in India)**

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 associated enterprises for the financial year ended March 31, 2022 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, 2021 has been obtained and there are no adverse comments requiring adjustments.

**Note 56 : Exposure towards Micro, Small and Medium Enterprises (In respect of companies incorporated in India)**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
I The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information are as under:		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier.		
Principal amount:	506.29	1,168.31
Interest:	-	-
(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day for the year ending.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year).	-	-
(iv) The amount of interest accrued and remaining unpaid for the year ending.	-	-
(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. Further, the amount payable to these parties is not overdue hence no interest is required to be provided/accrued as at March 31, 2022 and March 31, 2021

II The credit period for purchase of goods and services are normally up to 30 days. No interest is chargeable on trade payables.

**Note 57 : Corporate social responsibility**

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 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.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Gross amount required to be spent as per section 135 of the Act	409.07	372.91
Add: Amount Unspent from previous years	-	-
Total Gross amount required to be spent during the year	409.07	372.91
b) <b>Amount approved by the Board to be spent during the year</b>	457.53	489.55
c) <b>Amount spent during the year on</b>		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	457.53	489.55
d) <b>Details related to amount spent .</b>		
Contribution to Sleepwell Foundation Trust	315.00	325.00
Spent on Health Support , Promoting education including employment enhancing vocational skills.	142.53	164.55
	457.53	489.55
e) <b>Details of CSR expenditure in respect of other than ongoing projects</b>		
Balance unspent 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	457.53	489.55
Amount spent during the year	457.53	489.55
Balance unspent as at closing	-	-
f) Corporate social responsibility expenses of holding company are managed by related party -Sleepwell foundation (refer note no. 45 )		

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**Note 58 : Statutory group information**

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	INR	As % of consolidated profit and loss	INR	As % of consolidated other comprehensive income	INR	As % of consolidated total comprehensive income	INR
<b>Parent</b>								
Sheela Foam Limited								
Balance as at 31 March, 2022	87%	1,21,172.08	91%	19,884.05	63%	-116.36	91%	19767.69
Balance as at 31 March, 2021	88%	1,05,038.23	74%	17,874.98	11%	209.91	70%	18084.89
<b>Subsidiaries</b>								
<b>Indian</b>								
<b>1 Divya Software Solutions Private Limited</b>								
Balance as at 31 March, 2022	-1%	(1,131.10)	-2%	(390.48)	0%	0.00	-2%	(390.48)
Balance as at 31 March, 2021	-1%	(740.62)	-2%	(421.95)	0%	0.00	-2%	(421.95)
<b>2 Sleepwell Enterprises Private Limited</b>								
Balance as at 31 March, 2022	0%	207.32	0%	(28.56)	0%	0.00	0%	(28.56)
Balance as at 31 March, 2021	0%	235.89	0%	65.42	0%	0.00	0%	65.42
<b>3 Staquo World Private Limited</b>								
Balance as at 31 March, 2022	-1%	(809.03)	-5%	(1,156.72)	12%	(22.28)	-5%	(1,179.00)
Balance as at 31 March, 2021	0%	369.96	1%	291.15	3%	54.26	1%	345.41
<b>4 International Comfort Technologies Private Limited</b>								
Balance as at 31 March, 2022	0%	(587.51)	-3%	(591.13)	-2%	3.61	-3%	(587.52)
Balance as at 31 March, 2021	0%	-	0%	-	0%	0.00	0%	0.00
<b>Foreign</b>								
<b>1 Joyce Foam Pty Limited</b>								
Balance as at 31 March, 2022	10%	13,782.87	9%	2,038.01	22%	(41.51)	9%	1996.50
Balance as at 31 March, 2021	8%	9,281.71	11%	2,694.96	12%	227.95	11%	2922.91
<b>2 International Foam Technologies Spain SLU</b>								
Balance as at 31 March, 2022	5%	6,621.97	9%	1,977.80	5%	(8.53)	9%	1969.27
Balance as at 31 March, 2021	4%	4,243.87	14%	3,267.52	74%	1388.98	18%	4656.50
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2022	1%	763.34	1%	139.83	0%	0.00	1%	139.83
Balance as at 31 March, 2021	1%	891.86	1%	243.09	0%	0.00	1%	243.07
<b>Total</b>								
<b>Balance as at 31 March, 2022</b>	<b>100%</b>	<b>1,40,019.95</b>	<b>100%</b>	<b>21,872.80</b>	<b>100%</b>	<b>(185.07)</b>	<b>1.00</b>	<b>21,687.73</b>
<b>Balance as at 31 March, 2021</b>	<b>100%</b>	<b>1,19,320.90</b>	<b>100%</b>	<b>24,015.17</b>	<b>100%</b>	<b>1,881.10</b>	<b>1.00</b>	<b>25,896.27</b>

**Note 59 : Interest in other entities**

**Subsidiaries**

The group's subsidiaries at 31 March 2022 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
		31 March 2022	31 March 2021	31 March 2022	31 March 2021	
Joyce Foam Pty. Limited, Australia	Australia	100%	100%	0%	0%	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)
Divya Software Solutions (P) Ltd., India	India	100%	100%	0%	0%	Software development and related ancillary activities
Sleepwell Enterprises (P) Ltd., 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
Staquo World Pvt. Ltd., 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

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**Note 60 : Derivative instruments and unhedged foreign currency exposure**

**Particulars of unhedged foreign currency exposure as at balance sheet date:**

Particulars	Currency	As at March 31, 2022		As at March 31, 2021	
		Amount in foreign currency	In INR	Amount in foreign currency	In INR
Trade payables	USD	26.23	2,030.66	16.06	1,207.62
	EURO	0.92	79.48	2.47	208.94
	GBP	0.19	19.28	0.06	6.20
	NZD	2.41	127.14	1.82	92.83
Advance From Customers	USD	1.91	147.84	1.14	85.99
Term loan	USD	94.10	7,247.32	-	-
Trade receivables	USD	10.28	778.46	2.38	177.15
Capital advances	USD	18.50	1,432.19	0.42	31.79
	GBP	10.52	1,764.25	-	-
Advance to vendors	EURO	0.00	0.12	0.48	39.88
	GBP	-	-	3.63	356.05
Bank balance	USD	1.41	104.57	3.66	269.96
	AED	590.00	0.11	-	-
	USD	1,833.46	268.87	4.73	355.74

**Note 61 : Income tax recognised in profit or loss**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Current tax</b>		
In respect of current year	8,323.45	8,549.12
Tax expenses related to earlier years	(22.04)	(42.32)
	<b>8,301.41</b>	<b>8,506.80</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(585.48)	(48.58)
	<b>(585.48)</b>	<b>(48.58)</b>
Total income tax expense recognised in the current year	<b>7,715.93</b>	<b>8,458.22</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Profit before tax (Including Other comprehensive income)</b>	<b>29,453.69</b>	<b>32,737.57</b>
Income tax expense calculated at 25.168%	7,412.90	8,239.39
Effect of expenses that are not deductible in determining taxable profit	115.15	-
Effect of difference in tax rates	197.17	115.29
Others	12.74	145.85
	<b>7,737.96</b>	<b>8,500.53</b>
Adjustments recognised in the current year in relation to tax of prior years	(22.04)	(42.32)
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>7,715.93</b>	<b>8,458.22</b>
<b>Effective Tax Rate</b>	<b>26.20%</b>	<b>25.84%</b>

**Note 62 : The Code on Social Security 2020 (In respect of companies incorporated in India)**

The Code on Social Security 2020 ('the Code') relating to employee benefits in India, 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 management 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 63: 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 64 : Events after the reporting period**

There are no significant adjusting events after the reporting period.

**Note 65 : 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.



**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

**Note 66 : Undisclosed income (In respect of companies incorporated in India)**

There is no 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 67: Details of Benami Property held (In respect of companies incorporated in India)**

There is no Benami property, where any proceeding has been initiated or pending against the group for holding any Benami property.

**Note 68: 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)**

There is no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**Note 69: Reconciliation of monthly returns or statements of current assets filed with banks or financial institutions**

**31 March 2022**

Month	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the Monthly statement	Amount of difference	Reason for material discrepancies
Apr/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	28,090.01	28,090.01	-	-
May/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	25,909.24	25,909.24	-	-
Jun/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	23,930.09	23,930.09	-	-
Jul/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	24,797.80	24,797.80	-	-
Aug/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	26,151.99	26,151.99	-	-
Sep/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	29,075.37	29,075.37	-	-
Oct/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	32,969.64	32,969.64	-	-
Nov/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	29,760.13	29,760.13	-	-
Dec/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	27,449.27	27,449.27	-	-
Jan/22	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	26,551.13	26,551.13	-	-
Feb/22	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	25,878.66	25,878.66	-	-
Mar/22	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	26,924.84	26,924.84	-	-

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

31 March 2021

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the Monthly statement	Amount of difference	Reason for material discrepancies
Apr/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	19,479	19,479	-	-
May/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	17,604	17,604	-	-
Jun/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	16,686	16,686	-	-
Jul/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	17,774	17,774	-	-
Aug/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	19,611	19,611	-	-
Sep/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	19,934	19,934	-	-
Oct/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	24,515	24,515	-	-
Nov/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	26,910	26,910	-	-
Dec/20	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	25,824	25,824	-	-
Jan/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	25,748	25,748	-	-
Feb/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	24,489	24,489	-	-
Mar/21	CITI BANK , KOTAK MAHINDRA BANK & YES BANK	Book Debts ( Net of advances from customers) & Inventories	26,441	26,441	-	-

**Note 70 : Compliance with number of layers of Companies (In respect of companies incorporated in India)**

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 71**

The group did not have any material foreseeable losses on long term contracts including derivative contracts

**Note 72**

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.

**Sheela Foam Limited**  
**Notes forming part of the consolidated financial statements**  
**(in Indian Rupees (Lakhs), unless otherwise stated)**

**Note 73: Following are the reclassifications made in the previous year figures to make them comparable/ better presentation with the current year figures:**

<b>Particulars</b>	<b>March 31,2021 (Revised)</b>	<b>March 31,2021 (Published)</b>	<b>Nature</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(iii) Other Financial Liabilities	5,018.13	8,444.62	Reclassification items
<b>Current Liabilities</b>			
Trade Payable	33,012.56	22,964.51	Reclassification items
Financial Liabilities			
(iii) Other Financial Liabilities	5,311.60	12,586.54	Reclassification items

**For MSKA & ASSOCIATES**  
**Chartered Accountants**  
 Firm Registration No.: 105047W

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

**Manish P Bathija**  
 Partner  
 Membership No.: 216706

Place: Gurugram  
 Date: May 12, 2022

**Rahul Gautam**  
 Managing Director  
 DIN:00192999

Place: Noida  
 Date: May 12, 2022

**Tushaar Gautam**  
 Whole Time Director  
 DIN:01646487

Place: Noida  
 Date: May 12, 2022

**Nikhil Ghanashyam Datye**  
 Chief Financial Officer

Place: Noida  
 Date: May 12, 2022

**Md. Iqbal Ahmad**  
 Company Secretary  
 Membership No.: A20921

Place: Noida  
 Date: May 12, 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 'SHEELA FOAM LIMITED'**  
**ON 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 31<sup>st</sup> March, 2021, 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 the 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, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2021 and its consolidated total comprehensive income, its consolidated changes in equity and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules 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.

**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 of the current year. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Key Audit Matters</b>	<b>How the matter was addressed in the audit</b>
<p><b><u>Useful lives of Property, Plant &amp; Equipment</u></b></p> <p>(Refer to Notes 3 and 5 to the consolidated financial statements)</p> <p>The property, plant and equipment are depreciated on a pro-rata basis on written down value / straight line, over the useful lives of the assets, as estimated by the management. These estimations are based on changes in the expected level of usage, technological developments, level of wear and tear, which involves high degree of the estimation and judgement and could affect the reported residual value and depreciation of the assets. As the value of property, plant and equipment is substantial i.e. Rs. 51,902.17 lakhs, which is 25% of the total assets of the Group, therefore any change in these estimates or actual results could have a substantial impact on the profit/ assets in future years and completeness and accuracy of the financial statements.</p>	<p><u>Our Audit Procedure :</u></p> <p>We obtained and evaluated the management's estimations and specifically performed the work as under:</p> <ul style="list-style-type: none"> <li>- Compared the key assumptions, used within the impairments models to the historic performance of the respective group of assets and approved estimates.</li> <li>- Benchmarking the key assumptions, used with in the impairment models and past history of the replacement age etc. and repairs requirements / cost etc.</li> </ul> <p><u>Our Results:</u></p> <p>As a result of performance of above procedures, we have not identified any circumstances that would lead to material adjustments to the carrying value of these assets, or change in their useful lives.</p>
<p><b><u>Fair Value measurement of Financial Instruments</u></b></p> <p>(Refer to Note 40.11 to the consolidated financial statements)</p> <p>Fair value of financial assets and financial liabilities have been measured using valuation techniques where the financial instruments are not quoted in active market. The inputs to these techniques / 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, which involve high degree of the estimation and judgement and could affect the reported fair value of financial instruments.</p>	<p><u>Our Audit Procedure :</u></p> <p>The Group has carried out the valuation of the financial instruments after applying judgments and estimates. We have conducted the verification of the data provided to us by the Group with respect to its correctness and completeness vis-à-vis the financial accounts / records of the Group, and held interaction with the management to understand their process and results and the implementation and usage of valuation techniques / models. This included the review of the controls over adjustments to mitigate model limitations and assumptions.</p> <p><u>Our Results:</u></p> <p>The results of our testing were satisfactory and we considered the fair value of the financial instruments assets and liabilities recognised to be acceptable.</p>

## **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 Corporate Governance Report and Directors' Report, including annexures thereon, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed on the other information, 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 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 including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we along with auditor's of Subsidiary Companies 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company and its Subsidiary companies incorporated in India have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group'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 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 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 of the current period 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.

### **Other Matters**

- a. We did not audit the financial statements of one foreign Subsidiary Company, namely Joyce Foam Pty. Limited and Controlled Entity, incorporated in Australia whose financial statements reflect total assets of Rs. 35,720 lakhs as at 31<sup>st</sup> March, 2021, and total revenues of Rs. 41,767 lakhs, total net profit after tax of Rs. 2,695 lakhs, total comprehensive income of Rs. 2,695 lakhs and net cash inflow of Rs. 75 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by its auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far it relates to the amounts and disclosures included in respect of this Subsidiary, is based solely on the report of the said auditor.
- b. We did not audit the financial statements of one foreign Subsidiary Company, namely International Foam Technologies SL, Spain and Subsidiaries, incorporated in Spain, whose financial statements reflect total assets of Rs. 48,398 lakhs as at 31<sup>st</sup> March, 2021, and total revenues of Rs. 33,674 lakhs, total net profit after tax of Rs. 3,511 lakhs, total comprehensive income of Rs. 3,511 lakhs and net cash inflow of Rs. 448 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by its auditor, and they have placed their audit report to the Board of Directors of the Subsidiary, and the same has been adopted by the Board along with the financial statements. The audit report, as informed, will be issued by the auditor after completion of certain procedural formalities as required under the relevant law of their country, and accordingly our opinion on the consolidated financial statements, in so far it relates to the amounts and disclosures included in respect of this Subsidiary, is based solely on the said report of the auditor as adopted by the Board of Directors of the Subsidiary, but not yet issued by them pending completion of the procedural formalities.
- c. The financial statements of the foreign subsidiaries as mentioned in above 'paras a and b' have been prepared in accordance with accounting principles generally accepted in their respective countries and 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 these 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 these subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- d. We did not audit the financial results of two Subsidiary Companies incorporated in India, namely Divya Software Solutions Pvt. Ltd. and Staqo World Pvt. Ltd., whose financial statements reflect total assets of Rs. 6,699 lakhs as at 31<sup>st</sup> March, 2021, and total revenues of Rs. 1,363 lakhs, total net loss after tax of Rs. 131 lakhs, total comprehensive loss of Rs. 77 lakhs, and net cash inflows of Rs. 31 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by their respective auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries, is based solely on the reports of these auditors.
- e. During the previous year, the Holding Company had incorporated a Wholly Owned Subsidiary Company (WOS) in Delaware, USA, for the purpose of marketing of its products in USA, however, as no share capital had been subscribed or investment had been made therein, there was no impact of the same on the financial statements except that the expenditures incurred for acquisition were capitalised as investment in WOS. Further, during the year the Holding Company has dissolved the said Subsidiary and expenditure incurred for acquisition has been written off, and as such there is no impact of the same on the consolidated financial statements.

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 matters with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

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 appears from our examination of those books and 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 Flows 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 Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
- e. on the basis of the written representations received from the directors of the Holding Company and Subsidiary Company incorporated in India audited by us and taken on record by the Board of Directors, and the reports of the statutory

- auditors of the Subsidiary companies incorporated in India not audited by us, none of the directors of the Holding Company and its Subsidiary companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements and operating effectiveness of such controls of the Holding Company and Subsidiary Company incorporated in India audited by us, and of the Subsidiary Companies incorporated in India, not audited by us (as reported by their auditors), refer to our separate report in **Annexure-'A'**; and
  - g. In our opinion, the remuneration paid by the Holding Company and Subsidiary Company incorporated in India audited by us, and by the Subsidiary companies incorporated in India, not audited by us (as reported by their auditors), to its Directors is in accordance with the provisions of Section 197 of the Companies Act, 2013; 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, 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 40.1 to the consolidated financial statements;
    - ii. The Holding Company and its Subsidiary companies incorporated in India, have not entered into any long-term contracts including derivative contracts.
    - iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary companies incorporated in India.

**For S. P. Chopra & Co.**  
Chartered Accountants  
Firm Regn. No. 000346N

**Place: Noida.**  
**Dated: 29<sup>th</sup> May, 2021**

**(Sanjiv Gupta)**  
Partner  
M. No. 083364  
UDIN : 21083364AAAAAI4973

## **ANNEXURE-'A' TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of the independent auditors report of even date on the consolidated financial statements of Sheela Foam Limited for the year ended 31<sup>st</sup> March, 2021)**

### **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 **Sheela Foam Limited** ("the Holding Company") and its Subsidiaries incorporated in India (the Holding Company and its Subsidiaries together referred as "the Group") for the year ended 31<sup>st</sup> March, 2021, in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its Subsidiary companies incorporated in India are 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" (the "Guidance Note") 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 Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Group'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 the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Act, 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

## **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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, to the best of our information and according to the explanations given to us, the Holding Company and its Subsidiary companies incorporated in India have, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at 31<sup>st</sup> March, 2021, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other 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 the financial statements in so far as it relates to two Subsidiary companies incorporated in India, namely Divya Software Solutions Pvt. Ltd. and Staqa World Pvt. Ltd, is based on the corresponding reports of the auditors of these Companies.

Our opinion is not modified in respect of the above matter.

**For S. P. Chopra & Co.**  
Chartered Accountants  
Firm Regn. No. 000346N

**Place : Noida**  
**Dated : 29<sup>th</sup> May, 2021**

**(Sanjiv Gupta)**  
Partner  
M. No. 083364

**SHEELA FOAM LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st March, 2021**

(Rs. In Lakhs)

Particulars	Note No.	As at 31st March, 2021		As at 31st March, 2020	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, Plant and Equipment		45,787.44		42,044.10	
Capital work in progress	3	466.44		1,797.32	
Right-of-use Assets	4	14,437.06		11,665.75	
Investment Property	5	5,648.29		5,904.48	
Goodwill	3	26,306.68		25,459.00	
Other Intangible Assets	3	-		1.44	
<b>Financial Assets</b>					
- Investments	6	30,359.99		1,183.32	
- Loans	7	274.52		258.29	
- Other non-current financial assets	8	260.08		212.91	
Non-current tax assets (net)	9	-		40.83	
Other non-current assets	10	264.38	1,23,804.88	134.21	88,701.65
<b>Current assets</b>					
Inventories	11	31,530.73		22,685.84	
<b>Financial Assets</b>					
- Investments	12	10,701.16		21,960.09	
- Trade receivables	13	30,215.33		21,577.35	
- Cash and cash equivalents	14	5,736.31		4,410.71	
- Bank balances other than cash and cash equivalents	15	73.78		50.93	
- Loans	16	555.24		561.25	
- Other current financial assets	17	1,343.22		554.17	
Other current assets	18	3,624.57	83,780.34	3,886.43	75,686.77
<b>TOTAL ASSETS</b>			<u><u>2,07,585.22</u></u>		<u><u>1,64,388.42</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share Capital	19	2,439.14		2,439.14	
Other Equity	20	1,15,989.90		89,535.12	
<b>Equity attributable to shareholders of the Holding Company</b>		<u>1,18,429.04</u>		<u>91,974.26</u>	
Non-controlling Interest		891.82	1,19,320.86	667.38	92,641.64
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
<b>Financial Liabilities</b>					
- Borrowings	21	13,263.48		15,713.15	
- Lease liabilities	40.7	10,855.07		8,238.51	
- Other non-current financial liabilities	22	8,444.62		7,372.61	
Provisions	23	646.23		859.38	
Deferred tax liabilities (Net)	24D	887.87	34,097.27	1,091.93	33,275.58
<b>Current liabilities</b>					
<b>Financial liabilities</b>					
- Borrowings	25	7,299.14		3,601.77	
- Lease liabilities	40.7	2,005.17		1,594.19	
- Trade payables	26				
a) Total outstanding dues of micro enterprises and small enterprises		1,168.31		330.31	
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		21,796.20		15,014.24	
- Other current financial liabilities	27	12,586.54		10,744.56	
Provisions	28	1,470.25		1,288.25	
Current tax liabilities (net)	29	453.58		-	
Other current liabilities	30	7,387.90	54,167.09	5,897.88	38,471.20
<b>TOTAL EQUITY AND LIABILITIES</b>			<u><u>2,07,585.22</u></u>		<u><u>1,64,388.42</u></u>

Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors.

(Rahul Gautam)  
Managing Director  
DIN : 00192999

(Tushaar Gautam)  
Whole-time Director  
DIN : 01646487

(Dhruv Mathur)  
Chief Financial Officer

(Md. Iqbal Ahmad)  
Company Secretary  
M. No. A20921

As per our Report of even date attached  
S. P. Chopra & Co.  
Chartered Accountants  
Firm Registration No. 000346N

(Sanjiv Gupta)  
Partner  
Membership No. 083364

Place: Noida  
Dated: 29th May, 2021

## SHEELA FOAM LIMITED

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March, 2021

(Rs. In Lakhs)

Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>INCOME:</b>			
Revenue From Operations	31	2,43,535.75	2,17,363.40
Other Income	32	5,207.76	3,998.83
<b>Total Income</b>		<b>2,48,743.51</b>	<b>2,21,362.23</b>
<b>EXPENSES:</b>			
Cost of materials consumed	33	1,36,735.36	1,08,809.66
Purchases of Stock- in-Trade	34	1,799.48	1,798.33
Other manufacturing expenses	35	5,911.06	7,062.58
Changes in inventories of finished goods, stock-in-process and stock-in-trade	36	(600.44)	(144.08)
Employee benefits expense	37	23,170.41	22,035.40
Finance costs	38	1,768.27	1,299.61
Depreciation and amortization expense	3 to 5	7,286.73	5,904.43
Other expenses	39	40,288.12	47,760.01
<b>Total Expenses</b>		<b>2,16,358.99</b>	<b>1,94,525.94</b>
<b>Profit before exceptional items &amp; tax</b>		<b>32,384.52</b>	<b>26,836.29</b>
<b>Exceptional items</b>			
Insurance claim receivable written off	40.16	-	1,199.49
<b>Profit before tax</b>		<b>32,384.52</b>	<b>25,636.80</b>
<b>Tax expense:</b>			
Current tax - Current year's	24A	8,460.28	6,676.99
- Earlier year's		(42.32)	0.38
Deferred tax	24D	(48.58)	(469.19)
<b>Profit for the year</b>		<b>24,015.14</b>	<b>19,428.62</b>
<b>Other Comprehensive Income :</b>			
a. Items that will not be reclassified to profit or loss			
- Re-measurements Gain/(losses )on defined benefit plans	40.4	252.96	(578.99)
- Income tax effects	24B	(63.66)	145.72
b. Items that will be reclassified to profit or loss			
- Fair value gain on investment		100.06	-
- Income tax effects		(25.18)	-
- Exchange differences on translation of foreign operations		1,616.92	126.51
<b>Other Comprehensive Gain/(Loss) for the year</b>		<b>1,881.10</b>	<b>(306.76)</b>
<b>Total Comprehensive Income for the year</b>		<b>25,896.24</b>	<b>19,121.86</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the Holding Company		23,772.07	19,342.75
Non-controlling Interest		243.07	85.87
		<b>24,015.14</b>	<b>19,428.62</b>
<b>Other Comprehensive Loss for the year attributable to:</b>			
Shareholders of the Holding Company		1,881.10	(306.76)
Non-controlling Interest		-	-
		<b>1,881.10</b>	<b>(306.76)</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Shareholders of the Holding Company		25,653.17	19,035.99
Non-controlling Interest		243.07	85.87
		<b>25,896.24</b>	<b>19,121.86</b>
Earnings per share- Basic/Diluted in Rs.	40.8	49.23	39.83

Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors.

(Rahul Gautam)  
Managing Director  
DIN : 00192999

(Tushaar Gautam)  
Whole-time Director  
DIN : 01646487

(Dhruv Mathur)  
Chief Financial Officer

(Md. Iqubal Ahmad)  
Company Secretary  
M. No. A20921

As per our Report of even date attached  
S. P. Chopra & Co.  
Chartered Accountants  
Firm Registration No. 000346N

(Sanjiv Gupta)  
Partner  
Membership No. 083364

Place: Noida  
Dated: 29th May, 2021

<b>SHEELA FOAM LIMITED</b>				
<b>CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2021</b>				
(Rs. in Lakhs)				
Particulars	Year Ended 31st March, 2021		Year Ended 31st March, 2020	
	Amount	Total	Amount	Total
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per statement of profit and loss		32,384.52		25,636.80
Adjustments for:				
Depreciation and amortisation expense	7,286.73		5,904.43	
Insurance claim receivable written off	-		1,199.49	
Finance costs	1,768.27		1,299.61	
Advances/Balances written off	59.67		212.30	
Provision for doubtful receivables	207.39		123.07	
Bad debts written off	69.88		-	
Fair value gain on investments (net)	(366.86)		(659.37)	
Profit on sale of investments (net)	(1,688.03)		(1,516.19)	
Liabilities/provisions no longer required written back	(19.05)		(10.73)	
Unrealised foreign exchange loss (net)	(32.99)		(17.01)	
Interest income	(1,375.89)		(469.99)	
Investment written off	1.02		-	
Property, Plant & Equipment written off (net)	13.26		26.65	
(Profit)/ Loss on sale of property, plant and equipment (net)	(51.93)		(266.97)	
		<b>5,871.47</b>		<b>5,825.29</b>
<b>Operating profit before working capital changes</b>		<b>38,255.99</b>		<b>31,462.09</b>
Adjustment for working capital changes:				
(Increase) in Inventories	(8,844.89)		(3,972.17)	
(Increase) in loans and trade receivables	(8,985.13)		(7,212.00)	
Decrease in other financial and non-financial assets	27.11		135.71	
Increase in trade payables	7,652.94		1,041.39	
Increase/(Decrease) in lease liabilities, other financial liabilities, non-financial liabilities and provisions	6,111.29		(1,560.56)	
<b>Cash used in Working Capital Changes</b>		<b>(4,038.68)</b>		<b>(11,567.64)</b>
<b>Cash generated from operations</b>		<b>34,217.31</b>		<b>19,894.46</b>
Income Tax paid (net)		<b>(8,186.87)</b>		<b>(4,163.97)</b>
<b>Net Cash inflow from Operating Activities - A</b>		<b>26,030.44</b>		<b>15,730.48</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment including capital work in progress	(6,474.60)		(15,851.79)	
Sale/adjustment/write-off of property, plant and equipment	145.82		306.16	
Recognition of Goodwill due to business combination	-		(24,640.44)	
Recognition of Intangible assets due to business combination	-		(1.44)	
Deposits matured/made during the year	(70.41)		193.92	
Investment in bonds, debentures and mutual funds (net)	(15,762.81)		10,787.96	
Interest income	691.86		491.78	
<b>Net Cash (outflow)/inflow from Investing Activities - B</b>		<b>(21,470.14)</b>		<b>(28,713.84)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Non controlling interest in a subsidiary company due to business combination	-		581.51	
Dividend paid to Non-controlling Interest	(235.69)		-	
Capital Subsidy received during the year	75.97		-	
Proceeds from Secured long term borrowings	-		16,316.17	
Proceeds from Unsecured long term borrowings	-		737.31	
Repayment of Secured long term borrowings	(2,677.78)		(232.79)	
Repayment of Unsecured long term borrowings	(144.28)		(29.57)	
Repayment of Secured short term borrowings	(2.45)		(1,696.63)	
Proceeds from Secured short term borrowings	1,053.09		-	
Proceeds from Unsecured short term borrowings	2,627.89		3,032.02	
Payment of principal portion of lease liabilities	(2,163.18)		(1,726.90)	
Payment of interest portion of lease liabilities	(422.88)		(204.10)	
Finance costs	(1,345.39)		(1,067.09)	
<b>Net Cash (outflow)/inflow from Financing Activities - C</b>		<b>(3,234.70)</b>		<b>15,709.93</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>1,325.60</b>		<b>2,726.58</b>
<b>Cash and cash equivalents (Opening Balance)</b>		<b>4,410.71</b>		<b>1,684.13</b>
<b>Cash and cash equivalents (Closing Balance)</b>		<b>5,736.31</b>		<b>4,410.71</b>
<b>Note to Statement of cash flows :</b>				
- Components of Cash and cash equivalents as under :				
- Balance with Banks - Current Accounts	3,319.14		2,396.74	
- Cash on Hand	17.17		13.97	
- Deposit with original maturity less than 3 months	2,400.00		2,000.00	
		<b>5,736.31</b>		<b>4,410.71</b>
- Figures in brackets indicate cash outflow.				
- The above Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows				
<b>Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Financial Statements.</b>				
<b>For and on behalf of the Board of Directors.</b>				
<b>(Rahul Gautam)</b> Managing Director DIN : 00192999	<b>(Tushaar Gautam)</b> Whole-time Director DIN : 01646487	<b>(Dhruv Mathur)</b> Chief Financial Officer	<b>(Md. Iqbal Ahmad)</b> Company Secretary M. No. - A20921	
As per our Report of even date attached <b>S. P. Chopra &amp; Co.</b> Chartered Accountants Firm Registration No. 000346N				
<b>(Sanjiv Gupta)</b> Partner Membership No. 083364				
Place: Noida				
Dated: 29th May 2021				

**SHEELA FOAM LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March, 2021**

**(A) EQUITY SHARE CAPITAL**

For the year ended 31st March, 2021

(Rs. In Lakhs)

Balance as at 01st April, 2020	Changes in equity share capital during the year	Balance as at 31st March, 2021
2,439.14	-	2,439.14

For the year ended 31st March, 2020

(Rs. In Lakhs)

Balance as at 01st April, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
2,439.14	-	2,439.14

**(B) OTHER EQUITY**

For the year ended 31st March, 2021

(Rs. In Lakhs)

Particulars	Retained Earnings	Capital Reserve	General Reserve	Foreign Currency Translation Reserve	Other comprehensive income-Other items	Capital Subsidy	Non-controlling Interest	Total
<b>Balance as at 01st April, 2020</b>	87,128.99	1,402.97	1,716.27	(40.95)	(672.16)	-	667.38	90,202.51
Add: Capital Subsidy received during the year	-	-	-	-	-	56.98	-	56.98
Add: Other adjustments	0.08	-	-	-	-	-	-	0.08
Less: Dividend paid to Non-controlling Interest	(190.66)	-	-	-	-	-	(45.03)	(235.69)
Profit for the year	23,772.07	-	-	-	-	-	243.07	24,015.14
Foreign Exchange gain on Translation	-	-	-	-	-	-	26.40	26.40
<u>Other Comprehensive Loss for the year:</u>	-	-	-	-	-	-	-	-
- Re-measurements losses on defined benefit plans (net)	-	-	-	-	264.17	-	-	264.17
- Exchange gain on translation (net)	-	961.62	-	1,590.52	-	-	-	2,552.14
<b>Balance as at 31st March, 2021</b>	<b>1,10,710.48</b>	<b>2,364.59</b>	<b>1,716.27</b>	<b>1,549.57</b>	<b>(407.99)</b>	<b>56.98</b>	<b>891.82</b>	<b>1,16,881.72</b>

For the year ended 31st March, 2020

(Rs. In Lakhs)

Particulars	Retained Earnings	Capital Reserve	General Reserve	Foreign Currency Translation Reserve	Other comprehensive income-Other items	Capital Subsidy	Non Controlling Interest	Total
<b>Balance as at 31st March, 2019</b>	67,993.05	1,268.19	1,716.27	(167.46)	(238.89)	-	-	70,571.16
Less: Adjustment on adoption of Ind AS 116 (net of tax) (Refer Note 2.1.b)	(206.81)	-	-	-	-	-	-	(206.81)
<b>Balance as at 01st April, 2019</b>	<b>67,786.24</b>	<b>1,268.19</b>	<b>1,716.27</b>	<b>(167.46)</b>	<b>(238.89)</b>	<b>-</b>	<b>-</b>	<b>70,364.35</b>
Addition on Investment in Subsidiary (Refer note 39.18.a)	-	0.27	-	-	-	-	581.51	581.78
Profit for the year	19,342.75	-	-	-	-	-	85.87	19,428.62
<u>Other Comprehensive Loss for the year:</u>	-	-	-	-	-	-	-	-
- Re-measurements losses on defined benefit plans (net)	-	-	-	-	(433.27)	-	-	(433.27)
- Exchange gain on translation (net)	-	134.51	-	126.51	-	-	-	261.02
<b>Balance as at 31st March, 2020</b>	<b>87,128.99</b>	<b>1,402.97</b>	<b>1,716.27</b>	<b>(40.95)</b>	<b>(672.16)</b>	<b>-</b>	<b>667.38</b>	<b>90,202.50</b>

Refer Note No. 20.1 for nature and purpose of reserves

Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors.

(Rahul Gautam)  
Managing Director  
DIN : 00192999

(Tushaar Gautam)  
Whole-time Director  
DIN : 01646487

(Dhruv Mathur)  
Chief Financial Officer

(Md. Iqbal Ahmad)  
Company Secretary  
M. No. A20921

As per our Report of even date attached  
S. P. Chopra & Co.  
Chartered Accountants  
Firm Registration No. 000346N

(Sanjiv Gupta)  
Partner

Membership No. 083364

Place: Noida  
Dated: 29th May, 2021



**SHEELA FOAM LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021.**

**1. GROUP INFORMATION**

Sheela Foam Limited ('the Holding Company') is a ISO 9001:2000 public limited Company incorporated in India with its registered office in New Delhi. The Holding Company 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 five Subsidiary companies (two Foreign Subsidiaries Joyce Foam Pty. Limited (and its Controlled Entity Joyce W C NSW Pty Limited) Australia and International Foam Technologies Spain and three Indian Subsidiaries 'Divya Software Solutions Private Limited', 'Sleepwell Enterprises Private Limited and Staquo World Pvt. Ltd'). The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its five Subsidiary companies (together referred as "the Group").

The consolidated financial statements for the year ended 31<sup>st</sup> March, 2021 were approved by the Board of Directors and authorized for issue on 29<sup>th</sup> May, 2021.

**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.

**b. Historical Cost Convention**

The consolidated financial statements have been prepared on a historical cost basis, except, certain financial assets and liabilities, measured at fair value.

**c. 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.

**d. 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 Company has identified twelve months as its operating cycle.

**e. 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. Uncertainty about these estimates and assumptions could result in outcomes that requires material adjustments to the carrying amount of the assets and liabilities in future period/s.

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are given below.

**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 Company (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 profit in future years.

**2. 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.

**3. 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.

**4. 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.

**5. Impairment of non-Financial assets**

The Group 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 Group estimates the asset's recoverable amount. An assets recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset 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, or other fair value indicators.

## 2.2 BASIS OF CONSOLIDATION

The Consolidated Financial Statements have been prepared on the following basis:-

### **Basis of Accounting:**

- i) The financial statements of the Subsidiary Companies are drawn up to the same reporting date as of the Holding Company i.e. for the financial year ended 31<sup>st</sup> March. The financial statements of foreign Subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of their Country of incorporation.
- ii) During the previous year, the Holding Company had incorporated a Wholly Owned Subsidiary Company (WOS) in Delaware, USA, for the purpose of marketing of the products of the Company in USA, however, as no share capital had been subscribed or investment had been made therein, there was no impact of the same on the consolidated financial statements except that the expenditures incurred for acquisition were capitalised as investment in WOS. Further, during the year the Holding Company has dissolved the said Subsidiary on 29.03.2021 and expenditure incurred for acquisition has been written off and shown under Note 38 - Other Expenses - Investment written off.
- iii) 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.
- iv) 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".
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's separate financial statements except as otherwise stated in the Significant Accounting Policies.
- 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 Company includes the results of following entities:

Name of Company	Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2021	Proportion (%) of Shareholding as on 31.03.2020
<b>Subsidiary Companies</b>			
Joyce Foam Pty. Limited and Controlled Entity (Joyce W C NSW Pty Limited)	Australia	100%	100%
International Foam Technologies SL, Spain and Subsidiaries	Spain	100%	100%
Divya Software Solutions Private Limited	India	100%	100%
Sleepwell Enterprises Private Limited	India	100%	100%
Staqa World Pvt. Ltd.	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 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.

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 and Sleepwell Enterprises Private Limited)**

Depreciation on property, plant & equipment is provided on a pro-rate 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 Company (No. of Years)
Buildings :		
- Factory	30	29
- Office	60	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 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 Subsidiaries)**

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 Company 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.

**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.

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 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.

## 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. Financial assets measured at amortized cost;
- b. Financial assets measured at fair value through other comprehensive income (FVTOCI); and
- c. Financial assets measured 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: Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the 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 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. The Group as at the Balance Sheet date is not having any such instruments.

(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, The Group as at the Balance Sheet date is not having any such instruments.

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.

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 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 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. The Group has not designated any financial liability as at fair value through profit and loss.

#### **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. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **Financial Guarantee Contract**

Financial guarantee contracts issued by the Holding 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 Group 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. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## **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.

## **2.6 Inventories**

Inventories are valued at the lower of cost and net realisable value. In respect of raw material, packing material and stores & spares, cost is computed on first in first out basis, as determined on direct cost basis. Finished goods and stock-in-process include cost of inputs, conversion costs and other costs including manufacturing overheads incurred in bringing them to their present location and condition. Obsolete, defective and unserviceable stocks are provided for, wherever required. The net-realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make sale.

## **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**

The Group assesses, at each reporting date, using external and internal sources, whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous period/s. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The recoverable amount is determined:

- in the case of an individual asset, at the higher of the asset's fair value less cost of sell and value in use; and
- in the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that effects current market assessments of the time value of money and the risks specific to that 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.

An impairment loss for an asset is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss being recognized for the asset in prior year/s.

## **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) 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**

- a) Revenue from sale of goods is recognised when the control of the goods is transferred to the customer, which is generally on the delivery of the goods, the associated costs and the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Group.

It is measured at fair value of the consideration received or receivable, after deduction of sales returns, trade discount, volume rebates and goods and service tax collected on behalf of the government.

- b) Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.
- c) Export incentive such as Duty drawback is recognized on post export basis on the basis of their entitlement rates.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable interest rates.
- e) Insurances claims are recognised to the extent the Holding Company is reasonably certain of their ultimate receipt.
- f) Dividend income on investments is recognized when the right to receive dividend is established.
- g) Other income/revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and it can be reliably measured.

### **2.11 Government Grants / Subsidy**

Government grants are recognized when it is reasonably certain that the ultimate collection will be made. Government grants of capital nature are credited to capital reserve. Other government grants of revenue nature including subsidies are credited to specific expense head in the Statement of Profit and Loss.

### **2.12 Employee Benefits**

#### **In the case of Holding Company**

#### **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 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:**

The Company's approved provident fund scheme, employees' state insurance fund scheme and employees' pension scheme are defined contribution plans. The Company has 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

The employees' gratuity fund scheme and the employees leave encashment / employees long term compensated absences are the Company's defined benefit plans. The present value of the obligation under defined benefit plans of gratuity and leave encashment is determined based on the actuarial valuation on projected unit credit method as at the balance sheet date. Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods. Liability towards Gratuity is funded through a separate Gratuity Trust. The short / excess of the Gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ assets as at the year end.

**In the case of foreign Subsidiary (Joyce Foam Pty. Ltd. and its Controlled Entities, and International Foam Technologies SL, Spain and Subsidiaries)**

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 has taken certain assets on Operating Lease. Operating Lease is a contract, which conveys the right to Lessee, to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The **Group** assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the **Group** will extend the term, or a lease period in which it is reasonably certain that the **Group** will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

At commencement, or on the modification, of a contract that contains a lease component, the **Group** allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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

The right-of-use asset is amortised / depreciated using straight-line / written down value method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the **Group** by the end of the lease term or if the **Group** expects to exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the **Group's** other property, plant and equipment. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the **Group's** incremental borrowing rate on the inception date for a loan with similar terms to the lease. The incremental borrowing rate is estimated by obtaining interest rates from various external financing sources.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the **Group's** estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a

revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with Ind AS 116, the **Group** does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases i.e. leases with a lease term of 12 months or less and containing no purchase options. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term

#### **Group as a lessor**

Leases in which the **Group** does not transfer substantially all the risks and rewards of ownership of an asset are classified as Operating Leases. Rental income from Operating Lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an Operating Lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as Finance Leases when substantially all of the risks and rewards of ownership are transferred from the **Group** to the lessee. Amounts due from lessees under Finance Leases are recorded as receivables at the **Group's** net investment in the leases. Finance Lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **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 at 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.

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.

Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

### **2.15 Employee Stock Option Scheme**

The Holding Company follows the intrinsic method for computing the compensation cost, for options granted under the **employee stock option** scheme. The difference if any, between the fair/market value and the grant price, being the compensation cost is recognized as Deferred Stock Option Expense and is charged to the Statement of Profit and Loss on straight line basis over the vesting period of option.

### **2.16 Taxation**

Tax expense for the year comprises of Current Tax and Deferred Tax.

#### **a) Current Tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the tax regime inserted by the Taxation Laws (Amendment) Act, 2019 in the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

#### **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, 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**2.17 Dividend Distribution:**

The Holding 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 Holding Company and is declared by the shareholders. A corresponding amount is recognized directly in the Equity.

**2.18 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.

**2.19 Goodwill**

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of business combination over Holding Company's interest in the net fair value of identifiable assets acquired.

**2.20 Transactions within Group**

Transactions including expenses to be shared between the companies within the Group are initially recorded under operational heads by the respective Company, and reduced on actual or proportionate (where those are not directly attributable) basis during consolidation.

**2.21 Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on systematic basis matched to the future economic benefits over useful life of the project.

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Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

NOTE-3 - PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2021)

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2020	Additions during the year	Sales/disposal/ transfers / adjustments during the year	As at 31.03.2021	As at 01.04.2020	For the year	Sales/disposal/ transfers during the year	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
<b>(i) Tangible Assets</b>										
Land - Freehold	1,395.53	461.00	5.88	1,850.65	-	-	-	-	1,850.65	1,395.53
Buildings	22,188.88	1,598.96	(599.29)	24,387.13	4,683.13	1,034.10	(68.42)	5,785.65	18,601.48	17,505.75
Plant & Equipment										
- Freehold	33,531.34	4,645.73	(1,488.92)	39,665.98	13,971.96	2,910.02	(617.28)	17,499.27	22,166.72	19,559.37
- Leasehold	96.37	-	(19.62)	116.00	2.65	8.15	(0.18)	10.98	105.01	93.72
Furniture & Fixtures	1,208.18	43.99	0.01	1,252.16	378.45	154.98	1.10	532.33	719.83	829.73
Vehicles	978.68	81.66	65.42	994.92	416.24	172.35	44.01	544.58	450.34	562.44
Office equipment	1,963.13	142.78	8.57	2,097.34	765.71	320.53	4.18	1,082.06	1,015.27	1,197.42
Electrical fittings	1,263.60	120.64	12.90	1,371.34	363.47	135.88	6.14	493.21	878.13	900.13
<b>Total</b>	<b>62,625.71</b>	<b>7,094.76</b>	<b>(2,015.05)</b>	<b>71,735.52</b>	<b>20,581.62</b>	<b>4,736.01</b>	<b>(630.45)</b>	<b>25,948.09</b>	<b>45,787.44</b>	<b>42,044.10</b>
<b>(ii) Capital Work-in-progress</b> (refer note 3.2)	1,797.32	928.53	2,259.41	466.44	-	-	-	-	466.44	1,797.32
<b>(iii) Goodwill</b>	25,459.00	-	(847.68)	26,306.68	-	-	-	-	26,306.68	25,459.00
<b>(iv) Other Intangible Assets</b>	283.30	-	(9.69)	292.99	281.86	1.46	(9.67)	292.99	-	1.44
<b>Total (i+ii+iii+iv)</b>	<b>90,165.34</b>	<b>8,023.29</b>	<b>(613.00)</b>	<b>98,801.63</b>	<b>20,863.48</b>	<b>4,737.49</b>	<b>(640.11)</b>	<b>26,241.08</b>	<b>72,560.55</b>	<b>69,301.86</b>

PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2020)

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2019	Additions due to Business Combination during the year	Additions during the year	Sales/disposal/ transfers / adjustments during the year	As at 31.03.2020	As at 01.04.2019	Additions due to Business Combination during the year	For the year	Sales/disposal/ transfers during the year	As at 31.03.2020	As at 31.03.2019
<b>(i) Tangible Assets</b>											
Land - Freehold	1,258.66	137.23	-	0.36	1,395.53	-	-	-	-	-	1,395.53
Buildings	14,630.92	6,636.95	613.65	(307.37)	22,188.88	2,667.50	943.93	1,022.33	(49.36)	4,683.13	17,505.75
Plant & Equipment											
- Freehold	22,459.84	8,685.71	2,257.04	(128.74)	33,531.34	5,951.01	5,212.95	2,603.65	(204.34)	13,971.96	19,559.37
- Leasehold	-	-	96.37	-	96.37	-	-	2.65	-	2.65	93.72
Furniture & Fixtures	803.79	36.51	366.66	(1.22)	1,208.18	219.92	11.64	146.74	(0.15)	378.45	829.73
Vehicles	750.47	-	243.11	14.90	978.68	273.50	-	153.53	10.79	416.24	562.44
Office equipment	1,341.73	109.89	531.46	19.95	1,963.13	435.73	88.40	254.98	13.39	765.71	1,197.42
Electrical fittings	876.29	-	395.61	8.30	1,263.60	278.50	-	88.49	3.52	363.47	900.13
<b>Total</b>	<b>42,121.71</b>	<b>15,606.28</b>	<b>4,503.90</b>	<b>(393.82)</b>	<b>62,625.71</b>	<b>9,826.16</b>	<b>6,256.93</b>	<b>4,272.38</b>	<b>(226.14)</b>	<b>20,581.62</b>	<b>42,044.10</b>
<b>(ii) Capital Work-in-progress</b> (refer note 3.2)	73.94	95.31	2,233.10	605.03	1,797.32	-	-	-	-	-	1,797.32
<b>(iii) Goodwill</b>	818.56	23,063.59	306.35	(1,270.50)	25,459.00	-	-	-	-	25,459.00	818.56
<b>(iv) Other Intangible Assets</b>	-	265.16	-	(18.14)	283.30	-	261.84	2.05	(17.98)	281.86	1.44
<b>Total (i+ii+iii+iv)</b>	<b>43,014.21</b>	<b>39,030.34</b>	<b>7,043.34</b>	<b>(1,077.44)</b>	<b>90,165.34</b>	<b>9,826.16</b>	<b>6,518.77</b>	<b>4,274.44</b>	<b>(244.12)</b>	<b>20,863.48</b>	<b>69,301.86</b>

3.1 Refer 'Para - 2.3' of Significant Accounting Policies' for depreciation on property, plant and equipment.

3.2 Capital Work-in-progress represents assets under construction/installation at various sites/plants and includes under noted pre-operative expenditures pending allocation on commencement of commercial production.

Nature of Expense	Opening as on 01.04.2020	Additions during the year	Capitalisation/ adjustment during 2020-21	Closing as on 31.03.2021	Opening as on 01.04.2019	Additions during the year	Capitalisation/ adjustment during 2019-20	Closing as on 31.03.2020
Travelling expenses	9.78	-	9.78	-	4.26	9.86	4.34	9.78
Legal & Professional charges	-	-	-	-	22.49	-	22.49	-
Testing charges	-	-	-	-	1.79	-	1.79	-
Others	-	0.30	-	0.30	-	-	-	-
<b>Total</b>	<b>9.78</b>	<b>0.30</b>	<b>9.78</b>	<b>0.30</b>	<b>28.56</b>	<b>9.86</b>	<b>28.63</b>	<b>9.78</b>

Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

NOTE-4 - RIGHT OF USE ASSETS (As at 31st March, 2021)

Description	GROSS BLOC					DEPRECIATION				NET BLOC	
	As at 01.04.2020	Adjustment on Modification	Additions during the year	Sales disposal adjustments during the year	As at 31.03.2021	As at 01.04.2020	For the year	Sales disposal adjustments during the year	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Land (refer note 4.2)	2,379.00	-	-	-	2,379.00	92.51	24.95	-	117.46	2,261.54	2,286.49
Buildings	10,739.26	-	3,395.55	(371.28)	14,506.09	1,478.58	2,190.93	1,235.49	2,434.02	12,072.07	9,260.67
Plant & Equipment	144.72	-	-	(29.47)	174.19	26.13	35.96	(8.64)	70.74	103.45	118.59
<b>Total</b>	<b>13,262.98</b>	<b>-</b>	<b>3,395.55</b>	<b>(400.75)</b>	<b>17,059.28</b>	<b>1,597.23</b>	<b>2,251.84</b>	<b>1,226.85</b>	<b>2,622.22</b>	<b>14,437.06</b>	<b>11,665.75</b>

NOTE-4 - RIGHT OF USE ASSETS (As at 31st March, 2020)

(Rs. in Lakhs)

Description	GROSS BLOC					DEPRECIATION				NET BLOC	
	As at 01.04.2019	Adjustment on adoption of Ind AS 116	Additions during the year	Sales disposal adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the year	Sales disposal adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Land (refer note 4.2)	-	1,867.27	511.73	-	2,379.00	68.96	23.55	-	92.51	2,286.49	1,665.64
Buildings	-	3,680.51	7,267.68	208.94	10,739.26	-	1,523.70	45.12	1,478.58	9,260.67	-
Plant & Equipment	-	76.44	72.76	4.48	144.72	-	26.95	0.81	26.13	118.59	-
<b>Total</b>	<b>-</b>	<b>5,624.23</b>	<b>7,852.17</b>	<b>213.42</b>	<b>13,262.98</b>	<b>68.96</b>	<b>1,574.20</b>	<b>45.93</b>	<b>1,597.23</b>	<b>11,665.75</b>	<b>1,665.64</b>

4.1 Refer Para- 2.4 of Significant Accounting Policies for depreciation and measurement of right of use assets.

4.2 The leasehold land has been amortised during the year by Rs. 24.95 lakhs (Previous year : Rs. 23.55 lakhs) as per the accounting policy.

NOTE-5 - INVESTMENT PROPERTY (As at 31st March, 2021)

(Rs. in Lakhs)

Description	GROSS BLOC				DEPRECIATION				NET BLOC		
	As at 01.04.2020	Addition during the year	Transfer during the year	Sales disposal adjustments during the year	As at 31.03.2021	As at 01.04.2020	Transfer during the year	For the year	Sales disposal adjustments during the year	As at 31.03.2021	As at 31.03.2021
<b>(i) Tangible Assets</b>											
Land											
- Freehold	-	10.90	-	10.90	-	-	-	-	-	10.90	-
- Leasehold (refer note 5.2)	68.47	-	-	68.47	3.64	-	0.91	-	4.55	63.92	64.83
Buildings	6,005.92	48.34	-	6,054.26	166.28	18.01	296.50	-	480.79	5,573.47	5,839.64
<b>Total</b>	<b>6,074.39</b>	<b>59.24</b>	<b>-</b>	<b>6,133.63</b>	<b>169.92</b>	<b>18.01</b>	<b>297.41</b>	<b>-</b>	<b>485.35</b>	<b>5,648.29</b>	<b>5,904.48</b>

NOTE-5 - INVESTMENT PROPERTY (As at 31st March, 2020)

(Rs. in Lakhs)

Description	GROSS BLOC				DEPRECIATION				NET BLOC		
	As at 01.04.2019	Addition during the year	Transfer during the year	Sales disposal adjustments during the year	As at 31.03.2020	As at 01.04.2019	Transfer during the year	For the year	Sales disposal adjustments during the year	As at 31.03.2020	As at 31.03.2019
<b>(i) Tangible Assets</b>											
Land											
- Freehold	-	-	-	-	-	-	-	-	-	-	-
- Leasehold (refer note 5.2)	68.47	-	-	68.47	2.73	-	0.91	-	3.64	64.83	65.74
Buildings	1,137.78	4,868.15	-	6,005.92	111.40	-	54.88	-	166.28	5,839.64	1,026.38
Capital Investment	5,296.06	1,238.43	-	6,534.49	-	-	-	-	-	-	5,296.06
<b>Total</b>	<b>6,502.30</b>	<b>6,106.59</b>	<b>-</b>	<b>6,534.49</b>	<b>114.14</b>	<b>-</b>	<b>55.79</b>	<b>-</b>	<b>169.92</b>	<b>5,904.48</b>	<b>6,388.18</b>

5.1 Refer Para- 2.4 of Significant Accounting Policies for depreciation and measurement of investment property.

5.2 The leasehold land has been amortised during the year by Rs. 0.91 lakhs (Previous year : Rs. 0.91 lakhs) as per the accounting policy in terms of the Ind AS-40 on Investment Property.

5.3

Particulars	(Rs. in Lakhs)	
	As at 31.03.2021	As at 31.03.2020
Rental Income derived from investment property	188.86	152.71
Profit arising from investment property before depreciation	188.86	152.71
Less: Depreciation for the year	297.41	55.79
<b>Net (Loss) Profit arising from investment property</b>	<b>(108.55)</b>	<b>96.92</b>

5.4 The Group has obtained independent valuation for its investment property for Rs. 8,297 lakhs as at March 31, 2021 and has 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 utility or both. The valuation by the valuer assumes that the Group shall continue to operate and run the assets to have economic utility. The fair value is on an as is here basis.

5.5 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.

5.6 The investment properties are leasehold properties and realisability of the same is subject to the terms and conditions under the respective lease agreements.

**Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021**

(Rs. In Lakhs)

**NOTE-6 NON CURRENT FINANCIAL INVESTMENTS**
**In Bonds & Debentures - fully paid up**
**(a) Carried at amortised cost - Unquoted**

- IDBI Investment Deposit Account Scheme, 1986

As at 31st March, 2021		As at 31st March, 2020	
Nos.	Amount	Nos.	Amount
-	0.35	-	0.35
<b>Total (a)</b>			<b>0.35</b>

**(b) Carried at fair value through profit and loss - Quoted**

- Ecap Equities Limited - Index Linked Non-convertible Debentures of Rs. 1,00,000/- each

-	-	1,000	1,182.97
<b>Total (b)</b>			<b>1,182.97</b>

**(c) Carried at fair value through other comprehensive income - Unquoted**

9.15% PNB Perpetual Bonds Call 13.02.2025

350	3,542.69	-	-
50	505.06	-	-
400	3,942.80	-	-
500	5,155.13	-	-
400	3,892.45	-	-
113	1,120.15	-	-
73	731.50	-	-
25	2,442.33	-	-
190	1,873.40	-	-
250	2,498.96	-	-
470	4,655.18	-	-
<b>30,359.64</b>			<b>-</b>

7.74% SBI Perpetual Bonds Call 09.09.2025

8.44% Indian Bank Perpetual Bonds Call 08.12.2025

8.73% Union Bank Of India Perpetual Bonds Call 15.12.2025

8.50% Canara Bank Non-Convertible Perpetual Bonds Call 31.12.2025

9.50% Indusind Bank Limited Non-Convertible Bonds Call 18.04.2022

10.50% Indusind Bank Limited Non-Convertible Bonds Call 28.03.2024

8.64% Union Bank Of India Perpetual Bonds Call 11.01.2026

8.15% Bank Of Baroda Perpetual Bonds Tier-I Call 13.01.2026

8.15% Bank Of Baroda Perpetual Bonds Tier-I Call 28.01.2026

9.04% Bank Of India Perpetual Bonds Call 28.01.2026

**Total Investments (a) + (b) + (c)**

<b>30,359.99</b>		<b>1,183.32</b>
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Aggregate amount of Quoted Investments

-	1,182.97
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Market value of Quoted Investments

-	1,182.97
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Aggregate amount of Unquoted investment

30,359.99	0.35
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Aggregate amount of impairment in value of investments

Nil	Nil
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(Rs. In Lakhs)

**NOTE-7 LOANS**

(Unsecured, considered good)

As at 31st March, 2021		As at 31st March, 2020	
Loans to employees	15.91		14.04
Security deposits	258.61		244.25
<b>TOTAL</b>	<b>274.52</b>		<b>258.29</b>

(Rs. In Lakhs)

**NOTE-8 OTHER NON-CURRENT FINANCIAL ASSETS**

(Unsecured, considered good)

As at 31st March, 2021		As at 31st March, 2020	
Deposits with Banks:			
- held as margin money	1.34		1.34
- others	257.70		210.13
Interest accrued but not due on deposits with Banks	1.04		1.44
<b>TOTAL</b>	<b>260.08</b>		<b>212.91</b>

(Rs. In Lakhs)

**NOTE-9 NON-CURRENT TAX ASSETS (NET)**

Advance income tax (Net of provisions)

As at 31st March, 2021		As at 31st March, 2020	
	-		40.83
	-		<b>40.83</b>

(Rs. In Lakhs)

**NOTE-10 OTHER NON CURRENT ASSETS**

(Unsecured, considered good)

As at 31st March, 2021		As at 31st March, 2020	
Capital advances	225.12		94.94
Prepaid rent	39.26		39.27
<b>TOTAL</b>	<b>264.38</b>		<b>134.21</b>

Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

(Rs. In Lakhs)

NOTE-11 INVENTORIES

(Valued at lower of Cost and Net Realisable Value, unless stated otherwise, refer note 2.6 for the Accounting Policy)

	As at 31st March, 2021		As at 31st March, 2020	
Raw Materials	16,296.05		9,520.31	
- in Transit	4,090.40	20,386.45	2,741.12	12,261.43
Stock-in-process		6,221.21		4,612.86
Finished Goods		3,017.25		3,453.05
Stock-in-trade		138.23		710.34
Packing Material	633.94		572.55	
- in Transit	14.30	648.24	0.97	573.52
Stores and Spares	983.05		906.06	
- in Transit	136.30	1,119.35	168.58	1,074.64
<b>TOTAL</b>		<b>31,530.73</b>		<b>22,685.84</b>

(Rs. In Lakhs)

NOTE-12 CURRENT INVESTMENTS

**In Bonds & Debentures - fully paid up-Quoted**

(a) Carried at fair value through profit and loss- Quoted

	As at 31st March, 2021		As at 31st March, 2020	
	Nos.	Amount	Nos.	Amount
- Edelweises Finance Pvt Ltd - Index Linked Non-convertible Debentures of Rs. 1,00,000/- each	-	-	1,500	1,937.24
- Tata Capital Financial Services Ltd - Non-convertible Debentures of Rs. 10,00,000/- each	-	-	200	2,201.40
- Ecap Equities Limited- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each	1,000	1,308.06	-	-
<b>Total (a)</b>		<b>1,308.06</b>		<b>4,138.64</b>

(b) Carried at fair value through other comprehensive income - Unquoted

9.50% Indusind Bank Limited Non-Convertible Bonds Call 22.03.2022	323	3,212.45	-	-
		<b>3,212.45</b>		<b>-</b>

**In Mutual Funds - fully paid up - Quoted**

(c) Carried at fair value through profit and loss

- ICICI Prudential Floating Interest Fund- Direct Growth	73,478	252.95	-	-
- ICICI Prudential Medium Term Bond Fund- Direct Growth	5,71,346	207.04	-	-
- HDFC Medium Term Debt Fund- Direct Growth	2,85,836	130.53	-	-
- L&T Resurgent India Bond Fund- Direct Growth	74,65,987	1,244.95	-	-
- AXIS Banking & PSU Debt Fund- Direct Growth	30,350	636.68	-	-
- IDFC Banking & PSU Debt Fund- Direct Growth	53,78,239	1,050.93	-	-
- L&T Banking & PSU Debt Fund- Direct Growth	49,37,958	993.12	-	-
- Nippon India Banking & PSU Debt Fund- Direct Growth	64,61,186	1,061.00	-	-
- DSP Floater Fund- Direct Growth	49,99,750	502.62	-	-
- Aditya Birla Sun Life Saving Fund - Growth - Direct Plan	1,47,312	100.83	-	-
- UTI Corporate Bond Fund-Direct Growth	-	-	2,51,79,567	2,976.00
- L&T Triple Ace Bond Fund-Direct Growth	-	-	65,22,882	3,604.98
- HDFC Liquid Fund-Direct Growth	-	-	25,677	1,003.09
- HDFC Corporate Bond Fund-Direct Growth	-	-	1,30,80,873	3,019.54
- IDFC Arbitrage Fund-Direct Growth	-	-	29,62,635	762.31
- DSP Corporate Bond Fund-Direct Growth	-	-	1,70,03,331	2,012.12
- ICICI Prudential Corporate Bond Fund-Direct Growth	-	-	1,98,74,764	4,275.08
- Aditya Birla Sun Life Income Fund- Direct Growth	-	-	1,77,276	168.33
<b>Total (c)</b>		<b>6,180.65</b>		<b>17,821.45</b>

**Total Investments (a) + (b) + (c)**

		<b>10,701.16</b>		<b>21,960.09</b>
Aggregate amount of Quoted Investments		7,488.71		21,960.09
Aggregate Market value of Quoted Investments		7,488.71		21,960.09
Aggregate amount of Unquoted investment		3,212.45		-
Aggregate amount of impairment in value of investment		Nil		Nil



**Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021**

(Rs. In Lakhs)

**NOTE-13 TRADE RECEIVABLES**

	As at 31st March, 2021		As at 31st March, 2020	
Unsecured, considered good		30,215.33		21,577.35
Unsecured, considered doubtful	1,557.95		1,289.20	
Less: Allowance for doubtful receivables	(1,557.95)	-	(1,289.20)	-
<b>TOTAL</b>		<b>30,215.33</b>		<b>21,577.35</b>

13.1 Refer Note 40.13 For information about credit and market risk of trade receivables.

13.2 Trade receivables are usually non-interest bearing and on the trade terms of 60 days.

(Rs. In Lakhs)

**NOTE-14 CASH AND CASH EQUIVALENTS**

	As at 31st March, 2021		As at 31st March, 2020	
Balances with Banks - Current Accounts		3,319.14		2,396.74
Cash on hand		17.17		13.97
Deposits with Banks with original maturity of less than 3 months	2,400.00	5,736.31	2,000.00	4,410.71
<b>TOTAL</b>		<b>5,736.31</b>		<b>4,410.71</b>

14.1 There are no restriction with regard to cash and cash equivalents at the end of reporting period and prior period.

(Rs. In Lakhs)

**NOTE-15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

	As at 31st March, 2021		As at 31st March, 2020	
Deposits with Banks:				
- held as margin money (refer note 15.1)		47.63		25.65
- having original maturity of more than 3 months but less than 12 months	26.15	73.78	25.28	50.93
<b>TOTAL</b>		<b>73.78</b>		<b>50.93</b>

15.1 Under lien with banks as security for guarantee facility.

(Rs. In Lakhs)

**NOTE-16 LOANS**

(Unsecured, considered good)

	As at 31st March, 2021		As at 31st March, 2020	
Loans to employees		55.24		61.25
Inter-corporate deposits		500.00		500.00
<b>TOTAL</b>		<b>555.24</b>		<b>561.25</b>

(Rs. In Lakhs)

**NOTE-17 OTHER CURRENT FINANCIAL ASSETS**

(Unsecured, considered good)

	As at 31st March, 2021		As at 31st March, 2020	
Interest accrued but not due on deposits with banks, bonds and debentures		692.79		8.36
Insurance claim receivable		-		13.74
Discounts receivable	650.43			531.54
Derivative financial asset		-		0.53
<b>TOTAL</b>		<b>1,343.22</b>		<b>554.17</b>

(Rs. In Lakhs)

**NOTE-18 OTHER CURRENT ASSETS**

(Unsecured, considered good)

	As at 31st March, 2021		As at 31st March, 2020	
Advance to contractors/suppliers		1,885.55		1,261.10
Balances with Statutory/Government authorities:				
- Excise & Custom	2.85		14.61	
- GST	23.27		87.51	
- VAT/Sales Tax	478.95	505.07	492.21	594.33
Prepaid expenses		427.85		403.19
GST refund receivable (refer note 18.1)		550.33		1,388.23
Lease equalisation asset		62.73		53.36
Income tax refund		15.33		18.71
Other loans & advances (refer note 18.2)		177.71		167.51
<b>TOTAL</b>		<b>3,624.57</b>		<b>3,886.43</b>

18.1 Amount of GST paid by the unit of Holding Company located in exempted zone, due for refund under the Government Budgetary Support Scheme.

18.2 Others loans & advances comprise of advances to staff for expenses and advances to other parties etc.

## Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

(Rs. in Lakhs)

### NOTE-19 EQUITY SHARE CAPITAL

#### Authorised:

Equity Shares of Rs. 5/- each

As at 31st March, 2021		As at 31st March, 2020	
No.	Amount	No.	Amount
8,80,21,000	4,401.05	8,80,21,000	4,401.05

#### Issued, Subscribed and Fully Paid up:

Equity Shares of Rs. 5/- each

4,87,82,808	2,439.14	4,87,82,808	2,439.14
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#### 19.1 Right, Preferences and Restrictions attached to Shares:

The Holding Company has one class of equity shares having a par value of Rs. 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 group in proportion of their shareholding.

#### 19.2 Reconciliation of the number of shares outstanding:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
At the beginning of the year	4,87,82,808	2,439.14	4,87,82,808	2,439.14
At the end of the year	4,87,82,808	2,439.14	4,87,82,808	2,439.14

#### 19.3 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31st March, 2021 / 31st March, 2020.

- During the year 2016-17, 1,62,60,936 fully paid up equity shares of Rs. 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of

#### 19.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
Sh. Rahul Gautam	62,09,485	12.73	62,09,485	12.73
Smt. Namita Gautam	57,15,879	11.72	57,15,879	11.72
Sh. Tushaar Gautam	1,70,86,314	35.03	1,80,86,314	37.08
Rangoli Resorts Private Limited	65,63,391	13.45	65,63,391	13.45
SBI Magnum Midcap Fund	43,56,390	8.93	46,81,747	9.60
DSP Midcap Fund	28,55,425	5.85	-	-
Kotak Emerging Equity Scheme	27,73,731	5.69	-	-

#### 19.5 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (Refer Note 40.3)

Equity Shares of Rs.5/- each	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares		No. of Shares	
		24,00,000		24,00,000

## Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

(Rs. In Lakhs)

NOTE-20 OTHER EQUITY	As at 31st March, 2021		As at 31st March, 2020	
<b>Capital Reserve</b>				
As per last account	1,402.97		1,268.19	
Addition on Investment in Subsidiary	-		0.27	
Add: Foreign Exchange gain on Reserve	961.62	2,364.59	134.51	1,402.97
<b>General Reserve</b>				
As per last account		1,716.27		1,716.27
<b>Foreign Currency Translation reserve</b>				
As per last account	(40.95)		(167.46)	
Add: Exchange gain on property, plant and equipment and goodwill (net)	4,035.46		1,405.04	
	3,994.51		1,237.58	
Less : Exchange (loss) on others	(2,444.94)	1,549.57	(1,278.53)	(40.95)
<b>Retained Earnings</b>				
As per last account	87,128.99		67,993.05	
Less: Adjustment on adoption of Ind AS 116 (net of tax)	-		(206.81)	
Add: Other adjustments	0.08		-	
Less: Dividend paid to Non-controlling Interest	(190.66)		-	
Add : Profit for the year	23,772.07	1,10,710.48	19,342.75	87,128.99
<b>Capital Subsidy</b>				
Received during the year		56.98		-
<b>Other comprehensive loss</b>				
As per last account	(672.16)		(238.89)	
Add: Income/(loss) during the year (net of tax)	264.17	(407.99)	(433.27)	(672.16)
<b>TOTAL</b>		<b>1,15,989.90</b>		<b>89,535.12</b>

### 20.1 Nature and purpose of reserves

- (a) **Capital Reserve:** During amalgamation of the subsidiaries, the excess of net assets taken, over the cost of consideration paid was treated as capital reserve.
- (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. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- (c) **Foreign Currency Translation Reserve:** The reserve created from changes (gain/loss) on translation of the financial statements of foreign subsidiary in the presentation currency of the Holding Company.

### NOTE-21 BORROWINGS

(Rs. In Lakhs)

	Note No.	As at 31st March, 2021		As at 31st March, 2020	
		Non Current	Current	Non Current	Current
<b>(i) Secured</b>					
Term loans from Banks	21.1	13,148.51	1,197.97	15,453.90	1,388.06
		13,148.51	1,197.97	15,453.90	1,388.06
<b>(ii) Unsecured</b>					
Loan from financial credit institutions	21.2	114.97	295.77	259.25	478.06
		114.97	295.77	259.25	478.06
<b>TOTAL</b>		<b>13,263.48</b>	<b>1,493.74</b>	<b>15,713.15</b>	<b>1,866.12</b>
Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-27)		-	1,493.74	-	1,866.12
<b>Net amount</b>		<b>13,263.48</b>	<b>-</b>	<b>15,713.15</b>	<b>-</b>

### 21.1 Nature of Security and Terms of Repayment:

#### Foreign Subsidiary (International Foam Technologies Spain S.L.) - Rs. 14,346.48 lakhs

Rs. 14,346.48 lakhs in respect of Term Loan from CITI Bank, Spain 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 installements as per predefined schedule and with first installement started from October, 2020 and last installement due in October, 2025.

21.2 Rs. 410.74 lakhs obtained from various financials credit institutions. There unsecured loans carries interest rates ranging from 0.70 % to 1.50%.

## Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

NOTE-22 OTHER NON-CURRENT FINANCIAL LIABILITIES	(Rs. In Lakhs)	
	As at 31st March, 2021	As at 31st March, 2020
Deposits from dealers and others	7,850.87	6,738.95
Capital Investment Subsidy	25.54	28.37
Unearned Interest Income on Deposits	521.45	548.97
Unearned Rent Income	46.76	56.32
<b>TOTAL</b>	<b>8,444.62</b>	<b>7,372.61</b>

NOTE-23 PROVISIONS	Note No.	(Rs. In Lakhs)	
		As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits:	40.4		
- Gratuity		22.99	-
- Leave encashment		428.00	758.61
Warranty Claims	28.1	195.24	100.77
		<b>646.23</b>	<b>859.38</b>

NOTE-24 INCOME TAXES	(Rs. In Lakhs)	
	As at 31st March, 2021	As at 31st March, 2020
<b>A. Tax expense in the statement of profit and loss comprises:</b>		
<b>Income tax</b>		
- Current income tax charge	40.19	8,460.28
- Earlier year's tax reversal		(42.32)
<b>Deferred tax</b>		
- Relating to origination and reversal of temporary differences	40.19	(48.58)
<b>Total tax expense reported in the statement of profit or loss</b>		<b>6,208.18</b>
<b>B. Statement of other comprehensive income (OCI)</b>		
Remeasurement gain/losses on defined benefit plans		63.66
Fair value gain on investments (net)		25.18
<b>Income tax related to items recognised in OCI during the year</b>		<b>(145.72)</b>
<b>C. Reconciliation of tax liability on book profit vis-à-vis actual tax liability</b>		
Accounting Profit before income tax		32,384.52
Applicable Tax Rate		25.17%
<b>Computed Tax Expense</b>		<b>8,150.54</b>
<b>Tax related adjustments</b>		
Difference in Tax Rate		(53.88)
Income not considered for tax purpose		(237.04)
Expenses not considered for tax purpose		593.45
Tax adjusted for earlier years		(42.32)
Additional allowances for tax purpose		(41.35)
<b>Income tax expense charged to the statement of profit or loss</b>		<b>8,369.38</b>
<b>Effective tax rate</b>		<b>25.84%</b>

## Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

(Rs. In Lakhs)

### D. Deferred Tax Liability comprises:

#### Deferred Tax Liability:

	As at 31st March, 2021	As at 31st March, 2020
- Depreciation	806.54	436.75
- Fair value gain (loss) on investments	69.32	75.70
- Right of use assets	46.13	65.63
- Registered patents Pending imputation	126.19	116.52
- Addition on Consolidation	772.91	762.76

#### Deferred Tax Assets:

- Disallowance under Section 43	(9.26)	(9.26)
- Provision for employee benefits	(486.17)	(234.87)
- Lease liabilities	(50.13)	(70.97)
- Other adjustments	(387.56)	(50.20)
- Disallowances u/s 35DD	(0.10)	(0.13)

#### Net Deferred Tax Liability

**887.87**

**1,091.93**

includes opening adjustment due to Ind AS 116 and addition on investment in Subsidiary.

(Rs. In Lakhs)

### NOTE-25 BORROWINGS

	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>(i) Secured</b>			
- Working Capital Loans from banks	25.1	1,530.28	477.19
<b>(ii) Unsecured</b>			
- Loan from various credit institutions	25.2	5,657.46	3,029.57
- Bank overdraft		-	2.45
- Loan and advances from a related party:	25.3		
- CEO Director of a Subsidiary		111.40	92.56
<b>TOTAL</b>		<b>7,299.14</b>	<b>3,601.77</b>

#### 25.1 Working Capital Loans from Banks are secured by way of:

##### Foreign Subsidiary (Joyce Foam Pty. Ltd.) - Rs. 1,530.28 lakhs

Loan of Rs. 1,530.28 lakhs from bank of Australia, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. Ltd. and also by way of first charge on plant and equipments of Joyce Foam Pty Ltd. This loan is additionally secured by way of first charge on land and building of Joyce CNS Pty Ltd. The loan is further secured by Corporate guarantee of holding company M/s Sheela Foam Ltd. and additional corporate guarantee of OS Joyce CNS Pty. Ltd. Further, this loan is additionally secured by the personal guarantee of some directors i.e. Mr. Rahul Autam and Mr. Tushaar Autam. This loan carry rate of interest of 425 bps over 6 months S (i.e. 6.37 floating) with quarterly rests, charged on monthly basis.

#### 25.2 Foreign Subsidiary (International Foam Technologies Spain S.L.) - Rs. 5,657.46 lakhs

The Company has taken discounting and foreign trade facilities to meet day to day working capital requirement with interest rate for these facilities ranging from 0.70% to 1.35%.

#### 25.3 Loan and advance from related party is at call and unsecured. The interest charged equates to the lender's cost of borrowing plus a margin that does not exceed the cost charged by the bank.

(Rs. In Lakhs)

### NOTE-26 TRADE PAYABLES

	Note No.	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro enterprises and small enterprises	40.2	1,168.31	330.31
Total outstanding dues of creditors other than micro enterprises and small enterprises		21,796.20	15,014.24
		<b>22,964.51</b>	<b>15,344.55</b>

26.1 The trade payables are unsecured and usually non-interest bearing and are paid within 60-90 days of the recognition.

## Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

(Rs. In Lakhs)

NOTE-27 OTHER CURRENT FINANCIAL LIABILITIES	Note No.	As at 31st March, 2021	As at 31st March, 2020
Current maturities of borrowings	21	1,493.74	1,866.12
Accrued expenses		6,285.00	5,199.92
Creditors for assets		263.54	210.96
Creditors for expense		4,218.54	2,600.82
earned Interest Income		142.85	320.83
earned Rent Income		9.52	9.52
Payable to employees		25.93	130.71
Capital Investment subsidy		2.83	2.73
Employee benefit liabilities - gratuity	40.4	-	402.95
Other payables		144.59	-
<b>TOTAL</b>		<b>12,586.54</b>	<b>10,744.56</b>

27.1 There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as on 31st March, 2021 / 31st March, 2020.

NOTE-28 PROVISIONS	Note No.	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits:	40.4		
- gratuity		1.43	-
- Leave Encashment		1,041.99	757.71
arranty Claims	28.1	426.83	530.54
<b>TOTAL</b>		<b>1,470.25</b>	<b>1,288.25</b>

### 28.1 Warranty Claims:

Provision is recognised for expected warranty claims on mattresses sold, based on past experience of the level of returns in accordance with the Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are based on sales and current information available about returns based on warranty period. The table below gives information about movement in warranty provision:

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	631.31	769.95
Less : Amount utilised during the year	507.81	661.38
	123.50	108.57
Add: Provision made during the year	498.57	522.74
Closing balance	<b>622.07</b>	<b>631.31</b>

NOTE-29 CURRENT TAX LIABILITIES (NET)	As at 31st March, 2020	As at 31st March, 2018
Provision for income tax (Net of advance tax)	453.58	-
<b>TOTAL</b>	<b>453.58</b>	<b>-</b>

NOTE-30 OTHER CURRENT LIABILITIES	As at 31st March, 2021	As at 31st March, 2020
Advance from Customers	5,491.66	4,443.72
Statutory liabilities	1,896.24	1,454.16
<b>TOTAL</b>	<b>7,387.90</b>	<b>5,897.88</b>

**Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021**

		(Rs. In Lakhs)			
<b>NOTE-31 REVENUE FROM OPERATIONS</b>		<b>Year ended</b>		<b>Year ended</b>	
		<b>31st March, 2021</b>		<b>31st March, 2020</b>	
	Sale of products				
	- Finished Goods	31.1.a	2,39,058.11		2,10,942.99
	- Traded Goods	31.1.b	4,317.72	2,43,375.83	5,468.79
					2,16,411.78
	Other operating revenue:				
	- Duty drawback		-		0.08
	- GST Refund	18.1	-		731.32
	- Sale of process scrap		159.92	159.92	220.22
					951.62
	<b>TOTAL</b>		<b>2,43,535.75</b>		<b>2,17,363.40</b>

		(Rs. In Lakhs)			
<b>31.1 Detail of sale of products:</b>		<b>Year ended</b>		<b>Year ended</b>	
		<b>31st March, 2021</b>		<b>31st March, 2020</b>	
	a Finished Goods :				
	- PU Foam sheets/mattresses/rolls/bolster/pillows etc.		2,39,058.11		2,10,942.99
			<b>2,39,058.11</b>		<b>2,10,942.99</b>
	b Traded Goods				
	- Bed Sheets/Comforters/PU Foam/Spring/Coir mattresses etc.		4,317.72		5,468.79
			<b>4,317.72</b>		<b>5,468.79</b>
	<b>TOTAL</b>		<b>2,43,375.83</b>		<b>2,16,411.78</b>

		(Rs. In Lakhs)			
<b>NOTE-32 OTHER INCOME</b>		<b>Year ended</b>		<b>Year ended</b>	
		<b>31st March, 2021</b>		<b>31st March, 2020</b>	
	Interest income :				
	- Bank deposits		21.10		59.74
	- Bonds		1,041.83		11.19
	- Income tax refund		0.12		37.17
	- Inter corporate deposit		48.00		5.78
	- Others		264.84	1,375.89	356.12
					470.00
	IT support services - Domestic		183.47		-
	Rent	32.1	643.42		194.16
	Profit on sale of property, plant & equipment (net)		51.93		266.97
	Liabilities/provisions no longer required written back		19.05		10.73
	Fair value gain on Investments (net)		366.86		659.37
	Profit on sales of investments (net)		1,688.03		1,516.19
	Exchange fluctuation profit (net)		409.59		369.01
	Investment subsidy received		2.83		2.84
	Sale of non-process scrap		378.22		422.16
	Other miscellaneous income		88.47		87.40
	<b>TOTAL</b>		<b>5,207.76</b>		<b>3,998.83</b>

32.1 Includes Rs. 188.86 lakhs (Previous Year : Rs. 152.71 lakhs) on Investment property (refer note 5.3).

		(Rs. In Lakhs)			
<b>NOTE-33 COST OF MATERIALS CONSUMED</b>		<b>Year ended</b>		<b>Year ended</b>	
		<b>31st March, 2021</b>		<b>31st March, 2020</b>	
	<b>Raw material</b>				
	Opening Stock		9,520.31		8,194.79
	Addition on Investment in Subsidiary		-		646.92
	Purchases (less returns)		1,39,256.73		1,04,332.88
			1,48,777.04		1,13,174.59
	Less: Sales /adjustments		2,835.00		2,829.40
	Less : Closing Stock		16,296.05	1,29,645.99	9,520.31
					1,00,824.88
	<b>Packing Material</b>				
	Opening Stock		572.55		478.44
	Purchases (less returns)		7,718.25		8,768.77
			8,290.80		9,247.21
	Less: Sales /adjustments		567.49		689.88
	Less : Closing Stock		633.94	7,089.37	572.55
					7,984.78
	<b>TOTAL</b>		<b>1,36,735.36</b>		<b>1,08,809.66</b>

Notes to the Consolidated Financial Statements for the Year ended 31st March, 2021

NOTE-34 PURCHASES OF STOCK-IN-TRADE	(Rs. In Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
Traded goods - Bed Sheets/Comforters/PU Foam/Spring/Coir mattresses etc.	1,799.48	1,798.33
<b>TOTAL</b>	<b><u>1,799.48</u></b>	<b><u>1,798.33</u></b>

NOTE-35 OTHER MANUFACTURING EXPENSES	(Rs. In Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
Stores consumed	948.87	1,073.99
Power & fuel	1,261.62	1,301.40
Repair and maintenance:		
- Buildings	256.25	305.89
- Plant & machinery	1,645.42	1,460.59
Processing & other charges	1,798.90	2,920.71
<b>TOTAL</b>	<b><u>5,911.06</u></b>	<b><u>7,062.58</u></b>

NOTE-36 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE	(Rs. In Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Inventories at the end of the year</b>		
Finished goods	3,017.25	3,453.05
Stock-in-trade	138.23	710.34
Stock-in-process	<u>6,221.21</u>	<u>4,612.86</u>
	9,376.69	8,776.25
<b>Inventories at the beginning of the year</b>		
Finished goods	3,453.05	1,081.94
Finished Goods on Investment in Subsidiary	-	997.52
Stock-in-trade	710.34	1,742.58
Stock-in-process	<u>4,612.86</u>	<u>4,810.13</u>
	8,776.25	8,632.17
<b>TOTAL</b>	<b><u>(600.44)</u></b>	<b><u>(144.08)</u></b>

NOTE-37 EMPLOYEE BENEFITS EXPENSE	(Rs. In Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, wages, bonus, gratuity, leave encashment, allowances etc.	20,653.10	19,502.49
Contribution to provident, ESI and other funds etc.	1,248.32	913.51
Workmen & staff welfare expenses	1,268.99	1,619.40
<b>TOTAL</b>	<b><u>23,170.41</u></b>	<b><u>22,035.40</u></b>

NOTE-38 FINANCE COSTS	(Rs. In Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest Expense on :		
- Term loans	241.64	159.28
- Working capital loans	43.98	26.21
- Loans from finance credit institutions	48.22	28.89
- Loans from others	7.64	1.60
- Income tax	0.02	1.37
- Security deposits	757.92	692.51
- Lease liabilities	422.88	232.52
- Others	<u>50.52</u>	<u>48.73</u>
	1,572.82	1,191.11
Bank Charges	195.45	108.50
<b>TOTAL</b>	<b><u>1,768.27</u></b>	<b><u>1,299.61</u></b>

NOTE-39 OTHER EXPENSES	(Rs. In Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
Rent	528.42	306.37
Insurance	1,063.98	682.09
Rates & taxes	281.88	183.66
Repair & maintenance others	785.16	922.72
Advertisement expenses	5,221.62	6,940.53
Travelling and conveyance	747.78	1,485.30
Legal and professional	557.58	1,326.57
Payment to Auditors:		
- Audit Fees	94.81	83.11
- Certification work	3.54	3.50
- Reimbursement of expenses	<u>0.75</u>	<u>2.91</u>
	99.10	89.52
Contributions towards CSR	489.55	344.00
Advances/Balances written off	59.67	212.30
Investment written off	1.02	-
Provision for doubtful receivables	258.57	123.07
Bad debts written off	69.88	-
Less: Provision for doubtful receivables	<u>51.19</u>	<u>-</u>
	18.69	-
Selling & promotional expenses (net)	3,111.73	3,724.31
Sales promotion schemes (net)	11,395.82	13,503.31
Freight & cartage (net)	11,301.23	10,148.21
Incentives & Rebates	1,690.60	5,217.31
Property, Plant & Equipment written off (net)	13.26	26.65
Miscellaneous expenses	2,662.46	2,524.09
<b>TOTAL</b>	<b><u>40,288.12</u></b>	<b><u>47,760.01</u></b>



**NOTE - 40 : OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021**

**40.1 Contingent Liabilities and Commitments: -**

(Rs. in Lakhs)					
Sr. No.	Particulars	As at 31st March, 2021		As at 31st March, 2020	
<b>A.</b>	<b>Contingent Liabilities</b>				
i.	<b>Claims against the Group not acknowledged as debts - Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards :</b> (refer 'Note - a' below)				
	- Sales tax	888.28		888.54	
	- Entry tax	165.24		57.72	
	- GST	--		2.29	
	- Income tax	447.57		679.19	
	- Excise Duty	<u>380.46</u>	1,881.55	<u>236.31</u>	1,864.05
ii.	Guarantees given by the Bankers on behalf of the Company to third parties		43.04		24.86
iii.	Others - for which the Holding Company is contingently liable		75.00		75.00
<b>B.</b>	<b>Commitments</b>				
i.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)		3,454.69		3,582.96
	<b>TOTAL</b>		<b>5,454.28</b>		<b>5,546.87</b>

(a) 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 Group's financial position and results of operations. The Group 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.

**40.2 Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006 (in respect of the Companies incorporated in India):-**

(Rs. in Lakhs)		
	As at 31st March, 2021	As at 31st March, 2020
i. Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act.		
- Principal	1,168.31	330.31
- Interest	--	--
ii. Amount of interest paid by the Company in terms of Section 16 of the MSMED 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 MSMED Act.	--	--
iv. The amount of interest accrued and remaining unpaid	--	--
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 MSMED Act, 2006	--	--
<b>Total</b>	<b>1,168.31</b>	<b>330.31</b>

The above information regarding dues to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Holding Company and its Indian Subsidiaries. Further, the amount payable to these parties is not overdue hence no interest is required to be provided/accrued as at 31.03.2021/31.03.2020.

### 40.3 Employee Stock Option Scheme

In an earlier year, the shareholders of the Holding Company through special resolution approved issue of 24,00,000 options exercisable into 24,00,000 equity shares under the scheme titled "Sheela Foam Employees Stock Options Scheme 2016 ("ESOS 2016")" which provides for granting options to employees of the Holding Company and its subsidiaries who meet the eligibility criteria under the scheme. The vesting period shall commence after a period of not less than one year from the date of grant of options under the scheme and the maximum vesting period may extend up to five years from the date of grant, unless otherwise decided by the management. As on date, no options have been granted under ESOS 2016.

### 40.4 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 the Holding Company's eligible employees who render continuous service of 5 years or more.

Leave Encashment : Employees of the Holding Company are entitled to accumulate their earned/privilege leave up to a maximum of 45 days which is payable/ encashable as per the policy on their separation.

#### (b) Long Term Benefit:

Long Service Award : Payable as retention earned leave to eligible employees of the Holding Company, after completion of service of five years, which can be en-cashed or accumulated till retirement. During the year amount of Rs. 121.89 lakhs (Previous Year: Rs. 723.81 lakhs) has been charged to the Statement of Profit and Loss towards the said benefit.

#### (c) Defined Contribution plan:

Holding Company & its one subsidiary employees are covered by Provident Fund and Employees State Insurance Scheme/Fund and National Pension Scheme, to which the companies makes a defined contribution measured as a fixed percentage of salary. During the year, amount of Rs. 642.63 lakhs (Previous Year: Rs. 668.28 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

	Year ended 31st March, 2021 (Rs. in lakhs)	Year ended 31st March, 2020 (Rs. in lakhs)
Employer's contribution towards Provident Fund (PF)	556.00	561.50
Employer's contribution towards Employees State Insurance (ESI)	54.91	63.61
Employer's contribution towards National Pension Scheme (NPS)	31.72	43.17

(d) Other disclosures, as required under Ind AS-19 in respect of Defined Benefit plans (of the Holding Company & its one subsidiary company) which are determined based on actuarial valuation, are as under: -

#### i) Reconciliation of the opening and closing balances of Defined Benefit Obligation :

Particulars	(Rs. in Lakhs)			
	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Present Value of Defined Benefit Obligation at the beginning of year	1,891.61	1,417.99	647.97	392.33
Interest cost	128.25	111.03	43.93	30.72
Current Service Cost	238.98	141.99	95.14	49.97
Benefit Paid	(158.30)	(58.55)	(489.79)	(118.82)

Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(66.04)	223.19	(10.60)	76.90
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	--	(0.93)	--	(0.31)
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	(159.56)	56.89	(0.46)	217.18
<b>Present value of the Defined Benefit Obligation at the end of year</b>	<b>1,874.94</b>	<b>1,891.61</b>	<b>286.19</b>	<b>647.97</b>

ii) Net Defined Benefit recognized in the Statement of Profit and Loss.

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Current Service Cost	238.98	141.99	95.14	49.97
Net Interest cost	27.32	(1.77)	43.93	30.72
<b>Net Defined Benefit recognized in Statement of Profit and Loss</b>	<b>266.30</b>	<b>140.22</b>	<b>139.07</b>	<b>80.69</b>

iii) Recognized in Other Comprehensive Income.

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(66.04)	223.19	(10.60)	76.90
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	(0.93)	--	(0.31)
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	(159.56)	56.89	(0.46)	217.18
Return on Plan Asset (Excluding Interest)	(16.30)	6.07	--	--
<b>Net actuarial (Gain)/Loss</b>	<b>(241.90)</b>	<b>285.22</b>	<b>(11.06)</b>	<b>293.77</b>

iv) Reconciliation of the opening and closing balances of fair value of Plan Assets

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Fair value of Plan Assets at the beginning of year	1,488.67	1,440.58	-	-
Expected return on plan Assets	100.93	112.80	-	-
Employer's Contribution	402.95	--	-	-
Admin Charges	(0.02)	(0.09)	-	-
Remeasurement of the (Gain) /Loss in Other Comprehensive Income	(16.30)	6.07	-	-
Return on Plan Assets excluding interest income	--	-	-	-
Benefits paid	(158.30)	(58.55)	-	-

Fair value of Plan Assets at the end of year	1,850.52	1,488.67	-	-
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v) **Net Defined Benefit Assets / (Liability) recognized in the Balance Sheet**

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Present value of the <b>Defined Benefit Obligation</b> at the end of year	(1,874.94)	(1,891.61)	(286.19)	(647.97)
Fair value of Plan Assets at the end of year	1,850.52	1,488.66	-	-
<b>Net Defined Benefit Assets / (Liability)</b> recognized in the Balance Sheet	(24.42)	(402.95)	(286.19)	(647.97)

vi) **Broad categories of Plan Assets as percentage of total assets**

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Insurer Managed Funds	100%	100%	N.A.	N.A.

vii). **Sensitivity Analysis\***

a) **Impact of the change in the discount rate**

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Present value of the <b>Defined Benefit Obligation</b> at the end of year	1,874.94	1,891.61	286.19	647.97
a) Impact due to increase of 1.00% (Previous year: 1.00%)	(204.26)	(213.81)	(32.99)	(73.68)
b) Impact due to decrease of 1.00% (Previous year: 1.00%)	241.28	253.80	39.47	87.59

b) **Impact of the change in the salary increase**

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Present value of the <b>Defined Benefit Obligation</b> at the end of year	1,874.94	1,891.61	286.19	647.97
a) Impact due to increase of 1.00% (Previous year: 1.00%)	243.96	255.83	39.91	88.29
b) Impact due to decrease of 1.00% (Previous year: 1.00%)	(209.82)	(219.05)	(33.88)	(75.48)

\*Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

\* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

viii. Maturity Profile.

(Rs. in Lakhs)

Year	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
0 to 1 year	65.01	56.70	N. A.	
1 to 2 Year	82.84	67.10		
2 to 3 Year	44.28	56.31		
3 to 4 Year	71.05	72.37		
4 to 5 Year	98.56	141.09		
5 Year onwards	1,513.21	1,498.04		

ix. Expected contribution for the next Annual reporting period

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Service Cost	173.48	185.05	36.01	84.21
Net Interest Cost	7.27	27.32	20.26	43.93
Expected Expense for the next annual reporting period	180.75	212.37	56.07	128.14

x. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Method used	Projected unit credit method			
Discount rate	7.08%	6.78%	7.08%	6.78%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Mortality Rate	IALM (2012-14) (P. Year IALM (2006-08))			
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%			
Rate of return on plan assets	7.08 P.A.	6.78 P.A.	N.A. as there are no plan assets	

40.5 Segment Reporting

a. Primary Segment

Business Segment : The Group has considered business segment as the primary segment for disclosure. The Group is primarily 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 segment reporting.

b. Secondary Segment

Geographical Segment : The analysis of the geographical segment is based on the sales made within India and Outside India by the Group.

(Rs. in Lakhs)

Particulars	For the Year Ended 31st March, 2021		
	Within India	Outside India	Total
Net Sales/Income from Operations	1,68,949.07	74,586.68	2,43,535.75
Total Assets	1,23,467.74	84,117.48	2,07,585.22
Cost incurred during the period to acquire property, plant & equipment	1,764.33	4,710.27	6,474.60

Particulars	For the Year Ended 31st March, 2020		
	Within India	Outside India	Total
Net Sales/Income from Operations	1,75,476.98	41,886.42	2,17,363.40
Total Assets	96,950.77	67,437.65	1,64,388.42
Cost incurred during the period to acquire property, plant & equipment	5,744.39	410.53	6,154.92

#### 40.6 Related Party Disclosures (Ind AS-24):

##### A. List of Related Parties and relationships

###### (a) Entities in which Key Management Personnel or their Relatives have significance influence

- Rangoli Resorts Pvt. Ltd.
- Core Moulding Pvt. Ltd.
- Sleepwell Foundation (Trust)

###### (b) Key Management Personnel (KMP) :

- Mr. Rahul Gautam (Managing Director) \*
  - Mr. Rakesh Chahar (Whole-time Director) \*
  - Mrs. Namita Gautam (Whole-time Director) \*
  - Mr. Tushaar Gautam (Whole-time Director) \*
  - Mr. Frank Van Gogh (CEO & Director) \*\*
  - Mr. Edward John Dodds (Finance Manager) \*\*
  - Mr. Alejandro Juan Palao Serrano (Director & Administrator) \*\*
- \* Also having significant influence through major shareholding.  
\*\* Of Foreign Subsidiary/Step-down Subsidiary

###### (c) Relatives of Key management Personnel:

- Late Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (demise on 08.06.2019)\*
- Mrs. Leanne Dodds (Wife of Finance Manager)

Note: Related party relationship is as identified by the Group and relied upon by the Auditors.

##### B. Transactions with related parties:

Transactions	(Rs. in Lakhs)		
	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
<b>(i) Transactions during the year:</b>			
a. Purchase of Material / Capital Goods	--	--	--
	(3.59)	(--)	(--)
b. Sale of Material/ Capital Goods	0.33	--	--
	(0.77)	(--)	(--)
c. Rent received	--	--	--
	(0.24)	(--)	(--)
d. Interest paid/payable	--	--	--
	(--)	(0.29)	(0.67)
e. Remuneration including Performance Incentives	--	1,038.41	--
	(--)	(932.24)	(--)
f. Reimbursement of expenses	--	--	--
	(--)	(--)	(--)
g. Contributions under CSR	325.00	--	--
	(331.25)	(--)	(--)
h. Repayment of long-term loan and advances	--	--	--
	(--)	(54.92)	(60.11)
	<b>Related Entities</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>
<b>(ii) Closing balance as at 31st March, 2021 / 31st March, 2020:</b>			
a. Loans and Advances payable	--	111.40	--
	(--)	(92.56)	(--)

Note : (Figures in bracket are for the year ended March 31, 2020)

#### 40.7 Leases:

##### a. Group as Lessee

Group has taken various properties on Operating Leases in its normal course of business which contain extension option after the initial contract period. The amounts recognized on account of leases are as under:

##### i. Amount recognized in Statement of Profit and Loss.

(Rs. in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Interest expense on lease liability	422.88	232.52
Amortization of Right-of-use assets	2,251.84	1,574.20

##### ii. Amount recognized in Balance Sheet.

(Rs. in lakhs)

Particulars	As at 1st April, 2020	Addition / (Deletion) during the year	As at 31 <sup>st</sup> March, 2021
Lease liabilities - Non-Current	8,238.51	2,616.56	10,855.07
Lease liabilities - Current	1,594.19	410.98	2,005.17
Right-of-use assets (Gross) (Refer Note 4)	13,262.98	3,796.30	17,059.28

##### iii. Maturity Profile

(Rs. In lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Within 1 year	2,411.02	1,943.54
Within 2 years	2334.98	1,269.11
Within 3 years	1805.13	1,205.70
Within 4 years	1357.67	812.37
Within 5 years	780.92	660.70
Within 6 years and upto 99 years	8,114.48	7,651.83
<b>Total undiscounted lease liabilities</b>	<b>16,804.20</b>	<b>13,543.26</b>
Impact of discounting and other adjustments	3,943.96	3,710.56
<b>Lease liabilities included in the Balance Sheet</b>	<b>12,860.24</b>	<b>9,832.70</b>

##### b. Group as Lessor

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 1 <sup>st</sup> 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 Rs. 153.12 lakhs (Previous year: Rs. 145.99 lakhs).
Residential Flat situated at Greater Noida	The lease agreement was executed w.e.f. 15 <sup>th</sup> 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 Rs. 7.08 lakhs (Previous year: Rs. 6.72 lakhs).
Land & Factory Building situated at Silvassa	The lease agreement was executed w.e.f. 31 <sup>st</sup> 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 Rs. 28.66 lakhs (Previous year: Nil).

#### 40.8 Earnings per Share:

Particulars	(Rs. in Lakhs)	
	Year ended 31st March, 2021	Year ended 31st March, 2020
Net Profit as per Statement of Profit and Loss-(Rs. in Lakhs)	24,015.14	19,428.62
Basic/Diluted weighted average number of equity shares outstanding during the year	4,87,82,808	4,87,82,808
Nominal value of Equity Share (Rs.)	5.00	5.00
Basic/Diluted Earnings per Share (Rs.)	49.23	39.83

#### 40.9 Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Holding Company. 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. The contributions towards CSR was on the activities which are specified in Schedule VII of the Companies Act, 2013. The detail of the amount spent during the period is as under:

(Rs. in Lakhs)				
		Amount spent during the current year ended 31st March, 2021	Amount pending for spending as at 31st March, 2021	Total Amount
-	Gross Amount lying pending for the earlier year as at 01.04.2020			-
-	Gross Amount required to be spent during the year			372..91
-	Amount spent during the year:			
	a. Construction/acquisition of any asset	-	-	-
	b. Contribution to Trusts / NGOs / Societies	489.55	-	489.55

#### 40.10 Financial and Derivative Instruments:

- During the year, there are no Derivative contracts entered by the Company for Hedging Currency (Previous year: Rs. 28.51 lakhs).
- Foreign currency exposures that are not hedged by derivative instruments are given below:

Foreign Currency (FC)	Currency Symbol	As at 31st March, 2021		As at 31st March, 2020	
		FC	INR	FC	INR
<b>Liabilities</b>					
<u>Trade Payables</u>					
United States Dollar	\$	(15.37)	(1,155.46)	(7.71)	(594.36)
Great Britain Pound	£	(0.06)	(6.20)	--	--
Euro	€	(2.47)	(208.94)	(0.51)	(43.39)
Chinese Yuan	¥	--	--	(16.04)	(182.75)
<u>Advance from Customers</u>					
United States Dollar	\$	(1.14)	(85.99)	(0.02)	(1.64)
<b>Assets</b>					
<u>Trade Receivables</u>					
United States Dollar	\$	2.02	150.03	0.76	55.96
<u>Advance to Vendor</u>					
United States Dollar	\$	1.46	104.71	--	--
Euro	€	0.48	39.88	1.78	143.58
Great Britain Pound	£	3.63	356.05	3.64	329.46
<b>Net Liability (in INR)</b>			<b>(805.92)</b>		<b>(293.14)</b>



#### 40.11 Fair Value Measurements

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

(Rs. in Lakhs)

Particulars	Carrying amount/Fair value	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
<b><u>Carrying amounts/fair value:</u></b>		
<b>a) <u>Measured at fair value through profit and loss</u></b>		
<b>Non-current assets</b>		
– Investments	--	1,182.97
<b>Current assets</b>		
– Investments	7,488.71	21,960.09
<b>b) <u>Measured at fair value through other comprehensive income</u></b>		
<b>Non-current assets</b>		
– Investments	30,359.64	--
<b>Current assets</b>		
– Investments	3,212.45	--
<b>c) <u>Measured at amortised cost</u></b>		
<b>Non-current assets</b>		
– Investments	0.35	0.35
– Loans	274.52	258.29
– Other non-current financial assets	260.08	212.91
<b>Current assets</b>		
– Trade receivables	30,215.33	21,577.35
– Cash and cash equivalents	5,736.31	4,410.71
– Bank balances other than cash and cash equivalents	73.78	50.93
– Loans	555.24	561.25
– Other current financial assets	1,343.22	554.17
<b>Total</b>	<b>79,519.63</b>	<b>50,769.02</b>
<b>Financial liabilities</b>		
<b><u>Carrying amounts/fair value:</u></b>		
<b>a) <u>Measured at fair value through profit and loss</u></b>		
Financial Guarantee Contracts	--	--
<b>b) <u>Measured at fair value through other comprehensive income</u></b>	--	--
<b>c) <u>Measured at amortised cost</u></b>		
<b>Non-current liabilities</b>		
– Borrowings	13,263.48	15,713.15
– Lease Liabilities	10,855.07	8,238.51
– Other non-current financial liabilities	8,444.62	7,372.61
<b>Current liabilities</b>		
– Borrowings	7,299.14	3,601.77
– Lease Liabilities	2,005.17	1,594.19
– Trade payables	22,964.51	15,344.55
– Other current financial liabilities	12,586.54	10,744.55
<b>Total</b>	<b>77,418.53</b>	<b>62,609.33</b>

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

1. The 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 Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

#### Fair value hierarchy

The 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:

(Rs. in lakhs)

Particulars	Carrying amount/Fair value					
	As at 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	L-1	L-2	L-3	L-1	L-2	L-3
<b>Financial assets</b>						
<b><u>Carrying amounts/fair value:</u></b>						
<b>a) <u>Measured at fair value through profit and loss</u></b>						
<b>Non-current assets</b>						
- Investments	--	--	--	1,182.97	--	--
<b>Current assets</b>						
- Investments	7,488.71	--	--	21,960.09	--	--
<b>b) <u>Measured at fair value through other comprehensive income</u></b>						
<b>Non-current assets</b>						
- Investments	--	30,359.64	--			
<b>Current assets</b>						
- Investments	--	3,212.45	--			
<b>c) <u>Measured at amortised cost</u></b>						
<b>Non-current assets</b>						
- Investments	--	--	0.35	--	--	0.35
- Loans	--	--	274.52	--	--	258.29
- Other non-current financial assets	--	--	260.08	--	--	212.91
<b>Current assets</b>						
- Trade receivables	--	--	30,215.33	--	--	21,577.35
- Cash and cash equivalents	--	--	5,736.31	--	--	4,410.71
- Bank balances other than cash and cash equivalents	--	--	73.78	--	--	50.93
- Loans	--	--	555.24	--	--	561.25
- Other current financial assets	--	--	1,343.22	--	--	554.17
<b>Total</b>	<b>7,488.71</b>	<b>33,572.09</b>	<b>38,458.83</b>	<b>23,143.06</b>	<b>--</b>	<b>27,625.96</b>

<b>Financial liabilities</b>						
<b>Carrying amounts/fair value:</b>						
a) <b><u>Measured at fair value through profit and loss</u></b>	--	--	--	--	--	--
b) <b><u>Measured at fair value through other comprehensive income</u></b>	--	--	--	--	--	--
c) <b><u>Measured at amortised cost</u></b>						
<b>Non-current liabilities</b>						
- Borrowings	--	--	13,263.48	--	--	15,713.15
- Lease Liabilities	--	--	10,855.07	--	--	8,238.51
- Other non-current financial liabilities	--	--	8,444.62	--	--	7,372.61
<b>Current liabilities</b>						
- Borrowings	--	--	7,299.14	--	--	3,601.77
- Lease Liabilities	--	--	2,005.17	--	--	1,594.19
- Trade payables	--	--	22,964.51	--	--	15,344.55
- Other current financial liabilities	--	--	12,586.54	--	--	10,744.55
<b>Total</b>	--	--	<b>77,418.53</b>	--	--	<b>62,609.33</b>

#### 40.12 Capital Management

Equity share capital and other equity are considered for the purpose of Group's capital management.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

#### 40.13 Financial risk management objectives and policies

The Group's principal financial liabilities, comprise of borrowings, security deposits, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Company 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 borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2021. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2021.

**(i) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future Group's 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 Group's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

**Foreign currency risk sensitivity**

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

Foreign Currency (FC)	Currency Symbol	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
		FC	INR	FC	INR
<b>Liabilities</b>					
<u>Trade Payables</u>					
United States Dollar	\$	(15.37)	(1,155.46)	(7.71)	(594.36)
Great Britain Pound	£	(0.06)	(6.20)	--	--
Euro	€	(2.47)	(208.94)	(0.51)	(43.39)
Chinese Yuan	¥	--	--	(16.04)	(182.75)
<u>Advance from Customers</u>					
United States Dollar	\$	(1.14)	(85.99)	(0.02)	(1.64)
<b>Assets</b>					
<u>Trade Receivables</u>					
United States Dollar	\$	2.02	150.03	0.76	55.96
<u>Advance to Vendor</u>					
United States Dollar	\$	1.46	104.71	--	--
Euro	€	0.48	39.88	1.78	143.58
Great Britain Pound	£	3.63	356.05	3.64	329.46
<b>Net Liability (in INR)</b>			<b>(805.92)</b>		<b>(293.14)</b>

(Rs. in Lakhs)

Impact on profit before tax and equity	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
5% Increase	(-)40.30	(-)14.66
5% Decrease	(+)40.30	(+)14.66

Note: Figures in bracket represents payables

**(ii) Interest Rate Risk**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group policy is to minimize interest rate cash flow risk exposure on long term financing. The group is exposed to changes in market interest rates through bank borrowings at fixed & variable interest rates.

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Fixed Rate borrowing	--	--
Variable Rate borrowing	14,757.22	17,579.27
Total borrowings	14,757.22	17,579.27
<b>Impact on profit before tax and equity</b>		
<b>Interest sensitivity</b>		
Interest Rate -Increase by 100 basis points	(+)147.57	(+)175.79
Interest Rate -decrease by 100 basis points	(-)147.57	(-)175.79

### 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.

#### i) Trade Receivables

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

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

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

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made in bank deposits, bonds, 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 31<sup>st</sup> March, 2020 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Non-current assets</b>		
- Investments	30,359.99	1,183.32
- Loans	274.52	258.29
- Other non-current financial assets	260.08	212.91
<b>Current assets</b>		
- Investments	10,701.17	21,960.09
- Trade receivables	30,215.33	21,577.35
- Cash and cash equivalents	5,736.31	4,410.71
- Bank balances other than cash and cash equivalents	73.78	50.93
- Loans	555.24	561.25
- Other current financial assets	1,343.22	554.17
<b>Total</b>	<b>79,519.64</b>	<b>50,769.02</b>

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 Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

### Maturity profile of financial liabilities

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

Particulars	Carrying Value	Less than 1 year	More than 1 Year
<b>As at 31<sup>st</sup> March, 2021</b>			
Borrowings	22,056.36	7,299.14	14,757.22
Lease Liabilities	12,860.24	2,005.17	10,855.07
Trade payables	22,964.51	22,964.51	--
Other non-current financial liabilities	8,444.62	--	8,444.62
Other current financial liabilities	12,586.54	12,586.54	-
<b>Total</b>	<b>69,798.87</b>	<b>44,855.36</b>	<b>34,056.91</b>

Particulars	Carrying Value	Less than 1 year	More than 1 Year
<b>As at 31<sup>st</sup> March, 2020</b>			
Borrowings	21,181.05	5467.89	15,713.16
Lease Liabilities	9832.70	1594.19	8238.51
Trade payables	15,344.55	15,344.55	--
Other non-current financial liabilities	7,372.61	--	7,372.61
Other current financial liabilities	8878.43	8878.43	-
<b>Total</b>	<b>62,609.34</b>	<b>31,285.06</b>	<b>31,324.28</b>

#### 40.14 Salient Features of financials of Subsidiaries as per the Companies

(Rs. in Lakhs)

Particulars	Subsidiaries					
	Joyce Foam Pty. Ltd. And Controlled Entities (Foreign Subsidiary) (Note - c below)	International Foam Technologies SL, Spain and subsidiaries (Foreign Subsidiary) (Note - b and c below)	Sleep X US INC (Foreign Subsidiary) (Note - a below)	Divya Software Solutions Private Limited (Indian Subsidiary)	Sleepwell Enterprises Private Limited (Indian Subsidiary)	Staquo World Private Limited (Indian Subsidiary)
Reporting period of 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 in case of foreign subsidiaries	AUD	EURO	USD	N.A.	N.A.	N.A.
Exchange rate as on the last date of the relevant Financial year in case of foreign subsidiaries	Rs. 55.70	Rs. 85.92	N.A. (Note - a below)	N.A.	N.A.	N.A.
Share Capital	3,668.00	10,313.22	(Note - a below)	9.46	1.05	1.00
Reserves & Surplus	10,622.88	4,304.79		6,171.89	235.89	369.96
Total Assets	36,265.17	48,397.58		6,198.61	264.24	500.18
Total Liabilities	21,974.30	32,910.56		17.27	27.31	129.22
Investments	--	--		--	100.83	--
Turnover /Total Income	41,767.98	33,673.70		27.14	85.66	1,335.70
Profit / (Loss) before tax	3,835.27	4,420.10		(419.22)	77.82	364.67
Provision for tax	1,140.32	909.51		2.73	12.40	73.53
Profit / (Loss) after tax	2,694.95	3,510.59		(421.95)	65.42	291.14
Proposed Dividend	-	-		-	-	-
% of shareholding	100%	100%		100%	100%	100%

- a. During the previous year, the Holding Company had incorporated the said Wholly Owned Subsidiary Company (WOS) in Delaware, USA, for the purpose of marketing of the products of the Holding Company in USA, however, as no share capital had been subscribed or investment had been made therein, there was no impact of the same on the financial statements except that the expenditures incurred for acquisition were capitalised as investment in WOS. Further, during the current year the Company has dissolved the said Subsidiary on 29.03.2021 and expenditure incurred for acquisition has been written off and shown under Note 39 - Other Expenses - Investment written off.
- b. The International Foam Technologies SL, Spain, (the 'IFTS') in the earlier year had signed with the former owners of a running company namely Interplasp, SL Spain for the sale of 93.66% of its share capital. Once the closing actions for transfer of shares were completed, the said contract was released to the public, and IFTS as agreed in the said act, signed an escrow contract and created a deposit charged to the purchase price amounting to 6,874 thousands euros. In the escrow contract derived from the purchase of the shares of Interplasp, S.L. one of the conditions is to release 3.000 thousands euros if a special license is obtained for urban use by public utility in the lands adjacent to the constructions where Interplasp, S.L. develops its activity. The Company had recorded this amount as a higher value of the land, however, the Company has obtained an appraisal that proves that if said urban use were granted, the value of the land would not change and has considered the 3.000 thousands euros as a higher value of goodwill. The Company has recorded this fact retrospectively, modifying the comparative figures from the previous year. The impact on the comparative figures of the previous year is as follows:

**Below table describes the restatement made in the financial statements as at 1<sup>st</sup> April, 2020:**

Particulars	As at 31 <sup>st</sup> March, 2020	Restatement	As at 1 <sup>st</sup> April, 2020
<b>Assets</b>			
Property, plant and equipment - Land	3,887.93	(2,492.40)	1,395.53
Goodwill	23,708.21	1,750.80	25,459.00
		<b>(741.60)</b>	
<b>Liabilities</b>			
Non-controlling interest	785.89	(118.51)	667.38
Deferred tax liabilities (Net)	1,715.02	(623.09)	1,091.93
		<b>(741.60)</b>	

- c. The Holding Company has also given financial guarantees of Rs. 17,924 lakhs to the banks towards guarantees for the loans taken by the foreign Subsidiaries in Spain and Australia.

#### 40.15 Additional information pursuant to Schedule III of Companies Act, 2013

Name of Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit	
	As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit	Amount (Rs. in lakhs)
<b>Parent / Holding :</b>				
Sheela Foam Limited	88.69	1,05,038.23	75.18	17,874.98
<b>Subsidiaries:</b>				
<b>Indian</b>				
Divya Software Solutions Private Limited	(0.63)	(740.62)	(1.77)	(421.95)
Sleepwell Enterprises Private Limited	0.20	235.89	0.28	65.42
Staquo World Private Limited	0.31	369.96	1.22	291.14
<b>Foreign</b>				
Joyce Foam Pty. Ltd. and Controlled Entities	7.84	9,281.71	11.34	2,694.96
International Foam Technologies SL, Spain and Subsidiaries	3.59	4,243.87	13.75	3,267.52

- 40.16 The Holding Company in the year 2016-17, had lodged an insurance claim towards the fire in its unit at Greater Noida, and as the management was confident of recovery of the said claim, the loss of Rs. 1199.49 lakhs incurred in the fire was accounted for as "Insurance Claim Receivable". However, as in spite of continuous follow up, there was no concrete evidence / reasonable positive indication of its recovery, the said claim which was lying under receivable had been written off and debited to the Statement of Profit and Loss, as Exceptional Item during the earlier year 2019-20.
- 40.17 The SARS-CoV-2 virus responsible for COVID-19, which has been declared a Global pandemic by the World Health Organization in 2020, had led to nation-wide lockdown during the year for a quite considerable time. It contributed to a significant decrease in global and local economic activities, and consequently, the revenues and the profitability for the year ended March 31, 2021 have been adversely affected. Further, presently the said pandemic, is re-spreading and is on increasing trend across the globe including India, with various mutating variants. In assessing the recoverability of financial and non-financial assets, the Group has considered internal and external information including economic forecasts available, and based on such information and assessment, the Group expects to recover the carrying amount of these assets. The impact of the pandemic may differ from that estimated as at the date of approval of these financial statements, and such changes, if any, will be prospectively recognised. Further, the extent to which the COVID-19 pandemic will impact the Group's future activities and financial results will depend on future developments which are highly uncertain, and as such no impact thereof, if any required, could be taken in these financial statements.
- 40.18 There are no material differences in the accounting policies of the Holding Company and its Subsidiaries, and the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's separate financial statements.
- 40.19 The previous year's figures have been re-grouped/re-classified wherever considered necessary, and as the accounts for the previous year include the accounts of one foreign subsidiary and one Indian Subsidiary, which have been acquired between the previous year, therefore, the figures for the previous year are not comparable.

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

**(Rahul Gautam)**  
Managing Director  
DIN-00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN- 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iquebal Ahmad)**  
Company Secretary  
M.No.-A20921

**As per our report of even date attached.  
For S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Regn. No. 000346N**

**Place : Noida  
Dated: 29<sup>th</sup> May, 2021**

**(Sanjiv Gupta)**  
Partner  
M. No. 083364



## UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL INFORMATION

### INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL INFORMATION INCLUDED IN THE PLACEMENT DOCUMENTS

The Board of Directors,  
Sheela Foam Limited  
Plot No. 14, Sector 135,  
Noida, U.P. - 201301

**Report on the compilation of unaudited proforma condensed combined financial information included in the Preliminary Placement Document and the Placement Document (collectively, the "Placement Documents")**

1. This report is issued in accordance with the terms of our engagement letter dated August 16, 2023.
2. We have completed our assurance engagement to report on the compilation of unaudited proforma condensed combined financial information of Sheela Foam Limited (hereinafter referred to as the "**Company**") and its subsidiaries (collectively, the "**SFL Group**") and Kurlon Enterprise Limited (the "**KEL**") and its subsidiaries (the "**KEL Group**") (the SFL Group and the KEL Group are collectively referred to as the "**SFL Proforma Group**") prepared by the Management of the Company.
3. The unaudited proforma condensed combined financial information consists of the proforma condensed combined balance sheet as at March 31, 2023, the proforma condensed combined statement of profit and loss (including other comprehensive income) for the year ended March 31, 2023 and select explanatory notes (collectively, "**Unaudited Proforma Condensed Combined Financial Information**"), as set out in the Placement Documents prepared by the Company in connection with its proposed qualified institutions placement of equity shares ("**QIP**") that will be made in India and other jurisdictions outside the United States in "offshore transactions", as defined in, and in reliance on, Regulation S under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**") and within the United States only to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act, in transactions exempt from the registration requirements of the U.S. Securities Act. The applicable criteria on the basis of which the management of the Company has compiled the Unaudited Proforma Condensed Combined Financial Information is described in Note 3 to the Unaudited Proforma Condensed Combined Financial Information. Because of its nature, the Unaudited Proforma Condensed Combined Financial Information does not represent the actual financial position and financial performance of the SFL Proforma Group.
4. The Unaudited Proforma Condensed Combined Financial Information has been compiled by Management of the Company to illustrate the impact of the proposed acquisition of the KEL Group by the Company as set out in Note 3 to the Unaudited Proforma Condensed Combined Financial Information, on the SFL Group's financial position as at March 31, 2023 and its financial performance for the year ended March 31, 2023, as if the acquisition had taken place at an earlier date (i.e. April 1, 2022). As part of this process, the financial information as at and for the year ended March 31, 2023 of the SFL Proforma Group have been compiled by the Management of the Company from:
  - (a) the audited consolidated financial statements of SFL Group as at and for the year ended March 31, 2023 on which we have issued an unmodified opinion vide our audit report dated May 17, 2023

(b) the audited consolidated financial statements of KEL Group as at and for the year ended March 31, 2023, audited by M/s. S.R. Batliboi & Associates LLP & Chartered Accountants, whose report dated August 29, 2023 expressed an unmodified opinion on those financial statements.

#### **Management's Responsibility for the Unaudited Proforma Condensed Combined Financial Information**

5. The Board of Directors of the Company (the "Management") is responsible for compiling the Unaudited Proforma Condensed Combined Financial Information on the basis as specified in the "Basis of Preparation" paragraph described in the Note 3 to the Unaudited Proforma Condensed Combined Financial Information. This responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Unaudited Proforma Condensed Combined Financial Information on the basis as set out in Note 3 to the Unaudited Proforma Condensed Combined Financial Information that is free from material misstatement, whether due to fraud or error. The Management of the Company is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Unaudited Proforma Condensed Combined Financial Information. The unaudited Proforma Condensed Combined Financial Information was approved by the Board of Directors of the Company at their meeting held on September 20, 2023 for the purpose of inclusion in the Placement Documents.
6. The Company is required to present the Unaudited Proforma Condensed Combined Financial Information in the Placement Documents with respect to the acquisition of KEL as the acquisition is material and is proposed to take place after the end of the last reporting period included in the Placement Documents (i.e., after the three month period ended June 30, 2023).

#### **Auditor's Responsibilities**

7. Our responsibility is to express an opinion, about whether the Unaudited Proforma Condensed Combined Financial Information has been compiled, in all material respects, by the Management on the basis set out in the Note 3 to the Unaudited Proforma Condensed Combined Financial Information.
8. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Proforma Financial Information included in a Prospectus, issued by the Institute of Chartered Accountants of India. This Standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Unaudited Proforma Condensed Combined Financial Information on the basis set out in the Note 3 to the Unaudited Proforma Condensed Combined Financial Information.
9. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Proforma Condensed Combined Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Proforma Condensed Combined Financial Information.
10. The purpose of Unaudited Proforma Condensed Combined Financial Information being included in the Placement Documents is solely to illustrate the impact of the above mentioned acquisition of KEL Group as described in Note 4 to the Unaudited Proforma Condensed Combined Financial Information on the unadjusted consolidated financial information of the SFL Group as if the acquisition of KEL Group had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the above mentioned acquisition as at and for the year then ended, as described in Note 3 to the Unaudited Proforma Condensed Combined Financial Information, would have been as presented.

11. A reasonable assurance engagement to report on whether the Unaudited Proforma Condensed Combined Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Management in the compilation of the Unaudited Proforma Condensed Combined Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the acquisitions, and to obtain sufficient appropriate evidence about whether:
  - a the related proforma adjustments give appropriate effect to those criteria; and
  - b the Unaudited Proforma Condensed Combined Financial Information reflects the proper application of those adjustments to the unadjusted financial information.
12. The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the acquisition or transaction in respect of which the Unaudited Proforma Condensed Combined Financial Information has been compiled, and other relevant engagement circumstances.
13. The engagement also involves evaluating the overall presentation of the Unaudited Proforma Condensed Combined Financial Information.
14. Because the above procedures do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, we do not express any assurance opinion on the Unaudited Proforma Condensed Combined Financial Information.
15. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
16. This report is issued for the sole purpose of the proposed QIP. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India, including in the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. We accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation.
17. We did not audit the financial statements of KEL Group for the year ended March 31, 2023, based on which the information about the KEL Group has been compiled for the purpose of the Unaudited Proforma Condensed Combined Financial Information. These financial statements of KEL Group have been audited by M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, whose reports have been furnished to us by the management of the Company and our opinion on the Unaudited Proforma Condensed Combined Financial Information, in so far as it relates to the amounts and disclosures included in respect of KEL Group for the year ended March 31, 2023, is based solely on the reports of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants.
18. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by other chartered accountants on any financial statements of the Company or any of the components included in this Unaudited Proforma Condensed Combined Financial Information.
19. We have no responsibility to update our report or reissue our report for events and circumstances occurring after the date of the report.

## **Opinion**

20. In our opinion and based on reliance placed on the report submitted by other auditor for audit of KEL Group as mentioned above, the Unaudited Proforma Condensed Combined Financial Information has

been compiled, in all material respects, on the basis set out in Note 3 to the Unaudited Proforma Condensed Combined Financial Information.

### **Restriction of use**

21. Our report is intended solely for use of the Board of Directors of the Company for inclusion in the Placement Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Delhi & Haryana at Delhi in connection with the proposed QIP. Our report should not be used, referred to, or distributed for any other purpose, except with our prior consent in writing. The Unaudited Proforma Condensed Combined Financial Information is not a complete set of financial statements of the SFL Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013, as applicable and is not intended to give a true and fair view of the consolidated statement of assets and liabilities and statement of profit and loss of the SFL Group for the year ended March 31, 2023 in accordance with Ind AS. As a result, these Unaudited Proforma Condensed Combined Financial Information may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For M S K A & Associates**  
Chartered Accountants  
Firm Registration Number: 105047W

Nipun Gupta  
Partner  
Membership No. 502896  
UDIN: 23502896BGTEVQ2629

Place: Gurugram  
Date: September 20, 2023

Sheela Foam Limited  
Unaudited Proforma Condensed Combined Statement of Assets and Liabilities as at March 31, 2023

(Rs. in Millions)

Particulars	Sheela Foam	Kurlon	Proforma	Proforma	Classification	Intra-group	Total	Proforma
	(3(i))	(3(ii))	Combined amount before adjustments	adjustments (4.1)	adjustments (4.2)	adjustments (4.3)	adjustments	combined amount after adjustments
	(a)	(b)	(c) = (a)+(b)	(d)	(e)	(f)	(g) = (d)+(e)+(f)	(h) = (c)+(g)
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment	4,290.36	1,890.57	6,180.93	-	-	-	-	6,180.93
Right-of-use assets	1,085.48	606.38	1,691.86	-	-	-	-	1,691.86
Capital work-in-progress	2,874.90	9.83	2,884.73	-	-	-	-	2,884.73
Intangible assets	2,740.20	223.55	2,963.75	-	-	-	-	2,963.75
Investment property	533.88	-	533.88	-	-	-	-	533.88
Financial assets								
(i) Other Investments	564.13	-	564.13	-	-	-	-	564.13
(ii) Loans	19.39	0.23	19.62	-	-	-	-	19.62
(iii) Other financial assets	51.90	296.59	348.49	-	-	-	-	348.49
Deferred tax asset	136.78	-	136.78	-	-	-	-	136.78
Non current tax assets (net)	123.89	238.24	362.13	-	-	-	-	362.13
Other non-current assets	354.31	151.09	505.40	-	-	-	-	505.40
<b>Total non current assets</b>	<b>12,775.22</b>	<b>3,416.48</b>	<b>16,191.70</b>	-	-	-	-	<b>16,191.70</b>
<b>Current assets</b>								
Inventories	3,313.27	804.94	4,118.21	-	-	-	-	4,118.21
Financial assets								
(i) Investments	7,119.57	160.23	7,279.80	-	-	-	-	7,279.80
(ii) Trade receivables	2,819.76	552.99	3,372.75	-	-	-	-	3,372.75
(iii) Cash and cash equivalents	422.71	34.60	457.31	-	-	-	-	457.31
(iv) Bank balances other than cash and cash equivalents	2.67	15.27	17.94	-	-	-	-	17.94
(v) Loans	6.71	1.00	7.71	-	-	-	-	7.71
(vi) Other financial assets	10.00	1,559.01	1,569.01	-	177.85	-	177.85	1,746.86
Other current assets	638.09	1,027.08	1,665.17	-	(177.85)	-	(177.85)	1,487.32
<b>Total current assets</b>	<b>14,332.78</b>	<b>4,155.12</b>	<b>18,487.90</b>	-	-	-	-	<b>18,487.90</b>
<b>Total assets</b>	<b>27,108.00</b>	<b>7,571.60</b>	<b>34,679.60</b>	-	-	-	-	<b>34,679.60</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Equity</b>								
Equity share capital	487.82	182.76	670.58	-	-	(182.76)	(182.76)	487.82
Other equity	15,516.09	4,517.62	20,033.71	-	-	(68.24)	(68.24)	19,965.47
<b>Equity attributable to shareholders of the Holding Company</b>	<b>16,003.91</b>	<b>4,700.38</b>	<b>20,704.29</b>	-	-	<b>(251.00)</b>	<b>(251.00)</b>	<b>20,453.29</b>
Non-controlling Interest	82.65	(1.57)	81.08	-	-	251.00	251.00	332.08
<b>Total equity</b>	<b>16,086.56</b>	<b>4,698.81</b>	<b>20,785.37</b>	-	-	-	-	<b>20,785.37</b>
<b>Non-current liabilities</b>								
Financial liabilities								
(i) Borrowings	2,838.07	5.93	2,844.00	-	-	-	-	2,844.00
(ii) Lease liabilities	874.91	391.12	1,266.03	-	-	-	-	1,266.03
(iii) Other non current financial liabilities	259.40	583.56	842.96	-	-	-	-	842.96
Provisions	130.42	44.65	175.07	-	-	-	-	175.07
Other non current liabilities	1.99	-	1.99	-	-	-	-	1.99
Deferred tax liabilities	83.15	60.08	143.23	-	-	-	-	143.23
<b>Total non current liabilities</b>	<b>4,187.94</b>	<b>1,085.34</b>	<b>5,273.28</b>	-	-	-	-	<b>5,273.28</b>
<b>Current liabilities</b>								
Financial liabilities								
(i) Borrowings	1,838.05	166.81	2,004.86	-	-	-	-	2,004.86
(ii) Lease liabilities	159.84	134.65	294.49	-	-	-	-	294.49
(iii) Trade payables								
- Total outstanding dues of micro enterprises and small enterprises	72.20	31.31	103.51	-	-	-	-	103.51
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,521.94	1,102.51	3,624.45	-	-	-	-	3,624.45
(iv) Other financial liabilities	917.05	108.84	1,025.89	-	(98.28)	-	(98.28)	927.61
Provisions	205.08	70.64	275.72	-	-	-	-	275.72
Current tax liabilities (net)	11.71	68.41	80.12	-	-	-	-	80.12
Other current liabilities	1,107.63	104.28	1,211.91	-	98.28	-	98.28	1,310.19
<b>Total current liabilities</b>	<b>6,833.50</b>	<b>1,787.45</b>	<b>8,620.95</b>	-	-	-	-	<b>8,620.95</b>
<b>Total liabilities</b>	<b>11,021.44</b>	<b>2,872.79</b>	<b>13,894.23</b>	-	-	-	-	<b>13,894.23</b>
<b>Total equity and liabilities</b>	<b>27,108.00</b>	<b>7,571.60</b>	<b>34,679.60</b>	-	-	-	-	<b>34,679.60</b>

See accompanying notes forming part of Unaudited Proforma Condensed combined Financial Information (1 - 5)

In terms of our report attached 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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

Md. Iqbal Ahmad  
Company Secretary  
Membership No. A20921

Sheela Foam Limited  
Unaudited Proforma Condensed Combined Statement of Profit and Loss for the year ended March 31, 2023

(Rs. in Millions)

Particulars	Proforma							Proforma combined amount after adjustments (h) = (c)+(g)
	Sheela Foam (3(i))	Kurlon (3(ii))	Combined amount before adjustments	Proforma adjustments (4.1)	Classification adjustments (4.2)	Intra-group adjustments (4.3)	Total adjustments	
	(a)	(b)	(c) = (a)+(b)	(d)	(e)	(f)	(g) = (d)+(e)+(f)	
Revenue from operations	28,733.21	8,588.95	37,322.16	-	-	-	-	37,322.16
Other income	865.01	84.26	949.27	-	-	-	-	949.27
<b>Total Income</b>	<b>29,598.22</b>	<b>8,673.21</b>	<b>38,271.43</b>	-	-	-	-	<b>38,271.43</b>
<b>Expenses</b>								
Cost of materials consumed	16,183.04	3,793.09	19,976.13	-	-	-	-	19,976.13
Purchase of stock-in-trade	1,806.31	918.13	2,724.44	-	-	-	-	2,724.44
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(120.87)	162.71	41.84	-	-	-	-	41.84
Other manufacturing expenses	676.47	-	676.47	-	501.96	-	501.96	1,178.43
Employee benefits expense	2,791.53	700.24	3,491.77	-	-	-	-	3,491.77
Finance costs	210.71	72.90	283.61	-	-	-	-	283.61
Depreciation and amortisation expense	896.24	359.10	1,255.34	-	-	-	-	1,255.34
Other expenses	4,423.95	2,587.85	7,011.80	-	(501.96)	-	(501.96)	6,509.84
<b>Total Expenses</b>	<b>26,867.38</b>	<b>8,594.02</b>	<b>35,461.40</b>	-	-	-	-	<b>35,461.40</b>
<b>Profit before tax</b>	<b>2,730.84</b>	<b>79.19</b>	<b>2,810.03</b>	-	-	-	-	<b>2,810.03</b>
<b>Income Tax expense</b>								
Current tax	787.56	82.44	870.00	-	-	-	-	870.00
Tax expenses related to earlier years	(7.72)	(4.55)	(12.27)	-	-	-	-	(12.27)
Deferred tax (net)	(79.63)	(103.39)	(183.02)	-	-	-	-	(183.02)
<b>Total Income tax expense</b>	<b>700.21</b>	<b>(25.50)</b>	<b>674.71</b>	-	-	-	-	<b>674.71</b>
<b>Profit for the year</b>	<b>2,030.63</b>	<b>104.69</b>	<b>2,135.32</b>	-	-	-	-	<b>2,135.32</b>
<b>Other comprehensive income (net of tax)</b>								
Items that will not be reclassified to profit or loss								
Remeasurements gain / (loss) of the net defined benefit plans	(18.12)	(2.78)	(20.90)	-	-	-	-	(20.90)
Income tax on above item	4.56	1.04	5.60	-	-	-	-	5.60
Items that will be reclassified to profit or loss								
Fair value gain / (loss) on investments and other financial instruments	(34.78)	-	(34.78)	-	-	-	-	(34.78)
Income tax on above item	8.75	-	8.75	-	-	-	-	8.75
Exchange differences on translation of foreign operations	164.71	-	164.71	-	-	-	-	164.71
<b>Total Other comprehensive income/ (loss) (net of tax)</b>	<b>125.12</b>	<b>(1.74)</b>	<b>123.38</b>	-	-	-	-	<b>123.38</b>
<b>Total comprehensive income for the year</b>	<b>2,155.75</b>	<b>102.95</b>	<b>2,258.70</b>	-	-	-	-	<b>2,258.70</b>
<b>Profit for the period attributable to:</b>								
Shareholders of the Holding Company	2,011.57	106.51	2,118.08	-	-	(5.69)	(5.69)	2,112.39
Non-controlling Interest	19.06	(1.82)	17.24	-	-	5.69	5.69	22.93
	<b>2,030.63</b>	<b>104.69</b>	<b>2,135.32</b>	-	-	-	-	<b>2,135.32</b>
<b>Other Comprehensive income for the period attributable to:</b>								
Shareholders of the Holding Company	125.12	(1.74)	123.38	-	-	0.09	0.09	123.47
Non-controlling Interest	-	-	-	-	-	(0.09)	(0.09)	(0.09)
	<b>125.12</b>	<b>(1.74)</b>	<b>123.38</b>	-	-	-	-	<b>123.38</b>
<b>Total Comprehensive Income for the period attributable to:</b>								
Shareholders of the Holding Company	2,136.69	104.77	2,241.46	-	-	(5.60)	(5.60)	2,235.86
Non-controlling Interest	19.06	(1.82)	17.24	-	-	5.60	5.60	22.84
	<b>2,155.75</b>	<b>102.95</b>	<b>2,258.70</b>	-	-	-	-	<b>2,258.70</b>

See accompanying notes forming part of Unaudited Proforma Condensed combined Financial Information (1 - 5)

In terms of our report attached 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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

Md. Iqbal Ahmad  
Company Secretary  
Membership No. A20921

## Sheela Foam Limited

### Notes to the Unaudited Proforma Condensed Combined Financials Information for the year ended March 31, 2023

#### 1 Background of entities forming part of the Unaudited Proforma Condensed Combined Financial Information:

##### Sheela Foam Limited

Sheela Foam Limited ('the company' or 'SFL') 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 of India Limited (NSE)' and the 'BSE Limited (BSE)'. The Company is involved in the manufacturing of polyurethane foam in India and has eleven manufacturing facilities using the state of the art technology at strategic locations across the country and six manufacturing facilities outside india.

SFL Group consists of Parent Company, Sheela Foam Limited and its subsidiaries (including step-down subsidiaries) listed below:

Subsidiaries:-

- (i) International Foam Technologies Spain, S.L.U. (IFTS)
- (ii) Joyce Foam Pty. Ltd (Joyce Foam)
- (iii) International Comfort Technologies Pvt Ltd (ICTPL)
- (iv) Sleepwell Enterprises Private Limited (Sleepwell)
- (v) Staquo World Private Limited (Staquo)
- (vi) Staquo Software Private Limited (formerly known as Divya Software Solutions Private Limited (Divya))

Step Down Subsidiaries:-

- Interplasp S.L.U. (Subsidiary of International Foam Technologies Spain, S.L.U.)
- Joyce WC NSW Pty Ltd (Subsidiary of Joyce Foam Pty Ltd.)
- Staquo World Kft. (Subsidiary of Staquo World Private Limited)
- Staquo Incorporated. (Subsidiary of Staquo World Private Limited)
- Staquo Technologies L.L.C (Subsidiary of Staquo World Private Limited)

##### Kurlon Enterprise Limited

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

#### 2 Background of the transactions:

The SFL Group proposes to undertake an acquisition of Kurlon Enterprise Limited subsequent to the year ended March 31, 2023.

Name of entity	% stake proposed to be acquired	Approx. Amount of consideration to be paid (in ₹ Millions)	Relationship post acquisition
Kurlon Enterprise Limited	94.66%	20,350	Subsidiary

Hereafter, SFL Group and KEL Group are to be collectively known as "SFL Proforma Group" for the purpose of Unaudited Proforma Condensed Combined Financial Information (as defined below).

#### 3 Purpose and basis of Preparation of the Unaudited Proforma Condensed Combined Financial Information

The Unaudited Proforma Condensed Combined Financial Information of the SFL Proforma Group comprises of the unaudited proforma condensed combined balance sheet as at March 31, 2023, the unaudited proforma condensed statement of profit and loss for the year ended March 31, 2023, and selected explanatory notes (collectively, "Unaudited Proforma Condensed Combined Financial Information").

These Unaudited Proforma Condensed Combined Financial Information have been prepared by the management of the Company specifically for including it in the Placement Documents prepared by the Company in connection with its proposed Qualified Institutional Placement of equity shares that will be made in India and other jurisdictions outside the United States in "offshore transactions", as defined in, and in reliance on, Regulation S under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") and within the United States only to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act, in transactions exempt from the registration requirements of the U.S. Securities Act.

These Unaudited Proforma Condensed Combined Financial Information have been prepared in accordance with the Guidance Note on Combined and Carve Out Financial Statements and Guide to Reporting on Proforma Financial Statements issued by the Institute of Chartered Accountants of India (the "ICAI") (the "Guidance Note"). KEL has been considered in these Unaudited Proforma Condensed Combined Financial Information as if it had been controlled by the Company from April 1, 2022.

The Unaudited Proforma Condensed Combined Financial Information have been prepared solely to illustrate what the balance sheets as at March 31, 2023 and statement of profit and loss (including other comprehensive income) for the year ended March 31, 2023 for the SFL Proforma Group might have been, had the acquisition of KEL Group been completed at the beginning of the period presented (i.e. April 1, 2022) and controlled by the Company and accounted for as subsidiary from April 1, 2022. The Unaudited Proforma Condensed Combined Financial Information represents a hypothetical situation and therefore, do not represent the actual consolidated financial position or financial performance of the Group. Accordingly, the Unaudited Proforma Condensed Combined Financial Information are not intended to present the financial position or financial performance or that the business would have actually achieved had any of the above described effects taken effect on the reported dates; nor are they intended to be indicative of expected results or operations in the future periods or the future financial position of the Group.

Further, since these financial information present the combined historical financial information of companies that do not historically comprise a group (i.e. parent and subsidiaries) and considering that the Company has not prepared / presented this consolidated financial information under Ind AS 110 "Consolidated Financial Statements", these financial information have been indicated as combined financial information and not consolidated financial information.

The Unaudited Proforma Condensed Combined Financial Information has been compiled by management to illustrate the impact of the proposed acquisition of the KEL Group by taking SFL Group's financial position as at March 31, 2023 and its financial performance for the year ended March 31, 2023, as if the acquisition had taken place at an earlier date (i.e. April 1, 2022). As part of this process, the financial information as at and for the year ended March 31, 2023 of the SFL Proforma Group have been compiled by the Management from:

- (a) the consolidated financial statements of SFL Group as at and for the year ended March 31, 2023 approved by the Board of Directors on May 17, 2023 (the "Consolidated Financial Statements") and Auditor have issued unmodified opinion vide their audit report dated May 17, 2023.
- (b) the consolidated financial statements of KEL Group as at and for the year ended March 31, 2023, approved by the Board of Directors of KEL on August 29, 2023 (the "KEL Group Ind AS Financial statements") audited by M/s. S.R. Batliboi & Associates LLP & Chartered Accountants, whose report dated August 29, 2023 expressed an unmodified opinion on those financial statements.

The above financial information have been prepared in accordance with the basis of preparation and accounting policies mentioned in the Consolidated Financial Information included in the 'Placement document'.

The Unaudited Proforma Condensed Combined Financial Information have been prepared by combining on a line-by-line basis by adding together like items of assets, liabilities, income and expenses of SFL Group and KEL Group.

The Unaudited Proforma Condensed Combined Financial Information of the SFL Proforma Group have not been adjusted to reflect business combination accounting related to KEL Group. These Unaudited Proforma Condensed Combined Financial Information have been prepared considering the underlying historical financial information of the KEL Group and not using the accounting principle required to be followed as per Ind AS 103 "Business Combination". However, the acquisition of KEL Group is required to be accounted as per the requirements of Ind AS 103 "Business Combination" on the date of acquisition subsequent to March 31, 2023 by the Group. Accordingly, the Unaudited Proforma Condensed Combined Financial Information may not be representative of the actual financial position and financial performance which may prevail after KEL Group is acquired by the Group.

**Sheela Foam Limited****Notes to the Unaudited Proforma Condensed Combined Financials Information for the year ended March 31, 2023**

The Unaudited Proforma Condensed Combined Financial Information is not a complete set of financial statements of SFL Proforma Group prepared in accordance with the Ind AS prescribed under section 133 of the Companies Act, 2013 (the "Act"), as applicable and it is not intended to give true and fair view of the financial position or the financial performance of the SFL Proforma Group for the year in accordance with Ind AS prescribed under section 133 of the Act. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and financial performance of SFL Proforma Group. Hence, these Unaudited Proforma Condensed Combined Financial Information have been indicated as Condensed Financial Information. Further, the relevant comparative financial information under Ind AS have not been included in these Unaudited Proforma Condensed Combined Financial Information. As a result, these Unaudited Proforma Condensed Combined Financial Information may not be comparable and suitable for any other purpose.

The unaudited proforma adjustments are based upon available information and assumptions that the management of the Company believes to be reasonable. Such Unaudited Proforma Condensed Combined Financial Information has not been prepared in accordance with accounting or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Accordingly, the degree of reliance placed by investors in other jurisdictions on such proforma information should be limited. In addition, the rules and regulations related to the preparation of Unaudited Proforma Condensed Combined Financial Information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs below to prepare these Unaudited Proforma Condensed Combined Financial Information.

These Unaudited Proforma Condensed Combined Financial Information have been approved by the Board of Directors on September 20, 2023.

**4 Description of Proforma adjustments in the preparation of Proforma Financial Information**

The following adjustments have been made to present the Unaudited Proforma Condensed Combined Financial Information:-

**4.1 Proforma adjustments**

(a) There has been no proforma adjustments made for preparation of proforma financial statements.

**4.2 Classification adjustments**

(a) Some reclassification adjustments have been made in consolidated Financial statements of KEL Group in line with Consolidated Financial statements of SFL Group as at March 31, 2023. The details of adjustments is as follows:-

(Rs. In Millions)			
Particulars	Balance as per Proforma Condensed Combined Amount before reclassification adjustment	Reclassification adjustments	Balance as per Proforma Condensed Combined Financials Information
<b>Current Assets</b>			
Other financial assets	1,569.01	177.85	1,746.86
Other current assets	1,665.17	(177.85)	1,487.32
<b>Current Liabilities</b>			
Other financial liabilities	1,025.89	(98.28)	927.61
Other current liabilities	1,211.91	98.28	1,310.19
<b>Expenses</b>			
Other manufacturing expenses	676.47	501.96	1,178.43
Other expenses	7,011.80	(501.96)	6,509.84

**4.3 Intragroup elimination adjustments**

(a) The Company has eliminated Equity Share Capital of KEL and adjusted it with Other Equity (94.66%) and Non-controlling interest (5.34%).

(b) The details of adjustments to Other equity is as follows:-

(Rs. In Millions)	
Particulars	As at March 31, 2023
<b>Balance as per Consolidated Financial Information</b>	<b>15,516.09</b>
<b>Adjustments:</b>	
Equity share capital of KEL (refer 4.3(a) above)	182.76
Share of Non-controlling interest in the Share capital of KEL	(9.76)
Other equity of KEL	4,517.62
Share of Non-controlling interest in other equity of KEL	(241.24)
<b>Balance as per Proforma Condensed Combined Financials</b>	<b>19,965.47</b>

(b) The details of adjustments to Non-controlling interest is as follows:-

(Rs. In Millions)	
Particulars	As at March 31, 2023
<b>Balance as per Consolidated Financial Information of SFL Group</b>	<b>82.65</b>
<b>Balance as per Consolidated Financial Information of KEL Group</b>	<b>(1.57)</b>
<b>Adjustments:</b>	
Equity share capital (refer 4.3(a) above)	9.76
Share of Non-controlling interest in Other Equity of KEL	241.24
<b>Balance as per Proforma Condensed Combined Financials</b>	<b>332.08</b>

**5 SCHEME OF AMALGAMATION WITH WHOLLY OWNED SUBSIDIARY 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.

**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

Place: Gurugram  
Date: September 20, 2023

Place: Noida  
Date: September 20, 2023

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No. A20921



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Kurlon Enterprise Limited

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Kurlon Enterprise Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity 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 the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income/(loss), their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (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 consolidated financial statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules 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 consolidated financial statements.

#### **Other Information**

The Holding 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 consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated 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.

### **Responsibility of Management 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 terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income/(loss) and consolidated cash flows of the Group 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. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 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 Board of 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Holding 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 Group'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 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 of which we are the independent auditors, 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 independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

## **Other Matter**

We did not audit the financial statements and other financial information, in respect of eight subsidiaries, whose financial statements include total assets of Rs. 6,470.09 lakhs as on March 31, 2023, and total revenues of Rs. 12,816.49 lakhs and net cash outflows of Rs 245.78 lakhs (without giving effect to elimination of intercompany transactions) for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certificate by the management.

## **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, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary companies, incorporate in India, as noted in the 'Other Matter paragraph' we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income/(loss), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;
- (f) On the basis of the written representations received from the directors of the Holding Company and one subsidiary Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and such subsidiary Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Holding Company and subsidiary Companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to these consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (h) In our opinion and based on the consideration of reports of other statutory auditors of subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with provisions of section 197 read with Schedule V to the Act to the extent applicable; and
- (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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the ‘Other Matter’ paragraph :
- i. The consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group- Refer note 39 to the consolidated financial statements;
  - ii. The Group 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 Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2023;
  - iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India 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 its knowledge and belief, as disclosed in the note 46 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, whether, 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;

b) The respective managements of the Holding Company and its subsidiaries which are companies 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 its knowledge and belief, as disclosed in the note 46 to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries 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 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 incorporated in India and whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. As disclosed in note 15(g) to the consolidated financial statements, the final dividend paid by the Holding 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 consolidated financial statements, the Board of Directors of the Holding 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 only w.e.f. April 1, 2023 for the Holding Company and its subsidiary companies incorporated in India, hence reporting under this clause is not applicable.

**For S.R.Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

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**per Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 23213803BGXAMM3512

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 Consolidated 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:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No	Name	CIN	Holding company/ subsidiary	Clause number of the CARO report which is qualified
1	Kurlon Enterprise Limited	U36101MH2011PLC222657	Holding Company	None
2	Kurlon Retail Limited	U36104KA2012PLC065664	Subsidiary	3(ix)(d)
3	Belvedere International Limited	U52520KA2020PLC142418	Subsidiary	None
4	Komfort Universe Products and Services Limited	U52520KA2021PLC143244	Subsidiary	None
5	Kanvas Concepts Private Limited	U74999KA2020PTC138867	Subsidiary	None
6	Sirar Dhotre Solar Private Limited	U40300KA2016PTC097314	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d),(iii)(e),(iii)(f),(vii)(a)
7	Sirar Solar Energies Private Limited	U40106KA2016PTC097367	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d),(iii)(e),(iii)(f),(vii)(a)
8	Sevalal Solar Private Limited	U40106KA2016PTC094328	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d),(iii)(e),(iii)(f),(vii)(a)
9	Starship Value Chain & Manufacturing Private Limited	U36900KA2020PTC139535	Subsidiary	3(i)(b), (vii)(a)

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

**per Rajeev Kumar**  
Partner  
Membership Number: 213803

UDIN: 23213803BGXAMM3512  
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 CONSOLIDATED 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")**

In Conjunction with our audit of the consolidated financial statements of Kurlon Enterprise Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated 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 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 these 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 is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.



## **Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial controls 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 controls 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 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 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.

## **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, 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 control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## **Other matters**

- a) Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements insofar as it relates to 7 subsidiaries which are companies incorporated in India, is based on the corresponding report of the auditors of such Companies incorporated in India.

- b) Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements does not cover 1 subsidiary limited liability partnership firms as the internal financial controls over financial reporting is not applicable for this entity.

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

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**per Rajeev Kumar**  
Partner  
Membership Number: 213803

UDIN: 23213803BGXAMM3512

Place of Signature: Bangalore  
Date: August 29, 2023

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

	Notes	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	18,905.74	21,106.61
Capital work-in-progress	4	98.26	415.16
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	132.34	274.26
Right of use assets	6	6,063.82	3,489.62
<b>Financial assets</b>			
Loans	8	2.28	321.92
Other financial assets	9	2,965.91	1,249.19
Income tax assets (net)	10	2,382.39	1,702.48
Other non-current assets	11	1,510.85	2,149.04
		<b>34,164.75</b>	<b>32,811.44</b>
<b>Current assets</b>			
Inventories	12	8,049.43	12,014.03
<b>Financial assets</b>			
Investments	7	1,602.30	10,710.91
Trade receivables	13	5,529.89	5,606.76
Cash and cash equivalents	14	345.97	512.98
Other bank balances	14	152.69	4,250.71
Loans	8	10.00	56.74
Other financial assets	9	15,590.09	164.90
Other current assets	11	10,270.80	6,162.05
		<b>41,551.17</b>	<b>39,479.08</b>
<b>Total</b>		<b>75,715.92</b>	<b>72,290.52</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	45,176.24	44,308.26
Non-controlling interest		(15.69)	2.54
		<b>46,988.17</b>	<b>46,138.42</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	59.32	62.87
Lease liabilities	17	3,911.16	1,853.20
Other financial liabilities	18	5,835.60	5,361.77
Provisions	19	446.45	521.89
Deferred tax liabilities (net)	20	600.83	1,634.45
		<b>10,853.36</b>	<b>9,434.18</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	1,668.13	693.58
Lease liabilities	17	1,346.50	831.68
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		11,025.04	11,636.29
Other financial liabilities	18	1,088.41	1,202.86
Provisions	19	706.35	602.70
Other current liabilities	23	1,042.77	1,395.36
Liabilities for current tax (net)	24	684.10	-
		<b>17,874.39</b>	<b>16,717.92</b>
<b>Total</b>		<b>75,715.92</b>	<b>72,290.52</b>

Summary of significant accounting policies 3

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

As per our report of even date

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

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

**per Rajeev Kumar**  
Partner  
Membership No.: 213803

**Tonse Sudhakar Pai**  
Managing Director  
DIN : 00043298

**H N Shrinivas**  
Director  
DIN : 07178853

**Monu Kumar**  
Company Secretary

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

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

**Jyothi Ashish Pradhan**  
Chief Executive Officer

**Abhilash Padmanabh Kamti**  
Chief Financial Officer

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

**Kurlon Enterprise Limited**  
**Consolidated 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
<b>Income</b>			
Revenue from operations	25	85,889.51	79,515.38
Other income	26	842.55	1,364.81
<b>Total income</b>		<b>86,732.06</b>	<b>80,880.19</b>
<b>Expenses</b>			
Cost of raw material consumed	27	37,930.92	36,361.81
Purchase of traded goods	28	9,181.32	8,856.30
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,627.12	442.82
Employee benefit expense	30	7,002.44	7,362.27
Finance costs	31	729.03	572.96
Depreciation and amortisation expense	32	3,590.98	3,604.62
Other expenses	33	25,878.54	24,564.27
<b>Total expenses</b>		<b>85,940.35</b>	<b>81,765.05</b>
<b>Profit/(Loss) before tax</b>		<b>791.71</b>	<b>(884.86)</b>
<b>Tax expense</b>			
Current tax	44	824.35	575.12
Tax relating to earlier years		(45.45)	(154.20)
Deferred tax (credit)/charge		(1,033.85)	(747.41)
<b>Total tax expense/(credit)</b>		<b>(254.95)</b>	<b>(326.49)</b>
<b>Profit/(Loss) for the year</b>		<b>1,046.66</b>	<b>(558.37)</b>
<b>Profit/(Loss) for the year attributable to :</b>			
Owners of the Company		1,064.89	(559.81)
Non-controlling interest		(18.23)	1.44
<b>Other comprehensive income/(loss), net of tax</b>			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains/(losses) on defined benefit plan		(27.77)	(145.01)
Income tax effect		10.35	37.68
<b>Total other comprehensive income/(loss) for the year</b>		<b>(17.42)</b>	<b>(107.33)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,029.24</b>	<b>(665.70)</b>
<b>Total comprehensive income/(loss) for the year attributable to :</b>			
Owners of the Company		1,047.47	(667.14)
Non-controlling interest		(18.23)	1.44
Earnings per equity share (EPS) :			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	2.86	(1.53)
Summary of significant accounting policies	3		

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

As per our report of even date

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

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

**per Rajeev Kumar**  
Partner  
Membership No.: 213803

**Tonse Sudhakar Pai**  
Managing Director  
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**H N Shrinivas**  
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**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**  
**Consolidated Cash Flow Statement for the year ended March 31, 2023**  
**All amounts in Rs. Lakhs, unless otherwise stated**

	March 31, 2023	March 31, 2022
<b>A. Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>791.72</b>	<b>(884.86)</b>
<b>Non cash adjustment to reconcile profit/(Loss) before tax to net cash flows</b>		
Depreciation and amortisation expense	3,590.98	3,604.62
Loss on sale of property, plant and equipment	304.19	339.09
Advance to suppliers written off	1.42	-
Bad debts written off	25.44	0.09
Deposits written off	-	31.46
Gain on modification/termination of lease	(72.93)	(363.83)
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	276.68	45.31
Provision for warranty	363.07	328.80
Fair value loss/(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	(59.50)	(40.48)
Interest expenses	527.01	438.73
Interest income	(149.59)	(297.97)
<b>Operating cash flow before working capital changes</b>	<b>5,692.51</b>	<b>3,314.75</b>
<b>Movements in working capital :</b>		
Increase/(decrease) in trade payables	(657.33)	3,206.47
Increase/(decrease) in other financial liabilities	506.04	294.29
Increase/(decrease) in other liabilities	(293.09)	539.36
Increase/(decrease) in provisions	(362.63)	(174.55)
Decrease/(increase) in inventories	3,964.60	(334.28)
Decrease/(increase) in trade receivables	23.14	(716.99)
Decrease/(increase) in loans	366.38	16.33
Decrease/(increase) in other financial assets	(17,776.30)	28.81
Decrease/(increase) in other assets	(4,386.85)	128.59
<b>Cash generated from (used in) operations</b>	<b>(12,923.53)</b>	<b>6,302.78</b>
Direct taxes paid (net of refunds)	(774.71)	(1,479.52)
<b>Net cash flow from (used in) operating activities (A)</b>	<b>(13,698.24)</b>	<b>4,823.26</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(611.22)	(2,302.01)
Investment in bank deposits	-	(3,785.50)
Redemption of bank deposits	4,078.38	3,563.05
Purchase of investments	(7,806.00)	(8,999.58)
Sale of investments	16,892.00	9,901.28
Proceeds from sale of property, plant and equipment	1,319.18	86.82
Movement in earmarked balances, net	7.37	(1.76)
Interest received	190.09	270.95
<b>Net cash flow (used in) investing activities (B)</b>	<b>14,069.80</b>	<b>(1,266.75)</b>
<b>C. Cash flows from financing activities</b>		
Net (repayment of)/proceeds from short-term borrowings	971.01	(485.38)
Payment of principal portion of lease liabilities	(790.87)	(881.65)
Interest paid	(529.65)	(418.96)
Dividend paid	(183.08)	(1,827.61)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(532.59)</b>	<b>(3,613.60)</b>
<b>Net increase /(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(161.03)</b>	<b>(57.09)</b>
Cash and cash equivalents at the beginning of the year	507.00	564.09
<b>Cash and cash equivalents at the end of the year</b>	<b>345.97</b>	<b>507.00</b>

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

	March 31, 2023	March 31, 2022
<b>Components of cash and cash equivalents as at end of the year</b>		
Cash in hand	6.23	6.78
Balances with banks :		
In current accounts	339.74	500.22
<b>Total cash and cash equivalents (Refer Note 14)</b>	<b>345.97</b>	<b>507.00</b>

**Non-cash investing and financing activities**

Acquisitions to right-of-use assets (Refer Note 6)	4,316.61	1,547.16
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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 consolidated financial statements.

As per our report of even date

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

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

**per Rajeev Kumar**  
Partner  
Membership No.: 213803

**Tonse Sudhakar Pai**  
Managing Director  
DIN : 00043298

**H N Shrinivas**  
Director  
DIN : 07178853

**Monu Kumar**  
Company Secretary

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

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

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**  
**Consolidated 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	3,65,52,261	1,827.62	3,65,52,261	1,827.62
Changes during the year	-	-	-	-
<b>At the end of the year</b>	<b>3,65,52,261</b>	<b>1,827.62</b>	<b>3,65,52,261</b>	<b>1,827.62</b>

**(b) Other equity**

	Attributable to the equity holders of the Holding Company					Non-controlling interests	Total equity
	Capital reserve	Securities premium	General reserve	Retained earnings	Total		
<b>Balance as at April 01, 2021</b>	312.24	14,860.48	1,286.11	30,344.18	46,803.01	1.10	46,804.11
Profit/(Loss) for the year	-	-	-	(558.37)	(558.37)	-	(558.37)
Other comprehensive income/(Loss)	-	-	-	(107.33)	(107.33)	-	(107.33)
Transfer to non-controlling interest	-	-	-	(1.44)	(1.44)	1.44	-
Dividend paid	-	-	-	(1,827.61)	(1,827.61)	-	(1,827.61)
<b>Balance as at March 31, 2022</b>	<b>312.24</b>	<b>14,860.48</b>	<b>1,286.11</b>	<b>27,849.43</b>	<b>44,308.26</b>	<b>2.54</b>	<b>44,310.80</b>
Profit/(Loss) for the year	-	-	-	1,046.66	1,046.66	-	1,046.66
Other comprehensive income/(Loss)	-	-	-	(17.42)	(17.42)	-	(17.42)
Transfer to non-controlling interest	-	-	-	18.23	18.23	(18.23)	-
Transfer to capital reserve (refer note 16(a))	3.71	-	-	-	3.71	-	3.71
Dividend paid	-	-	-	(183.21)	(183.21)	-	(183.21)
<b>Balance as at March 31, 2023</b>	<b>315.95</b>	<b>14,860.48</b>	<b>1,286.11</b>	<b>28,713.69</b>	<b>45,176.23</b>	<b>(15.69)</b>	<b>45,160.54</b>

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 consolidated financial statements

As per our report of even date

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

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

**per Rajeev Kumar**  
Partner  
Membership No.: 213803

**Tonse Sudhakar Pai**  
Managing Director  
DIN : 00043298

**H N Shrinivas**  
Director  
DIN : 07178853

**Monu Kumar**  
Company Secretary

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

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
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**Jyothi Ashish Pradhan**  
Chief Executive Officer

**Abhilash Padmanabh Kamti**  
Chief Financial Officer

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

## Kurlon Enterprise Limited

### Notes to the consolidated financial statements for the year ended March 31, 2023

All amounts in Rs. Lakhs, unless otherwise stated

#### 1. Corporate information

Kurlon Enterprise Limited (referred to as “the Holding Company”) together with its subsidiaries (collectively referred to as the “Group”). The Holding Company was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Holding Company is a subsidiary of Kanara Consumer Products Limited (formerly known as “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 Group in addition to the Holding Company comprises the following consolidated entities:

Sl. No	Name of the entity	Country of incorporation	Relationship	% Ownership interest as at March 31, 2023	% Ownership interest as at March 31, 2022
1	Kurlon Retail Limited	India	Subsidiary	100%	100%
2	Sevalal Solar Private Limited	India	Subsidiary	93.8%	93.8%
3	Sirar Dhotre Private Limited	India	Subsidiary	93.8%	93.8%
4	Sirar Solar Private Limited	India	Subsidiary	93.8%	93.8%
5	Belvedere International Limited*	India	Subsidiary	100%	100%
6	Komfort Universe Products and Services Limited	India	Subsidiary	100%	100%
7	Starship Value Chain and Manufacturing Private Limited #	India	Subsidiary	100%	100%
8	Kanvas Concepts Private Limited	India	Subsidiary	100%	100%
9	Home Komfort Retail LLP *	India	Subsidiary	100%	100%
10	Starship Global VCT LLP#	India	Subsidiary	-	100%

\* During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedere International Limited has acquired business from Home Komfort Retail LLP vide Business transfer agreement dated September 08, 2022. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48).

# During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private Limited has acquired business from Starship Global VCT LLP vide Business transfer agreement dated March 01, 2022, which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48).

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

#### 2. Basis of preparation

The consolidated financial statements of the Group 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.

The consolidated 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 consolidated financial statements are presented in Indian Rupees (Rs.), which is also functional currency of the Group. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

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

**(a) Measurement of fair values**

The Group 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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 Consolidated financial statements on a recurring basis, the Group 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 Group 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 Group 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 Group has identified twelve months as its operating cycle.

**(c) Use of estimates and judgements**

In preparing these consolidated 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 consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**Judgements:**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3.1 - Business combination: Whether the Group has de facto control over an investee;
- Note 3.2 and Note 3.3 - 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;

**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;

**3. Summary of significant accounting policies**

**3.1. Business combination:**

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in Other Comprehensive Income ("OCI") and accumulated in equity as capital reserve if there exist clear evidence of the underlying reason for classifying the business combination as resulting in bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as incurred, except to the extent related to debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently, and settlement is accounted for within equity. Other contingent consideration is remeasured at

fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If business combination is achieved in stages, any previous held equity interest in the acquiree is re-measured to its acquisition date fair value and any resulting gain or loss is recognised in consolidated statement of profit and loss or OCI, as appropriate.

### **Business combinations (common control business combinations)**

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative presented period or, if later, at the date that the common control was established; for this purpose comparatives are revised.

The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

### **Basis of consolidation**

#### Subsidiaries and controlled trust

Subsidiaries and controlled trust are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries and controlled trust are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries and controlled trust are consolidated on a line by line basis. Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired ("net assets") exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

#### Loss of control

When the Group loses control over a subsidiary or a controlled trust, it derecognizes the assets and liabilities of the subsidiary or the controlled trust, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the consolidated statement of profit and loss.

#### Equity accounted investee

The Group's interest in equity accounted investees comprise interests in associate. An associate is an entity in which Group has significant influence, but no control or joint control over the financial and operating policies. Interest in associate are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit and loss and OCI of equity- accounted investees until the date on which significant influence ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

### 3.2. 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 Group 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:

<b>Asset description</b>	<b>Useful life in years as per Schedule II</b>	<b>Useful life as per Group</b>
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.

### 3.3. 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 assumed, 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

**Kurlon Enterprise Limited****Notes to the consolidated financial statements for the year ended March 31, 2023****All amounts in Rs. Lakhs, unless otherwise stated**

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

<b>Asset description</b>	<b>Useful life in years</b>
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.

**3.4. Impairment****Impairment of financial assets**

In accordance with Ind AS - 109, the Group 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 Group 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 Group 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 Group 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 group 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 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-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 Group 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 Group 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 Group 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 Group 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 Group 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.

### **3.5. 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.

### **3.6. Foreign currency transactions**

#### *i) Functional and presentation currency:*

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

#### *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.

### **3.7. 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 Group expect to be entitled for those goods/services.

To recognize revenues, the Group 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 Group 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 Group 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 Group 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 Group may be entitled.

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

- The Group 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 Group 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.

**3.8. 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.

**3.9. 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 Group 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 Group 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 Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

### **3.10. 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 Group 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.

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 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.

### **3.11. Earnings/(loss) per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders 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 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.

### **3.12. 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 Group 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 Group does not recognize a contingent liability but discloses it in the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

### **3.13. 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.

For the purpose of the Consolidated 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 Group's cash management.

### **3.14. 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 Group are segregated based on the available information.

### **3.15. 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group's continuing recognition of the assets.

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 Group 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 Group 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 Group'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 Group 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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group 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 Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group 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 Group 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.

**3.16. Leases**

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

The Group 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 Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group 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 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 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 Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group 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 Group 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 Group'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 Group as a lessor**

Leases in which the Group 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.

### **3.17. 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.

### **3.18. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group 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 Group has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the consolidated financial statements relate to the Group's single business segment. Refer Note 35 for segment information and segment reporting.

### **3.19. Use of judgements, estimates and assumptions**

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 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:

#### **(i) Defined benefit plans**

The cost of the defined benefit gratuity plan 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) Deferred taxes**

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient 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. In the absence of reasonable certainty over recoverability of deferred taxes on carry forward losses no deferred tax assets have been recognised up to the reporting date.

**(iii) 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 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. In case of non-financial assets group 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.

**3.20. 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.

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

The Group 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 consolidated financial statements of the Holding Company.

### **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 Holding Company's consolidated financial statements.



**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
<b>Cost</b>									
<b>At April 01, 2021</b>	991.42	8,453.90	19,927.50	3,936.63	640.08	575.77	350.32	<b>34,875.62</b>	<b>703.33</b>
Additions	-	1,071.33	700.53	441.30	170.13	131.22	65.31	<b>2,579.82</b>	354.11
Disposals	-	(63.25)	(36.35)	(607.14)	(12.39)	(20.98)	(24.25)	<b>(764.36)</b>	(642.28)
Adjustments *	-	-	126.92	94.65	17.64	25.19	49.52	<b>313.92</b>	-
<b>At March 31, 2022</b>	<b>991.42</b>	<b>9,461.98</b>	<b>20,718.60</b>	<b>3,865.44</b>	<b>815.46</b>	<b>711.19</b>	<b>440.90</b>	<b>37,005.00</b>	<b>415.16</b>
Additions	-	389.16	573.96	271.51	79.17	43.04	60.57	<b>1,417.41</b>	342.28
Disposals	-	(981.95)	(1,036.20)	(800.50)	(18.42)	(24.03)	(46.14)	<b>(2,907.25)</b>	(659.18)
<b>At March 31, 2023</b>	<b>991.42</b>	<b>8,869.19</b>	<b>20,256.36</b>	<b>3,336.45</b>	<b>876.21</b>	<b>730.20</b>	<b>455.33</b>	<b>35,515.16</b>	<b>98.26</b>
<b>Depreciation</b>									
<b>At April 01, 2021</b>	-	1,012.74	9,922.42	1,622.18	447.03	474.24	80.56	<b>13,559.17</b>	-
Charge for the year	-	280.04	1,366.43	536.07	78.27	63.30	44.67	<b>2,368.78</b>	-
Disposals	-	(17.15)	(20.36)	(279.73)	(8.01)	(12.72)	(5.51)	<b>(343.48)</b>	-
Adjustments *	-	-	51.20	165.01	23.04	25.16	49.51	<b>313.92</b>	-
<b>At March 31, 2022</b>	<b>-</b>	<b>1,275.63</b>	<b>11,319.69</b>	<b>2,043.53</b>	<b>540.33</b>	<b>549.98</b>	<b>169.23</b>	<b>15,898.39</b>	<b>-</b>
Charge for the year	-	282.87	1,289.50	248.78	79.51	64.28	47.01	<b>2,011.95</b>	-
Disposals**	-	(230.60)	(479.70)	(538.70)	(16.68)	(18.52)	(16.72)	<b>(1,300.92)</b>	-
<b>At March 31, 2023</b>	<b>-</b>	<b>1,327.90</b>	<b>12,129.49</b>	<b>1,753.61</b>	<b>603.16</b>	<b>595.74</b>	<b>199.52</b>	<b>16,609.42</b>	<b>-</b>
<b>Net block</b>									
<b>At March 31, 2022</b>	<b>991.42</b>	<b>8,186.35</b>	<b>9,398.91</b>	<b>1,821.92</b>	<b>275.13</b>	<b>161.21</b>	<b>271.67</b>	<b>21,106.61</b>	<b>415.16</b>
<b>At March 31, 2023</b>	<b>991.42</b>	<b>7,541.29</b>	<b>8,126.87</b>	<b>1,582.84</b>	<b>273.05</b>	<b>134.46</b>	<b>255.81</b>	<b>18,905.74</b>	<b>98.26</b>

\* Represents reclass adjustments between gross block and accumulated depreciation.

\*\* Includes, deletion of assets on account of fire accident occurred at one of the Holding 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
<b>Total</b>	<b>2,082.39</b>	<b>773.95</b>	<b>1,308.44</b>

**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	
<b>As at March 31, 2023</b>					
Projects in progress	20.86	29.25	37.31	10.84	98.26
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>20.86</b>	<b>29.25</b>	<b>37.31</b>	<b>10.84</b>	<b>98.26</b>
<b>As at March 31, 2022</b>					
Projects in progress	354.11	39.46	2.08	19.51	415.16
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>354.11</b>	<b>39.46</b>	<b>2.08</b>	<b>19.51</b>	<b>415.16</b>

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

**5. Intangible assets**

	<b>Goodwill*</b>	<b>Computer Software</b>	<b>Total</b>
<b>Cost</b>			
<b>At April 01, 2021</b>	2,103.16	1,089.53	<b>3,192.69</b>
Additions	-	13.68	<b>13.68</b>
Disposals	-	(5.34)	<b>(5.34)</b>
<b>At March 31, 2022</b>	<b>2,103.16</b>	<b>1,097.87</b>	<b>3,201.03</b>
Additions	-	0.99	<b>0.99</b>
Disposals	-	(10.78)	<b>(10.78)</b>
<b>At March 31, 2023</b>	<b>2,103.16</b>	<b>1,088.08</b>	<b>3,191.24</b>
<b>Amortisation</b>			
<b>At April 01, 2021</b>	-	684.34	<b>684.34</b>
Charge for the year	-	139.62	<b>139.62</b>
Disposals	-	(0.35)	<b>(0.35)</b>
<b>At March 31, 2022</b>	-	<b>823.61</b>	<b>823.61</b>
Charge for the year	-	133.98	<b>133.98</b>
Disposals	-	(1.85)	<b>(1.85)</b>
<b>At March 31, 2023</b>	-	<b>955.74</b>	<b>955.74</b>
<b>Net block</b>			
<b>At March 31, 2022</b>	<b>2,103.16</b>	<b>274.26</b>	<b>2,377.42</b>
<b>At March 31, 2023</b>	<b>2,103.16</b>	<b>132.34</b>	<b>2,235.50</b>

\*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 Holding Company including SABCIL has been considered as a single cash generating unit. The Holding 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**

	<b>Leasehold Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost</b>			
<b>At April 01, 2021</b>	1,145.27	5,321.61	<b>6,466.88</b>
Additions	-	1,547.16	<b>1,547.16</b>
Disposals	-	(3,063.54)	<b>(3,063.54)</b>
Adjustments *	-	(84.38)	<b>(84.38)</b>
<b>At March 31, 2022</b>	<b>1,145.27</b>	<b>3,720.85</b>	<b>4,866.12</b>
Additions	-	4,316.94	<b>4,316.94</b>
Disposals	-	(827.28)	<b>(827.28)</b>
<b>At March 31, 2023</b>	<b>1,145.27</b>	<b>7,210.51</b>	<b>8,355.78</b>
<b>Depreciation</b>			
<b>At April 01, 2021</b>	38.90	2,040.02	<b>2,078.92</b>
Charge for the year	19.45	1,075.50	<b>1,094.95</b>
Disposals	-	(1,712.99)	<b>(1,712.99)</b>
Adjustments *	-	(84.38)	<b>(84.38)</b>
<b>At March 31, 2022</b>	<b>58.35</b>	<b>1,318.15</b>	<b>1,376.50</b>
Charge for the year	19.45	1,425.60	<b>1,445.05</b>
Disposals	-	(529.59)	<b>(529.59)</b>
<b>At March 31, 2023</b>	<b>77.80</b>	<b>2,214.16</b>	<b>2,291.96</b>
<b>Net block</b>			
<b>At March 31, 2022</b>	<b>1,086.92</b>	<b>2,402.70</b>	<b>3,489.62</b>
<b>At March 31, 2023</b>	<b>1,067.47</b>	<b>4,996.35</b>	<b>6,063.82</b>

\* Represents reclass adjustments between gross block and accumulated depreciation.

## 7. Investment

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
<b>Measured at fair value through profit and loss</b>				
<b>Current investments, quoted</b>				
<u>Investments in mutual funds</u>				
Nippon Money Market Fund - D G	2,847	100.99	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	20,33,681	1,103.94
Axis Short Term Plan-D-G	-	-	35,96,142	959.55
DSP Banking and PSU Debt Fund-Direct Growth	-	-	42,32,783	845.36
IDFC Corporate Bond Fund Regular Plan-Growth	-	-	45,34,078	713.42
ICICI Prudential Banking & PSU Debt Fund	-	-	22,00,468	592.37
Kotak Bond Short Term Fund - Direct Growth	-	-	12,56,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund-R G	-	-	48,46,475	505.80
LIC MF PSU Banking Fund Direct Growth	-	-	16,42,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	39,27,087	419.78
Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	-	-	29,009	306.34
ICICI Prudential Ultra short term Fund -D G	-	-	12,71,606	304.05
JM Low Duration Fund - R G	-	-	9,96,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-	-	11,09,397	209.37
PGIM India Low Duration Fund D G	-	-	7,96,144	203.30
Mahindra Manulife Short Term Fund D G	-	-	19,22,171	203.04
Trust MF Short Term Fund D G	-	-	19,695	202.27
Tata Corporate Bond Fund D G	-	-	19,99,900	202.26
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G	-	-	18,83,463	201.97
Axis CPSE Plus SDL 2025 Debt Index Fund D G	-	-	19,99,900	201.65
Canara Robeco Short Term Duration Fund -D G	-	-	8,98,208	201.47
Trust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	4,15,282	102.10
Nippon Short Term Fund - D G	-	-	2,23,873	101.92
ABSL Floating Rate Fund -Dg	-	-	35,907	101.81
Tata Banking & PSU Debt Fund D G	-	-	8,56,480	101.73
Invesco India Corporate Bond Fund - D G	-	-	3,716	101.63
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	-	-	9,93,561	101.41
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	-	-	9,93,996	101.38
Invesco India Medium Duration Fund- D G	-	-	9,826	101.33
L & T Low Duration Fund Direct Growth	-	-	4,21,328	100.53
Nippon India Corporate Bond Fund - D G	-	-	2,02,851	100.51
DSP Short Term Fund-D G	-	-	2,47,808	100.47
ABSL Crisil Aaa Jun 2023 Index Fund D G	-	-	10,00,263	100.43
Axis Money Market Fund - D G	8,277	100.79	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,00,849	100.10	-	-
DSP Savings Fund - D G	4,35,394	200.23	-	-
Kotak Liquid Fund D G	4,400	200.12	-	-
Axis Liquid Fund D G	8,002	200.10	-	-
Edelweiss Money Market Fund D G	7,53,258	199.99	-	-
LIC MF Saving Fund -D G	5,52,000	199.99	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,00,425	100.00	-	-
Bandhan Ultra short term fund D G	15,28,743	199.99	-	-
<b>Total</b>	<b>40,94,194</b>	<b>1,602.30</b>	<b>4,66,38,047</b>	<b>10,710.91</b>
<b>Aggregate book value of quoted investments</b>		<b>1,602.30</b>		<b>10,710.91</b>
<b>Aggregate market value of quoted investments</b>		<b>1,602.30</b>		<b>10,710.91</b>

**8. Loans**

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Unsecured, at amortised cost (Considered good)</b>				
Loans				
- Related parties (Refer Note 36)	-	276.68	-	-
- Others	2.28	45.24	10.00	56.74
	<b>2.28</b>	<b>321.92</b>	<b>10.00</b>	<b>56.74</b>
Loans				
- Related parties (Refer Note 36)	276.68	-	-	-
Less : Loss allowance	(276.68)	-	-	-
	-	-	-	-
	<b>2.28</b>	<b>321.92</b>	<b>10.00</b>	<b>56.74</b>

The Group has provided loans to one of its erstwhile director of subsidiaries and to the entity in which such director holds substantial interest amounting to Rs. 276.68 lakhs (March 31, 2022 : Rs. 276.68 lakhs). The Group has taken legal action against aforesaid director and entity for recovering the aforesaid loan amount. Considering the uncertainty in recoverability of above loans, management has provided for the loan receivable during financial year ending March 31, 2023.

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

**9. Other financial assets**

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Considered good unless otherwise stated</b>				
<b>Unsecured, at amortised cost</b>				
Interest accrued on fixed deposits	-	-	6.38	84.44
Insurance Receivable*	2,022.29	-	-	-
Security deposits#	932.05	1,249.19	15,583.71	80.46
<b>Other bank balance</b>	-	-	-	-
Deposits with remaining maturity for more than 12 months (Refer note 14)	11.57	-	-	-
	<b>2,965.91</b>	<b>1,249.19</b>	<b>15,590.09</b>	<b>164.90</b>

\* During the year, there was fire accident occurred at one of the Holding Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & equipment were damaged/burnt against which the Holding Company has filed claim with the insurer for Rs 41,77.98 lakhs of which, the Company has received interim claim of Rs 465 lakhs. Insurance receivable of Rs 2022.29 lakhs as of March 31, 2023 represents book of value of damaged/burn assets including inventories. The Holding Company is confident of realising the aforesaid claim in near future.

# Includes lease deposit amount of Rs 15,300 lakhs paid by the Holding Company to Kanara Consumer Products Limited (formerly known as "Kurlon 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 50 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 Holding company and conditions precedent mentioned there in, the Holding Company is required to recover/settle all the related party receivables/payables as applicable. Hence, the carrying value is considered recoverable.

**10. Income tax assets (net)**

	Non - current	
	March 31, 2023	March 31, 2022
Advance income tax net of provision for current tax & including tax deducted at source	2,381.88	1,701.97
MAT credit entitlement	0.51	0.51
	<b>2,382.39</b>	<b>1,702.48</b>

**11. Other assets**

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Unsecured, considered good</b>				
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-
Advances recoverable in cash or kind				
- Related parties (Refer Note 36)	-	-	7,430.62	4,435.19
- Others	-	-	1,703.38	732.82
Unbilled Revenue	-	-	39.42	-
Advance to employees	-	-	75.16	65.70
Prepaid expenses	-	-	525.09	298.99
Balances with statutory/government authorities	-	-	497.13	629.35
	<b>1,510.85</b>	<b>2,149.04</b>	<b>10,270.80</b>	<b>6,162.05</b>
<b>Unsecured, credit impaired</b>				
Advances recoverable in cash or kind				
- Others	-	-	24.92	43.23
- Employees	-	-	-	2.08
Less : Provision for doubtful advances	-	-	(24.92)	(45.31)
	-	-	-	-
<b>Total</b>	<b>1,510.85</b>	<b>2,149.04</b>	<b>10,270.80</b>	<b>6,162.05</b>

(i) Capital advances includes the following :

(a) During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as "Kurlon Limited" or "Ultimate 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 Honourable 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 Ultimate Holding Company to the Holding Company and has been carried in the books till date.

As detailed in note 50 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 Kurlon Limited) and Kurlon Trading and Invest management Private Limited in the Holding company and conditions precedent mentioned there in, the Holding Company is required to recover/settle all the related party receivables/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 Ultimate Holding Company.

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

	Current	
	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	1,875.96
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	542.62	812.68
	<b>8,049.43</b>	<b>12,014.03</b>

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 635.92 lakhs (March 31, 2022 : Rs. 752.67 lakhs).

**13. Trade receivables**

	Current	
	March 31, 2023	March 31, 2022
<b>Financial assets, at amortised cost</b>		
Unsecured, considered good	5,529.89	5,606.76
Unsecured, credit impaired	1,666.42	1,592.89
	<b>7,196.31</b>	<b>7,199.65</b>
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	<b>5,529.89</b>	<b>5,606.76</b>

**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.

**13. Trade receivables (Contd)**

**(iii) Trade Receivables ageing schedule:**

	Outstanding for following periods from the due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>March 31, 2023</b>							
Undisputed trade receivables - considered good	2,457.78	2,370.63	438.98	47.49	215.01	-	5,529.89
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
	<b>2,457.78</b>	<b>2,371.50</b>	<b>627.31</b>	<b>273.92</b>	<b>746.39</b>	<b>719.41</b>	<b>7,196.31</b>
<b>March 31, 2022</b>							
Undisputed trade receivables - considered good	571.64	4,756.29	261.62	14.56	1.83	0.82	5,606.76
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
	<b>571.64</b>	<b>4,756.29</b>	<b>261.62</b>	<b>963.34</b>	<b>333.58</b>	<b>313.18</b>	<b>7,199.65</b>

**14. Cash and bank balances**

	Non-Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	6.23	6.78
<b>Balances with banks :</b>				
In current accounts	-	-	339.74	500.22
Deposits with original maturity for less than 3 months	-	-	-	5.98
	-	-	<b>345.97</b>	<b>512.98</b>
<b>Other bank balances</b>				
Deposits with remaining maturity for less than 12 months	-	-	0.05	4,090.00
Earmarked balances with banks *	-	-	137.63	145.00
Unclaimed dividend account	-	-	15.01	15.71
	-	-	<b>152.69</b>	<b>4,250.71</b>
	-	-	<b>498.66</b>	<b>4,763.69</b>

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

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**15. Equity share capital**

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
<b>Authorised shares</b>				
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	15,06,00,000	7,530.00
	<b>15,06,00,000</b>	<b>7,530.00</b>	<b>15,06,00,000</b>	<b>7,530.00</b>
<b>Issued, subscribed and fully paid-up shares</b>				
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.62	3,65,52,261	1,827.62
	<b>3,65,52,261</b>	<b>1,827.62</b>	<b>3,65,52,261</b>	<b>1,827.62</b>

**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	3,65,52,261	1,827.62	3,65,52,261	1,827.62
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>3,65,52,261</b>	<b>1,827.62</b>	<b>3,65,52,261</b>	<b>1,827.62</b>

**b. Terms and rights attached to equity shares**

The Holding 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 Holding 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 Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding 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.	%
Kanara Consumer Products Limited (formerly known as "Kurlon Limited")				
Equity shares of Rs. 5/- each	3,23,38,830	88.47%	3,09,24,115	84.60%
	<b>3,23,38,830</b>	<b>88.47%</b>	<b>3,09,24,115</b>	<b>84.60%</b>

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

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
<u>Equity shares of Rs. 5/- each</u>				
Kanara Consumer Products Limited (formerly known as "Kurlon Limited")	3,23,38,830	88.47%	3,09,24,115	84.60%
Kurlon Trading and Invest management Private Limited	22,63,545	6.19%	-	-
Indian Business Excellence Fund II A	-	-	23,54,086	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
<u>Equity shares of Rs. 5/- each with voting rights</u>					
Fully paid up bonus shares	-	-	-	-	85,95,013
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,95,013</b>

**15. Equity share capital (contd.)**

**f. Details of shares held by promoters**

**As at March 31, 2023**

	<b>No. of shares at the beginning of the year</b>	<b>Change during the year</b>	<b>No. of shares at the end of the year</b>	<b>% of total shares</b>	<b>% change during the year</b>
Kanara Consumer Products Limited (formerly known as "Kurlon Limited")	3,09,24,115	14,14,715	3,23,38,830	88.47%	4.57%
Tonse Sudhakar Pai	347	-	347	0.00%	0.00%
Jaya Sudhakar Pai	347	2,300	2,647	0.01%	662.82%
	<b>3,09,24,809</b>	<b>14,17,015</b>	<b>3,23,41,824</b>	<b>88.48%</b>	<b>4.58%</b>

**As at March 31, 2022**

	<b>No. of shares at the beginning of the year</b>	<b>Change during the year</b>	<b>No. of shares at the end of the year</b>	<b>% of total shares</b>	<b>% change during the year</b>
Kanara Consumer Products Limited (formerly known as "Kurlon Limited")	3,09,49,615	(25,500)	3,09,24,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	0.00%
Jaya Sudhakar Pai	347	-	347	0.00%	0.00%
	<b>3,09,50,309</b>	<b>(25,500)</b>	<b>3,09,24,809</b>	<b>84.60%</b>	<b>-0.08%</b>

**g. Dividend made and proposed**

	<b>March 31, 2023</b>		<b>March 31, 2022</b>	
	<b>Dividend/Share</b>	<b>Rs.</b>	<b>Dividend/Share</b>	<b>Rs.</b>
<b>Dividend on equity shares declared and paid</b>				
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
<b>Proposed dividend on equity shares</b>				
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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**16. Other equity**

	March 31, 2023	March 31, 2022
<b>Capital Reserves</b>		
Balance at the beginning of the year	312.24	312.24
Add : Capital reserve arising on acquisition (Refer Note (a) below and 48)	3.71	-
<b>Balance as at end of the year</b>	<b>315.95</b>	<b>312.24</b>
<b>Securities premium account</b>		
Balance at the beginning of the year	14,860.48	14,860.48
Add : Premium on issue of shares	-	-
<b>Balance as at end of the year</b>	<b>14,860.48</b>	<b>14,860.48</b>
<b>General reserve</b>		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
<b>Balance as at end of the year</b>	<b>1,286.11</b>	<b>1,286.11</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	27,849.43	30,344.18
Add : Profit/(Loss) for the year	1,046.66	(558.37)
Add : Other comprehensive income/(loss) for the year	(17.42)	(107.33)
Less : Non-controlling interest	18.23	(1.44)
Less : Dividend paid	(183.21)	(1,827.61)
<b>Balance as at end of the year</b>	<b>28,713.69</b>	<b>27,849.43</b>
<b>Total</b>	<b>45,176.24</b>	<b>44,308.26</b>

- (a) During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedere International Limited has acquired business from Home Komfort Retail LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48)

**17. Lease liabilities**

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	3,911.16	1,853.20	1,346.50	831.68
	<b>3,911.16</b>	<b>1,853.20</b>	<b>1,346.50</b>	<b>831.68</b>

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

	March 31, 2023	March 31, 2022
At the beginning of the year	2,684.88	3,883.43
Additions	3,734.28	1,396.95
Interest expense	231.35	346.73
Payments	(1,022.22)	(1,228.38)
Termination of leases	(370.62)	(1,713.85)
At the end of the year	<b>5,257.67</b>	<b>2,684.88</b>

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
<b>Unsecured, at amortised cost</b>				
Security deposits	5,835.60	5,361.77	85.65	18.00
Employee related liabilities	-	-	982.78	1,018.22
Payable for capital goods	-	-	4.84	150.93
Unpaid dividend account	-	-	15.14	15.71
	<b>5,835.60</b>	<b>5,361.77</b>	<b>1,088.41</b>	<b>1,202.86</b>

**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)	113.88	147.57	79.95	123.57
Compensated absences	-	-	140.14	34.61
	<b>446.45</b>	<b>521.89</b>	<b>706.35</b>	<b>602.70</b>

**19. Provisions (Contd)**

**\* 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)
<b>Balance as at end of the year</b>	<b>818.84</b>	<b>818.84</b>
<b>Current</b>	<b>486.27</b>	<b>444.52</b>
<b>Non-current</b>	<b>332.57</b>	<b>374.32</b>

**20. Deferred tax liabilities (net)**

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Deferred tax liabilities	2,415.06	2,613.78	-	-
Deferred tax assets	(1,814.23)	(979.33)	-	-
	<b>600.83</b>	<b>1,634.45</b>	-	-

Refer Note 44 for further details.

**21. Borrowings**

	Non - current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Secured borrowings</b>				
Loans from banks	-	-	1,014.75	17.28
	-	-	-	-
<b>Unsecured borrowings</b>				
Loans from related parties (Refer Note 36)	59.32	62.87	653.38	676.30
	<b>59.32</b>	<b>62.87</b>	<b>1,668.13</b>	<b>693.58</b>

(a) Loan from banks of Rs. 1014.75 lakhs (March 31, 2022 : Rs. 17.28 lakhs)

(i) The Group has obtained various facilities from Axis Bank , Kotak Mahindra Bank and IDBI Bank. The loan is secured by first pari passu charge on entire current assets of the Holding Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a., 6 months MCLR +0.2%p.a., and 1 year MCLR + 0.15% 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 Lakhs. (March 31, 2022 - Nil).

(ii) The group has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 13.04 lakhs (March 31, 2022 : Rs. 17.28 lakhs).

(b) Loan from related parties of Rs. 712.70 lakhs (March 31, 2022 : Rs. 739.19 lakhs)

(i) The Group 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% during the year. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 650 lakhs (March 31, 2022 : Rs. 676.30 lakhs).

(ii) The Group has obtained a loan from Kanara Consumer Products Limited (formerly known as Kurlon Limited). The loan is unsecured and is repayable on demand and carries interest rate of 8% p.a. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 62.70 lakhs (March 31, 2022 : Rs. 62.87 lakhs).

The table below depicts changes in the Group'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
<b>March 31, 2023</b>				
Loans from banks	17.28	997.47	-	1,014.75
Loans from related parties	739.17	(26.47)	-	712.70
Lease liabilities	2,684.88	(790.87)	3,363.66	5,257.67
	<b>3,441.33</b>	<b>180.13</b>	<b>3,363.66</b>	<b>6,985.12</b>
<b>March 31, 2022</b>				
Loans from banks	520.57	(503.29)	-	17.28
Loans from related parties	721.26	17.91	-	739.17
Lease liabilities	3,883.43	(881.65)	(316.90)	2,684.88
	<b>5,125.26</b>	<b>(1,367.03)</b>	<b>(316.90)</b>	<b>3,441.33</b>

**22. Trade payables**

	<b>Current</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>At amortised cost</b>		
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	11,025.04	11,636.31
	<b>11,338.13</b>	<b>11,991.76</b>

**Ageing of trade payables**

	<b>Outstanding for following periods from the date of transaction</b>					<b>Total</b>
	<b>Unbilled</b>	<b>Less than 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>More than 3 years</b>	
<b>March 31, 2023</b>						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
Undisputed trade payables - Non MSME	9,695.04	1,147.45	160.85	7.72	13.98	11,025.04
<b>Total</b>	<b>9,959.10</b>	<b>1,164.93</b>	<b>183.44</b>	<b>16.68</b>	<b>13.98</b>	<b>11,338.13</b>
<b>March 31, 2022</b>						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
Undisputed trade payables - Non MSME	6,048.39	5,479.40	65.68	12.41	30.43	11,636.31
<b>Total</b>	<b>6,079.93</b>	<b>5,803.31</b>	<b>65.68</b>	<b>12.41</b>	<b>30.43</b>	<b>11,991.76</b>

**23. Other current liabilities**

	<b>Current</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Contract liabilities - Advance from customers	447.70	616.83
Statutory dues payables	491.16	560.64
Payable to Related Parties	36.13	98.11
Other Liabilities	67.78	119.78
	<b>1,042.77</b>	<b>1,395.36</b>

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

**24. Liabilities for current tax (net)**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Current tax liabilities	684.10	-
	<b>684.10</b>	<b>-</b>

<b>25 Revenue from operations</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Revenue from contracts with customers</b>		
<b>Sale of products</b>		
Finished goods	91,784.91	70,847.88
Traded goods	3,899.12	15,658.69
Less : Schemes & rebates	(10,297.42)	(7,486.13)
<b>Sale of Services</b>	<b>92.35</b>	<b>13.56</b>
<b>Other operating revenue</b>		
Scrap sales	251.76	224.73
Others	158.79	256.65
<b>Revenue from operations</b>	<b>85,889.51</b>	<b>79,515.38</b>

<b>(a) Timing of revenue from operations</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Goods transferred at a point in time	85,797.16	79,501.82
Services transferred over time	92.35	13.56
	<b>85,889.51</b>	<b>79,515.38</b>

<b>(b) Reconciliation of amount of revenue recognised with contract price</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Revenue as per contract price	96,186.93	87,001.51
Less : Discounts	(10,297.42)	(7,486.13)
	<b>85,889.51</b>	<b>79,515.38</b>

<b>(c) Movement in contract liabilities during the year *</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Opening balance	616.83	615.62
Less : Revenue recognised during the year	(616.83)	(615.62)
Add : Amount of consideration received during the year	447.70	616.83
	<b>447.70</b>	<b>616.83</b>

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

<b>26 Other income</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Interest income		
- On fixed deposits	110.49	269.45
- On security deposits	37.56	20.74
- On Others	1.54	7.78
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
Liabilities no longer required written back	59.50	40.48
Gain on early termination of lease	72.93	363.83
Miscellaneous income	69.49	181.64
	<b>842.55</b>	<b>1,364.81</b>

**Kurlon Enterprise Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2023

All amounts in Rs. Lakhs, unless otherwise stated

<b>27 Cost of raw materials consumed</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
Inventories at the beginning of the year		5,242.40	4,487.83
Add: Purchases		35,651.46	37,116.38
Less: Inventories at the end of the year		(2,962.94)	(5,242.40)
Cost of raw materials consumed		<b>37,930.92</b>	<b>36,361.81</b>

<b>28 Purchase of traded goods</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
Purchase of traded goods		9,181.32	8,856.30
		<b>9,181.32</b>	<b>8,856.30</b>

<b>29 Changes in inventories of finished goods, work-in-progress and traded goods</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Inventories at the end of the year</b>			
Finished goods		3,068.02	3,536.69
Work in progress		987.57	1,875.96
Traded goods		542.62	812.68
	<b>(A)</b>	<b>4,598.21</b>	<b>6,225.33</b>
<b>Inventories at the beginning of the year</b>			
Finished goods		3,536.69	3,722.45
Work in progress		1,875.96	1,804.89
Traded goods		812.68	1,140.81
	<b>(B)</b>	<b>6,225.33</b>	<b>6,668.15</b>
	<b>(B-A)</b>	<b>1,627.12</b>	<b>442.82</b>

<b>30 Employee benefit expenses</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
Salaries, wages and bonus		6,333.57	6,668.09
Gratuity expenses (Refer Note 41)		95.13	111.49
Contribution to provident and other funds (Refer Note 41)		318.28	364.24
Staff welfare expenses		255.46	218.45
		<b>7,002.44</b>	<b>7,362.27</b>

<b>31 Finance costs</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
Interest expenses			
- On borrowings		105.76	91.99
- On lease liabilities		421.26	346.73
Customer financing costs		157.23	89.79
Other		44.78	44.45
		<b>729.03</b>	<b>572.96</b>

**Kurlon Enterprise Limited****Notes to the Consolidated financial statements for the year ended March 31, 2023****All amounts in Rs. Lakhs, unless otherwise stated**

<b>32 Depreciation and amortisation expense</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Depreciation of property, plant and equipment	2,011.95	2,372.25
Amortisation of intangible assets	133.98	138.05
Amortisation of right to use assets	1,445.05	1,094.32
	<b>3,590.98</b>	<b>3,604.62</b>
<b>33 Other expenses</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Consumption of stores, spares and consumables	375.01	324.71
Power and fuel	1,133.14	941.94
Freight outward	7,588.65	8,088.67
Rent	2,290.36	409.08
Repairs and maintenance		
- Buildings	162.24	81.83
- Plant and machinery	113.95	150.76
- Others	459.64	421.10
Tailoring and fabrication	3,235.48	3,094.72
Manpower Charges	634.63	519.21
Office Expenses	57.85	132.11
Rates and taxes	293.76	197.14
Expenditure on corporate social responsibility (refer note 40)	135.46	202.99
Insurance expenses	464.25	311.07
Foreign currency exchange loss (net)	10.41	16.51
Fair value loss on mutual funds at fair value through profit or loss	511.28	-
Security expenses	595.53	565.34
Postage and telephone expenses	162.98	138.32
Payment to auditors *	78.50	65.00
Advertisement, promotion and selling expenses	3,302.59	4,453.40
Travelling and conveyance expenses	1,051.11	1,066.53
Legal and consultancy charges	1,956.02	1,697.16
Director's sitting fees	3.75	1.67
Loss on sale of property, plant and equipment	304.19	339.09
Advance to suppliers written off	1.42	-
Bad debts written off	25.44	0.09
Deposits written off	-	31.46
Provision for bad and doubtful debts	73.53	594.68
Provision for doubtful advances	276.68	45.31
Provision for warranty	363.07	328.80
Royalty expenses	37.71	-
Miscellaneous expenditure	179.91	345.57
	<b>25,878.54</b>	<b>24,564.27</b>
<b>* Payment to auditors (excluding goods and service tax)</b>		
Audit services :		
Statutory audit	77.00	65.00
Tax audit	-	-
Out of pocket expenses	1.50	-
	<b>78.50</b>	<b>65.00</b>

### 34 Earnings per share (EPS)

	March 31, 2023	March 31, 2022
Profit/(Loss) for the year	1,046.66	(558.37)
Weighted average number of equity shares outstanding (Basic and diluted)	3,65,52,261	3,65,52,261
Earnings per share (Basic and diluted)	2.86	(1.53)

### 35 Segment reporting

The Group primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. In addition, certain subsidiaries of the Holding Company are engaged in the generation of solar power which is not material at Group level. Considering the size of solar operations, the Group 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 Group as a whole and hence, the Group has only one reportable segment. The Group operates and manages its business as a single segment. As the Group's long-lived assets are all located in India and the Group'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

Ultimate Holding Company	Kanara Consumer Products Limited (formerly known as Kurlon Limited)
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Other related parties with whom transactions have taken place during the year

Subsidiaries	Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedere International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited (Formerly Starship Manufacturing & Services Private Limited) Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited Starship Global VCT LLP Home Komfort Retail LLP
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited Kurlon Trading and Invest Management Private Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahar Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels (India) Private Limited Anant Solar Energy 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 Mr. Ashoka Bhima Dhotre, Director of subsidiary Ms. Savitha Ashok Dhotre, Director of subsidiary Mr. Basaka Bhima Dhotre, Director of subsidiary

**36 Related party disclosure (contd.)**

**Names of related parties and related party relationships**

Directors and Key Management Personnel (KMP)	Ms. Shakuntala Naik, Director of subsidiary Mr. Sunil Roopsingh Rathod, Director subsidiary Mr. Sham Sunder, Director of subsidiary
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The transactions that have been entered into with related parties during the year are as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<b><u>Sale of products</u></b>		
Manipal Advertising Services Private Limited	0.05	0.30
	<b>0.05</b>	<b>0.30</b>
<b><u>Purchases</u></b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,189.29	8,749.41
	<b>9,189.29</b>	<b>8,749.41</b>
<b><u>Managerial remuneration</u></b>		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Abhilash Kamti	18.00	-
Monu Kumar	13.63	12.77
Ritesh Shroff	-	41.83
Vivek Kumar Bajpai	56.30	-
	<b>237.74</b>	<b>209.59</b>
<b><u>Repair &amp; Maintenance Charges</u></b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
	<b>71.50</b>	<b>-</b>
<b><u>Legal and Consultancy Charges</u></b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	-
Manipal Software & E-Commerce Private Limited	424.18	344.38
Praveen Rathod	6.00	-
Savitha Ashok Dhotre	-	6.08
Basaka Bhima Dhotre	-	1.50
	<b>480.84</b>	<b>351.96</b>
<b><u>Advertisement and sales promotion expenses</u></b>		
Manipal Advertising Services Private Limited	709.13	1,302.21
	<b>709.13</b>	<b>1,302.21</b>
<b><u>Lease Rentals to related parties</u></b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,234.08	4.37
Savitha Ashok Dhotre	9.68	6.98
Ashoka Bhima Dhotre	9.68	15.75
Basaka Bhima Dhotre	6.45	-
Sharada Bhimu Naik	11.22	-
Motilal Demmanna Naik	11.22	-
Shakuntala Naik	21.30	56.15
Metropolis Builders Private Limited	29.78	28.25
Sunil Roopsingh Rathod	-	18.00
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahar Trade and Investments Private Limited	22.94	20.85
	<b>2,362.35</b>	<b>156.35</b>



**36 Related party disclosure (contd.)**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b><u>Reimbursement of Expenses</u></b>		
Shakuntala Naik	17.35	-
	<b>17.35</b>	-
<b><u>Interest paid on unsecured loan</u></b>		
Jaya S Pai	62.63	52.88
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	4.87
	<b>62.63</b>	<b>57.75</b>
<b><u>Travelling and conveyance expenses</u></b>		
Manipal Travels (India) Private Limited	276.76	166.69
	<b>276.76</b>	<b>166.69</b>
<b><u>Sitting fees</u></b>		
H N Shrinivas	1.17	0.39
Nagarajan S	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
	<b>3.75</b>	<b>1.67</b>
<b><u>Dividend paid</u></b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	<b>162.09</b>	<b>1546.24</b>
<b>The balances receivable from and payable to related parties as at year end are as follows :</b>		
<b><u>Capital advances</u></b>		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	622.00
	<b>1,222.76</b>	<b>1,844.76</b>
<b><u>Security deposit given</u></b>		
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	-
Maha Rashtra Apex Corporation Limited	-	15.00
	<b>15,369.00</b>	<b>84.00</b>
<b><u>Borrowings</u></b>		
Jaya S Pai	650.00	676.30
Ashish Pradhan	1.65	-
T Sudhakar Pai	1.65	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	62.87	62.87
	<b>716.17</b>	<b>739.17</b>
<b><u>Loan to related parties</u></b>		
Anant Solar Systems	250.36	250.36
Sham Sunder	26.33	26.33
	<b>276.69</b>	<b>276.69</b>
<b><u>Loss allowance on loans given to related parties</u></b>		
Anant Solar Systems	250.36	-
Sham Sunder	26.33	-
	<b>276.69</b>	-

**Kurlon Enterprise Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2023**  
**All amounts in Rs. Lakhs, unless otherwise stated**

**36 Related party disclosure (contd.)**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Advance to related parties</b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.08
Manipal Advertising Services Private Limited	-	140.00
	<b>7,433.58</b>	<b>4,435.08</b>
<b>Interest Payable on borrowings</b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	4.87
	-	<b>4.87</b>
<b>Managerial remuneration payable</b>		
Savitha Ashok Dhotre	0.68	1.35
Ashoka Bhima Dhotre	0.68	1.30
Basaka Bhima Dhotre	0.45	1.00
	<b>1.81</b>	<b>3.65</b>
<b>Trade payables</b>		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	132.93	0
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	21.72	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Sharada Bhimu Naik	0.96	-
Motilal Demmanna Naik	0.96	-
Shakuntala Naik	14.23	56.15
Manipal Travels (India) Private Limited	-	11.17
Basaka Bhima Dhotre	-	1.00
	<b>209.06</b>	<b>114.15</b>
<b>Lease liabilities</b>		
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
Jayamaharal Trade and Investments Private Limited	153.70	163.90
Ashok Bhima Dhotre	231.32	173.79
Sunil Roopsingh Rathod	170.13	173.79
	<b>641.82</b>	<b>722.02</b>

**37 Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
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
	<b>313.09</b>	<b>355.45</b>
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 Group also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,290.36 lakhs (March 31, 2022: Rs. 409.08 lakhs) have been recognised in the statement of profit and loss.

**39 Contingent liabilities and capital commitments**

**(a) Contingent liabilities**

**Claims against the Company not acknowledged as debts**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
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 Group 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 Group's financial position and results of operations.

**(b) Capital commitments**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
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 Holding 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 Group 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 Holding Company.

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Gross amount required to be spent by the Group during the year	142.94	217.01

**Amount spent during the year ended March 31, 2023**

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

**Amount spent during the year ended March 31, 2022**

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

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

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
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 or (short) amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Group 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 Group makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Group recognised Rs. 309.08 lakhs (March 31, 2022 : Rs 345.67 lakhs) towards Provident fund contributions, Rs 9.14 lakhs (March 31, 2022 : Rs 18.44 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 Group 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 Group.

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

##### Balance Sheet

	March 31, 2023	March 31, 2022
Defined benefit obligation	809.39	735.43
Plan assets	615.56	464.29
<b>Net liability</b>	<b>193.83</b>	<b>271.14</b>
<b>Current</b>	79.95	123.57
<b>Non-current</b>	113.88	147.57

##### Changes in the present value of defined benefit obligation

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	735.43	536.26
Service cost	82.77	109.83
Interest cost	49.54	31.00
Remeasurements - Actuarial loss/(gain)	29.50	182.35
Benefit paid	(87.85)	(124.01)
Balance at end of the year	<b>809.39</b>	<b>735.43</b>

##### Changes in the fair value of plan assets

	March 31, 2023	March 31, 2022
<b>Balance at the beginning of the year</b>	464.29	509.77
Contributions made	201.86	11.85
Interest income	37.18	29.60
Payments	(87.85)	(124.01)
Expenses on plan assets	-	(0.26)
Actuarial loss	(0.25)	-
Return on plan assets	0.34	37.34
<b>Balance at end of the year</b>	<b>615.56</b>	<b>464.29</b>

##### Statement of profit and loss

	March 31, 2023	March 31, 2022
Service cost	82.77	109.83
Interest cost net of income	12.36	1.40
Expenses on plan assets	-	0.26
<b>Total</b>	<b>95.13</b>	<b>111.49</b>

##### Other comprehensive (income)/loss

	March 31, 2023	March 31, 2022
Remeasurements - Actuarial loss/(gain)	27.86	182.35
Return on plan assets	(0.09)	(37.34)
<b>Total</b>	<b>27.77</b>	<b>145.01</b>

**41. Employee benefits- (Continued)**

**Principal assumptions used in determining defined benefit obligation**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Discount rate	7.50%-7.53%	7.13% to 7.52%
Expected return on plan assets	7.13%- 7.51%	6.52% to 7.12%
Salary escalation	5%-10%	5% to 8%
Employee turnover	5% to 10%	5% to 10%

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

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Investment with insurance companies	100.00%	100.00%

The Group 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.

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<u>Discount rate</u>		
1% increase	(48.64)	(49.55)
1% decrease	55.27	56.53
<u>Salary escalation</u>		
1% increase	51.28	53.66
1% decrease	(46.75)	(48.06)
<u>Employee turnover</u>		
1% increase	4.68	3.85
1% decrease	(5.13)	(4.40)

**The following payments are expected contributions to the defined benefit plan in future years:**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Within 1 year	80.40	50.86
1-2 year	74.51	63.93
2-3 year	80.08	57.45
3-4 year	78.91	66.03
4-5 year	34.34	54.68
5-10 year	226.39	193.84
10 years onwards	205.87	228.49

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 to 15.28 years (March 31, 2022: 9.73 to 15.48 years).

*(This space has intentionally been left blank)*

#### 42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these consolidated 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 Group's financial assets and financial liabilities are as below :

	March 31, 2023		March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets measured at fair value through profit and loss</b>				
<u>Current assets</u>				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	<b>1,602.30</b>	<b>1,602.30</b>	<b>10,710.91</b>	<b>10,710.91</b>
<b>Financial assets measured at amortised cost</b>				
<u>Non-current assets</u>				
Loans	2.28	2.28	321.92	321.92
Other financial assets	2,965.91	2,965.91	1,249.19	1,249.19
<u>Current assets</u>				
Trade receivables	5,529.89	5,529.89	5,606.76	5,606.76
Cash and cash equivalents	345.97	345.97	512.98	512.98
Other bank balances	152.69	152.69	4,250.71	4,250.71
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,590.09	15,590.09	164.90	164.90
	<b>24,596.82</b>	<b>24,596.82</b>	<b>12,163.21</b>	<b>12,163.21</b>
<b>Financial liabilities measured at amortised cost</b>				
<u>Non-current liabilities</u>				
Borrowings	59.32	59.32	62.87	62.87
Lease liabilities	3,911.16	3,911.16	1,853.20	1,853.20
Other financial liabilities	5,835.60	5,835.60	5,361.77	5,361.77
<u>Current liabilities</u>				
Borrowings	1,668.13	1,668.13	693.58	693.58
Lease liabilities	1,346.50	1,346.50	831.68	831.68
Trade payables	11,338.13	11,338.13	11,991.74	11,991.74
Other financial liabilities	1,088.41	1,088.41	1,202.86	1,202.86
	<b>25,247.26</b>	<b>25,247.26</b>	<b>21,997.70</b>	<b>21,997.70</b>

#### 43. Financial risk management objectives and policies

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group'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 Group's activities. The Group, 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 Holding 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 Group's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

**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	1,19,988	99.59	USD	3,60,732	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, 2022
<u>Basis point</u>	<b>Effect on profit before tax</b>	
+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 Group'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, 2022
<u>Basis point</u>	<b>Effect on profit before tax</b>	
+1%	(10.15)	-
-1%	10.15	-

**(b) Credit risk**

Credit risk is the risk of financial loss to the Group 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 Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Group regularly monitors its outstanding customer receivables.

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

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, 2023	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	-	-	45.31	-
Allowance created/(reversed) during the year	73.53	547.72	276.68	-	(20.39)	45.31
<b>At the end of the year</b>	<b>1,666.42</b>	<b>1,592.89</b>	<b>276.68</b>	<b>-</b>	<b>24.92</b>	<b>45.31</b>



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

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

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

	<b>On demand</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>March 31, 2023</b>					
Borrowings	775.40	892.73	59.32	-	1,727.45
Lease liabilities	-	1,234.04	3,146.74	442.72	4,823.50
Trade payables	-	11,338.13	-	-	11,338.13
Other financial liabilities	-	1,088.41	5,835.60	-	6,924.01
<b>Total</b>	<b>775.40</b>	<b>14,553.31</b>	<b>9,041.66</b>	<b>442.72</b>	<b>24,813.09</b>
<b>March 31, 2022</b>					
Borrowings	-	693.58	62.87	-	756.45
Lease liabilities	-	896.25	1,796.15	742.01	3,434.41
Trade payables	-	11,991.74	-	-	11,991.74
Other financial liabilities	-	1,202.86	5,361.77	-	6,564.63
<b>Total</b>	<b>-</b>	<b>14,784.43</b>	<b>7,220.79</b>	<b>742.01</b>	<b>22,747.23</b>

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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**44. Income tax**

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022:

	March 31, 2023	March 31, 2022
<b>Consolidated Statement of profit or loss</b>		
<b>Statement of Profit or loss:</b>		
Current tax	824.35	575.12
Deferred tax charge/(credit)	(1,033.85)	(747.41)
<b>Income tax expense/(credit)</b>	<b>(209.50)</b>	<b>(172.29)</b>
Tax relating to earlier years	(45.45)	(154.20)
<b>Income tax expense/(credit) reported in the statement of profit and loss</b>	<b>(254.95)</b>	<b>(326.49)</b>
<b>Other Comprehensive Income:</b>		
<b>Income tax recognised in other comprehensive income/(loss)</b>		
- Tax arising on income and expense recognised in other comprehensive income/(loss)	10.35	37.68
<b>Total</b>	<b>10.35</b>	<b>37.68</b>

The reconciliation between the provision for income tax of the Group 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	791.71	(884.86)
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	199.27	(222.72)
<b>Effect of :</b>		
(Reversal)/Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of provision for current tax relating to earlier year	(45.45)	(154.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	(442.87)	297.08
<b>Total income tax expense</b>	<b>(254.95)</b>	<b>(326.49)</b>

**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	(1,599.01)	(1,718.31)	(119.30)	(56.64)
Right of use assets	(688.61)	(516.30)	172.31	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
<b>Gross deferred tax liability</b>	<b>(2,519.20)</b>	<b>(2,609.66)</b>	<b>(90.46)</b>	<b>(170.11)</b>
<b>Deferred tax asset</b>				
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)
	4.45	12.62	7.94	8.17
Section 35DD disallowance on amalgamation expenses				
Lease liabilities	457.37	252.35	(205.02)	(140.06)
Provision for gratuity	39.20	56.47	17.27	(56.47)
Provision for Leave Encashment	29.86	4.95	(24.91)	(4.95)
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Disallowance under Sec 40a(ia)	0.38	54.97	54.59	(53.21)
<b>Net deferred tax assets (net)</b>	<b>(600.83)</b>	<b>(1,634.45)</b>	<b>(1,033.85)</b>	<b>(747.41)</b>
<b>Net deferred tax credit/(charge)</b>			<b>(1,033.85)</b>	<b>(747.41)</b>

**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	2.32	2.36	-2%	
Debt equity ratio	Total debt	Shareholder's equity	0.04	0.02	124%	Due to increase in borrowings 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 expenses	Debt service = Interest and lease payments + Principal repayments	4.50	2.04	121%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on equity ratio	Net profits after taxes - Preference dividend	Average shareholder's equity	0.02	-0.01	295%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.86	3.95	23%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	15.42	14.35	7%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.06	6.87	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.63	3.49	4%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	0.01	-0.01	271%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax liability	0.03	-0.01	578%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.07	0.04	85%	Due to sale of investments in current year leading to the improvement of the ratio.

**46. Other statutory information**

(i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.

(ii) The Group does not have any transactions with companies struck off except as follows:

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

(iii) The Group does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.

(iv) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

(v) 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

(vi) 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,

(vii) The Group has 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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**47 Statutory Group Information**

**A. Contribution of net assets/(liability) in the consolidated financial statements:**

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
<b>Holding Company</b>				
Kurlon Enterprise Limited	47,809.96	102%	49,342.09	107%
<b>Subsidiaries</b>				
Kurlon Retail Limited	(1,894.56)	-4%	(1,832.37)	-4%
Sirar Dhotre Private Limited	(75.47)	0%	41.22	0%
Sevalal Solar Private Limited	(80.80)	0%	(37.47)	0%
Sirar Solar Energies Private Limited	(96.87)	0%	37.21	0%
Belvedere International Limited	(132.74)	0%	(36.61)	0%
Komfort Universe Products and Services Limited	(381.48)	-1%	(388.84)	-1%
Starship Value Chain and Manufacturing Private Limited	789.20	2%	546.24	1%
Kanvas Concepts Private Limited	(112.84)	0%	(112.19)	0%
Home Komfort Retail LLP	0.08	0%	(2.39)	0%
<b>Total</b>	<b>45,824.47</b>	<b>98%</b>	<b>47,556.88</b>	<b>103%</b>
Adjustments arising out of consolidation	1,163.70	2%	(1,418.46)	-3%
<b>Total</b>	<b>46,988.17</b>	<b>100%</b>	<b>46,138.42</b>	<b>100%</b>

**B. Contribution of profit/(loss) in the consolidated financial statements:**

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
<b>Holding Company</b>				
Kurlon Enterprise Limited	(1,317.45)	-126%	357.96	-64%
<b>Subsidiaries</b>				
Kurlon Retail Limited	(59.21)	-6%	(1,238.84)	222%
Sirar Dhotre Private Limited	(116.70)	-11%	19.69	-4%
Sirar Solar Private Limited	(43.32)	-4%	(13.99)	3%
Sevalal Solar Private Limited	(134.07)	-13%	17.58	-3%
Belvedere International Limited	(99.85)	-10%	(41.45)	7%
Komfort Universe Products and Services Limited	(9.08)	-1%	(393.86)	71%
Starship Value Chain and Manufacturing Private Limited	242.37	23%	293.47	-53%
Kanvas Concepts Private Limited	(0.65)	0%	(92.68)	17%
Home Komfort Retail LLP	(0.88)	0%	(2.39)	0%
<b>Total</b>	<b>(1,538.84)</b>	<b>-147%</b>	<b>(1,094.48)</b>	<b>196%</b>
Adjustments arising out of consolidation	2,585.50	247%	536.12	-96%
<b>Total</b>	<b>1,046.66</b>	<b>100%</b>	<b>(558.37)</b>	<b>100%</b>

**C. Share in other comprehensive income/(loss):**

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
<b>Holding Company</b>				
Kurlon Enterprise Limited	(31.47)	181%	(112.00)	104%
<b>Subsidiaries</b>				
Kurlon Retail Limited	(2.98)	17%	4.67	-4%
Sirar Dhotre Private Limited	-	-	-	-
Sirar Solar Private Limited	-	-	-	-
Sevalal Solar Private Limited	-	-	-	-
Belvedere International Limited	-	-	-	-
Komfort Universe Products and Services Limited	16.44	-94%	-	-
Starship Value Chain and Manufacturing Private Limited	0.59	-3%	-	-
Kanvas Concepts Private Limited	-	-	-	-
Home Komfort Retail LLP	-	-	-	-
<b>Total</b>	<b>(17.42)</b>	<b>100%</b>	<b>(107.33)</b>	<b>100%</b>
Adjustments arising out of consolidation	-	-	-	-
<b>Total</b>	<b>(17.42)</b>	<b>100%</b>	<b>(107.33)</b>	<b>100%</b>

**47 Statutory Group Information (Contd.)**

**D. Share in total comprehensive income/(loss):**

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
<b>Holding Company</b>				
Kurlon Enterprise Limited	(1,348.92)	-131%	245.96	-37%
<b>Subsidiaries</b>				
Kurlon Retail Limited	(62.19)	-6%	(1,234.17)	185%
Sirar Dhotre Private Limited	(116.70)	-11%	19.69	-3%
Sirar Solar Private Limited	(43.32)	-4%	(13.99)	2%
Sevalal Solar Private Limited	(134.07)	-13%	17.58	-3%
Belvedere International Limited	(99.85)	-10%	(41.45)	6%
Komfort Universe Products and Services Limited	7.36	1%	(393.86)	59%
Starship Value Chain and Manufacturing Private Limited	242.96	24%	293.47	-44%
Kanvas Concepts Private Limited	(0.65)	0%	(92.68)	14%
Home Komfort Retail LLP	(0.88)	0%	(2.39)	0%
<b>Total</b>	<b>(1,556.26)</b>	<b>-151%</b>	<b>(1,201.81)</b>	<b>181%</b>
Adjustments arising out of consolidation	2,585.50	251%	536.12	-81%
<b>Total</b>	<b>1,029.24</b>	<b>100%</b>	<b>(665.70)</b>	<b>100%</b>

**48 Business combinations**

**a) Acquisition of Home Komfort Retail LLP under common control during the year ended March 31, 2023**

During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedere International Limited has acquired business from Home Komfort Retail LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method. The subsidiary company has entered into Business Transfer agreement dated September 08, 2022 with Home Komfort Retail LLP to sell its assets and liabilities that constitute a business for a consideration of Rs. 0.11 lakhs and has recorded Rs. 3.71 lakhs as 'Capital Reserve'.

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on April 01, 2022.

**Fair value recognised on acquisition**

	<b>Amount</b>
Total Assets	247.39
Total Liabilities	(243.57)
<b>Total fair value of net assets acquired (A)</b>	<b>3.82</b>
Purchase consideration (B)	0.11
<b>Capital Reserve arising on acquisition (A-B)</b>	<b>3.71</b>

**(b) Acquisition of Starship Global VCT LLP under common control during the year ended March 31, 2022**

During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private Limited has acquired business from Starship Global VCT LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method. The subsidiary company has entered into Business Transfer agreement dated March 01, 2022 with Starship Global VCT to sell its assets and liabilities that constitute a business for a consideration of Rs. 0.5 lakhs and has recorded Rs. 251.27 lakhs as 'Capital Reserve'.

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on April 01, 2021.

**Fair value recognised on acquisition**

	<b>Amount</b>
Property, plant and equipment	3.95
Capital Work In Progress	2.15
Other financial assets	228.58
Other assets	123.14
Trade receivables	429.45
Cash and cash equivalents	482.80
Financial liabilities - borrowings	(0.18)
Trade payables	(208.05)
Other current liabilities	(670.07)
Short term provisions	(140.00)
<b>Total fair value of net assets acquired (A)</b>	<b>251.77</b>
Purchase consideration (B)	0.50
<b>Capital Reserve arising on acquisition (A-B)</b>	<b>251.27</b>

**49. Capital management**

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

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Group includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Borrowings	1,727.45	756.45
Lease liabilities	5,257.67	2,684.88
Less: Cash and cash equivalents and other bank balances	498.66	4,763.69
<b>Net debt (A)</b>	<b>6,486.47</b>	<b>(1,322.36)</b>
Equity	46,988.17	46,138.42
<b>Total equity capital (B)</b>	<b>46,988.17</b>	<b>46,138.42</b>
<b>Total debt and equity (C)=(A)+(B)</b>	<b>53,474.65</b>	<b>44,816.06</b>
<b>Gearing ratio (A)/(C)</b>	<b>12%</b>	<b>-3%</b>

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

50. 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 Kurlon Limited) and Kurlon Trading and Invest management Private Limited in the Holding company ("SPA"). The aforesaid transaction is subject to fulfillment of prescribed conditions as mentioned in SPA.

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51. 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

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

**per Rajeev Kumar**  
Partner  
Membership No.: 213803

**Tonse Sudhakar Pai**  
Managing Director  
DIN : 00043298

**H N Shrinivas**  
Director  
DIN : 07178853

**Monu Kumar**  
Company Secretary

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

Place: Bengaluru  
Date: August 29, 2023

Place: Bengaluru  
Date: August 29, 2023

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

## GENERAL INFORMATION

Our Company was incorporated as 'Sheela Foam Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the RoC on June 18, 1971 at Delhi. Our Company became a deemed public limited company under Section 43A (1A) of the Companies Act, 1956 on July 1, 1989 and was restored to its status of private limited company with effect from November 30, 1990 as per Section 43A (4) of the Companies Act, 1956. Our Company was converted to a public limited company pursuant to a special resolution of our shareholders dated April 30, 2016 and the name of our Company was changed to 'Sheela Foam Limited', to reflect the legal status of our Company pursuant to a fresh certificate of incorporation granted by the RoC on June 6, 2016. For further details, see the section titled, "*Organisational Structure of our Company*" on page 218.

- The Equity Shares of our Company have been listed on BSE and NSE since December 9, 2016.
- Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue from each BSE and NSE on September 20, 2023, under Regulation 28(1) of the SEBI Listing Regulations.
- Our Registered Office is located at 604, Ashadeep 9 Hailey Road, New Delhi 110 001, India.
- Our Corporate Office is located at 14, Sector 135, Noida, Uttar Pradesh 201 301, India.
- The CIN of our Company is L74899DL1971PLC005679.
- The website of our Company is [www.sheelafoam.com](http://www.sheelafoam.com).
- The authorised share capital of our Company is ₹ 1,000 million divided into 200 million Equity Shares of ₹ 5 each.
- The Issue was authorised and approved by the Board pursuant to the resolution dated August 2, 2023 and by our Shareholders pursuant to the special resolution (passed through postal ballot) dated September 1, 2023.
- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.
- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 9:30 am to 5:30 pm on any weekday (except Saturdays and public holidays) at our Registered Office as well as our Corporate Office.
- Except as disclosed in this Preliminary Placement Document, our Company has obtained all necessary consents, approvals and authorisations as may be required in connection with the Issue.
- Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Overview – Recent Developments*" on page 100, there has been no material change in the financial or trading position of our Company since June 30, 2023, the last date of the Unaudited Condensed Interim Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Preliminary Placement Document.
- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings*" on page 267.
- The Issue will not result in a change in control of our Company.
- Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.
- The Floor Price is ₹ 1,133.99 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, as certified by S.P. Chopra & Co, independent chartered accountants. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Board resolution dated August 2, 2023, and the shareholders of our Company accorded through a special resolution (passed through postal ballot) dated September 1, 2023 and Regulation 176(1) of the SEBI ICDR Regulations.



- Our Company and the BRLMs accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including websites of our Company and our Subsidiaries, would be doing so at their own risk.
- Md. Iquebal Ahmad is the Company Secretary and Compliance Officer of our Company. His details are as follows:

**Md. Iquebal Ahmad**

14, Sector 135

Noida, Uttar Pradesh – 201 301, India

**Tel:** +91 11 2331 6875

**E-mail:** investorrelation@sheelafoam.com

## DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole and absolute discretion of our Company, in consultation with the BRLMs, to Eligible QIBs. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%) <sup>(1)(2)(3)</sup>
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]
4.	[●]	[●]
5.	[●]	[●]
6.	[●]	[●]
7.	[●]	[●]
8.	[●]	[●]
9.	[●]	[●]
10.	[●]	[●]

<sup>(1)</sup>Based on beneficiary position as on [●].

<sup>(2)</sup>Subject to receipt of funds and allotment in the Issue. The above table has been intentionally left blank and shall be updated in the Placement Document.

<sup>(3)</sup>The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.

## DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

**Signed by:**

---

Rahul Gautam  
*Chairman and Managing Director*

**Date:** September 20, 2023

**Place:** New Delhi

## DECLARATION

We, the Board of Directors of the Company, certify that:

- (i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- (ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and
- (iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

### SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

**Signed by:**

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Rahul Gautam  
*Chairman and Managing Director*

I am authorized by the QIP Committee, a committee of the Board of the Company, *vide* resolution dated September 20, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

---

Rahul Gautam  
*Chairman and Managing Director*

**Date:** September 20, 2023

**Place:** New Delhi

**SHEELA FOAM LIMITED**  
**CIN: L74899DL1971PLC005679**

**Registered Office**  
604, Ashadeep 9 Hailey Road  
New Delhi 110 001, India

**Corporate Office**  
14, Sector 135, Noida  
Uttar Pradesh 201 301, India

**Tel:** +91 11 2331 6875  
**Email:** investorrelation@sheelafoam.com  
**Website:** www.sheelafoam.com

**Contact Person**

Md. Iquebal Ahmad  
**Designation:** Company Secretary and Compliance Officer  
**Address:** Sheela Foam Limited, 14, Sector 135, Noida, Uttar Pradesh - 201 301, India  
**Tel:** +91 11 2331 6875  
**E-mail:** investorrelation@sheelafoam.com

**BOOK RUNNING LEAD MANAGERS**

**J M Financial Limited**  
7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi  
Mumbai 400 025  
Maharashtra, India

**Nomura Financial Advisory and  
Securities (India) Private Limited**  
Ceejay House, Level 11  
Plot F, Shivsagar Estate  
Dr. Annie Besant Road  
Worli, Mumbai 400 018  
Maharashtra, India

**STATUTORY AUDITORS OF OUR COMPANY**

**M/s M S K A & Associates, Chartered Accountants**  
The Palm Springs Plaza Office  
No.1501-B, 15<sup>th</sup> Floor Sector-54  
Golf Course Road Gurgaon – 122 001  
Haryana, India

**LEGAL COUNSEL TO THE COMPANY**

*As to Indian law*

**IndusLaw**  
2<sup>nd</sup> Floor, Block D, The MIRA,  
Mathura Road, Ishwar Nagar,  
New Delhi 110 065, India

**LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS**


*As to Indian law*

**Khaitan & Co**  
One World Centre  
10<sup>th</sup> & 13<sup>th</sup> Floors, Tower 1C  
841 Senapati Bapat Marg  
Mumbai 400 013, Maharashtra, India

*As to United States federal securities law*

**Linklaters Singapore Pte. Ltd.**  
One George Street  
#17-01  
Singapore 049 145

## APPLICATION FORM

 <h1 style="margin: 0;">SheelaFoam</h1> <p style="margin: 0;"><b>SHEELA FOAM LIMITED</b></p> <p style="font-size: small; margin: 5px 0;">(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)</p> <p style="font-size: x-small; margin: 0;">Registered Office: 604, Ashadeep 9 Hailey Road, New Delhi 110 001, India; Corporate Office: 14, Sector 135, Noida, Uttar Pradesh 201 301, India; CIN: L74899DL1971PLC005679; Website: www.sheelafoam.com; Tel: +91 11 2331 6875; Email: investorrelation@sheelafoam.com; COMPANY LEI NUMBER: 3358009OJCM3IHW2T747   ISIN: INE916U0102</p>	<p style="margin: 0;"><b>APPLICATION FORM</b></p> <p style="margin: 5px 0;">Name of the Bidder:</p> <p style="margin: 5px 0;">Form. No.:</p> <p style="margin: 5px 0;">Date: _____, 2023</p>
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**QUALIFIED INSTITUTIONS PLACEMENT OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH (THE “EQUITY SHARES”) FOR CASH, AT A PRICE OF ₹[•] PER EQUITY SHARE (THE “ISSUE PRICE”), INCLUDING A PREMIUM OF ₹[•] PER EQUITY SHARE, AGGREGATING TO ₹[•] MILLION UNDER SECTION 42 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED, (THE “COMPANIES ACT”) READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE “PAS RULES”), AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”) BY SHEELA FOAM LIMITED (THE “ISSUER” OR THE “COMPANY”, AND SUCH ISSUE OF EQUITY SHARES, THE “ISSUE”). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹1,133.99 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO 5% OR SUCH PERCENTAGE AS PERMITTED UNDER THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE.**

**Only Qualified Institutional Buyers (“QIBs”) as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and which: (a) are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) hold a valid and existing registration under the applicable laws in India (as applicable); (c) are not restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws; are eligible to invest in the Issue and submit this Application Form (“Eligible QIBs”). In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; (ii) a multilateral or bilateral development financial institution eligible to participate in the Issue under applicable laws, including the FEMA Rules (defined below); and (iii) Foreign portfolio investors participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended (“FEMA Rules”), the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (the “SEBI FPI Regulations”) and any other applicable law (other than individuals, corporate bodies and family offices), that are eligible to participate in the Issue (“Eligible FPIs.. Further, in terms of the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended, foreign venture capital investors (“FVCIs”) are not permitted to participate in the Issue. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”)) (“U.S. QIBs”) pursuant to Section 4(a)(2) of the U.S. Securities Act or another applicable exemption from registration therein and (b) in “offshore transactions” as defined in and in reliance upon Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales made. There will be no public offering of the Equity Shares in the United States. You should note and observe the selling and transfer restrictions contained in the sections of the accompanying preliminary placement document dated September 20, 2023 (the “PPD”) titled “Selling Restrictions” and “Transfer Restrictions and Purchaser Representations” on pages 240 and 247, respectively.**

**ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES READ WITH THE RESTRICTION SPECIFIED IN THE “ISSUE PROCEDURE” SECTION OF THE PRELIMINARY PLACEMENT DOCUMENT, IN THE ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS, AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs IN THE COMPANY DOES NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS AND THE PRELIMINARY PLACEMENT DOCUMENT IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF THE FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.**

To,  
**The Board of Directors**  
**Sheela Foam Limited**  
 14, Sector 135, Noida,  
 Uttar Pradesh 201 301, India

Respected All,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained in the other sections of the PPD, and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares in the Issue on the terms and price indicated below. We hereby confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations, holding a valid and existing registration under the applicable laws in India (as applicable) and are not: (a) excluded from making an application in the Issue pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws and that we are not a Promoter of the Company, or any person related to the Promoters of the Company, directly or indirectly, as defined in the SEBI ICDR Regulations and the Bid does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter. Further, we confirm that we do not have any right under a shareholders’ agreement or voting agreement entered into with the Promoters or Promoter Group, veto rights or right to appoint any nominee director on the Board of directors of the Issuer. We confirm that we are either a QIB which is (a) resident in India, or (b) an Eligible FPI or (c) a multilateral or bilateral development financial institution. We confirm that we are not an

STATUS (Please ✓)			
<b>FI</b>	Scheduled Banks and Commercial Public Financial Institutions	<b>IC</b>	Insurance Companies
<b>MF</b>	Mutual Funds	<b>VCF</b>	Venture Funds** Capital
<b>NIF</b>	National Investment Fund	<b>FPI</b>	Eligible Foreign Portfolio Investor*
<b>IF</b>	Insurance Funds	<b>AIF</b>	Alternative Investment Fund **
<b>SI-NBFC</b>	Systemically Important Non-Banking Financial Companies	<b>OTH</b>	Others _____ (Please specify)

*\*Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

*\*\* Sponsor and Manager should be Indian owned and controlled*

FVCI. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, National Capital Territory of Delhi and Haryana (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company will disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and the BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, Reserve Bank of India circulars and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation of the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each Eligible FPIs have submitted separate Application Forms and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and number of Equity Shares Bid for under each such scheme. We undertake that we will sign and/or submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the necessary approvals for applying in the Issue. We note that the Board of Directors of the Company, or any duly authorized committee thereof, is entitled, in consultation with JM Financial Limited and Nomura Financial Advisory and Securities (India) Private Limited (together, the "**BRLMs**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby agree to accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of this Application Form and Bid Amount towards the Equity Shares that may be Allocated to us. The Bid Amount payable by us for the Equity Shares applied for in the Issue has been/will be remitted to the designated bank account set out in this Application Form only through electronic mode, along with this duly completed Application Form prior to or on the Issue Closing Date and such Bid Amount has been/will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash, demand draft or cheque. We are aware that Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and in the event that (i) Equity Shares that we have applied for are not Allotted to us in full or at all, and/or (ii) the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or (iii) the Company is unable to issue and Allot the Equity Shares offered in the Issue or (iv) if we withdraw the Bid before Issue Closing Date, or (v) if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representation, warranties, acknowledgments and agreements as set forth in the sections of the PPD titled "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" and (ii) the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of which are entitled to rely on and are relying on these representations, undertakings and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby further represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD and the Application Form and have read it in its entirety including in particular, the section titled '*Risk Factors*' therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares, otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose our names and the percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation and warranty: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are either (i) located within the United States and are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) purchasing the Equity Shares pursuant to Section 4(a)(2) under the U.S. Securities Act or another applicable exemption from registration therein, or (ii) purchasing Equity Shares in an "offshore transaction" as defined in and in reliance upon Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read and agree with the representations, warranties and agreements contained in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" of the PPD.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a

duly filled Application Form, whether signed or not is submitted by an Eligible QIB, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of such Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		FAX NO.	
EMAIL ID		MOBILE NO.	
FOR FPIs**	SEBI FPI REGISTRATION NO. _____		
FOR MF	SEBI MF REGISTRATION NO. _____		
FOR AIFs***	SEBI AIF REGISTRATION NO. _____		
FOR VCFs***	SEBI VCF REGISTRATION NO. _____		
FOR SI-NBFC	RBI REGISTRATION DETAILS _____		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS _____		
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS _____		

\*Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.

\*\* In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.

\*\*\* Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allotted to us in the Issue will be aggregated to disclose our percentage of post-Issue shareholding in the Company in the Placement Document in line with the requirements under the form PAS-4 of the PAS Rules, as amended. For such information, the BRLMs have relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS												
Depository Name	National Securities Depository Limited						Central Depository Services (India) Limited					
Depository Participant Name												
DP – ID	I	N										
Beneficiary Account Number											(16-digit beneficiary A/c. No. to be mentioned above)	

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which Bid Amount has been remitted for the Equity Shares applied for in the issue will be considered.

PAYMENT DETAILS			
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER			
By 3.30 p.m. (IST), [•], 2023, being the Issue Closing Date			
Name of the Account	SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023	Account Type	Escrow Account
Name of Bank	YES Bank Limited	Address of the Branch of the Bank	Ground Floor Unit No-4005 Tower 4 B-36 Express Trade Tower 2 Sector-132 Noida Uttar Pradesh-201301
Account No.	059381000000054	IFSC	YESB0000593

The Bid Amount should be transferred pursuant to the Application Form within the Issue Period. Payment of the entire Bid Amount must be made along with the Application Form, only by way of electronic fund transfers in favor of "SHEELA FOAM LIMITED QIP ESCROW ACCOUNT 2023", on or before the closure of the Issue Period i.e. within the Issue Closing Date. The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form. You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds, if any, shall be dependent on the accuracy of the bank details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	



NO. OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In Figures)	(In Words)	(In Figures)	(In Words)
TOTAL BID AMOUNT (RUPEES)			
(In Figures)		(In Words)	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Email:		Mobile No.	

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorized Signatory	

ENCLOSURES ATTACHED (attached/certified true copy of the following)
<input type="checkbox"/> Copy of the PAN Card or PAN Allotment letter*
<input type="checkbox"/> FIRC
<input type="checkbox"/> Copy of the SEBI registration certificate as Eligible FPI
<input type="checkbox"/> Copy of the SEBI registration certificate as an AIF
<input type="checkbox"/> Copy of the SEBI registration certificate as a VCF
<input type="checkbox"/> Copy of the SEBI registration certificate as a Mutual Fund
<input type="checkbox"/> Copy of the IRDA registration certificate
<input type="checkbox"/> Certified true copy of power of attorney
<input type="checkbox"/> Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank/public financial institution
<input type="checkbox"/> Others, please specify _____

\*Please note that the Bidder should not submit the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.

**Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and the Placement Document.**

**Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.**

**Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.**

The Application Form, the PPD sent to you and the Placement Document which will be sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimers and restrictions contained in or accompanying these documents.