

THE *plus*  OF COMFORT

# The power of synergy

SHEELA FOAM LIMITED  
ANNUAL REPORT FY 2024-25



THE *plus*  OF COMFORT

# The power of synergy

With a legacy built on innovation and commitment to delivering the finest sleep solutions, we have seamlessly blended the plus of comfort and the power of synergy to redefine our possibilities and strengthen our position in the industry.

The 'Plus' is more than an addition—it reflects transformation, a force that drives us to new heights of success while staying true to our core promise—uncompromised comfort, continuous innovation and unswerving excellence.

The 'Power' reflects our expertise in leveraging the inherent strengths derived from strategic synergies. By uniting trusted brands under one umbrella, we consolidate diverse capabilities and cutting-edge technologies to enhance customer experiences and collectively progress towards a better tomorrow. We are creating an ecosystem where expertise, innovation and excellence converge.

Every challenge we have encountered has enhanced our wisdom and instilled in us resilience; each step forward has demanded the willingness to travel the extra mile; each milestone has required a sharp focus on agility and quality.

As we stride ahead, it is the confidence of 'Plus' that fuels our momentum, and the collective 'Power' derived from synergy that paves the path for sustainable growth.

At Sheela Foam, we are not just growing-- we are evolving into a stronger, more dynamic force.



pg 06-45

## Corporate Overview

|    |                                  |
|----|----------------------------------|
| 06 | About us                         |
| 08 | Our vision                       |
| 10 | Chairman's message               |
| 12 | Geographic presence              |
| 14 | Our brands                       |
| 22 | Our business segments            |
| 26 | Financial highlights             |
| 28 | The merger integration milestone |
| 30 | Operational excellence           |
| 34 | Branding and marketing           |
| 38 | Community development            |
| 43 | Board of director's              |
| 45 | Corporate information            |



Insi

pg 46-124

## Statutory Reports

- 46 Management discussion and analysis
- 55 Directors' report
- 61 Corporate governance report
- 88 Business responsibility & sustainability report

pg 125-288

## Financial Statements

- 125 Standalone financial statements
- 207 Consolidated financial statements



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### Forward-looking statements

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

# de

## THE REPORT



# Corporate

## OVERVIEW









## ABOUT US

# *The **plus** of excellence*

We are one of India's leading manufacturers of polyurethane (PU) foam and mattresses, with a robust pan-India distribution network, serving both retail and industrial customers. We specialise in a diverse range of foam-based home comfort products, including mattresses and furniture cushioning, as well as technical grades of PU foams that cater to various industries such as automotive, acoustics and many more.

Our manufacturing footprint includes 18 facilities across India, Australia and Spain. Our flagship brands Sleepwell, Kurl-on, Feather Foam and Lamiflex are globally recognised for their quality and comfort, making them a preferred choice for households worldwide.



## O U R V I S I O N

*We will continue to be recognised*

- *As a leading organisation in quality comfort products*
- *While practicing values of integrity, reliability, pro-activity & transparency*
- *To do business with a smile for customer delight*
- *And a commitment to society*

Rahul Gautam

T H E S H E E L A G R O U P



## FY25 Key highlights

India's

**No. 1**  
Brand

**50+**  
Years of trust

**₹ 3,439** crore  
Revenue

**₹ 97** crore  
PAT

**₹ 286** crore\*  
EBITDA

\*EBITDA includes INR 35 crs paid by KCPL (Kanara Consumer Products Limited) erstwhile owner of KEL (Kurlon Enterprises Limited) against working capital / inventory due to quality issues, classified under 'other income' in financial statement.



# Chairman's message



**Dear Shareholders,**

**It is both an honour and privilege to present the Annual Report for the financial year 2024-25, a year that has been a transformative chapter in the journey of Sheela Foam. This period marks a significant milestone as we completed our first full year of consolidated operations in India, following the integration of Kurl-on business.**

Despite persistent headwinds in the consumer durables sector our mattress business delivered commendable growth. This was driven on our two-pronged strategy of aligning existing channels and our strategic pivot towards high-potential new channels, notably e-commerce and rural expansion. We are confident that the business is now structurally stronger and well-positioned to deliver improved earnings and Sustainable value as we move forward.

## Financial performance

In FY25, our consolidated revenue grew by 15% year-on-year to ₹3,439 crore. Consolidated EBITDA stood at ₹286 crore, while with a Profit After Tax (PAT) of ₹97 crore, resulting in an EBITDA margin of 8.3% for the year. On a standalone basis, the business generated revenue of ₹2,588 crore and a net profit of ₹112 crore (PAT).

While net earnings were subdued by elevated finance and depreciation costs for Kurl-on acquisition, our core operational performance remained strong. With a clear focus on deleveraging and continued top-line expansion, we are confident that all business segments are now optimally working in the right trajectory.

On the international front, our Australian operations demonstrated improved profitability, driven by effective pricing strategies. In Spain, we achieved a 15% increase in volumes, although fluctuations in raw material prices and lower overhead absorption weighed on revenue. As raw material prices stabilise, we anticipate both margins and topline to improve.

## Performance of investments

Our strategic investments in adjacent growth segments continue to deliver promising outcomes. Furlenco recorded full-year profitability in FY 2024-25, with Annual Recurring Revenue (ARR) reaching ₹300 crore in March 2025. Notably, the Acquired Subscriber Base surpassing 1 Lac+ is an indicator of strong customer traction and increasing market penetration. Expansion into key cities such as Indore, Kolkata and Ahmedabad, along with product lines tailored for the Gen Z demographic, further reinforces a robust growth trajectory. Staqo, our IT initiative, achieved an impressive 61% year-over-year revenue growth, accompanied by healthy EBITDA margins of 28%. The business successfully onboarded several clients across the public sector, MSMEs and private enterprises, solidifying its position as a trusted technology partner of choice.

## Integration and expansion

In FY 2024-25, we continued to fortify our position in the Indian branded mattress market. The integration of Kurlon into Sheela Foam has significantly expanded our operational reach, improved channel efficiency and unlocked substantial cost advantages.

We made considerable progress in deepening our market presence. During the year, we added nearly 400 exclusive showrooms and onboarded 1,700 new dealers, reinforcing our retail network across the country. Our Small-Town Initiative (STI) has now extended its reach to more than 4,000 towns, supported by a network of STI-specific distributors. We are also steadily growing our presence in Multi-Brand Outlets and distributor-owned showrooms under both our flagship brands.

## Expanding Our capabilities

Our Comfort Foam business delivered strong growth in terms of both volume and value. The Technical Foam segment maintained a stable performance, reinforcing its dominance in the auto lamination space.

Subsequently, we are expanding into high-potential categories such as aviation insulation, ceramic filters, acoustic solutions and footwear insoles. Our furniture cushioning line, leveraging the strength of the Kurlon brand, continued its gain momentum, particularly across North and West India. These developments are enabling us to unlock synergies, diversify our portfolio and expand our footprint across both B2B and retail categories.

## Sustainability

At Sheela Foam, sustainability guides our decisions, shapes our operations and reflects our long-term commitment to the communities and ecosystems we serve. We continue to take meaningful steps towards building a more sustainable future. From optimising energy and water usage to implementing responsible waste management practices, every initiative is designed to reduce our overall carbon footprint. Our adoption of compressed foam packaging, for instance,

has reduced transportation-related emissions. Also, by reusing foam waste in the production of rebonded foam and mattresses, we are diverting significant waste from landfills.

Our manufacturing facilities are equipped with eco-friendly technologies such as the Variable Pressure Foaming (VPF) system, which allows us to produce high-quality foam with a lower environmental footprint. We have also implemented water recycling systems, including the reuse of treated water from our Sewage Treatment Plant (STP) for non-potable applications such as gardening and flushing. Our corporate office operates out of a LEED-certified building, a symbol of the responsible and forward-looking ethos that guides us.

## Outlook

As we step into FY2025-26, we will continue to build a stronger, more agile organisation. We will deepen our brand's reach, strengthen our partnerships and drive innovation across all product categories. Our efforts to improve cost efficiency, embrace digital tools and extend our rural presence will continue to drive momentum. We are confident that the groundwork laid this year, through thoughtful integration, expansion and operational efficiency has set the stage for a new phase of scalable, profitable growth.

Lastly, I would like to take this opportunity to extend my heartfelt gratitude to our shareholders, employees, partners and customers. Your trust and continued support fuel our ambition and challenge us to keep raising the bar. It is your belief in our journey that inspires us to lead, innovate and deliver value.

**With best regards,  
Rahul Gautam**

**Executive Chairman  
Sheela Foam Limited**

## GEOGRAPHIC PRESENCE

# Delivering the power of comfort far and wide

Spain

1

Mfg. Units

22,000<sub>MT</sub>

Capacity

 PU Foam Manufacturing

 PU Foam Processing

 Kurl Mfg. Locations



India

12  
Mfg. Units

1,39,000<sup>MT</sup>  
Capacity

Australia

5  
Mfg. Units

16,000<sup>MT</sup>  
Capacity





## OUR BRANDS

# Upholding strength in synergy



India business



International Business





India business



Revenue (SFL+KEL)

(INR crore)

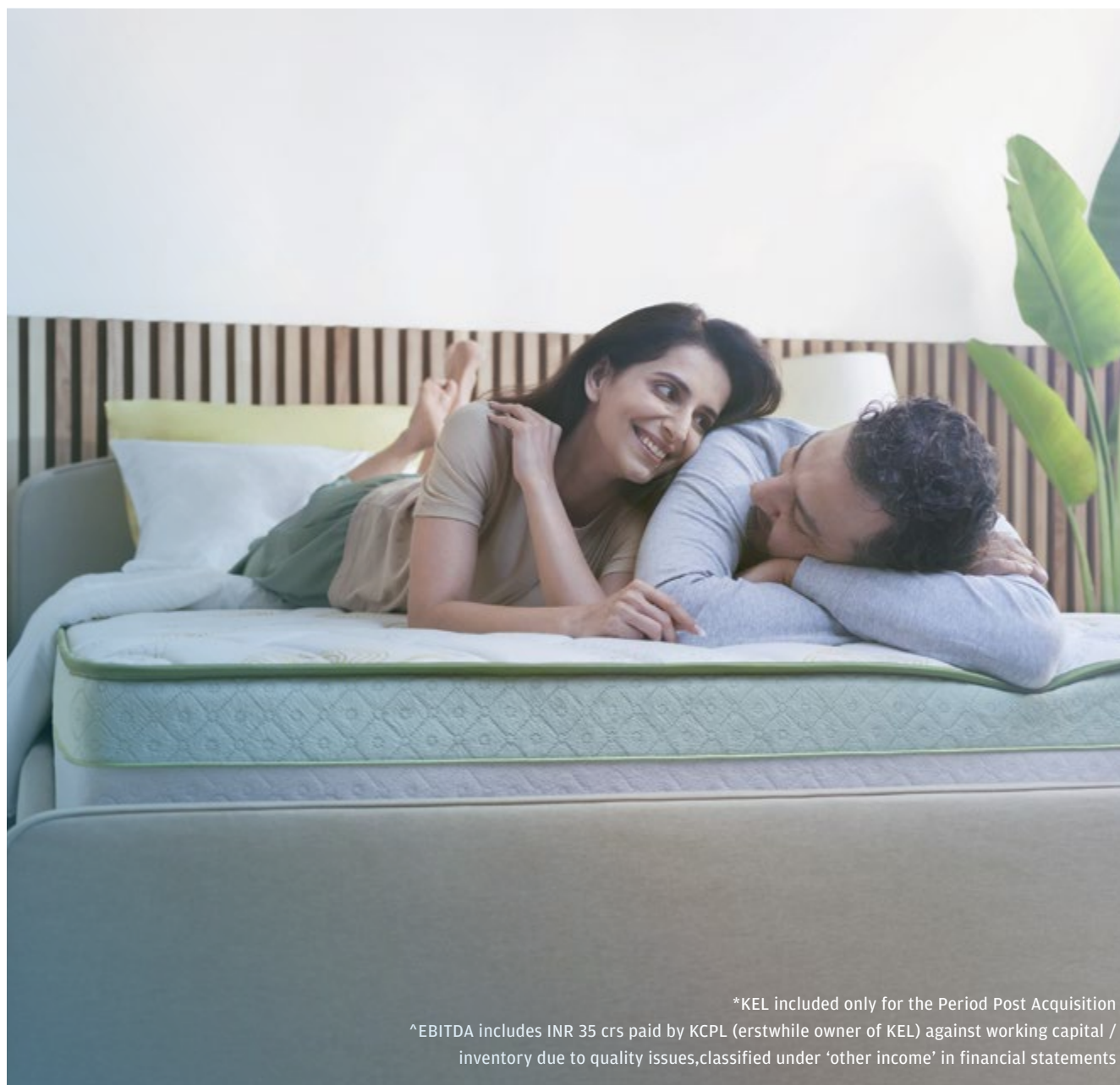
|          |       |
|----------|-------|
| FY 2024* | 2,241 |
| FY 2025^ | 2,678 |

6000+

Number of brand outlets

13000+

Dealers touchpoints



\*KEL included only for the Period Post Acquisition

^EBITDA includes INR 35 crs paid by KCPL (erstwhile owner of KEL) against working capital / inventory due to quality issues,classified under 'other income' in financial statements



# kurlon

60+

Years of healthy sleep

10 Million+

Trusted families in India

5K+

Stores Pan India





FURLENCO

Acquired subscriber base



300K+

Homes furnished

200K+

Monthly brand traffic



### Revenue (INR crore)

|         |   |    |
|---------|---|----|
| FY 2024 |  | 31 |
| FY 2025 |  | 50 |

# 3

Offices (India, UAE & USA)

# 300+

Clients (Govt. + Enterprise)



International Business



Revenue

(INR crore)

|         |             |     |
|---------|-------------|-----|
| FY 2024 | <div></div> | 408 |
| FY 2025 | <div></div> | 396 |

50.9%

Gross margin

Awards & Certifications



Global GreenTag Level A



OEKO TEX Standard 100







#### Revenue (INR crore)

|         |             |     |
|---------|-------------|-----|
| FY 2024 | <div></div> | 328 |
| FY 2025 | <div></div> | 341 |

29.6%

Gross margin

OUR BUSINESS SEGMENTS

Enabling the good life

Mattress

In FY 2024-25, the mattress category continued to demonstrate strong growth for both Sleepwell and Kurlon brands, driven by focused marketing initiatives, product innovation and channel expansion.

Revenue  
(INR crore)

|  |             |       |
|--|-------------|-------|
| FY 2024                                    | <div></div> | 1,053 |
| * KEL included for post acquisition period |             |       |
| FY 2025                                    | <div></div> | 1,377 |

Volume  
(In thousand)



|  |             |       |
|--|-------------|-------|
| FY 2024                                    | <div></div> | 2,174 |
| * KEL included for post acquisition period |             |       |
| FY 2025                                    | <div></div> | 3,308 |





## Comfort foam

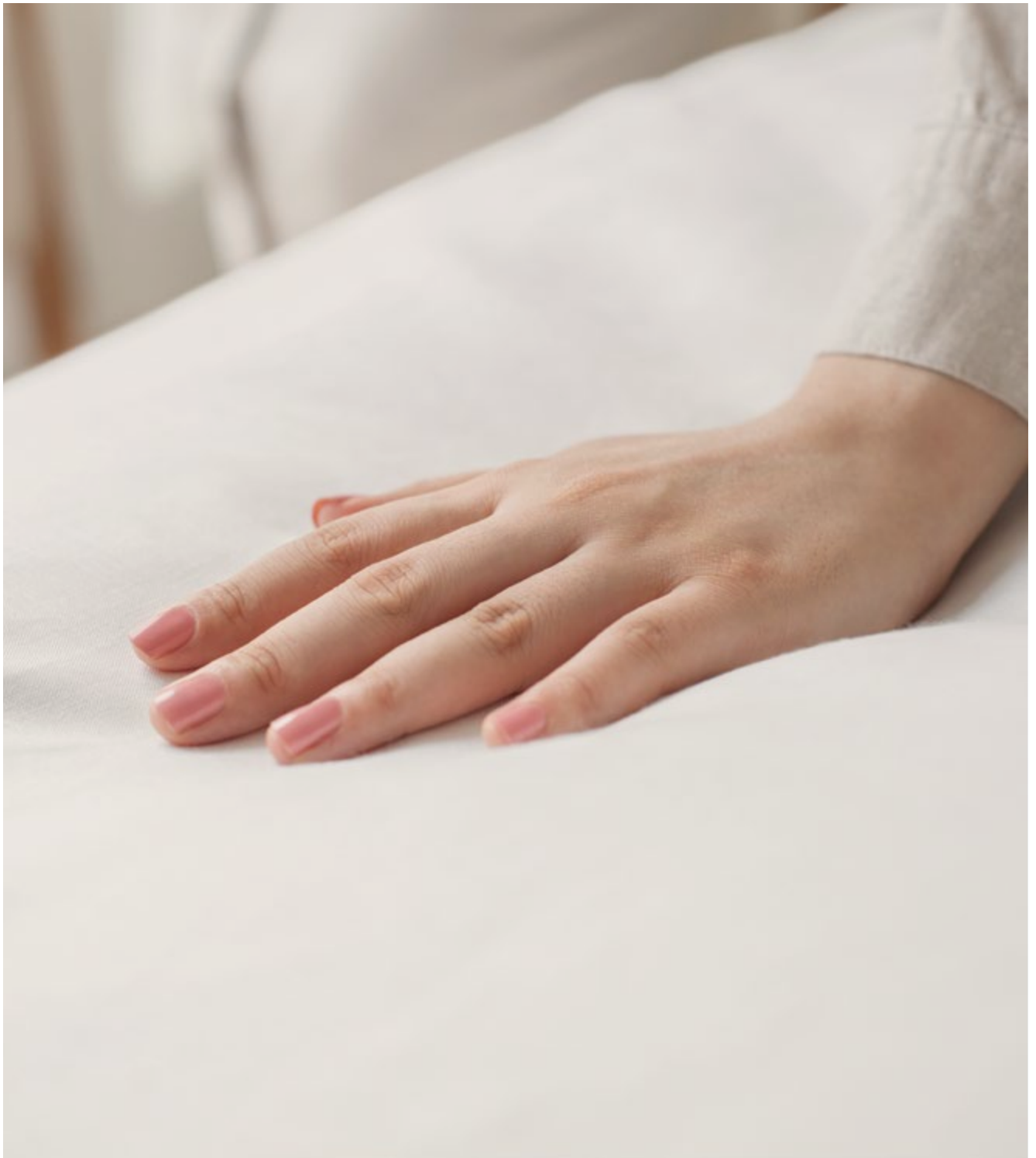
The Comfort Foam business recorded solid performance, benefiting from both market demand and strategic distribution plans.

### Revenue (INR crore)

|  |   |     |
|--|---|-----|
| FY 2024                                    |  | 378 |
| * KEL included for post acquisition period |   |     |
| FY 2025                                    |  | 470 |

### Volume (Tons)

|  |  |        |
|--|--|--------|
| FY 2024                                    |  | 20,529 |
| * KEL included for post acquisition period |  |        |
| FY 2025                                    |  | 22,793 |



Furniture cushioning

Our dealer engagement and channel loyalty initiative, the Saathi Connect Programme, continued to scale up in FY25. The programme deepened partnerships, provided training and incentivised performance, especially in Tier 2-3 markets.

| Revenue<br>(INR crore) |             | Volume<br>(Tons) |                           |
|------------------------|-------------|------------------|---------------------------|
| FY 2024                | <div></div> | 226              | FY 2024 <div></div> 5,712 |
| FY 2025                | <div></div> | 215              | FY 2025 <div></div> 5,697 |









## Technical foam

The Technical Foam division experienced healthy, broad-based growth, driven by increased demand across industrial applications.

### Revenue (INR crore)

|         |   |     |
|---------|---|-----|
| FY 2024 |  | 467 |
| FY 2025 |  | 494 |

### Volume (Tons)





|         |  |        |
|---------|--|--------|
| FY 2024 |  | 16,051 |
| FY 2025 |  | 17,498 |






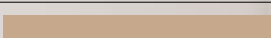
## FINANCIAL HIGHLIGHTS

# Growth led by financial discipline




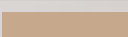
### Net revenue from operations (INR crore)

|          |   |       |
|----------|---|-------|
| FY 2022  |  | 2,866 |
| FY 2023  |  | 2,873 |
| FY 2024* |  | 2,982 |
| FY 2025  |  | 3,439 |

### EBITDA (INR crore)

|          |   |     |
|----------|---|-----|
| FY 2022  |  | 315 |
| FY 2023  |  | 298 |
| FY 2024* |  | 301 |
| FY 2025^ |  | 286 |

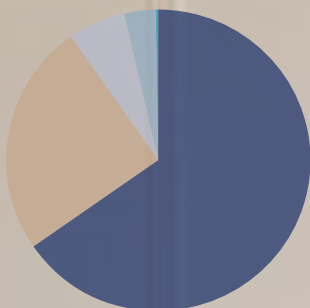
### Profit After Tax (PAT) (INR crore)

|          |   |     |
|----------|---|-----|
| FY 2022  |  | 219 |
| FY 2023  |  | 201 |
| FY 2024* |  | 184 |
| FY 2025  |  | 97  |

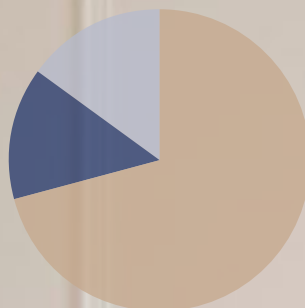
\*KEL included only for the Period Post Acquisition

^EBITDA includes INR 35 crores paid by KCPL (erstwhile owner of KEL) against working capital / inventory due to quality issues, classified under 'other income' in financial statements

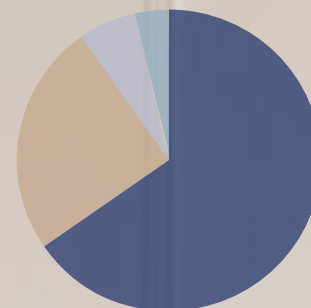
## Shareholding pattern



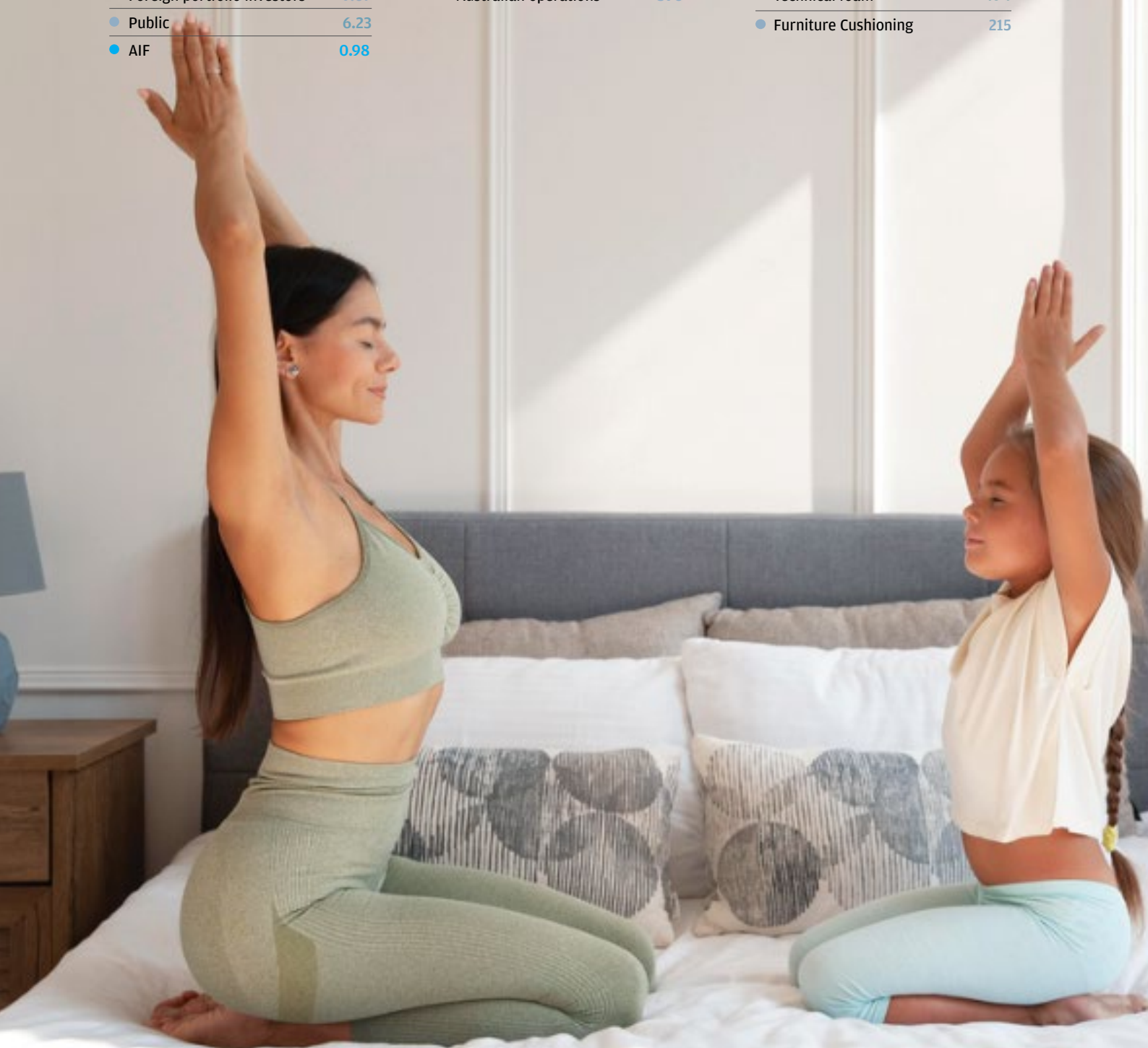
|                               |       |
|-------------------------------|-------|
| ● Promoters                   | 65.69 |
| ● Mutual funds                | 18.03 |
| ● Foreign portfolio investors | 9.07  |
| ● Public                      | 6.23  |
| ● AIF                         | 0.98  |

Geography-wise break-up  
(INR crore)

|                         |      |
|-------------------------|------|
| ● Indian operations     | 2702 |
| ● European operations   | 341  |
| ● Australian operations | 396  |

Segmentwise breakup - Indian Ops  
(INR crore)

|                               |      |
|-------------------------------|------|
| ● Mattress                    | 1377 |
| ● Comfort foam & Home Comfort | 592  |
| ● Technical foam              | 494  |
| ● Furniture Cushioning        | 215  |





## THE MERGER INTEGRATION MILESTONE

# Accelerating progress through synergy

We are delighted to welcome Kurlon Enterprises into the Sheela Foam family. This strategic merger synergises operational efficiencies, manufacturing excellence and an expansive distribution network to reinforce our leadership in mattresses and foam products across India.

### Post-merger benefits

Some of the key aspects of various post-merger initiatives are enumerated below:



#### Bulk procurement and vendor optimisation

We consolidated our supplier networks and capitalised on higher volumes for raw materials such as TDI, Polyol, adhesives and fabric—unlocking better pricing and stronger partnerships with vendors.



#### Operational streamlining and cost efficiencies

With 21 plants across India initially, we optimised our manufacturing footprint by closing units in Jhagadia, Roorkee and Dabbaspet. Now, our existing 12 plants can cater more efficiently to these regions.



#### Increasing productivity

The consolidation of core functions such as marketing, sales and IT resulted in an efficient organisational framework and reduced manpower costs.



#### Savings in logistics

Locating plants closer to key markets has enabled more efficient freight routing, reduced transportation costs and improved control over our supply chain.



#### Standardised product specifications

We adopted SFL's high-yield foam formulations, improving output by ~10% and reducing waste. Harmonising fabric and packaging specifications also helped in lowering inventory complexity and the SKU count.



#### Leveraging KEL's strengths

KEL's expertise in cost-effective coir-based products complemented our existing portfolio; as a result, we helped in expanding their reach across North and West India through our distribution network.

# ₹ 2,678 crore

Annual revenue (India  
business SFL + KEL)

# 20%

Increased revenue

# 42.5%

Gross margin

# +110bps

Increased gross margin



## One-time gains

The closure and monetisation of select facilities is expected to generate approx. ₹200 crore in one-time gains for the merged entity.



## Leading with innovation

We continue to explore alternative materials alongside novel chemical formulations, to lower input costs and diversify industrial applications of our products.



## OPERATIONAL EXCELLENCE

# Steering success with innovation

### Pioneering Variable Pressure Foaming (VPF)

At Sheela Foam, we continue to lead by upholding our steadfast commitment to innovation. A prime example is our pioneering Variable Pressure Foaming (VPF) technology in India, marking one of the most environmentally responsible foam manufacturing processes globally.



### Benefits of Variable Pressure Foaming



#### Enhanced foam uniformity

We achieve superior consistency in both bubble size and their distribution throughout the foam block, resulting in even density and appearance. This directly translates into higher-quality products across categories.



#### Customisable density and performance

VPF provides the flexibility to produce foams at specific densities and varied hardness levels with exceptional precision, catering to varied customer needs and market segments.



#### Reduced material wastage and higher yields

The optimised expansion process minimises raw material usage, enabling us to extract more foam per unit of material compared to traditional methods. This contributes to significant cost savings and a lower environmental footprint.



#### Eco-friendly manufacturing

VPF operates in a controlled environment, reducing the need for chemical stabilisers, minimising emissions, reducing waste and ensuring better alignment with our sustainability goals.



#### Lower defect rates

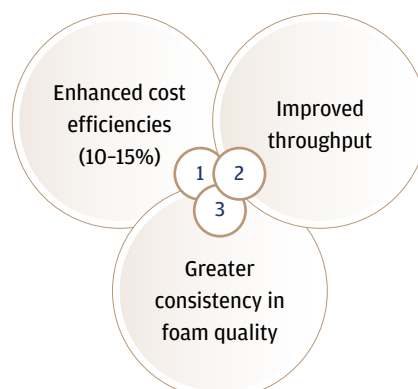
The pressure-controlled curing process eliminates common foam defects such as shrinkage, voids and collapse. This results in improved product reliability and reduced rejections.



### Scaling with purpose – our Jabalpur VPF facility

To fully capitalise on the benefits of VPF, we commissioned a state-of-the-art manufacturing facility in Maneri, near Jabalpur, Madhya Pradesh. This strategic initiative will not only help in expanding our manufacturing footprint but will also serve as a benchmark for quality and cost efficiency.

Upon commencing commercial production at this unit, we have already started witnessing:



The plant is also manufacturing our Small Town India (STI) range of mattresses – Tarang and Aaram – which are specifically designed to deliver premium comfort at affordable pricing. The implementation of the VPF process has allowed us to offer better value to consumers while simultaneously improving our bottom line.

**10,000**  
metric tonnes

Annual production capacity



## E-Commerce- a strategic growth engine

The Indian online mattress market surged significantly in FY25, with marketplaces such as Amazon and Flipkart contributing nearly 80% of sales.

At the beginning of FY25, both Sleepwell and Kurlon had a comparatively lower presence in online channels. However, we swiftly identified this growth opportunity and undertook strategic initiatives:



### Strengthening backend

Setting up a responsive warehouse network, maintaining ready inventory for top SKUs, refining our pricing and catalogue strategy

1



### Building a sustainable model

Optimising return rates, reducing operating costs and improving profitability

2



### Expanding marketplace reach

Launching on new platforms and scaling fast

3



## What's next for E-Com in FY26

We aim to accelerate our momentum and gain further market share by focusing on:

### Product and portfolio innovation

Launching new models and expanding into premium and emerging segments

### D2C growth

Elevating customer experience on our own platforms

### Premiumisation and regional growth

Increasing sales of high-end variants and improving penetration in high-potential geographies



## BRANDING AND MARKETING

# Fostering direct connection with our customers

Our branding and marketing efforts are centred around building long-term consumer connection, improving experience and enhancing engagement. FY25 witnessed impactful strides in both online and offline brand-building initiatives, reinforcing our market leadership and customer trust.

### Online branding initiatives

#### Digital brand engagement

We focused on creating meaningful digital engagement by strategically integrating educational resources, compelling content and influential outreach.

#### Sleep health awareness:

Through curated content focused on the 'Sleep Health Axis', we educated audiences on the importance of sleep and the role of quality mattresses in improving overall lifestyle and well-being.

#### Influencer collaborations:

Partnering with wellness and lifestyle influencers helped in amplifying our message in a credible and authentic manner.

#### Branded content performance:

These initiatives consistently surged organic traffic, engagement and revenue for the Company, building trust and driving conversions.

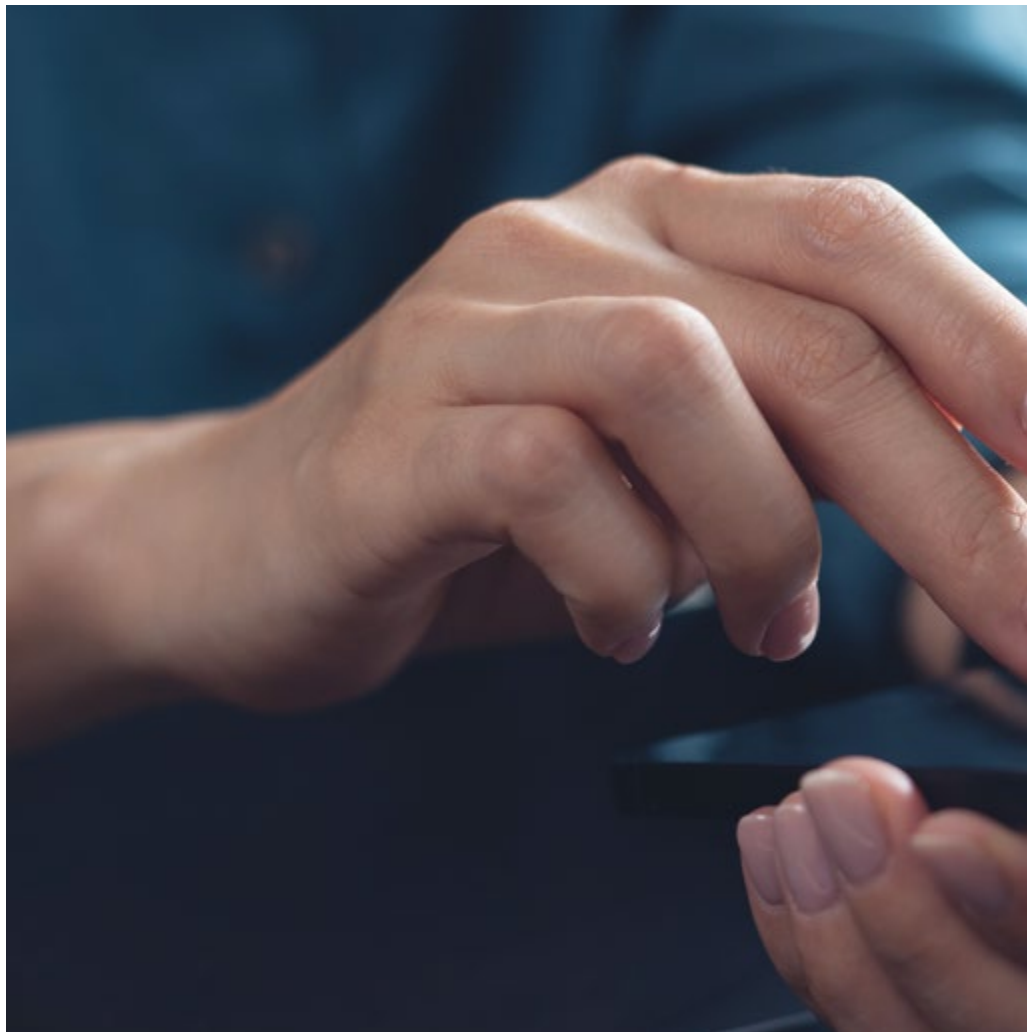
#### Impact:

87 million

Total reach

82 million

Brand video views





## Digital transformation and personalisation

### Search volumes:

We saw a significant upward trend in search interest for Sleepwell and Kurlon products, highlighting growing brand recall and curiosity.

### Personalised remarketing:

Leveraging advanced data analytics, we implemented personalised remarketing strategies that improved conversion rates and reduced bounce rates.

### Social media growth:

Our social communities expanded rapidly, with increasing engagement across Instagram, Facebook and YouTube, cementing brand loyalty among younger, digital-first audiences.

## Google my business integration

1

Over **3000** live dealer profiles were activated for both Sleepwell and Kurlon brands across India.

2

This initiative significantly enhanced local visibility, driving a significant increase in showroom searches and walk-in traffic via Google Maps and relevant search queries.



## Offline branding initiatives

### Retail branding and consultative selling

In FY 25, our retail branding strategy focused on delivering an enhanced, experience-driven sales approach. This was achieved by upgrading our showrooms to create a more engaging environment and investing in the training of our retail staff.

## Sleepwell

### Showrooms

- Enhanced interiors with informative branding elements and a consultative selling approach to help customers make informed decisions
- Integration of live demos to showcase comfort, durability and health benefits



## Kurlon

### Showrooms

- Refreshed in-store branding for a more premium feel
- Adoption of customer-centric sales techniques, increasing engagement and satisfaction



## Experiential branding at Maha Kumbh

We took our brands to the heart of India at the Maha Kumbh, one of the world's largest religious gatherings, establishing a true 'Bharat-connect' opportunity.

### Sleepwell

at Maha Kumbh

- over 1,000 daily footfalls
- Live product demos, comfort trials and on-the-spot purchases
- Created strong emotional resonance with diverse consumer groups



### Kurlon

at Maha Kumbh

- Attracted 800+ daily visitors
- Demonstrated coir-based mattress benefits to a wider audience
- Strengthened brand presence among rural and semi-urban consumers



These initiatives helped in successful positioning our brands as 'Mattresses for Every Indian', resonating across different geographies, diverse cultural beliefs and varied customer segments.



## COMMUNITY DEVELOPMENT

# Deeper impact, wider reach: Our CSR activities driven by purpose and action

As global CSR advances toward deeper engagement, a data-driven approach, and purpose-led partnerships, Sleepwell Foundation stands not just aligned—but ahead of the curve. Digital scale, operational excellence, internal ownership, and external trust continue to drive our performance.

We're seeing promising momentum in our two core focus areas—Emotional Wellness and Skill Development—as we continue to strengthen and scale our efforts for greater impact.



Because lasting impact comes from depth, not dispersion.

### Deeper impact for emotional wellness

In promoting Proactive Emotional Wellness, Sleepwell Foundation endeavours to be one of India's largest producers of structured, expert-led content—featuring experienced mental health counsellors. It is sustainably delivering this through a nationwide scale-up in reach and frequency, aimed at creating long-term, sustainable impact.



Our mission to support safer, stronger, and more resilient individuals and communities is already taking root. Through over 255 impactful workshops with diverse groups—ranging from bus drivers and students to educators, medicos judicial officers, jail inmates, and professionals—we've empowered more than 17,000 individuals in FY 2024-25, to understand, manage and nurture their Emotional Wellness.

Building on the success of Baatein Dil Ki Season 1 and 2, we launched Season 3 with 12 impactful episodes—and Zindagi With Richa Season 8 with 13 new episodes—each a tribute and an inspiration to the resilience and strength of the human spirit. With over 22 million views and growing, we are not just reaching more people—we are building a movement of awareness, empathy, and Emotional Wellness across the nation.



*Because real change begins with a mind that's understood, supported, and strengthened.*

### Deeper impact of digital reach through social media

Over the past fiscal year, Sleepwell Foundation has tapped deeper into the power of social media to drive transformation. Strategic campaigns on Facebook, YouTube, and Instagram helped us reach 37 million. These numbers reflect not just the nationwide scaleup in reach and frequency of our digital presence, but also the tangible social change we're sparking in communities—through videos, reels and campaigns. Because every awareness created online can echo into real-world change.

## Deeper impact for rural youth: empowering through skill development

At the Sleepwell Foundation Skill Development Centre (SDC) in Mirpur Village, Khurja, U.P., we are transforming rural futures by equipping youth—especially girls—with the skills needed for sustainable livelihoods and economic independence.



Our collaborative approach—with industry experts, academia, and grassroots leaders—ensures that the training remains relevant, impactful, and scalable, while making a lasting impact at the grassroots level.

*Because we don't just make careers—we change lives.*

### Deeper impact for skill development

At Sleepwell Foundation, we believe skill development is the cornerstone of empowerment. Through our national workshops, we are creating deeper impact by bridging the gap between ambition and achievement—equipping students, educators, SMEs, and artisans with the practical tools and confidence they need to thrive in today's evolving economy. In 2024-25 alone, 1,234 individuals directly benefited from these hands-on programs, gaining not just skills but a renewed sense of direction and purpose.



Our flagship initiatives are tailored to spark employability, enhance professional effectiveness, and nurture entrepreneurial thinking. These include How to Start a Business, a 3-day workshop designed for students and youth; Build Your Professional Effectiveness, another 3-day program focused on boosting workplace readiness; Enhance Your Professional Effectiveness, a 4-day deep-dive for SMEs; and Train the Teacher, a 5-day immersive workshop to strengthen both functional and soft skills of educators.

Now in its fourth year, our Train the Teachers (TTT) initiative continues to leverage technology to reach where traditional interventions cannot, delivering online workshops to under-resourced educators in the most remote corners of the country.



*Because when skills empower, they unlock a future of endless possibilities.*

### Deeper impact of “act clean”

Through its Act Clean initiative, Sleepwell Foundation is instilling the importance of cleanliness as part of the Swachh Bharat Abhiyaan, particularly among students in their formative years.



By encouraging actionable steps for both personal and professional environments, we are empowering students to take leadership roles in promoting clean practices and fostering long-term change in their communities.

*Because cleanliness fosters a deeper sense of belonging, pride and responsibility.*



## Deeper impact of CSR Near our plants

At SFL, our commitment to deeper impact starts at the grassroots—right where our plants are located. We believe in strengthening the communities we operate in, by creating meaningful, on-the-ground change.



Near our Perundurai Plant in Tamil Nadu, we constructed an open-air auditorium at the Panchayat Union Primary School in Ingur, Erode District, providing students with a dedicated space for learning and cultural activities.



Near our Rajpura Plant, we've repaired RO/water coolers, undertaken plantation activities, and installed new ceiling fans at Govt. Primary School, Rajpura.



Near our Medchal Plant, we have constructed a shed for cultural activities at Zilla Parishad High School.



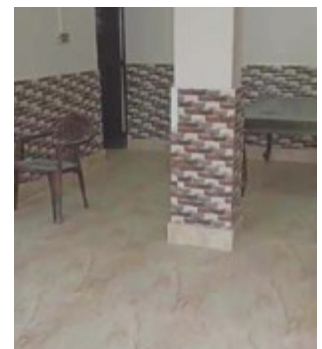
Near our Jalpaiguri Plant, we have installed whiteboards, carried out electrical repairs, and set up a borewell for water supply at Jhanjupara Primary School in Rajganj, Jalpaiguri.



Near our Kala Amb Plant, we donated computers, printers, ceiling fans, and furniture to GSSS Sainwala School, GPS Salani School, and GPS Kharkhon School.



Near our Greater Noida Plant, we performed a onetime deep cleaning of Govt. Upper Primary School, Behlolpur, Noida.



In Khurja, we renovated the Kotwali Police Station Mess.



Near our Bhubaneswar Plant, we renovated public toilets, installed water coolers, and donated 24 study desks to Saraswati Shishu Vidya Mandir, Bhubaneswar.

These initiatives reflect our belief in doing fewer things, better—with lasting value for the communities we're part of.

*Because true impact starts by strengthening the communities we serve.*

### Deeper impact of our Instagram reels

We deepened our efforts on Instagram to instantly connect with youth—especially young women— building awareness of Proactive Emotional Wellness through short-form content. In Kota (Rajasthan), we continued leveraging Instagram to address the immense stress and pressure faced by students preparing for competitive exams.



Through our Baatein Dil Ki videos, we created a cumulative reach of 7 million—driven by higher frequency and multiple views by same viewer for deeper impact—providing valuable insights on coping with stress and improving Emotional Wellness.

*Because when we connect faster, we inspire deeper change.*

### Recognition for deeper impact

We are proud to share that Ms. Namita Gautam, Managing Trustee of Sleepwell Foundation, was featured in the November 2024 edition of the esteemed Society Achievers magazine, under the "Legends and Achievers" segment for her outstanding contributions for fostering Emotional Wellness across communities, empowering individuals to lead healthier and more balanced lives.



### Sleepwell foundation in media

The purposeful work of Sleepwell Foundation has garnered attention across print and electronic media. These media engagements reflect the Foundation's growing connect and commitment to driving meaningful conversations around Emotional Wellness, rural skill development, and community upliftment.



### The journey from intent to tangible change

Turning purpose into progress means staying accountable—not just to our goals, but to the communities we aim to serve. At SFL, we measure the real-world impact of our CSR initiatives through a blend of digital and physical data. Our approach spans Digital presence and Action on-ground. For our digital initiatives, we track metrics like reach and engagement to understand awareness and resonance. For on-ground efforts like workshops and community interventions, we assess participation levels and calculate indirect beneficiaries through physical evaluations. By grounding our strategy in measurable outcomes, we ensure that our intent consistently translates into tangible, lasting change.



### Deeper impact through internal alignment:

#### CSR from the inside out

What characterises our commitment is our inward integration—ensuring CSR is not a disconnected arm but a shared experience within Sheela Foam.



Sleepwell Foundation facilitated Emotional Wellness workshops for employees, enabling them to personally benefit while also understanding the intent, quality, and transformative potential of the Foundation's CSR initiatives. We regularly take employees and senior management to visit our Skill Development Centre at Khurja, offering them a firsthand understanding of the impact being created on the ground. This direct exposure builds credibility and fosters belief and championship from within.

### Deeper impact through industry engagement

As part of our ongoing efforts to deepen industry engagement, we welcomed members of FICCI FLO for an on-ground visit to our rural skilling initiatives. This immersive experience offered a transparent look into the transformative impact being created at the grassroots level.



By connecting industry leaders directly with the communities we serve, we aim to catalyse greater recognition, collaboration, and support for scalable, impactful skill development and opportunities for employment & business.

### Driving deeper impact in our CSR journey

Our CSR this year has been a powerful journey from purpose to real progress—marked by deeper impact, focused execution, and measurable change. Through transformative workshops, impactful social campaigns, or local initiatives near our plants, every effort reflects our commitment to doing fewer things, better—with purpose, passion, and lasting value. We remain committed to aligning our initiatives with India's national development priorities—particularly in rural and underserved communities, where the need for inclusive progress is most acute.

*Because meaningful change happens when purpose meets action—consistently, compassionately, and with lasting impact.*

## BOARD OF DIRECTORS



### Rahul Gautam

Executive Chairman

He has been associated with our Company since 1971 and has been has served as Managing Director for over three decades. On 2 November 2023 he has been appointed as Executive Chairman of the Company. He holds a Bachelor's degree in Technology - Chemical Engineering from the Indian Institute of Technology, Kanpur, and a Master's degree in Science - Chemical Engineering from the Polytechnic Institute of New York. He has over 49 years of experience in the home comfort products and PU foam industry and is the Chairman Emeritus of the Indian Polyurethane Association.

### Namita Gautam

Whole-Time Director

She has been associated with our Group for the past 36 years and has been a Whole-Time Director of our Company since 14 November 2003. During her tenure, she has headed the Human Resources, Marketing, and Projects departments of the Company. She currently leads our CSR initiative through the Sleepwell Foundation and heads Special Projects. She holds a bachelor's degree in Law and a master's degree in Economics from Kanpur University.



### Tushaar Gautam

Managing Director

He has been associated with our Company since 7 January 2002 and has been a managing director since November 2, 2023. Previously, he also served as CEO of Indian Operation. He holds a bachelor's degree from Purdue University, USA, where his courses of study included Financial, Marketing, and Operations Management. He oversees the operations of the Company and our subsidiary Joyce Foam Pty Ltd and Interplasp Spain and serves on their Board of Directors. He has over 22 years of experience in heading Production, Research and Development.

### Rakesh Chahar

Whole-Time Director

He has been associated with our Company since 1 November 1990 and has been a Whole-Time Director since 14 November 2003. He has over 33 years of experience in the business of selling and marketing bedding products and polyurethane foam. He heads the Operation.





## Som Mittal

Independent Director

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

## Ravindra Dhariwal

Independent Director

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



## Anil Tandon

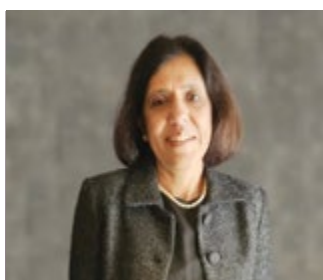
Independent Director

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

## Lt Gen (Dr.) Vijay Kumar Ahluwalia

Independent Director

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



## Meena Jagtiani

Independent Director

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



# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Rahul Gautam  
Namita Gautam  
Tushaar Gautam  
Rakesh Chahar

### Non-Executive

### Independent Directors

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

### Group CFO

Amit Kumar Gupta

### Company Secretary

Md Iquebal Ahmad

### Auditors

M S K A & Associates, Gurugram

## Bankers

Yes Bank Limited  
Citi Bank  
ICICI Bank  
Kotak Mahindra Bank  
JP Morgan Chase Bank, N.A.  
DBS Bank India Limited  
Sumitomo Mitsui Banking Corporation

## Registered Office

1002 to 1006 The Avenue, International  
Airport Road, Opp Hotel Leela Sahar,  
Andheri East, Mumbai,  
Maharashtra, India, 400059

## Head Office

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

## Registrar of the Company

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

# Management Discussion and Analysis

## Economic Review

### Global Economy<sup>1</sup>

The global economy displayed stability in CY 2024, successfully overcoming early concerns about a potential downturn caused by supply chain disruptions, geopolitical uncertainties and inflationary pressures. Posting a growth rate of 3.3% for the year, the global economy managed to sustain its momentum despite several headwinds. The US economy showcased resilience with high employment rates and impressive corporate earnings. In the US, there has recently been a change in Presidency, which may result in considerable policy changes, impacting global trade and bilateral relations among nations. Europe, despite facing political and economic challenges, navigated uncertainties and is positioned for a robust recovery. Meanwhile, China, having reopened its economy post-COVID, is actively addressing overcapacity and financial strains in the real estate sector, laying the groundwork for sustainable and balanced economic growth. Emerging markets and developing economies outperformed with a robust 4.3% growth rate, significantly outpacing the modest 1.8% expansion seen in advanced economies.

A substantial decline in global inflation from 6.7% in CY 2023 to 5.7% in CY 2024<sup>2</sup> played a crucial role in stabilising prices and fuelling economic activity. This achievement was largely driven by proactive and well-timed monetary policies implemented by central banks, alongside an expansion in energy supplies that helped ensure steady economic growth. Additionally, resilient consumer demand played a vital role in sustaining economic momentum, as household spending remained strong despite prevailing uncertainties. Government spending and targeted fiscal measures further supported this steady progress, countering the effects of structural and geopolitical challenges.

### Regional Focus



Australia's economy is on a steady recovery path, with GDP growth expected to rise from 1.2% in CY 2024 to 2.3% in CY 2026, supported by a rebound in household consumption and resilient business activity. Inflation has eased significantly, with headline inflation at 2.8% and underlying inflation at 3.5%, both on track to reach the Reserve Bank's 2.5% target by late CY 2026. While financial conditions remain tight, they are effectively balancing inflation control with economic stability. The labour market is gradually adjusting, with unemployment projected to stabilise at 4.5%. Despite global uncertainties, Australia's strong

trade partnerships, sound financial policies and resilient economy provide a solid foundation for sustained growth and prosperity.



Spain's economy demonstrated robust growth in CY 2024, with a GDP increase of 3.2%, positioning it as a leading performer among developed nations. This expansion was primarily driven by a resurgence in tourism, strategic investments in renewable energy, and a significant influx of immigrants bolstering the labour market. The unemployment rate declined to 11.5% in CY 2024 and is projected to further decrease to 10.7% by CY 2026. Inflation rates have been on a downward trend, reaching 2.8% in CY 2024, with expectations to stabilise at 2.0% by CY 2026. The government's fiscal deficit stood at 3.0% of GDP in CY 2024, with a gradual reduction anticipated in the coming years. While challenges such as high public debt and youth unemployment persist, Spain's economic outlook remains positive, supported by strong domestic demand and strategic investments.

### Outlook

Looking ahead, amidst the geopolitical uncertainty around US tariffs on its imports, the global economic outlook remains cautiously optimistic. Expectations of more accommodative monetary policies and continued easing of inflationary pressures may hedge the uncertainty and provide a cushion for economic growth. Global GDP is projected to grow at 2.8% in CY 2025 and 3.0% in CY 2026. Emerging markets and developing economies are expected to maintain their positive performance with a forecasted 3.7% expansion in CY 2025, while advanced economies are likely to see a moderate uptick to 1.4%.

One of the key drivers of this outlook is the resilience of consumer spending, which is anticipated to remain a crucial pillar of growth. With inflation gradually retreating, which is expected to decline to 4.3% in CY 2025 and 3.6% in CY 2026. Household purchasing power is set to improve, further buttressing demand across various sectors. Advanced economies are likely to achieve inflation targets sooner, providing additional stability. While geopolitical uncertainties persist, sustained government investments, prudent fiscal management and strong consumer activity are expected to create a balanced and inclusive global economic landscape.

<sup>1</sup><https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>




<sup>2</sup><https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

<sup>3</sup><https://www.rba.gov.au/publications/smp/2024/nov/pdf/statement-on-monetary-policy-2024-11.pdf>




<sup>4</sup>[https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/spain/economic-forecast-spain\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/spain/economic-forecast-spain_en)

## World GDP Growth Trends




### Global Economy

|             |   |      |
|-------------|---|------|
| CY 2024     |  | 3.3% |
| CY 2025 (P) |  | 2.8% |
| CY 2026 (P) |  | 3.0% |

### Advanced Economies

|             |   |      |
|-------------|---|------|
| CY 2024     |  | 1.8% |
| CY 2025 (P) |  | 1.4% |
| CY 2026 (P) |  | 1.5% |

### Emerging Market & Developing Economies

|             |  |      |
|-------------|--|------|
| CY 2024     |   | 4.3% |
| CY 2025 (P) |   | 3.7% |
| CY 2026 (P) |  | 3.9% |

P - Projected

Source: IMF

## Indian Economy<sup>5</sup>

During the year under review (FY 2025), India's GDP grew at a rate of 6.5%. Despite global economic turbulence and geopolitical conflicts in parts of Europe and the Middle East, India's economy demonstrated significant resilience. This impressive expansion was fuelled by strategic government initiatives and a steady increase in exports.

Inflation has eased, decreasing from 5.4% in FY 2024<sup>6</sup> to an encouraging 3.6% in FY 2025, creating a more stable economic environment. This downward trend in inflation is bolstering positive consumer sentiment, setting the stage for heightened consumer spending across key retail categories.

Although urban consumption exhibited a plateauing trend, rural consumption remained robust supported by strong agricultural performance. On the other hand, the services sector continued to be a key driver of growth.

Government-aided structural reforms, deregulation efforts and infrastructure investments are further strengthening market confidence and creating a conducive environment for businesses. With a flourishing services sector, digital growth and increasing financial inclusion, India continues to be a vibrant marketplace for consumer brands aiming to scale.




### Outlook

Looking forward, India's growth trajectory is expected to remain robust, where the GDP growth is projected to sustain at 6.5% in FY 2026 and to complement the growth targets, the Union Budget aims to stimulate consumption through strategic tax reforms and sector-specific support. By eliminating income tax for salaries up to INR 12.75 lakh for individuals, the budget will significantly increase disposable income for middle-class households<sup>7</sup>. Additionally, the RBI's back to back rate cuts by 100 bps including the 50 bps rate cut in June, 2025<sup>8</sup> has lowered the repo rate to 5.5%, which will increase liquidity in the economy also, the 8<sup>th</sup> Pay Commission's recommendations will further bolster disposable income, propelling discretionary spending and aiding consumption. The retail inflation is also showing signs of easing leading to anticipation of further rate cuts, which will strengthen the economy as a whole.

Additionally, there is an upturn in the private capital expenditure (CapEx) cycle, gradually improving business sentiments, healthy balance sheets of banks and corporates and the government's continued thrust on capital expenditure. Improvement in the outlook for global trade and rising integration in the global supply chain will support net external demand.

The government's emphasis on deregulation, infrastructure and private sector participation is vital for continued growth. Sectors such as retail, e-commerce and digital services are poised to expand with rising incomes and improved connectivity. Geopolitical changes and global economic shifts present both challenges and opportunities, requiring businesses to stay nimble. With stable inflation and robust forex reserves, India's economy is well-positioned for sustained demand and growth.

## Indian Economy

|             |  |      |
|-------------|--|------|
| FY 2024     |  | 9.2% |
| FY 2025 (P) |  | 6.5% |
| FY 2026 (P) |  | 6.5% |

P - Projected

Source: RBI<sup>9</sup>

## Industry Review

### Health and Wellness Industry

#### Global<sup>10</sup>

The global health and wellness industry has achieved considerable growth, reaching an estimated USD 1.8 trillion in 2024. This expansion is propelled by consumers' increasing prioritisation of wellness in their daily lives. 82% of U.S. consumers considered wellness to be of paramount importance which is 73% in United Kingdom and 87% in China. This trend is particularly pronounced among young adults who

<sup>5</sup><https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/OBULL22042025F03F83AE118C4B3B84E662D980C8DE33.PDF>

<sup>6</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=2097919#:~:text=India's%20real%20GDP%20growth%20is,by%206.4%20per%20cent%20FY25.>

<sup>7</sup><https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2098353>

<sup>8</sup>[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=60604](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60604)

<sup>9</sup><https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/OBULL22042025F03F83AE118C4B3B84E662D980C8DE33.PDF>

<sup>10</sup><https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-trends-defining-the-1-point-8-trillion-dollar-global-wellness-market-in-2024#/>

are purchasing more wellness products and services across varied dimensions such as health, sleep, nutrition, fitness, appearance and mindfulness. A common theme among consumers worldwide is the demand for effective, data-driven and empirically grounded health and wellness solutions.

Looking forward, several trends are poised to shape the wellness landscape. First, a growing interest in at-home health solutions, such as diagnostic kits for vitamin deficiencies and cholesterol levels, which offer seamless and frequent monitoring. Second, the notable elevation in the demand of wearable wellness products. These products focused on advanced bio-monitoring, allow the consumers to access detailed and accurate insights into their health metrics. Third, personalisation is gaining momentum, with consumers seeking products tailored to their unique biometric data, a process increasingly enhanced by generative AI. Additionally, there is a shift towards clinically validated products over those merely labelled as natural or clean, reflecting a preference for proven efficacy. Finally, recommendations by healthcare professionals are becoming more influential in swaying consumer decisions accentuating the importance of medical endorsements in the wellness sector.

#### Indian<sup>11</sup>

The health and wellness industry in India has witnessed notable progress, reaching a market size of USD 156.0 billion in 2024. This expansion is driven by rising health consciousness among consumers, leading to heightened participation in physical activities such as yoga, running and cycling. Moreover, there is expanding favourability to nutritional diets abundant in fruits and vegetables. The market encompasses a wide variety of segments, which include functional foods and beverages, beauty and personal care and preventive and personalised medicinal products. Notably, beauty and personal care products currently hold the largest market share.

Looking ahead, the industry is forecasted to reach USD 256.9 billion by 2033, exhibiting a Compound Annual Growth Rate (CAGR) of 5.3% from 2025 to 2033. This anticipated growth is attributed to several factors, such as the amplified adoption of traditional wellness practices like Ayurveda and Naturopathy, the proliferation of sports and fitness centres and the elevated popularity of wellness tourism. Technological advancements, such as health monitoring devices and mobile applications, are also playing a crucial role and are paving the way to active lifestyles and personalised health management among consumers. Regionally, West and Central India are leading the market, influenced by a higher concentration of health-conscious individuals seeking products and services that are aligned with their wellness goals.

### Mattress Industry

#### Global<sup>12</sup>

The global mattress market was valued at approximately USD 46.48 billion in 2024 and is projected to expand at a Compound Annual Growth Rate (CAGR) of 6.5% from 2025 to 2030. This growth can be primarily credited to the heightened consumer awareness on the importance of sleep quality, leading to augmented demand for top-tier mattresses. Cutting-edge development in technology products such as memory foam along with hybrid and smart mattresses with sleep-tracking features have also played a pivotal role in attracting consumers

seeking enhanced comfort and support. Moreover, the proliferation of e-commerce platforms has made a vast array of mattress options more accessible, further buttressing market expansion.

Looking ahead, the mattress industry is poised for continued growth, with projections estimating the market will reach USD 67.51 billion by 2030. The aging demographic, along with the emergence of wellness-oriented young adults, is expected to influence purchasing patterns. The elevated demand will create opportunities for products that cater to diverse needs ranging from enhanced support for seniors to eco-friendly materials for environmentally conscious buyers. Manufacturers are envisioned to focus on innovation, incorporating sustainable practices and materials to align with evolving consumer preferences. The elevated prevalence of e-commerce is poised to reshape distribution channels, offering the client a more convenient and personalised experience.

#### Indian<sup>13</sup>

The Indian mattress market is undergoing considerable expansion, powered by rising income levels, increased health consciousness and amplification in the real estate and hospitality sectors. Consumers are focusing more attention on health, comfort and functionality, leading to alteration in consumer behaviour. To cater to evolving preferences, manufacturers are diversifying their sales channels to incorporate both offline and online platforms. The market is forecasted to grow from USD 2.31 billion in 2025 to USD 3.48 billion by 2030, reflecting a Compound Annual Growth Rate (CAGR) of 8.54% during this period.

Looking ahead, the demand for bespoke and luxury mattresses is expected to amplify, prompting companies to explore innovative technologies. The substantial growth in the real estate sector coupled with evolving nuclear family structures in India open new avenues of opportunity for mattress manufacturers. In addition, the heightened inclination of the modern consumer towards mattresses that promote better posture, spinal alignment, and overall sleep health is set to further bolster growth in the market.

### Growth Drivers for the Mattress Industry<sup>14</sup>



#### Advancing Sleep Health Standards

The heightened understanding of the importance of sleep has served as a major contributor of the expansion of the mattress industry. As people increasingly comprehend the significance of quality sleep and its effect on cognitive function, immune system health, mood regulation and physical performance, there is elevated demand for comfortable and supportive mattresses. Issues like back pain, stress-induced disorders and sleep deprivation have fuelled demand for orthopaedic and memory foam mattresses. This transition in consumer inclination towards mattresses that provide essential comfort, support and pressure relief is amplifying market growth. The understanding of the pivotal role of sleep in the overall well-being has led consumers to actively seek out top-tier mattresses, propelling the industry towards new heights.

<sup>11</sup><https://www.imarcgroup.com/india-health-wellness-market>

<sup>12</sup><https://www.grandviewresearch.com/industry-analysis/mattress-market>

<sup>13</sup><https://www.mordorintelligence.com/industry-reports/india-mattress-market>

<sup>14</sup><https://www.mordorintelligence.com/industry-reports/india-mattress-market>



### Rising Disposable Income and Changing Consumer Preferences

The burgeoning middle-class, coupled with rising disposable income, has considerably influenced purchasing behaviour. Consumers are opting technologically superior alternatives that provide both elevated comfort levels and durability. The augmented purchasing power allows more people to invest in premium mattresses, reinforcing market expansion.



### Urbanisation and Increased Residential Development

Rapid urban expansion has led to a surge in residential construction. With more people migrating to cities and adopting modern lifestyles, demand for premium and durable mattresses is on the rise. Urban consumers, particularly in metropolitan areas, prefer mattresses that cater to their personalised needs, leading to higher sales of specialised products like orthopaedic and memory foam mattress.



### Real Estate and Hospitality Sector Growth

Rapid urbanisation and booming real estate sectors have led to increased housing projects, boosting demand for household furniture including mattresses. Furthermore, the hospitality industry, including hotels, resorts and service apartments—is thriving owing to a steady rise in tourism and business travel. Hotels and hospitality chains require top-tier mattresses for optimum guest comfort, further bolstering the demand for premium products.



### Expansion of Online and Omni-channel Retailing

The rise of e-commerce and direct-to-consumer (D2C) brands has eased the purchasing process, allowing customers to explore a variety of options from the comfort of their homes. Online platforms offer competitive pricing, discounts, easy return policies and customer reviews, making them a preferred purchasing channel. Many established mattress brands are incorporating an omnichannel approach, integrating online sales with experience centres and exclusive stores to augment customer engagement.



### Technological Advancements and Product Innovation

Innovation in mattress technology is reshaping the industry. Advanced mattresses equipped with smart features, such as, adjustable flexibility, sleep tracking sensors and temperature regulation are being increasingly favoured by consumers. Capitalising on this opportunity, brands are investing in eco-conscious and sustainable mattress materials like organic latex and plant-based memory foam to appeal and cater to environmentally conscious consumers.

## PU Foam Industry

### Global<sup>15</sup>

The global polyurethane (PU) foam market has seen remarkable expansion, reaching a size of USD 55.1 billion in 2024. This expansion is primarily linked to the versatility and widespread application of the materials in varied industries. In the construction sector, PU foam is valued for its superior insulation, enhancing energy efficiency in buildings. The automotive industry utilises PU foam in manufacturing lightweight components, such as armrests, dashboards and airbags, contributing to vehicle weight reduction and improved fuel efficiency. In addition, the furnishings industry relies on PU foam for its upholstery components. PU foam's protective characteristics, ensure the safe transport of goods, thereby, contributing to packaging industry. Regionally, the Asia Pacific market dominates the PU foam landscape, bolstered by substantial investments in the packaging sector and the ample availability of various PU foam types.

Looking ahead, the PU foam market is projected to reach USD 89.8 billion by 2033, exhibiting a Compound Annual Growth Rate (CAGR) of 5.57% from 2025 to 2033. This envisioned growth is attributed to several factors, including the persistent expansion of the construction industry and the introduction of bio-based polyols, which offer sustainable production options. Innovations in recycling technologies, both chemical and mechanical, are expected to enhance the market by enabling the breakdown of foam waste into reusable raw materials, aligning with global sustainability trends. Furthermore, the development of lightweight automotive components continues to elevate demand, as manufacturers seek materials that contribute to overall vehicle efficiency. As industries increasingly prioritise energy efficiency and environmental responsibility, the demand for PU foam solutions is poised to rise, solidifying its role in modern manufacturing and construction practices.

### Indian<sup>16</sup>

The Indian polyurethane foam market has experienced substantial growth, reaching a size of USD 4.0 billion in 2024. This versatile material is extensively utilized across various industries, including construction, automotive, and furniture manufacturing, due to its excellent insulation and cushioning properties. In the construction sector, polyurethane foam serves as an efficient thermal insulator, enhancing energy efficiency in buildings. The automotive industry

<sup>15</sup><https://www.imarcgroup.com/polyurethane-foam-market>

<sup>16</sup><https://www.imarcgroup.com/india-polyurethane-foam-market>



benefits from its lightweight nature, which contributes to improved fuel efficiency, while the furniture industry relies on it for comfortable and durable seating solutions. However, environmental concerns associated with certain types of polyurethane foam have prompted ongoing research into more sustainable alternatives and recycling methods.

Looking ahead, the Indian polyurethane foam market is projected to reach USD 7.1 billion by 2033, exhibiting a compound annual growth rate (CAGR) of 6.1% during the forecast period of 2025-2033. This anticipated growth is driven by the increasing demand for flexible polyurethane foam in applications such as furniture, bedding, and

automotive seating, which are influenced by consumer trends, fashion, and design preferences. Additionally, the market is propelled by the rising need for lightweight and high-performance materials across diverse industries, including automotive, construction, and packaging. Stringent energy efficiency regulations are also steering the construction sector toward adopting polyurethane foam as an excellent insulation solution. Furthermore, the automotive industry's focus on lightweight materials to enhance fuel efficiency and reduce emissions serves as another driving force for the polyurethane foam market. The growing awareness and emphasis on sustainable practices among consumers contribute to the surge in demand for polyurethane foam, given its recyclability and eco-friendly features.

## Opportunities and Threats



### Opportunities in the Indian Mattress Market

**Rising Residential Spaces:** India's expanding population is bolstering the demand for residential spaces and facilitating an environment conducive to the business of mattress manufacturers. Metropolitan cities with augmented housing sales, are amplifying the demand for mattresses. This urban expansion and the rise in residential construction projects provide ample growth opportunities for the mattress industry.

**Evolving Consumer Preferences:** Indian consumers are increasingly prioritising comfort and quality of life leading to an alternation in their perception of mattresses. This trend is stimulating the demand for personalised and luxury mattresses, encouraging companies to innovate and optimise their resources to meet diverse consumer needs. The desire for tailored sleeping solutions is pushing manufacturers to focus on product differentiation and quality enhancement.

**Expansion of Sales Channels:** Mattress companies are adapting to the changing consumer landscape by offering products through both offline and online channels. This omnichannel approach is facilitating the client to select their preferred mattresses, driving up sales. E-commerce platforms, in particular, are playing a pivotal role in widening the reach of the companies and easing the process for the client.

**Health Consciousness:** Heightened health consciousness is buttressing the growth of the Indian mattress market. Consumers are growing more cognizant of their sleeping habits and the impact of quality sleep on overall health. Consequently, manufacturers are incorporating smart AI features for sleep monitoring and adjustable features to support varied sleeping positions. This health-driven trend is propelling consumer demand for state-of-the-art ergonomic mattresses.

**Growth in Organised Sector:** The organised sector of the mattress industry is expanding due to the rising demand for superior mattresses. Organised brands are envisioned to outperform unorganised players owing to their competitive edge in pricing, elevated health consciousness among consumers and diverse product portfolios. The transition towards organised retail is enhancing product visibility and credibility, further reinforcing market growth.

**Smart Home Innovations:** The rising prominence of smart home technologies and personalised decor solutions is opening new avenues in convenience and personalisation in the mattress industry. Consumers are increasingly seeking smart mattresses with integrated features that enhance sleep quality and provide personalised comfort. This trend is paving the way for innovation and product development in the mattress market.

**Untapped Market Potential:** While metropolitan cities are primary sales regions, there is significant growth potential in states like West Bengal, Bihar and Orissa. These regions are predicted to witness a surge in demand for mattresses in the near future. Targeting these emerging markets can provide lucrative opportunities for mattress manufacturers to expand their footprint and cater to a broader clientele.





## Threats in the Indian Mattress Market

**Competition from Unorganised Sector:** The Indian mattress market is predominantly controlled by unorganised players. These businesses often offer cut-rate alternatives, creating intense competition for organised brands. The prevalence of the unorganised sector poses a challenge for established companies aiming to capture a larger market share.

**Retail Challenges:** The domestic mattress industry is highly dependent on the retail business, making it vulnerable to supply chain disruptions and economic instability. Retail challenges can lead to a steep decline in sales and impact the overall growth of the market. Companies need to develop resilient strategies to mitigate these risks and ensure business continuity.

**Evolving Trends:** Heightened consumer awareness about evolving global trends and conscious purchase decisions can encourage demand for advanced and premium products. However, it also poses a challenge for manufacturers to stay ahead of evolving consumer expectations and deliver cutting-edge solutions.

### Company Overview

Sheela Foam Limited was established in 1971. With a distinguished legacy of over five decades, the Company is one of the eminent names of the industry. As the largest manufacturer of flexible slab stock polyurethane (PU) foam in India, Sheela Foam stands out with a remarkable ~29% market share in the Branded Indian mattress segment and a ~40% market share in Australia. Under the renowned brands—Sleepwell, Kurlon and Furlenco—the Company offers a diverse product portfolio that includes an extensive range of mattresses, comfort foam, home care products, technical foam and furniture foam. The Company's ethos of innovation plays a central role in its business operations with continuous product launches making the Company relevant and competitive in this dynamic market conditions.

~29%

Market Share in India

~40%

Market Share in Australia

With a robust distribution network spanning over 10,000 multi-brand outlets and 6,000 exclusive brand outlets, Sheela Foam ensures its products are highly accessible in both domestic and international markets. The Company operates 18 manufacturing units across India, Spain and Australia, with a total production capacity of 187,000 MTPA. Sheela Foam is committed to excellence and is focused on strategic capacity expansion, expense optimisation bolstering its marketing and digital presence. The Company's vision is to expand its reach to over 5,000 towns, bolster its presence in Tier 1 and Tier 2 cities and grow exports targeting Europe and North America. Through its resolute dedication to quality and customer satisfaction, Sheela Foam continues to lead and innovate in the foam and mattress industry.



## Product Portfolio

| Category                            | Products   |
|-------------------------------------|--|
| Mattresses                          | Spring Range, Technology Range, Custom Cell Range, Back Support Range, Flexi PUF Range, etc.                   |
| Comfort Foam and Home Care Products | Foam Sheets, Foam Blocks, Comfort range accessories, Foam Cores, Furniture Cushions, Pillows, Bed sheets, etc. |
| Technical Foam                      | Automotive Foams, Reticulated Foams, Ultraviolet Stable Foams, etc.  |
| Furniture Foam                      | Sleepwell Resitec, Sleepwell Cool Gel, Primo.  |



## Key Strengths

| Key Strength                             | Description  |
|--|--|
| Multi-location Manufacturing             | 10 manufacturing units across India facilitate nationwide service and efficient supply chain management. |
| Extensive Distribution Network           | A robust network of 100+ distributors and 13,000+ touchpoints ensures product availability across India. |
| Global Export Relations                  | Products exported to 25 countries, showcasing global reach and competitiveness.                          |
| Dedicated Customer Care                  | A specialised customer care cell ensures prompt and efficient service.                                   |
| Advanced IT for Business Operations      | An award-winning IT platform facilitates real-time communication and informed decision-making.           |
| Innovative Product Range                 | Offers technologically advanced consumer and industrial foam products.                                   |
| Strong R&D Commitment                    | A dedicated team of engineers and scientists work on new foam products and enhancements.                 |
| Focus on Quality & Customer Satisfaction | Committed to delivering top-quality products and services for customer satisfaction.                     |

## Financial Overview

In FY25, the Company's net revenue from operations on a standalone basis was ₹ 2588 crore as compared to ₹ 1880 crore in FY24. Profit after tax for the current year was ₹ 112 crore in contrast to ₹ 168 crore in FY24. Net revenue from operations in Australia was AUD 73.09 million as compared to AUD 74.63 million in the previous year. The net loss after tax was AUD 2.71 million compared to AUD 0.22 million in FY24. The net revenue from operations in Spain was Euro 37.62 million as compared to Euro 36.48 million in FY24. The net profit after tax was Euro 0.64 million in contrast to Euro 1.12 million in FY24. On a consolidated basis, net revenue from operations stood at ₹ 3439 crore compared to ₹ 2982 crore in the previous year. Consolidated net profit after tax stood at ₹ 97 crore from ₹ 184 crore registered in FY24.

### Key Financial Ratios

| Particulars   | Standalone |         | Change |
|---|------------|---------|--------|
|   | FY 2025    | FY 2024 |        |
| Interest Coverage Ratio<br>(Earning before interest,<br>tax and expectational<br>items /Finance cost) | 2.43       | 5.68    | -57%   |
| Current Ratio   | 0.91       | 0.63    | 44%    |
| Debt Equity Ratio   | 0.34       | 0.37    | -8%    |
| Operating Profit<br>Margin (%)  | 33%        | 37%     | -4%    |
| Net Profit Margin (%)   | 4%         | 9%      | -5%    |
| Return on Net<br>Worth (%)  | 4%         | 6%      | -2%    |
| Debtors Turnover Ratio  | 12.09      | 11.49   | 5%     |
| Inventory Turnover<br>Ratio   | 10.06      | 6.61    | 52%    |

Reason for variances > 25%: Interest Coverage Ratio - Due to increase in finance cost, Current Ratio - Increase in current Assets - Investments in Mutual Funds, Inventory Turnover Ratio - Due to increase in inventory.

## Growth Strategy and Outlook

**Expanding in Rural India with Tailored Products:** Sheela Foam has aimed to unlock the potential of small towns and rural India, where traditional cotton mattresses have continued to dominate. Through the Small Town India (STI) initiative, the Company has introduced value-driven products such as Sleepwell Tarang and Kurlon Aaram. These affordable and foldable PU mattresses have been designed to suit compact homes, enabling modern comfort to reach emerging consumers and strengthening the Company's presence in semi-urban and rural regions.

**Strengthening Distribution with a Rural-Focused Model:** To effectively penetrate these markets, Sheela Foam has implemented a specialized rural distribution model. This approach has helped deeper market access and increased brand visibility in both rural areas and selected urban locations, allowing the Company to build stronger and more consistent connections with consumers.

**Empowering the Ecosystem through Financial Initiatives:** The Company has strengthened its business ecosystem by launching initiatives such as Channel Financing for dealers and Early Payment Solutions for vendors. These financial programs have improved liquidity across the value chain and enabled partners to scale their operations more efficiently. By empowering its partners, Sheela Foam has built resilient relationships that support sustainable and long-term growth.

**Enhancing Retail Presence and Customer Experience:** Sheela Foam has expanded its network of branded retail outlets, including Sleepwell Worlds and Kurlon Homes, to deliver an immersive brand experience. These showrooms have offered interactive displays, product trials, and personalised guidance from trained staff, ensuring a seamless and engaging customer journey. This devotion to Customer Delight has helped enhance brand loyalty and contributed meaningfully to the Company's growth trajectory.

### B2B Business Overview

Sheela Foam Limited's B2B segment continues to serve as a key driver of value creation, reinforcing the Company's reputation as a trusted solutions partner across a diverse range of industries. The Company offers a wide and advanced portfolio of high-performance polyurethane (PU) foams tailored for critical applications in automotive, acoustics, furniture, apparel, footwear, whitegoods, packaging, and sports. These foams are recognized for their superior comfort, durability, and adaptability, consistently meeting the stringent quality and performance standards required by original equipment manufacturers (OEMs) and large-scale industrial clients.

The product range spans specialized grades, including polyether, polyester, reticulated, UV-stable, high-resilience, and flame-retardant foams, enabling the Company to address a broad spectrum of functional and industry-specific requirements. This extensive offering underscores Sheela Foam's commitment to providing precise, value-driven solutions to its B2B partners.

### Focus on High-Performance Segments

In alignment with its long-term growth strategy, Sheela Foam is enhancing its footprint in high-performance segments such as railways, aerospace, and ventilated car seat systems in the automotive sector. The Company is also actively contributing to the Government of India's "Make in India" initiative by developing indigenous alternatives to imported components. This not only supports national self-reliance in critical sectors but also strengthens domestic manufacturing capabilities.

### Performance and Growth

During FY 2025, the B2B division achieved robust growth, fuelled by steady demand from core industries like automotive and furniture, coupled with sustained innovation in application-specific and lifestyle-oriented foams. Looking ahead to FY 2026, Sheela Foam anticipates continued upward momentum, underpinned by deepening strategic partnerships, an expanded and diversified product range, and increased presence in emerging industrial segments.

### Sustainability and Future Readiness

In response to evolving global expectations and the rising importance of Environmental, Social, and Governance (ESG) standards, Sheela Foam is proactively aligning its B2B operations with long-term sustainability goals. The Company is making significant investments in key areas such as the integration of recycled materials, adoption of Variable Pressure Foaming (VPF) technology for reduced emissions, and the development of bio polyol-based foams to minimize reliance on fossil fuel derivatives. These efforts reflect Sheela Foam's commitment to innovation with purpose and its readiness to meet the rising demand for sustainable materials.

## Strategic Outlook

In the context of shifting global manufacturing dynamics, geopolitical changes, and supply chain realignments, Sheela Foam sees considerable opportunities ahead. With India emerging as a preferred alternative manufacturing hub, especially in sectors like electronics, textiles, footwear, and apparel, the Company's B2B division is strategically positioned to capitalize on this structural shift. Its proactive approach and market agility place it at the forefront of this evolving industrial landscape.

## Conclusion




Sheela Foam's B2B business remains firmly anchored in innovation, sustainability, and responsiveness to market needs. Backed by a diversified product portfolio, a robust R&D pipeline, and enduring customer relationships, the division is well-equipped to deliver sustained value and contribute significantly to the Company's long-term growth journey.

## E-Com Segment Growth

The e-commerce business of Sheela Foam Limited (SFL) grew strongly in FY25, as the Indian online mattress market reached new highs in FY 25. At the beginning of FY25, SFL's brands, Sleepwell and Kurlon had a smaller market share in E-com segment. The Company re-calibrated its strategy and took smart steps to improve, like building a warehouse system based on demand, keeping popular products ready in stock, fixing pricing, and creating a strong product catalogue. Which helped it to scale up, even from a smaller base.

SFL sees e-commerce as a very important part of its business and has plans to grow it even more in FY26. The key focus areas would be new products, new market segments, and improving its direct-to-customer (D2C) websites by focusing on customer experience along with premiumization of mattresses. All these efforts will help SFL increase its market share and continue its strong growth in online sales.

## Risks Management

| Risks   | Description   | Mitigation  |
|---|---|---|
|  <b>Shifts in Consumer Preferences</b>          | Consumers' increased inclination towards innovative, eco-friendly and diverse mattress options, along with shifting purchase patterns to e-commerce.  | With continuous R&D, the Company caters to a wide audience and captures significant market opportunities.   |
|  <b>Raw Material and Supply Chain Risks</b>    | Interruptions in the supply chain can disrupt manufacturing and logistics, impacting production efficiency and quality.   | The Company mitigates this by bulk procurement at cost-effective rates, optimising its logistical network and diversifying acquisition strategies.              |
|  <b>Inventory Management Challenges</b>        | Accumulating surplus inventory can lead to financial setbacks due to quality deterioration and high storage expenses.   | Through consistent branding and strong market presence, the Company ensures balanced inventory and steady sales via retailers and distribution channels.        |
|  <b>Threats from Market Saturation</b>         | Surging competition and new market entrants could drive down prices, impacting profitability and making it difficult to retain market share.  | The Company has secured a strong position by focusing on acquisitions and innovation while utilising advanced technology to optimise costs and enhance quality. |
|  <b>Regulatory Compliance and Counterfeits</b> | Meeting regulatory standards for product safety, labelling and environmental norms can be complex and financially burdensome. Non-compliance may result in penalties and reputational damage. | The Company invests in testing, security features like serial numbers and holograms and conducts market surveillance to prevent counterfeiting risks.           |

## Marketing and Branding Strategy

Sheela Foam Limited (SFL) has crafted its marketing strategy around two foundational pillars, which are driving the penetration of modern mattresses and accelerating premiumization. Through this dual approach, the Company aims to emphasize the essential role that a high-quality mattress plays in enhancing consumers' lives by ensuring better sleep and overall well-being.

SFL has observed a notable shift in consumer behaviour, particularly in the growing awareness and discourse surrounding sleep health. Today's consumers are increasingly proactive in seeking information about how quality sleep can positively impact various facets of their lives, including physical health, cognitive performance, and emotional resilience.

In FY2025, SFL significantly scaled up its digital marketing initiatives to connect with consumers across the entire purchase journey, from building awareness to facilitating conversion. The Company partnered with a diverse range of content creators, including medical professionals, wellness experts, and popular entertainment personalities, to deliver compelling and trustworthy communication. This strategy enabled the brand to foster deeper, more interactive relationships with its audience and strengthen emotional brand affinity.

A key part of SFL's execution was the launch of a 360-degree campaign for non-metro cities, promoting the adoption of modern mattresses through the Sleepwell Tarang series. In parallel, Kurl-On was supported through region-specific vernacular campaigns, designed to drive growth in targeted geographies. Throughout these efforts, the Company continued to reinforce its core brand propositions "Did you Sleepwell" for Sleepwell and "Life banegi Hula Hula" for Kurl-On, to build strong recall and brand identity.

Looking ahead to FY26, SFL remains committed to deepening category penetration and advancing premiumization. The Company plans to engage with its audience through personalized media strategies and further enhance its digital dominance across the marketing funnel, ensuring a seamless and impactful consumer experience at every touchpoint.

### Internal Controls

The Company's internal control structure emphasizes solid governance, a diligent finance team, and independent internal as well as external assessments. Risk evaluation activities prioritize the key risks of the business, shaping strategic planning. The Audit Committee frequently reviews and takes necessary actions based on deviations, observations, or recommendations from internal auditors. The Company is dedicated to maintaining the highest standards of corporate governance, supported by well-documented policies and procedures to ensure adherence to all relevant regulations. Advanced IT systems are implemented to safeguard sensitive data and enhance the audit process. Accounting standards are strictly followed when documenting transactions. Alongside comprehensive Management Information Systems (MIS), the Company utilizes various methods for real-time expense reporting to maintain control. Any deviations from budget allocations are promptly detected and addressed to ensure strict compliance.

### Human Resources

The Company's Human Resources (HR) strategy supports its overall business goals by helping attract, retain, and grow the right talent



while focusing on sustainability, digitalization, and future-ready work practices. It is built around three main pillars which are driving growth, building employee capabilities and promoting a positive workplace culture.

To support growth, the Company has updated its organizational structure and is building leadership strength through a mix of internal development and external hiring. For building capabilities, the Learning & Development (L&D) strategy for FY 2025-26 emphasizes training employees with future-ready skills. Training programs are personalized using data to address individual skill gaps and offer diverse learning methods like micro-learning, gamification, and virtual reality. Leadership development is a major focus with special programs for new managers and senior leaders, along with forums for people managers. A culture of continuous learning is encouraged through peer learning, knowledge sharing, and internal learning communities. Senior leaders are given structured orientation programs for better integration, and the impact of L&D is tracked to ensure improvement in skills and performance.

The Company's culture is deeply rooted in its core values, which are reinforced at every stage of the employee lifecycle. Leaders communicate these values regularly, achievements are recognized, and training programs are based on a values and behaviour framework. Employee engagement is promoted through regular surveys, help lines, celebrations of cultural festivals and milestone recognitions, fostering a sense of belonging.

Employee and industrial relations are built on principles of inclusion, transparency, empowerment, and ethical behaviour. The Company ensures all labour laws are followed, encourages two-way communication through forums like safety and works committees, and resolves wage agreements amicably through discussions. Employee well-being is a top priority with health check-ups, medical camps, and mandatory safety training. It is an inclusive and equal opportunity employer, fully compliant with the POSH Act. Employees are given continuous training and development opportunities to boost motivation and job satisfaction. Potential issues are addressed early through open dialogue to avoid conflict, and community initiatives help improve the lives of people in surrounding areas, creating goodwill beyond the Company's workforce.

### Total Employee Strength

|         |  |       |
|---------|--|-------|
| FY 2024 |  | 3,241 |
| FY 2025 |  | 4,628 |

### Cautionary Statement

The statements provided in the Management Discussion and Analysis Report outlining your Company's forecasts, assessments, and anticipations are considered 'forward-looking statements' as per relevant securities laws and regulations. Actual outcomes may vary from those indicated or suggested based on economic factors influencing demand and supply, pricing trends in both local and global markets where the Company operates, changes in government policies, tax regulations, and other laws. The Company assumes no obligation to publicly update, modify, or revise any forward-looking statements based on subsequent developments, information, or occurrences.



# Directors' Report

Dear Members,

Your Directors' have pleasure in presenting the 53<sup>rd</sup> Annual Report on the business, operations and financial performance of the Company along with the Consolidated Audited Balance Sheet and Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2025.

## FINANCIAL INFORMATION

(₹ in Crores)

| Particulars   | Consolidated  |               | Standalone    |               |
|---|---------------|---------------|---------------|---------------|
|   | 2024-25       | 2023-24       | 2024-25       | 2023-24       |
| Revenue from operations   | 3439.19       | 2982.31       | 2587.51       | 1879.52       |
| Profit before Finance Cost, Depreciation & Tax                  | 380.84        | 417.64        | 318.22        | 306.73        |
| Less: Finance Cost  | 120.54        | 68.62         | 94.45         | 43.75         |
| Cash Profit   | 260.30        | 349.02        | 223.77        | 262.98        |
| Less: Depreciation  | 182.61        | 115.79        | 88.65         | 58.44         |
| Profit before Tax and exceptional items                         | 77.69         | 233.23        | 135.12        | 204.54        |
| Gain on Exceptional Items                                       | 30.59         | 22.70         | 11.91         | 17.82         |
| Profit before tax   | 108.28        | 255.93        | 147.03        | 222.36        |
| Add/(Less): Income Tax  | (51.23)       | (50.74)       | (45.39)       | (45.96)       |
| Add/(Less): Deferred Tax  | 38.48         | (10.68)       | 10.45         | (8.17)        |
| Profit after Tax before share of profit/(loss) of joint venture | 95.53         | 194.51        | 112.09        | 168.23        |
| Share of profit/(loss) of joint venture                         | 1.17          | (10.58)       | -             | -             |
| Profit for the year   | 96.70         | 183.93        | 112.09        | 168.23        |
| Other Comprehensive Income                                      | 6.50          | (2.70)        | (0.07)        | -             |
| <b>Total Comprehensive Income for the year</b>                  | <b>103.20</b> | <b>181.23</b> | <b>112.02</b> | <b>168.23</b> |

During the current year, Revenue of the Company, on standalone basis is ₹ 2587.51 Crores, last year Revenue of the Company was ₹ 1879.52 Crores. The Profit for the year for the current year decreased to ₹ 112.09 Crores as against the profit for the year of ₹ 168.23 Crores of last year.

On consolidated basis the overall Revenue increased from ₹ 2982.31 crores to ₹ 3439.19 Crores. The consolidated profit for the year decreased from ₹ 183.93 Crores to ₹ 96.70 Crores.

## DIVIDEND

Board of Directors do not recommend any dividend for the year 2024-25. The entire profit is being ploughed back in the business.

## CHANGE IN SHARE CAPITAL

During the year under review, the paid-up equity share capital of the Company has been increased from ₹ 54,34,86,705 divided into 10,86,97,341 equity shares of ₹ 5 /- each to ₹ 54,35,29,980 divided into 10,87,05,996 equity shares of ₹ 5 /- each pursuant to allotment of Equity Shares under the Employee Stock Option Plans of the Company. These Equity Shares rank pari-passu with the existing Equity Shares of the Company in all respects. During the year under review, your Company has not issued any Equity Share with differential rights, Sweat Equity Shares or Bonus Shares.

## SUBSIDIARIES

As on 31<sup>st</sup> March, 2025 the Company has seven subsidiaries and ten steps down subsidiaries. As required under the provisions of Section 129 of the Companies Act, 2013, read with Companies (Accounts)

Rule, 2013, a statement containing salient features of the financial statements of subsidiaries is provided in the prescribed format AOC-1 as **Annexure-A** of the Board Report.

## MATERIAL SUBSIDIARIES

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

## COMPOSITE SCHEME OF ARRANGEMENT OF AMALGAMATION OF KURLON ENTERPRISE LIMITED ALONG WITH ITS SUBSIDIARIES WITH THE COMPANY

The Board of Directors of the Company ("Board"), at its meeting held on March 28, 2024, approved the draft Composite Scheme of Arrangement. The scheme involves the amalgamation of Belvedere International Limited, Kanvas Concepts Private Limited, Kurlon Retail Limited, Komfort Universe Products and Services Limited, and Starship Value Chain and Manufacturing Private Limited into Kurlon Enterprise Limited, followed by the amalgamation of Kurlon Enterprise Limited with Sheela Foam Limited, along with their respective shareholders and creditors.

The Company filed an application with the National Company Law Tribunal (NCLT), Mumbai, on December 11, 2024. The NCLT issued its first motion order on March 12, 2025, following which a Shareholders'

Meeting was held on April 28, 2025, to obtain the approval of the shareholders. The equity shareholders of the Company approved the Scheme with the requisite majority.

## INVESTMENT MADE BY THE COMPANY IN SHARE CAPITAL

The Company has acquired 17.70 % equity stake on 29<sup>th</sup> August, 2023 in House of Kieraya Limited. During the year the equity stake has been increased to 43.89% by acquisition of additional 56,00,995 equity shares in the House of Kieraya Limited.

The Company has invested amounting ₹ 8,37,77,265 in the shares of wholly owned subsidiary M/s Sheela Foam Trading LLC in Dubai, United Arab of Emirates.

## CONSOLIDATED FINANCIAL STATEMENTS

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

The financial statements including consolidated financial statements and the audited accounts of each of the subsidiary are available on the Company's website [www.sheelafaam.com](http://www.sheelafaam.com)

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis.
- The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## CORPORATE GOVERNANCE

In accordance with SEBI Regulations, a separate report on Corporate Governance is given in **Annexure-B** along with the Practicing Company

Secretaries (PCS) Certificate on its compliance. The Practicing Company Secretaries (PCS) Certificate does not contain any qualification, reservation and adverse remark.

## RELATED PARTIES TRANSACTIONS

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

## RISK MANAGEMENT

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

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate Internal Financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The report on the Internal Financial Control issued by M/s. MSKA & Associates., Chartered Accountants, Statutory Auditors of the Company in view of the provisions under the Companies Act, 2013 is given in their audit report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Appointment of directors on the Board of the Company, is based on the recommendations of the Nomination & Remuneration Committee. NRC identifies and recommends to the Board, persons for appointment on the Board, after considering the necessary and desirable competencies.

The NRC considers positive attributes like integrity, maturity, judgement, leadership position, time and willingness, financial acumen, management experience and knowledge in one or more fields of technology, law, management, sales, marketing, administration, research, etc.

Independent Directors should fulfill the obligations of independence as per the Act and Regulation 25 of the SEBI (LODR) Regulations, 2015 in addition to the general criteria stated above. All the Independent Directors of the Company are enrolled in the Databank of IDs maintained by Indian Institute of Corporate Affairs, an entity under the Ministry of Corporate Affairs. Their registrations are renewed when due. It is ensured that a person to be appointed as a director has not suffered any disqualification under the Act or any other law to hold such an office.

The composition of the Board and details of remuneration paid to the directors during the year 2024-25 are given in the Corporate Governance Report forming part of this Report.

## CHANGES IN DIRECTORS OR KMPs

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

Nilesh Sevabrata Mazumdar had given his resignation from the post of Chief Executive Officer (India Business) On March 31, 2025. He will be relieved in due courses as per the policy of the Company.

### DECLARATION U/S 149(6) OF THE ACT

All the Independent Directors (IDs) have given declarations u/s 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that they meet the criteria of independence as laid down under the said Section/Regulation. The Directors of the Company have also confirmed that they were not disqualified to be appointed as directors as per Section 164(2) of the Companies Act, 2013 and that they have not been debarred by SEBI or any other statutory authority to hold an office of director in a company.

### DIVERSITY OF THE BOARD

The Company believes that diversity is important to the work culture at any organisation. In particular, a diverse Board, among others, will enhance the quality of decisions by utilizing different skills, qualifications and professional experience for achieving sustainable and balanced development.

### STATUTORY AUDITORS

M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), appointed as the Statutory Auditor of the Company for the five consecutive financial years from 2021-22 to 2025-26 and they will hold office until the conclusion of the 54<sup>th</sup> Annual General Meeting of the Company to be held in the year 2026. Material Subsidi details (See Item A) provided separately.

Details of material subsidiaries including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:

| SL No. | Name and Place of Material Subsidiaries               | Date of Incorporation | Name of statutory auditors | Appointment Date |
|--------|---|-----------------------|----------------------------|------------------|
| 1      | Kurlon Enterprise Limited (India)                     | 03.10.2011            | M/s. MSKA & Associates     | 15.05.2024       |
| 2      | Joyce Foam Pty Ltd (Australia)                        | 03.10.2005            | NEC Accountants Pty Ltd    | 30.09.2016       |
| 3      | International Foam Technologies Spain, S.L.U. (Spain) | 12.06.2019            | Grant Thornton. S.L.P.     | 20.04.2023       |

### AUDITORS' REPORT

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

### CONSOLIDATED FEES PAID TO STATUTORY AUDITORS

Detail of total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part are as below: -

| Particulars               | Year ended<br>31 March, 2025 | Year ended<br>31 March, 2024 |
|---------------------------|------------------------------|------------------------------|
| Audit Fees                | 55                           | 78                           |
| Certification Work        | 03                           | 17                           |
| Reimbursement of expenses | 05                           | 02                           |
| <b>Total</b>              | <b>63</b>                    | <b>97</b>                    |

### COST AUDITOR

As per section 148 read with Companies (Audit and Auditors) Rule, 2014 M/s Mahesh Singh & Co, Cost Accountants ((Firm Registration No.: 100441),) was appointed, to conduct the cost records of the Company for the Financial Year 2024-25, by the Board of Directors. Cost Auditor will provide its report to the Board of directors. They have been reappointed as Cost Auditors for the year 2025-26. A resolution for ratification of their remuneration for the year 2025-26, as required under the Companies Act, 2013, forms part of the Notice convening the ensuing AGM.

### INTERNAL AUDITOR

M/s PKF Sridhar Santhanam LLP, Chartered Accountants appointed as the Internal Auditor of the company and they will report to Board of Directors or the respective committee. The internal audit will help company to review the operational efficiency and assessing the internal controls. It also reviews the safeguarding of assets of the Company.

### SECRETARIAL AUDITOR

The company had engaged M/s AVA Associates, Company Secretaries as Secretarial Auditor to conduct Secretarial audit for the year 2024-25. The report on secretarial audit is annexed as **Annexure-D** to the Director's Report. The report does not contain any qualification, reservation or adverse remark.

As per the requirements of the SEBI (LODR) Regulations, The Report of secretarial audit of Kurlon Enterprise Limited, an unlisted material subsidiary of the Company is also annexed as Annexure - D1 and available on Company's website at [www.shelafoam.com](http://www.shelafoam.com).

### CORPORATE SOCIAL RESPONSIBILITY(CSR)

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

### AUDIT COMMITTEE

The composition of Audit Committee is provided in the Corporate Governance Report that forms part of this Director's Report. There was no instance of the Board not accepting the recommendation of the Audit Committee

## VIGIL MECHANISM

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

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

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of sexual harassment of women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Internal system has been set up to redress complaints received regarding sexual harassment. No complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

## MEETINGS OF THE BOARD

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

- A. Following measures were taken by company for energy conservation in the year 24-25:  
  
The disclosure related with energy is mentioned in the Business Responsibility & Sustainability Report (BRSR) forming part of Directors' Report.
- B. The expenses incurred on Research and Development have been included in BRSR annexed forming part of Directors' Report.
- C. The earnings from exports were ₹ 12.45 Crore (Previous Year ₹ 23.15 crores) and payments in foreign exchange were ₹ 156.83 Crore (Previous Year ₹184.24 crores).

## LISTING AGREEMENTS

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

## PARTICULARS OF EMPLOYEES

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

## PUBLIC DEPOSITS

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

## SIGNIFICANT AND MATERIAL ORDERS

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

## APPLICABILITY OF IBC CODE

Neither any application was made, nor any proceedings were pending under the IBC Code during the year.

## ONE TIME SETTLEMENTS

The Company has not entered into any one-time settlement of debt during the year under review.

## DISCLOSURE UNDER SECRETARIAL STANDARDS

Applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company

## BOARD EVALUATION MECHANISM

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

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

## BONUS SHARE

The company had not issued any bonus shares during the year.

## EMPLOYEE STOCK OPTION SCHEME

The Company's Employee Stock Option Schemes are in line with Company's philosophy of sharing benefits of growth with the growth drivers and are in compliance with the applicable Securities and Exchange Board Of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Companies Act, 2013. Disclosures with respect to Stock Options, as required under Rule 12(9) of The Companies (Share Capital and Debentures) Rules, 2014 and Regulation



14 of the Regulations, are available in the **Annexure H** to this Report, Notes to the Financial Statements and can also be accessed on the Company's website at <https://www.sheelaf foam.com/index.html>

### DIVIDEND DISTRIBUTION POLICY

The company has adopted Dividend Distribution Policy and there is no change in policy during the year. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is hosted at our website of the Company and following is web link: <https://backend.sheelaf foam.com/wp-content/uploads/2025/03/dividend-distribution-policy-sfl.pdf>

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT(BRSR)

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

### FINANCE AND CREDIT RATING

The company managed its finances prudently, meeting the business needs and maintaining sufficient liquidity at all times to navigate the impact of external challenges. The Company prudently managed its finances in rising interest rate scenario.,

A credit rating agency has given 'IND AA/Stable' rating to the debenture of the Company on March 21, 2025, same is available on <https://www.sheelaf foam.com/corporate-announcement.html>

### ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return for FY 2023-24 is uploaded on the website of the Company and the same is available on <https://www.sheelaf foam.com/annual-return.html>

### ACKNOWLEDGEMENT

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

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

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

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

Place: Noida

Date : May 14, 2025

**(Rahul Gautam)**  
Executive Chairman  
DIN: 00192999

# Form No. AOC -1

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

(₹ in Lakhs)

| Name of the subsidiary  | Joyce Foam Pty Ltd | Staquo Software Pvt Ltd<br>(Formerly known as Divya Software Solutions Pvt Ltd) | Sleepwell Enterprises Pvt Ltd | Staquo World Private Limited | International Foam Technologies Spain S.L. | Kurlon Enterprise Limited | Sheela Foam Trading LLC |
|---|--------------------|---|-------------------------------|------------------------------|--|---------------------------|-------------------------|
| Place of incorporation  | Australia          | India   | India                         | India                        | Spain                                      | India                     | Dubai                   |
| Date of incorporation / acquisition   | 03-10-2005         | 19-04-2010  | 07-10-1994                    | 26-03-2020                   | 12-06-2019                                 | 20-10-2023                | 25-09-2023              |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | N.A.               | N.A.  | N.A.                          | N.A.                         | N.A.                                       | N.A.                      | N.A.                    |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | AUD= INR<br>54.043 | N.A.  | N.A.                          | N.A.                         | EURO= INR<br>92.3246                       | N.A.                      | AED=INR<br>23.2837      |
| Share capital   | 2373.38            | 9.46  | 1.05                          | 1.00                         | 9428.12                                    | 1827.62                   | 136.55                  |
| Reserves & surplus including NCI  | 11852.22           | 5384.35   | 377.05                        | 2281.30                      | 13458.00                                   | 25148.00                  | 189.01                  |
| Total assets  | 51256.21           | 5410.07   | 398.01                        | 3109.43                      | 58478.00                                   | 44516.00                  | 744.87                  |
| Total Liabilities   | 37030.61           | 16.26   | 19.91                         | 827.13                       | 35592.00                                   | 17540.00                  | 419.32                  |
| Investments   | -                  | -   | -                             | 293.41                       | 28.00                                      | 0                         | -                       |
| Total Income  | 40167.55           | 263.35  | 64.32                         | 5015.35                      | 34380.00                                   | 66550.55                  | 417.11                  |
| Profit/(Loss) before taxation   | (2204.61)          | (38.49)   | 45.95                         | 1363.14                      | 601.00                                     | (4071.00)                 | (466.21)                |
| Tax Expenses  | (734.22)           | 46.60   | 10.82                         | 317.16                       | 18.00                                      | (1705.00)                 | -                       |
| Profit/(Loss) after taxation  | (1470.39)          | (85.09)   | 35.13                         | 1045.98                      | 583.00                                     | (498.00)                  | (466.21)                |
| Proposed Dividend   | NIL                | NIL   | NIL                           | NIL                          | NIL  | NIL                       | NIL                     |
| % of shareholding   | 100%               | 100%  | 100%                          | 100%                         | 100%                                       | 97.43%                    | 100%                    |

## Note-

- Joyce Foam Pty Ltd, Staquo Software Private Limited, Sleepwell Enterprises Private Limited, Staquo World Private Limited, International Foam Technologies Spain S.L. and Sheela Foam Trading LLC are wholly owned subsidiary of the Company.
- Kurlon Enterprise Limited is subsidiary and House of Kieraya Limited is Jointly controlled Company.
- Joyce W C NSW Pty Ltd (Australia), Interplasp SLU ( Spain), Staquo World KFT (Hungary), Staquo Inc USA, Staquo Technologies LLC (UAE), Belvedere International Limited, Kanvas Concepts Private Limited, Kurlon Retail Limited, Komfort Universe Products and Services Limited and Starship Value Chain and Manufacturing Private Limited are step down subsidiaries.

# Corporate Governance Report

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

## Board of Directors ("Board")

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

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

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

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

## Meetings of the Board

The Board of Directors met seven times during the financial year ended on March 31, 2025. Board Meetings were held on 21 May, 2024, 27 June

2024, 02 August 2024, 08 October 2024, 29 October 2024, 31 January 2025, and 10 March 2025.

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

## Independent Directors

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

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

Regulation 25(3) of Listing Regulations read with Schedule IV of the Companies Act, 2013 and the rules under it mandate that the Independent Directors of the Company hold at least one meeting in a year without the attendance of Non-Independent Directors and members of the management. During the year, separate meeting of the Independent Directors was held on January 31, 2025 without the attendance of non-independent directors and members of the management. All the Independent Directors attended the said meeting. The independent directors, inter-alia, reviewed the performance of Non-Independent Directors, Managing Directors and Chairman of the Company and the Board as a whole.

## Familiarisation programme for Independent Directors

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

## Composition of Board

The composition of the Board of Directors at the end of Financial Year i.e 31 March, 2025, their attendance at the Meetings during the year and at the last Annual General Meeting as also the detail with regard to outside Directorships and committee positions are as under:-

| Name of the Director and DIN | Category                      | Number of meeting attended | Attendance in Last AGM held on 17 <sup>th</sup> July , 2024 | No. of other Directorship in listed company including this company | No. of Committee positions held including other Companies## |        |
|------------------------------|-------------------------------|----------------------------|---|--|---|--------|
|                              |                               |                            |   |  | Chairman  | Member |
| Rahul Gautam# 00192999       | Promoter & Executive Director | 7                          | Yes   | 1  | 0   | 0      |
| Namita Gautam# 00190463      | Executive Director            | 7                          | Yes   | 1  | 0   | 0      |

| Name of the Director and DIN      | Category             | Number of meeting attended | Attendance in Last AGM held on 17 <sup>th</sup> July , 2024 | No.of other Directorship in listed company including this company | No. of Committee positions held including other Companies## |        |
|-----------------------------------|----------------------|----------------------------|---|---|---|--------|
|                                   |                      |                            |   |   | Chairman  | Member |
| Rakesh Chahar<br>00180587         | Executive Director   | 7                          | Yes   | 1   | 0   | 0      |
| Tushaar Gautam#<br>01646487       | Executive Director   | 6                          | Yes   | 1   | 0   | 2      |
| Som Mittal<br>00074842            | Independent Director | 7                          | Yes   | 3   | 1   | 2      |
| Ravindra Dhariwal<br>00003922     | Independent Director | 7                          | No  | 5   | 3   | 3      |
| Anil Tandon<br>00089404           | Independent Director | 7                          | Yes   | 1   | 0   | 1      |
| Vijay Kumar Ahluwalia<br>08078092 | Independent Director | 7                          | Yes   | 1   | 0   | 1      |
| Meena Jagtiani<br>08396893        | Independent Director | 7                          | Yes   | 2   | 2   | 4      |

# Rahul Gautam, Executive Chairman is husband of Namita Gautam and father of Tushaar Gautam and are thus related.

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

Details of Directorships in other listed entities:

| Name of Director      | Other directorship in Listed Entities | Category of Directorship |
|-----------------------|---------------------------------------|--------------------------|
| Rahul Gautam          | -                                     | -                        |
| Namita Gautam         | -                                     | -                        |
| Rakesh Chahar         | -                                     | -                        |
| Tushaar Gautam        | -                                     | -                        |
| Som Mittal            | Apollo Hospitals Enterprise Ltd       | Independent Director     |
|                       | Sasken Technologies Ltd.              | Independent Director     |
| Ravindra Dhariwal     | TBO Tek Ltd                           | Independent Director     |
|                       | Bata India Ltd                        | Non-Executive Director   |
|                       | Raymond Lifestyle Ltd                 | Non-Executive Director   |
|                       | IRB Infrastructure Developers Ltd     | Non-Executive Director   |
| Anil Tandon           | -                                     | -                        |
| Vijay Kumar Ahluwalia | -                                     | -                        |
| Meena Jagtiani        | Accelya Solutions India Limited       | Independent Director     |

## Board Functioning and Procedure

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

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

- Presentations by the Management:** The Senior Management of the Company is invited at the Board meetings to provide presentation/clarifications as and when necessary.
- Access to Employees:** The Directors bring an independent perspective on the issues deliberated by the Board. They have access to any information of the Company as they may need to discharge their duties and to any employee of the Company.

### Availability of Information to Board members include:

- Annual operating plans and budgets and any updates thereof;
- Capital budgets and any updates thereof;
- Quarterly results of the Company and its operating divisions and business segments;
- Minutes of Meetings of the Audit Committee and other Committees of the Board;



5. Recruitment and remuneration of senior officers below board level, including appointment and removal of Chief Financial Officer and the Company Secretary as per SEBI(LODR) Regulations 2015;
6. Materially important show cause, demand, prosecution and penalty notices report;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
9. Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
10. Details of any joint venture or collaboration agreement;
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.;
13. Sale of material nature, of investments, subsidiaries and assets which is not in the normal course of business;
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
15. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

### Core Skills, expertise and competence of Board of Directors

The Board comprises of highly qualified and experienced members who possess required skills, expertise and competence which allow them to make effective contributions to the functioning of the Board and its Committees. The core skills/expertise/competencies required in the Board in the context of the Company's business to function effectively, as identified by the Nomination and Remuneration Committee and the Board of Directors of the Company, are tabulated below:

| Name of the Director  | Leadership/<br>Operational<br>Experience | CSR, ESG<br>and Risk | Strategic<br>Planning | Sector/Industry<br>Knowledge & Experience,<br>R&D Innovation | Technology/e-<br>commerce | Financial,<br>Regulatory/ Legal |
|-----------------------|--|----------------------|-----------------------|--|---------------------------|---------------------------------|
| Rahul Gautam          | ✓  | ✓                    | ✓                     | ✓  | ✓                         | ✓                               |
| Namita Gautam         | ✓  | ✓                    | ✓                     | ✓  |                           | ✓                               |
| Rakesh Chahar         | ✓  | ✓                    | ✓                     | ✓  | ✓                         |                                 |
| Tushaar Gautam        | ✓  | ✓                    | ✓                     | ✓  | ✓                         | ✓                               |
| Som Mittal            | ✓  | ✓                    | ✓                     | ✓  | ✓                         | ✓                               |
| Ravindra Dhariwal     | ✓  | ✓                    | ✓                     | ✓  | ✓                         | ✓                               |
| Anil Tandon           | ✓  | ✓                    | ✓                     | ✓  |                           | ✓                               |
| Vijay Kumar Ahluwalia | ✓  | ✓                    | ✓                     | ✓  |                           | ✓                               |
| Meena Jagtiani        | ✓  | ✓                    | ✓                     | ✓  |                           | ✓                               |

### Appointment/Re-appointment of Directors:

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

Particulars of senior management including the changes therein since the close of the previous financial year

| Name                           | Designation                   |
|--------------------------------|-------------------------------|
| *Mr. Nilesh Sevabrata Mazumdar | Chief Executive Officer       |
| Mr. Amit Kumar Gupta           | Group Chief Financial Officer |
| Mr. Pertisth Mankotia          | Chief Information Officer     |
| Ms. Shaili Tyagi               | Chief Human Resource Officer  |
| Md. Iqbal Ahmad                | Company Secretary             |

\*Mr. Nilesh Sevabrata Mazumdar has resigned from the Office of CEO on 31<sup>st</sup> March, 2025 and He will be relieved in due courses as per the policy of the Company

### Audit Committee

The Committee comprises of Three Directors which include two Non-Executive Independent Directors and one Executive Director of the Company. The Chairperson of the Committee is Mr. Som Mittal a Non-Executive Independent Director, Mr. Ravindra Dhariwal and Mr. Tushaar Gautam are members of the Committee.

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

## Meetings and Attendance

The Audit Committee met 5 (five) times during financial year 2024-25 ended on 31<sup>st</sup> March, 2025 on 21 May, 2024, 27 June, 2024, 02 August 2024, 29 October 2024 and 31 January, 2025.

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

| Name of the Members      | No. of meetings |          |
|--------------------------|-----------------|----------|
|                          | Held            | Attended |
| Som Mittal (Chairperson) | 5               | 5        |
| Ravindra Dhariwal        | 5               | 5        |
| Tushaar Gautam           | 5               | 4        |

Som Mittal, Chairperson of the Audit Committee attended the Annual General Meeting.

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

- (i) The Audit Committee shall have powers, which should include the following:
  - (a) To investigate any activity within its terms of reference;
  - (b) To seek information from any employee of the Company;
  - (c) To obtain outside legal or other professional advice; and
  - (d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (ii) The role of the Audit Committee shall include the following:
  - (a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;
  - (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;
  - (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013;
    - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
    - (iii) Major accounting entries involving estimates based on the exercise of judgement by the management of the Company;
    - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications / modified opinion(s) in the draft audit report.
    - (e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;
    - (f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
    - (g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
    - (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
    - (i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
    - (j) Scrutiny of inter-corporate loans and investments;
    - (k) Valuation of undertakings or assets of the company, wherever it is necessary;
    - (l) Evaluation of internal financial controls and risk management systems;
    - (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
    - (n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
    - (o) Discussion with internal auditors of any significant findings and follow up there on;
    - (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
    - (q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit

as well as post-audit discussion to ascertain any area of concern;

- (r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (s) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- (t) To review the functioning of the whistle blower mechanism;
- (u) Approval of the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (v) Overseeing the vigil mechanism including to whom directors and employee shall report in case of any concern; and
- (w) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;
- (d) Internal audit reports relating to internal control weaknesses;
- (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- (f) Statement of deviations:
  - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  - (ii) annual statement of funds utilized for purposes other than those stated in the offer document/

prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;

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

#### Nomination and remuneration Committee

The Chairperson of the Nomination and Remuneration Committee is Ravindra Dhariwal a Non-Executive Independent Director. The Committee comprises of the following Directors:

1. Ravindra Dhariwal- Chairperson, Independent Director
2. Som Mittal-Independent Director
3. Meena Jagtiani- Independent Director

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

#### Meetings and Attendance

Nomination and remuneration Committee met 7 (seven) times during financial year 2024-25 ended on 31 March, 2025 on 21 May 2024, 16 July 2024, 9 September 2024, 16 October 2024, 24 December 2024, 10 March 2025 and 27 March 2025.

| Name of the Members                | No. of meetings |          |
|------------------------------------|-----------------|----------|
|                                    | Held            | Attended |
| Ravindra Dhariwal<br>(Chairperson) | 7               | 7        |
| Meena Jagtiani                     | 7               | 7        |
| Som Mittal                         | 7               | 7        |

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

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report of the Company;
- (e) Analysing, monitoring and reviewing various human resource and compensation matters;
- (f) Determining the company's policy on specific remuneration packages for executive directors including pension rights and

any compensation payment, and determining remuneration packages of such directors;

- (g) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), usually consisting of a fixed and variable component;
- (h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (i) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (j) Administering the “Sheela Foam Employee Stock Option Scheme 2016” (the “Plan”);
- (k) Determining the eligibility of employees to participate under the Plan;
- (l) Granting options to eligible employees and determining the date of grant;
- (m) Determining the number of options to be granted to an employee;
- (n) Determining the exercise price under the Plan;
- (o) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;
- (p) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
  - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
  - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.”
- (q) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

### Stakeholders Relationship Committee

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

1. Meena Jagtiani-Independent Director (Chairperson)

2. Anil Tandon-Independent Director
3. Vijay Kumar Ahluwalia-Independent Director

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

### Meetings and Attendance

Stakeholder Relationship Committee met 1 (one) time during financial year 2024-25 ended on 31 March, 2025 on 01 August 2024.

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

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

- (a) Redressal of all security holders’ and investors’ grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;
- (b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (c) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re-materialization of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; and
- (d) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.

### Details of Investor complaints

During the Financial Year ended on 31 March, 2025, the Company not received complaint from investors relating to non-allotment/transfer of Shares. Details of investor complaints received and resolved during the Financial Year are as follows:

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



### Corporate Social Responsibility Centre

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

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

### Meetings and Attendance

Corporate Social Responsibility Committee met 2 (Two) time during financial year 2024-25 ended on 31 March, 2025 on 02 August 2024 and 13 November 2024.

| Name of the Members                 | No. of meetings |          |
|-------------------------------------|-----------------|----------|
|                                     | Held            | Attended |
| Anil Tandon (Chairperson)           | 2               | 2        |
| Lt. Gen (Dr.) Vijay Kumar Ahluwalia | 2               | 2        |
| Meena Jagtiani                      | 2               | 2        |
| Namita Gautam                       | 2               | 2        |

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

- (a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;
- (b) To recommend the amount of expenditure to be incurred on the activities referred to in Policy of company on CSR, Schedule VII of the Companies Act, 2013 and rules made there under and any amendment thereof ;
- (c) To monitor the Corporate Social Responsibility Policy of the company from time to time; and
- (d) To do such other acts, deeds and things as may be directed by the board and required to comply with the applicable laws.

### Risk Management & ESG Committee

The Chairperson of the Risk Management & ESG Committee is Lt. Gen (Dr.) V. K. Ahluwalia a Non-Executive Independent Director. The Committee comprises following :

1. Lt Gen (Dr.) V. K. Ahluwalia- Independent Director
2. Som Mittal- Independent Director
3. Rakesh Chahar- Executive Director
4. Tushaar Gautam-Executive Director

### Meetings and Attendance

Risk Management Committee met 4 (Four) times during financial year 2024-25 ended on 31 March, 2025 on 20 May 2024, 01 August 2024, 28 October 2024 and 30 January 2025.

| Name of the Members                | No. of meetings |          |
|------------------------------------|-----------------|----------|
|                                    | Held            | Attended |
| Lt Gen (Dr.) Vijay Kumar Ahluwalia | 4               | 4        |
| Rakesh Chahar                      | 4               | 4        |
| Tushaar Gautam                     | 4               | 3        |
| Som Mittal                         | 4               | 4        |

### Committee Responsibilities and Authority

- a) The committee shall evaluate significant risk exposures of the company and assess management's actions to mitigate the exposures in a timely manner.
- b) The committee will coordinate its activities with the audit committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- c) The committee shall make reports to the board, including with respect to risk management and minimization procedures.
- d) The board shall review the performance of the committee.
- e) The committee shall have access to any internal information of the company necessary to fulfil its oversight role. The committee shall also have the authority to obtain advice and assistance from internal or external experts /advisors.
- f) The committee shall advise management in connection with the development and implementation of ESG strategies to preserve and enhance long-term shareholder value and to promote stakeholder interests;
- g) The committee shall report to the Board on current and emerging topics relating to ESG Matters that may affect the business, operations, performance, or public image of the Company or are otherwise pertinent to the Company and its stakeholders and, if appropriate, detail actions taken in relation to the same.
- h) The committee shall advise the Board on stakeholder proposals and other significant stakeholder concerns relating to ESG Matters.
- i) The role and responsibilities of the committee shall include such other items as may be prescribed by applicable law or the board in compliance with applicable law, from time to time

### Remuneration of Directors

#### Non-Executive Directors

- (a) The remuneration by way of sitting fees and commission to the Non- Executive Directors is decided by the Board of Directors and distributed to them based on their participation and contribution at the Board and Committee meetings and performance evaluation by the Board. The Annual Commission paid/ payable shall be in addition to the sitting fees payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

- (b) (i) **Commission:** Commission may be paid on profits within the monetary limit approved by the shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act.
- (ii) **Sitting Fees:** The Non-Executive / Independent Director may receive remuneration by way of fees for attending the meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Provided further that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.
- (iii) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.
- (iv) **Reimbursement of expenses:** An Independent Director may receive reimbursement of expenses for participation in the Board and other meetings of the Company.

(c) Disclosure with respect to remuneration:

| Name                  | Commission<br>(Amount in ₹) | Sitting Fees<br>(Amount in ₹) |
|-----------------------|-----------------------------|-------------------------------|
| Som Mittal            | 15,00,000                   | 20,00,000                     |
| Ravindra Dhariwal     | 15,00,000                   | 17,75,000                     |
| Anil Tandon           | 15,00,000                   | 11,00,000                     |
| Vijay Kumar Ahluwalia | 15,00,000                   | 13,50,000                     |
| Meena Jagtiani        | 15,00,000                   | 14,75,000                     |

#### Executive Directors

Disclosure with respect to remuneration:

| Name           | Salary    | Incentives  |
|----------------|-----------|-------------|
| Rahul Gautam   | 38,37,648 | 2,03,00,000 |
| Namita Gautam  | 34,67,580 | 1,01,00,000 |
| Rakesh Chahar  | 31,69,620 | 1,01,00,000 |
| Tushaar Gautam | 43,48,380 | 2,03,00,000 |

## General Body Meetings

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

### Annual General Meeting

| Year     | Date & Day                                | Location   | Time     | Special Resolution   |
|----------|---|--|----------|--|
| 2024 -25 | 17 <sup>th</sup> July, 2024,<br>Wednesday | Through Video Conference ("VC") /<br>Other Audio Visual Means ("OAVM") | 10:00AM  | No Special Resolution  |
| 2023-24  | 18 <sup>th</sup> July 2023,<br>Tuesday    | Through Video Conference ("VC") /<br>Other Audio Visual Means ("OAVM") | 10.00 AM | No Special Resolution  |
| 2022-23  | 18 <sup>th</sup> August 2022,<br>Tuesday  | Through Video Conference ("VC") /<br>Other Audio Visual Means ("OAVM") | 10.00 AM | <ol style="list-style-type: none"> <li>Reappointment of Rahul Gautam as managing Director, Namita Gautam as whole-time director, for a period of five year.</li> <li>Increase the tenure as Non-executive Independent director of Som Mittal, Anil Tandon, V.K. Ahluwalia and Meena Jagtiani to 5 year,</li> <li>Approve 'SHEELA FOAM - Employees Stock Option Plan 2022.</li> </ol> |

### Postal Ballot

| Year     | Date & Day | Resolutions  |
|----------|------------|--|
| 2024 -25 | 27/03/2025 | 1. Ordinary Resolution: Approval for the Related Party Transactions with Kurlon Enterprise Limited (subsidiary of Sheela Foam Limited) for an amount not exceeding in the aggregate ₹ 1250 crores for the financial year 2025-26   |
| 2024-25  | 19/05/2024 | 1. Ordinary Resolution: Approval for the Related Party Transactions with Kurlon Enterprise Limited (subsidiary of Sheela Foam Limited) for an amount not exceeding in the aggregate ₹ 1250 crores for the financial year 2024-25   |
| 2023-24  | 26/12/2023 | <ol style="list-style-type: none"> <li>Appointment of Rahul Gautam as Whole-Time Director</li> <li>Appointment of Mr. Tushaar Gautam (DIN: 01646487) As a Managing Director of the Company.</li> <li>Shifting of Registered Office of the Company from the "State of Delhi" to "State of Maharashtra"</li> </ol>   |
|          | 02/08/2023 | <ol style="list-style-type: none"> <li>Amendments in Article 12 of AOA of the Company and add Article 37A of AOA of the Company</li> <li>Raising of Funds through issuance of Equity Shares of the company by way of Qualified Institutions Placements</li> </ol>  |
| 2022-23  | 16/01/2023 | <ol style="list-style-type: none"> <li>Resolution under section 180 (1) (a) of the Companies Act, 2013 for mortgage, hypothecate, pledge and or to create a charge.</li> <li>Resolution under section 180 (1) (c) of the Companies Act, 2013 to approve the borrowing limits of the Company</li> <li>Resolution under Section 186 of the Companies Act, 2013 to approve the loan/ guarantee/ investment limits of the Company</li> </ol> |
|          | 08/11/2022 | 1. Issue of Bonus shares   |

## Means of Communication with Shareholders

### a) Financial Results

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

### b) Website and email id for Investors

Detailed information on the Company's business and products; quarterly and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website. at [www.sheelafaam.com](http://www.sheelafaam.com) The company has designated the email id [investorrelation@sheelafaam.com](mailto:investorrelation@sheelafaam.com) for its investors.

### c) Intimation to Stock Exchanges:

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

### d) Teleconferences, Videoconference and Press conferences, Presentation etc.:

The Company held quarterly Investors Teleconferences and Press Conferences for the investors of the Company after

the declaration of the Quarterly Results. The Company made presentations to institutional investors/analysts during the period which are available on the Company's website.

## General Shareholder Information

### (a) Annual General Meeting

Date & Day: 17<sup>th</sup> July, 2025, Thursday

Time: 10:00 AM

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

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

### (c) Listing on Stock Exchange

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

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

## Share Transfer System

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

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

## Distribution of Equity Shareholding as on March 31, 2025

| Group of Shares | Number of Shareholders | % to total Shareholders | Number of Shares held | % to Total Shares |
|-----------------|------------------------|-------------------------|-----------------------|-------------------|
| 1-500           | 59,559                 | 97.0095                 | 3116191               | 2.8666            |
| 501-1000        | 1022                   | 1.6646                  | 746674                | 0.6869            |
| 1001-2000       | 428                    | 0.6971                  | 606386                | 0.5578            |
| 2001-3000       | 117                    | 0.1906                  | 294411                | 0.2708            |
| 3001-4000       | 65                     | 0.1059                  | 231428                | 0.2129            |
| 4001-5000       | 29                     | 0.0472                  | 135497                | 0.1246            |
| 5001- 10000     | 57                     | 0.0928                  | 412893                | 0.3798            |
| 10001 & above   | 118                    | 0.1922                  | 103162516             | 94.9005           |
| <b>Total</b>    | <b>61395</b>           | <b>100.0000</b>         | <b>108705996</b>      | <b>100.0000</b>   |

## Shareholding Pattern as on March 31, 2025

| Category                                | Number of Shares held | %-Issued Capital |
|---|-----------------------|------------------|
| Promoter and Prompter Group             | 7,14,09,463           | 65.69            |
| Mutual Funds                            | 1,95,97,103           | 18.03            |
| Insurance Companies                     | 23,50,858             | 2.16             |
| Foreign Portfolio Investors (Corporate) | 67,73,328             | 6.23             |
| Non Resident Indians                    | 17,2,206              | 0.16             |
| Non Resident (Non Repatriable)          | 1,11,009              | 0.10             |
| Clearing Members                        | 2,048                 | 0.00             |
| Other Bodies Corporate                  | 15,90,248             | 1.46             |
| Body corp LLP                           | 50,426                | 0.05             |
| Hindu Undivided Family                  | 2,49,243              | 0.23             |
| Alternate Investment Funds              | 10,66,634             | 0.98             |
| Individual                              | 53,33,430             | 4.91             |
| <b>TOTAL :</b>                          | <b>108705996</b>      | <b>100</b>       |

## Dematerialisation of Shares & Liquidity

As on March 31, 2025, all the equity share capital of the Company were held in dematerialised form except 11 shares. The ISIN allotted in respect of equity shares of ₹ 5/- each of the Company by NSDL/CDSL is INE916U01025.

## Registrar and Share Transfer Agent - MUFG Intime India Private Limited

Noble Heights, First Floor, Plot NH2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi-110058

Tel No : +91 1141410592,93,94

E-mail id : delhi@linkintime.co.in

Website : www.linkintime.co.in

## Plant Locations

Plot No-51A, Udyog Vihar,  
Greater Noida, Dist. Gautam Budh Nagar  
201306 (Uttar Pradesh)

Plot No-1, Udyog Vihar, EcoTech - II,  
Greater Noida, Dist. Gautam Budh Nagar  
201306 (Uttar Pradesh)

Mainthapal, Nahan Road  
Kalaamb, Dist. Sirmour, Himachal Pradesh-173030

37/2, Site IV, Sahibabad Industrial Area,  
Ghaziabad, Uttar Pradesh 201010

Industrial Shed No - Unit III A, Nandigram Realtors, Survey  
No - 224, N.H.No - 8, Nandigram, Umbergaon Valsad - 396105

N.H 8, Near Bhilad Check Post  
Village- Talwada-Taluka Umergoan  
Dist: Valsad - 396105 (Gujarat)

Survey No.-852, Medchal Industrial Area  
R.R.District-501401, Hyderabad (Telagana)

MM-3, Phase-4,  
Sipcot Industrial Growth Centre, P.O. Palayam,  
Village:Perundurai, Erode- 638052 Tamilnadu

Kanchanjanga Integrated Hub  
P.O. Fatapukur, P.S.Rajganj,  
Dist. Jalpaiguri.Pin-735134(West Bengal)

Plot No - 77, Sector F - II, Industrial Growth Centre, Maneri,  
Medhi Niwas, Mandla 481885



**Reconciliation of Share Capital Audit**

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

**Disclosures of Accounting Treatment**

In the financial statements for the year ended March 31, 2025, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

**Related Party Transactions**

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

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

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

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

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

**Code for prevention of Insider Trading**

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

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

The Company has laid down a Code of Conduct for all Board Members and the Senior Executives of the Company. The Code of conduct is available on the Company's website [www.sheelafoam.com](http://www.sheelafoam.com). The code of conduct was circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended 31 March, 2025. A declaration to this effect signed by the Managing Director is given below:

**To**  
**The Shareholders of Sheela Foam Limited.**  
**Sub.: Compliance with Code of Conduct**

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the financial year ended 31 March, 2025.

Date: May 14, 2025  
Place: Noida

**Tushaar Gautam**  
Managing Director

## MD/CFO Certification

The Managing Director & CFO have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Regulation 17 (8) of Listing Regulations for the year ended March 31, 2025. The said certificate forms part of the Annual Report.

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

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

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

### **Modified opinion(s) in audit report**

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended March 31, 2025 is unmodified.

### **Compliance Certificate on Corporate Governance from the Practicing Company Secretary**

The certificate dated May 14, 2025 from the Practicing Company Secretary confirming compliance with the Corporate Governance requirements as stipulated under Listing Regulations is annexed hereto.

The above report has been adopted by the Board of Directors of the Company at their meeting held on May 14, 2025.

# MD/CFO Certification

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

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

We, Tushaar Gautam, Managing Director, Amit Kumar Gupta, Group Chief Financial Officer certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2025 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) That there were no significant changes in internal control over financial reporting during the year;
  - (ii) That there were no significant changes in accounting policies during the year and
  - (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Tushaar Gautam**  
Managing Director

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Noida  
Date: May 14, 2025

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,  
 The Members of  
**Sheela Foam Limited**  
 1002 to 1006, The Avenue, International Airport Road,  
 Opp. Hotel Leela Sahar, Marol Naka, Mumbai, 400059

We have examined the relevant registers, records, forms, returns and disclosures received from the directors of **Sheela Foam Limited** having CIN (L74899MH1971PLC427835) and having registered office at 1002 TO 1006 The Avenue International Airport Road, Opp Hotel Leela Sahar, Marol Naka, Mumbai, 400059 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March, 2025 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other statutory authority.

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

Ensuring the eligibility for the appointment / continuity of every director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For AVA Associates**  
 Company Secretaries

**Amitabh**  
 Partner

Place: Delhi  
 Date: 12.04.2025

CP: 5500  
 UDIN: A014190G000095645



# Certificate on Compliance with the Regulations of Corporate Governance

To the Members of **Sheela Foam Limited**

We the Secretarial Auditor of **Sheela Foam Limited** [CIN L74899MH1971PLC427835] (the 'Company') have examined the compliance of Corporate Governance for the year ended March 31, 2025 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of the Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ('the Regulations') as amended from time to time.

## Management's Responsibility

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

## Practicing Company Secretaries' Responsibility

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

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

## Opinion

Based on our examination of relevant records and information and according to the explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, during the year ended March 31, 2025, as applicable.

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

**For AVA Associates**  
Company Secretaries

**(Amitabh)**

Partner

PCS 5500

Mem No 14190

UDIN: A014190G000423984

PR No: 1478/2021

Place: Delhi

Date: May 14, 2025

# FORM NO. AOC -2

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

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

## 1. Details of contracts or arrangements or transactions not at arm's length basis: None

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

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2025 are as follows;

| Name of related party | Nature of relationship | Natures of Transactions             | Duration of Contracts | Salient terms                       | Date of Board Approval | ₹ In Cr |
|-----------------------|------------------------|-------------------------------------|-----------------------|-------------------------------------|------------------------|---------|
| Kurlon Enterprise Ltd | Subsidiary             | Purchase/ sales of Goods/Properties | Running               | As per Board/ Shareholder Approvals | 28.03.2024             | 561.18  |

**Note:** Transactions like payment of managerial remuneration and dividend are as per the terms approved by the shareholders. Transactions pertaining to capital advance, security deposit, legal and professional fees, trade receivable, advances are also entered in the ordinary course of business at an arm's length basis as per business requirements of the Company. transactions which are not material have not been disclosed as the same are disclosed in the audited financial statements of the Company for FY 25.

# SECRETARIAL AUDIT REPORT

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

**For the financial year ended on 31<sup>st</sup> of March 2025**

To,  
The Members

**Sheela Foam Limited**

1002 to 1006 The Avenue, International Airport Road,  
Opp Hotel Leela Sahar, Marol Naka,  
Mumbai, Maharashtra-400059

We have conducted the secretarial audit of compliance with applicable statutory provisions and the adherence to good corporate practices by **Sheela Foam Limited**, CIN - L74899MH1971PLC427835 (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> of March 2025, complied with the laws listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sheela Foam Limited for the financial year ended on 31<sup>st</sup> of March 2025 according to the provisions of:

- a. The Companies Act, 2013 (the Act) and the rules made thereunder;
- b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- e. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- f. Other sector specific laws like the Petroleum Act, 1934 ("Petroleum Act") and Petroleum (Amendment) Rules, 2024 ("Petroleum Rules"); Bureau of Indian Standards Act, 2016 ("BIS Act") and Bureau of Indian Standards Act, 2016; Consumer Protection Act, 2019; Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Wastes Rules") and Environmental laws and regulations and other laws applicable to manufacturing companies.
  - g. The central and state laws related to workers and employees appointed by the Company either on its payroll or on a contractual basis related to wages, gratuity, provident fund, ESIC, compensation, working conditions, safety- security and other aspects.

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

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

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

**We further report that: -**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the

composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Mr. Nilesh Sevabrata Mazumdar, the CEO of the company, has resigned from his position, and is yet to be relieved.

Notices for the board meetings were given properly including the meetings called on urgent basis to the satisfaction of the Board members to participate effectively. Agendas and detailed notes thereon were also provided accordingly and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation thereat.

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

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

#### **We further report that:**

1. The Company complied with the provisions of section 149 of the Companies Act, 2013, and rules thereunder. The Company at the end of the review period, has Five Independent Directors on the Board wherein one independent director is a woman.
2. The Board of the company had Seven meetings during the review period. The Committees of the Board, met to transact businesses during the year, as given below:
  - a) Audit Committee - 5 times;
  - b) Corporate Social Responsibility Committee-2 times;
  - c) Nomination and Remuneration Committee - 7 times;
  - d) Stakeholders Relationship Committee- 1 time;
  - e) Risk Management and ESG Committee - 4 times;
  - f) Banking Committee - 3 times;
  - g) Meetings of the Independent Directors- 2 times.
3. All regulatory reporting, including but not limited to the filing due with the stock exchanges listed, SEBI, Reserve Bank of India (RBI) and the Ministry of Corporate Affairs (MCA) were done regularly.

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

- i. Under the Employees Stock Option Plan 2022 the Company allotted 8,655 shares to the eligible persons;
- ii. The company shifted its registered office from the NCT of Delhi to the State of Maharashtra at 1002 to 1006 The Avenue, International Airport Road, Opp Hotel Leela Sahar, Marol Naka, Mumbai, Maharashtra-400059 during the year.
- iii. The applicable Corporate Social Responsibility expenses for the previous year 2023-24 was short expensed by an amount of ₹ 28.80 lakh was spent in the year of review.
- iv. The Company is under the process of composite amalgamation of its subsidiary and stepdown subsidiary companies into it. The matter is under process and approvals from the Stock Exchanges for the scheme and from the NCLT for First Motion Application have been completed.
- v. The company has complied with the terms of the agreements with the Stock Exchanges both the NSE and BSE except one minor delay in filing report under Regulation 60(2) of SEBI (LODR) for September 30, 2024.

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

**For AVA Associates**  
Company Secretaries

**(Amitabh)**

Partner

CP: 5500

UDIN: A014190G000423841

PR No: 1478/2021

Place: Delhi

Date: May 14, 2025

**Annexure A- List of Documents Verified**

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

**Annexure B- Responsibility Statement**

To,  
The Members

**Sheela Foam Limited**

1002 to 1006 The Avenue, International Airport Road,  
Opp Hotel Leela Sahar, Marol Naka,  
Mumbai, Maharashtra-400059

Our report is to be read along with the following:

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

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

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

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

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

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

**For AVA Associates**  
Company Secretaries

**(Amitabh)**

Partner  
CP: 5500

UDIN: A014190G000423841

PR No: 1478/2021

Place: Delhi

Date: May 14, 2025



## Form No. MR-3

# SECRETARIAL AUDIT REPORT

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

**FOR THE FINANCIAL YEAR ENDED on 31<sup>ST</sup> OF MARCH 2025**

To,  
The Members,  
**KURLON ENTERPRISE LIMITED,**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on **March 31, 2025** (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED during the audit period for the financial year ended on 31.03.2025 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment Overseas Direct Investment and External Commercial Borrowings;
- v. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies the following laws / acts are also inter alia, applicable to the Company:
  - a. The Environment (Protection) Act, 1986
  - b. Water (Prevention and Control of Pollution), Act, 1974
  - c. The Legal Metrology Act, 2009
  - d. Air (Prevention and Control of Pollution), Act, 1981
  - e. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

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

- a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
- b. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the below observation was made during the audit:

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

Mr. Ravindra Dhariwal and Ms. Meena Jagtiani were appointed as Independent Directors to fill the intermittent casual vacancies caused by the resignation of the previous Independent Directors, up to the Annual General Meeting (AGM) held in the year 2024. However, they are now proposed to be reappointed at the ensuing AGM to be held in the year 2025;

### I have not examined compliance by the Company with:

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

### I further report that:

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

M/s. M S K A & Associates, Chartered Accountant (FRN: 105047W), were appointed as the Statutory Auditors of the Company for the five consecutive financial year from 2024-25 to 2028-29 and they will hold office until the conclusion of the 18<sup>th</sup> Annual General Meeting of the Company to be held in the year 2029;

Secretarial Auditors Mr. Deepak Sadhu, Practicing Company Secretaries, were appointed by the Board as the Secretarial Auditors of your Company for the financial year ended 31<sup>st</sup> March, 2025;

Pursuant to the provision contained in section 148(3) of the Companies Act, 2013 and rule 6(2) of the Companies (Cost records and Audit)

Rules, 2014, the board of director at their meeting held on May 15, 2024 has approved the appointment of M/s. GNV & Associates, Cost Accountants (Firm Registration No. 000150) as the cost auditors for the financial year 2024-25.

Pursuant to the provision contained in section 138 of the Companies Act, 2013 read with rules framed thereunder, the Board of directors appointed M/s PKF Sridhar Santhanam LLP, Chartered Accountants as Internal Auditor of the company and they will report to Board of Directors or the respective committee;

CS Mr. Monu Kumar and CFO Abhilash Padmanbh Kamti has resigned from their post w.e.f. November 30, 2024 and March 31, 2025 respectively;

Adequate notice of the Board/Committees Meeting were circulated along with the agenda and other materialistic papers to all directors in accordance with the provisions of the Companies Act, 2013.

During the reporting year no dividend was declared by the board.

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

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

**I further report that during the audit period:**

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

**For DEEPAK SADHU,**  
COMPANY SECRETARIES

**(DEEPAK SADHU)**

Authorised Signatory

ACS: 39541; CP No: 14992

UDIN: A039541G000330392

Peer Review Number: 2387/2022

Place: Bangalore

Date: 12<sup>th</sup> May 2025

**ANNEXURE - A**  
(To the Secretarial Audit Report)

To  
The Members,  
**KURLON ENTERPRISE LIMITED**

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

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed, provide are as on able basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For DEEPAK SADHU,**  
COMPANY SECRETARIES

**(DEEPAK SADHU)**

Authorised Signatory

ACS: 39541; CP No: 14992

UDIN: A039541G000330392

Peer Review Number: 2387/2022

Place: Bangalore

Date: 12<sup>th</sup> May 2025

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES FOR THE YEAR 2024-25

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

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

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

### 2. Composition of CSR Committee:

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

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

[www.sheelafoam.com](http://www.sheelafoam.com) and <https://sleepwellfoundation.com>

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

**Not Applicable**

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

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

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

**₹ 216.15 crores**

7. (a) Two percent of average net profit of the company as per section 135(5) **₹ 4.34 crores**  
 (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years. **Not Applicable**  
 (c) Amount required to be set off for the financial year, if any: **Nil**  
 (d) Total CSR obligation for the financial year (7a+7b-7c): **₹ 4.34 crores**

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

| Total Amount Spent for the Financial Year. (₹ in Crores) | Amount Unspent   |                   |  |         |                   |
|--|--|-------------------|--|---------|-------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6). |                   | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |         |                   |
|  | Amount.  | Date of transfer. | Name of the Fund   | Amount. | Date of transfer. |
| 4.34   | Nil  | NA                | NA   | NA      | NA                |

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

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

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

| (1)     | (2)                              | (3)  | (4)                  | (5)                     |          | (6)                              | (7)                                      | (8)  |                          |
|---------|----------------------------------|--|----------------------|-------------------------|----------|----------------------------------|--|--|--------------------------|
| Sl. No. | Name of the Project              | Item from the list of activities in schedule VII to the Act                                  | Local area (Yes/ No) | Location of the project |          | Amount spent for the project (₹) | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |                          |
|         |                                  |  |                      | State                   | District |                                  |  | Name   | CSR Registration number. |
| 1.      | Wellness Awareness               | Proving Health Support, Promoting Education including employment enhancing vocational skills | No                   | PAN India               |          | 15327506                         | No                                       | Through Sleepwell Foundation                         | CSR00010890              |
| 2.      | Pro-skill Development            |  | No                   | PAN India               |          | 11334308                         | No                                       | Through Sleepwell Foundation                         | CSR00010890              |
| 3.      | Skill Development Khurja Capital |  | Yes                  | Khurja                  |          | 15738006                         | No                                       | Through Sleepwell Foundation                         | CSR00010890              |
| 4.      | Other CSR Activities             |  | No                   | PAN India               |          | 986773                           | No                                       | Through Sleepwell Foundation                         | CSR00010890              |
| Total   |                                  |  |                      |                         |          | 43386593                         |  |  |                          |

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 4.34 crores

(g) Excess amount for set off,: Nil

| Sl. No. | Particulars   | Amount (₹ in Crores) |
|---------|---|----------------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | 4.34                 |
| (ii)    | Total amount spent for the Financial Year   | 4.34                 |
| (iii)   | Excess amount spent for the financial year  | Nil                  |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL                  |
| (v)     | Amount available for set off in succeeding financial years  | Nil                  |

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

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Crores) | Amount spent in the reporting Financial Year (₹ in Crores) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. |                      |                   | Amount remaining to be spent in succeeding financial years. (₹ in Crores) |
|---------|---------------------------|---|--|--|----------------------|-------------------|---|
|         |                           |   |  | Name of the Fund   | Amount (₹ in Crores) | Date of transfer. |   |
| 1.      | 2024-25                   | NIL   | 0.29   | NA   | NA                   | NA                | NIL   |
| 2.      | 2023-24                   | 0.29  | NIL  | NA   | NA                   | NA                | NIL   |
| 3.      | 2022-23                   | NIL   | NIL  | NA   | NA                   | NA                | NIL   |

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

| (1)     | (2)            | (3)  | (4)   | (5)              | (6)                                    | (7)   | (8)  | (9)   |
|---------|----------------|--|---|------------------|--|---|--|---|
| Sl. No. | Project ID     | Name of the Project  | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project | Amount spent on the project in the reporting Financial Year | Cumulative amount spent at the end of reporting Financial Year | Status of the project - Completed / Ongoing |
| 1       | FY31.03.2024_1 | Promoting Education including employment enhancing vocational skills, conducting wellness awareness programme, contributing sanitation programme | 31.03.2024  | 18 Months        | 164.80                                 | 28.80   | 164.80   | Completed                                   |

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

**(Asset-wise details).**

- (a) Date of creation or acquisition of the capital asset(s). NA
- (b) Amount of CSR spent for creation or acquisition of capital asset. NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA

(Managing Director or Director)

(Chairperson CSR Committee)



## Annexure-F

## Particulars of Employees

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

The percentage Increase/(Decrease) in remuneration of each Director, the CFO and the CS during the Financial Year 2025, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2025.

| Name and Designation                     | % increase/<br>(Decrease) of<br>remuneration in the<br>Financial Year 2025 | Ratio of<br>remuneration<br>to Median<br>Remuneration |
|--|--|---|
| Executive Director                       |  |   |
| Rahul Gautam                             | 10   | 66  |
| Executive Chairman                       |  |   |
| Namita Gautam                            | 10   | 37  |
| Wholetime Director                       |  |   |
| Rakesh Chahar                            | 10   | 36  |
| Wholetime Director                       |  |   |
| Tushaar Gautam                           | 10   | 68  |
| Managing Director                        |  |   |
| Key Managerial Personnel                 |  |   |
| Amit Kumar Gupta                         | 20   | 42  |
| Group Chief Financial Officer            |  |   |
| Nilesh Sevabrata Mazumdar                | 8  | 101   |
| Chief Executive Officer (India Business) |  |   |
| Md Iqbal Ahmad                           | 6  | 7   |
| Company Secretary                        |  |   |

**Note:**

- The remuneration of the non-executive Independent directors includes sitting fees for attending Board/Committee meetings.
- The employee and the salary details hereinafter provided are for employees excluding trainees.
- The median remuneration of employees during the financial year was ₹ 3,64,000
- In the financial year, there was an increase of 5.50 % in the median remuneration of employees.
- Number of permanent employees on the role of the Company as on 31.03.2025 is 2626
- The remuneration is as per the remuneration policy of the company.
- The managerial personnel include Executive Chairman, MD, Whole Time Directors

## Annexure-G

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

| Name and Designation            | Date of Joining | Remuneration for FY 24 - 25 (₹ in Lakhs) | Age (Years) | Experience (in years) | Educational Qualification                           | Previous Employment and Designation                             |
|---------------------------------|-----------------|--|-------------|-----------------------|---|---|
| Nilesh Sevabrata Mazumdar (CEO) | 17/05/2023      | 368.77                                   | 56          | 31                    | BE Electronics, MBA and Diploma in Business Finance | Pidilite Industries Limited - Chief Business Officer            |
| Amit Kumar Gupta (Group CFO)    | 17/05/2023      | 151.77                                   | 51          | 26                    | PGDBM   | Samvardhana Motherson Group - Vice President (Strategy and M&A) |
| Manoj Sharma (CSO)              | 9/04/2009       | 155.42                                   | 55          | 30                    | MBA Marketing                                       | Mountain Valley Spring Pvt. Ltd. - Head Sales and Marketing     |
| Shaili Tyagi (CHRO)             | 01/05/2024      | 170.76                                   | 51          | 25                    | Post Graduation in HR & Master in Botany            | DCM Shriram Limited as SVPM & CHRO                              |
| Harneet Kochar (CTO)            | 15/01/2024      | 133.55                                   | 61          | 22                    | Mechanical Engineer                                 | PFEDA Synthetics Pvt. Ltd. - Joint Managing Director            |
| Anand Chandak                   | 24/08/2023      | 119.92                                   | 41          | 16                    | PGDBM   | Arzoo as VP   |
| Pertishth Mankotia (CIO)        | 21/09/1995      | 118.82                                   | 51          | 31                    | B.SC COMPUTER SC.                                   | SFL   |
| Puneet Gulati (CMO)             | 11/09/2024      | 101.30                                   | 44          | 21                    | B.E in Computer Science                             | GSK and Unilever  |

## Annexure-H

## Details of Stock Options as on March 31, 2025

Statement as on March 31, 2025 for Employee Stock Option Scheme, 2010 as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

| Sr. No. | Particulars  | SHEELA FOAM - Employees Stock Option Plan 2022   |
|---------|--|--|
| 1.      | Date of Shareholders' approval   | August 18, 2022  |
| 2.      | Total Number of options approved   | 24,00,000  |
| 3.      | Vesting Requirements   | Vesting of options may commence after a period of not less than one year from the date of individual grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the ESOP-2022. |
| 4.      | Source of shares   | Primary  |
| 5.      | Exercise price   | Options vest at a nominal value of equity shares i.e. INR 5 per option   |
| 6.      | Maximum term of options granted  | The maximum vesting period may extend up to 3 (Three) years from the date of grant of options, unless otherwise decided by the Compensation / Nomination and Remuneration Committee.   |
| 7.      | Variation of terms of option   | None   |
| 8.      | Option movement during the year:   |  |
|         | Number of options outstanding at the beginning of the year   | 2,59,852   |
|         | Number of options granted during the year  | 1,49,994   |
|         | Number of options forfeited/lapsed during the year   | 44,291   |
|         | Number of options vested during the year   | 80,327   |
|         | Number of options exercised during the year  | 8,655  |
|         | Number of shares arising as a result of exercise of options  | 8,655  |
|         | Money realised by exercise of options (₹), if scheme is implemented directly by the Company  | 43,275   |
|         | Number of options outstanding at the end of the year   | 3,56,900   |
|         | Number of options exercisable at the end of the year   | NIL  |
| 9.      | Employee-wise details of options granted during FY24   |  |
|         | Number of options granted to Senior Managerial Personnel*  | 33,993   |
|         | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year   | NONE   |
|         | Identified employees who were granted options during any one year, equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | NONE   |
| 10.     | Diluted earnings per share pursuant to issue of ordinary shares on exercise of Options calculated in accordance with Ind AS 33   | 10.29  |
| 11.     | Method of Calculation of Employee Compensation Cost  | The Company follows fair value method for computing the compensation cost, if any, for the options granted. The company will follow IND AS for accounting of the Stock options as are applicable to the Company for the same.              |
| 12.     | Weighted average exercise price and weighted average fair values of Options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock.       | : ₹ 5  |
|         | Weighted Average exercise price (per option)   | : ₹ 977.76   |
|         | Weighted Average Fair value (per option)   |  |
| 13.     | Description of method and significant assumptions used during the year to estimate the fair values of options  | Fair Value of option are determined by 2 models - Black Scholes Model and Monte Carlo Simulation Model.  |

\* Senior Managerial Personnel includes CEO, CFO and CS.

Note. 4782 Options were exercised on 21.03.2025 and allotted on 29.04.2025.

# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## SECTION A: GENERAL DISCLOSURE

### I. Details of the Listed Entity

|    |   |  |
|----|---|--|
| 1  | <b>Corporate Identity Number (CIN) of the Company</b>   | L74899MH1971PLC427835  |
| 2  | <b>Name of the Company</b>  | Sheela Foam Limited  |
| 3  | <b>Year of incorporation</b>  | 1971   |
| 4  | <b>Registered office address</b>  | 1002 To 1006 The Avenue, International Airport Road, Opp Hotel Leela Sahar, Marol Naka, Mumbai, Maharashtra, India, 400059 |
| 5  | <b>Corporate office address</b>   | 14, Sector 135, Noida, U.P-201301  |
| 6  | <b>E-mail ID</b>  | investorrelation@sheelafoam.com  |
| 7  | <b>Telephone</b>  | +91-120-4868400  |
| 8  | <b>Website</b>  | http://www.sheelafoam.com/   |
| 9  | <b>Financial year for which reporting is being done</b>   | 1 <sup>st</sup> April 2024 to 31 <sup>st</sup> March 2025  |
| 10 | <b>Name of the Stock Exchange(s) where shares are listed</b>  | National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE)  |
| 11 | <b>Paid-up Capital</b>  | ₹ 54,35,29,980   |
| 12 | <b>Name and contact details of the person who may be contacted in case of any queries on the Business Responsibility and Sustainability Report (BRSR)</b> |  |
|    | <b>Name of the Person</b>   | Md. Iqbal Ahmad (Company Secretary)  |
|    | <b>Telephone</b>  | +91-120-4868400  |
|    | <b>Email address</b>  | iquebal.ahmad@sheelafoam.com   |
| 13 | <b>Reporting Boundary</b>   |  |
|    | <b>Type of Reporting (Standalone / Consolidated)</b>  | Disclosures made in this report are on a standalone basis  |
| 14 | <b>Name of assurance provider</b>   | Not Applicable   |
| 15 | <b>Type of assurances maintained</b>  | Not Applicable   |

### II. Product/Services:

#### 16. Details of business activities (accounting for 90% of the turnover):

| S.No. | Description of Main Activity                            | Description of Business Activity  | % Turnover of the Entity |
|-------|---|---|--------------------------|
| 1     | Manufacturer of polyurethane foam and bedding products. | Polyurethane Foam, Mattress, Pillow, Cushion and Home Comfort Products, Furniture | 99.65%                   |

#### 17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S.No. | Product/Service  | NIC Code | % of Total Turnover contributed |
|-------|--|----------|---------------------------------|
| 1     | Polyurethane Foam, Mattress, Pillow, Cushion and Home Comfort Products | 31005    | 99.65%                          |

### III. Operations

#### 18. Number of locations where plants and/or operations/offices of the entity are situated:

| Location      | Number of plants | No. of Offices | Total |
|---------------|------------------|----------------|-------|
| National      | 10               | 2              | 12    |
| International | -                | -              | -     |

**19. Markets served by the entity:****a. No. of Locations**

| Locations                        | Numbers  |
|----------------------------------|--|
| National (No. of States)         | 28 States (Pan-India)  |
| International (No. of Countries) | 11 (Australia, Bangladesh, Bahrain, Brazil, Durban, Nepal, Saudi Arabia, Spain, Sri Lanka, UAE, USA) |

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

1%

**c. A brief on type of Customers**

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

**IV. Employees****20. Details as at the end of financial year 2024-25:**

| S. No.    | Particulars                                    | Total (A)   | Male        |             | Female     |           |
|-----------|--|-------------|-------------|-------------|------------|-----------|
|           |  |             | No. (B)     | % (B/A)     | No. (C)    | % (C/A)   |
| <b>a</b>  | <b>Employees (including differently abled)</b> |             |             |             |            |           |
|           | <b>Employees</b>                               |             |             |             |            |           |
| 1         | Permanent (A)                                  | 1021        | 933         | 91%         | 88         | 9%        |
| 2         | Other than Permanent (B)                       | 90          | 82          | 91%         | 8          | 9%        |
| 3         | <b>Total (A+B)</b>                             | <b>1111</b> | <b>1015</b> | <b>91%</b>  | <b>96</b>  | <b>9%</b> |
| <b>b</b>  | <b>Workers (including differently abled):</b>  |             |             |             |            |           |
|           | <b>Workers</b>                                 |             |             |             |            |           |
| 1         | Permanent (E)                                  | 1601        | 1525        | 95%         | 76         | 5%        |
| 2         | Other than Permanent (F)                       | 1910        | 1815        | 95%         | 95         | 5%        |
| 3         | <b>Total (E+F)</b>                             | <b>3511</b> | <b>3340</b> | <b>95%</b>  | <b>171</b> | <b>5%</b> |
| <b>c.</b> | <b>Differently abled Employees</b>             |             |             |             |            |           |
|           | <b>Employees</b>                               |             |             |             |            |           |
| 1         | Permanent                                      | 1           | 1           | 100%        | 0          | 0%        |
| 2         | Other than Permanent                           | 0           | 0           | 0%          | 0          | 0%        |
| 3         | <b>Total</b>                                   | <b>1</b>    | <b>1</b>    | <b>100%</b> | <b>0</b>   | <b>0%</b> |
| <b>d.</b> | <b>Differently abled Workers:</b>              |             |             |             |            |           |
|           | <b>Workers</b>                                 |             |             |             |            |           |
| 1         | Permanent                                      | 5           | 5           | 100%        | 0          | 0%        |
| 2         | Other than Permanent                           | 0           | 0           | 0           | 0          | 0%        |
| 3         | <b>Total</b>                                   | <b>5</b>    | <b>5</b>    | <b>100%</b> | <b>0</b>   | <b>0%</b> |

**21. Participation/Inclusion/Representation of women**

| S. No. | Particulars              | Total (A) | No. and % of females |         |
|--------|--------------------------|-----------|----------------------|---------|
|        |                          |           | No. (B)              | % (B/A) |
| 1      | Board of Directors       | 9         | 2                    | 22%     |
| 2      | Key Management Personnel | 7         | 1                    | 14%     |



## 22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

| Category            | FY 2024-25<br>(Turnover rate in current FY) |        |        | FY 2023-24<br>(Turnover rate in current FY) |        |       | FY 2022-23<br>(Turnover rate in current FY) |        |        |
|---------------------|---|--------|--------|---|--------|-------|---|--------|--------|
|                     | Male  | Female | Total  | Male  | Female | Total | Male  | Female | Total  |
| Permanent Employees | 13.08%                                      | 5.16%  | 12.40% | 16%   | 9%     | 15%   | 12%   | 7.50%  | 11.65% |
| Permanent Workers   | 7.53%                                       | 2.65%  | 7.30%  | 5%  | 3%     | 5%    | 5.71%                                       | 8.40%  | 5.83%  |

Note: Both Voluntary and involuntary has been considered

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

### 23. Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether it is a Holding / Subsidiary / Associate / or Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1.     | Sleepwell Enterprises Private Limited, India                                | Wholly owned Subsidiary  | 100%                              | No   |
| 2.     | Staqo World Private Limited, India  | Wholly owned Subsidiary  | 100%                              | No   |
| 3.     | Staqo Software Private Limited, India                                       | Wholly owned Subsidiary  | 100%                              | No   |
| 4.     | Joyce Foam Pty, Australia   | Wholly owned Subsidiary  | 100%                              | No   |
| 5.     | International Foam Technologies SL, Spain                                   | Wholly owned Subsidiary  | 100%                              | No   |
| 6.     | Kurlon Enterprise Limited, India  | Subsidiary   | 97.43%                            | No   |
| 7.     | House of Kieraya Limited, India*  | Joint Venture  | -                                 | No   |
| 8.     | Rangoli Resorts Private Limited, India                                      | Associate  | -                                 | No   |
| 9.     | Sheela Foam Trading LLC, Dubai  | Wholly owned Subsidiary  | 100%                              | No   |
| 10.    | Interplasp, SL, Spain   | Subsidiary   | 93.66%                            | No   |
| 11.    | Joyce WC NSW PTY Ltd., Australia  | Subsidiary   | 100%                              | No   |
| 12.    | Staqo World Kft., Hungary   | Subsidiary   | 100%                              | No   |
| 13.    | Staqo Incorporated, USA   | Subsidiary   | 100%                              | No   |
| 14.    | Staqo Technologies, LLC, Dubai  | Subsidiary   | 100%                              | No   |
| 15.    | Belvedere International Ltd   | Subsidiary   | 100%                              | No   |
| 16.    | Kanvas Concepts Private Limited   | Subsidiary   | 100%                              | No   |
| 17.    | Kurlon Retail Limited   | Subsidiary   | 100%                              | No   |
| 18.    | Komfort universe products and services limited                              | Subsidiary   | 100%                              | No   |
| 19.    | Starship Value Chain Management Private Limited                             | Subsidiary   | 100%                              | No   |

\*As per Accounting Standard Jointly Controlled Entity

## VI. CSR Details:

### 24.

| S. No. |   |         |
|--------|---|---------|
| (i)    | Whether CSR is applicable as per the provision of Section 135 of Companies Act, 2013: | Yes     |
| (ii)   | Turnover (in INR crore) :   | 2587.51 |
| (iii)  | Net worth (in INR crore) :  | 2793.73 |

**VII. Transparency and Disclosures Compliances****25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) If yes, then provide web-link for grievance redress policy  | FY 2024-25<br>Current Financial Year       |  |   | FY 2023-24<br>Previous Financial Year      |  |         |
|---|---|--|--|---|--|--|---------|
|   |   | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks                                 | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities                                       | Yes, there is a dedicated email id for the communities to communicate their grievances. <a href="mailto:grievances@sleepwellfoundation.com">grievances@sleepwellfoundation.com</a>  | Nil  | Nil  | NA                                      | Nil  | Nil  | NA      |
| Investors (other than shareholders)               | Yes, the Investors can write about their grievances to the Compliance Officer of the Company at <a href="mailto:investorrelations@sheelafoam.com">investorrelations@sheelafoam.com</a> and there is webpage for investor contacts. <a href="https://sheelafoam.com/investor-contacts.html">https://sheelafoam.com/investor-contacts.html</a> <a href="mailto:whistleblower@sheelafoam.com">whistleblower@sheelafoam.com</a>                       | Nil  | Nil  | NA                                      | Nil  | Nil  | NA      |
| Shareholders                                      | Yes, the shareholders can raise their grievances to the Compliance Officer of the Company at <a href="mailto:investorrelations@sheelafoam.com">investorrelations@sheelafoam.com</a> . Shareholders can also reach out to us at <a href="https://sheelafoam.com/investor-contacts.html">https://sheelafoam.com/investor-contacts.html</a><br><br>Additionally, grievances can be raised through the 'SEBI Scores' portal through BSE/NSE websites. | Nil  | Nil  | NA                                      | Nil  | Nil  | NA      |
| Employees and workers                             | Yes, an employee grievance redressal mechanism is in place. Grievances are resolved on a monthly basis through an HR Help Desk (i.connect) at <a href="https://portal.thepresence360.com/">https://portal.thepresence360.com/</a> through individual user iD and password   | Nil  | Nil  | NA                                      | Nil  | Nil  | NA      |
| Consumers*  | Yes. Consumer Complaints are attended at centralized customer care center and are resolved expeditiously.<br><br>Toll-free number: 18005705700<br>E-mail id: <a href="mailto:care@mysleepwell.com">care@mysleepwell.com</a>   | 19130                                      | 439  | Response / action awaited from customer | 18,073                                     | 1,431  | NA      |
| Value Chain Partners                              | Yes. Our value chain partners can contact the procurement team, Quality & Assurance team or Product development team in case of any issue/grievances through the official E-mail ID: <a href="mailto:contactus@sheelafoam.com">contactus@sheelafoam.com</a>   | Nil  | Nil  | NA                                      | Nil  | Nil  | NA      |

Note: Consumers include distributors also.

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

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

We have integrated the ESG risk management into multi-disciplinary company-wide risk management processes i.e., the centralized Enterprise Risk Management (ERM) program. This helps us derive at the quantitative estimates of the inherent financial risks and impacts for which the controls to be kept in place to mitigate the impacts.

| S. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/opportunity   | In case of risk, approach to adapt or mitigate   | Financial implications of the risk or opportunity (Indicate positive or negative implications)  |
|--------|--|--------------------------------------|--|--|---|
| 1      | Climate Change   | Risk                                 | The operations and business of our company can be directly affected by climate change. Climate change could lead to reduced availability of energy and water, disruption of supply chains, and sourcing challenges. Additionally, transition to a low-carbon economy to mitigate effects of climate change would result in associated government policies and regulations and changing consumer preferences, leading to increased product costs, and compliance needs. | <p>The company has a twofold approach - to mitigate the risk through measures to reduce its carbon footprint and to adapt to the change by developing more environment friendly products that our stakeholders/ consumers may demand in future. Major initiatives taken by the company are as under:-</p> <ol style="list-style-type: none"> <li>1. SFL has adopted Variable Pressure Foaming (VPF) technology, which is the most sustainable foam processing technique. By producing foam in an airtight vacuum chamber, the air pressure is precisely controlled to create foams of varied density and hardness. Closed environment of foaming results in reduced emission into the atmosphere and foams are free of hazardous blowing agents. Any trace volatile organics are also extracted by the activated charcoal that is part of the closed loop equipment. The second VPF Machine became fully operational in 2024-25 at the Jabalpur Plant.</li> <li>2. SFL is resorting to bulk shipment and storage of chemicals - Polyol, Polymer polyol, and Isocyanate, that are required for foam manufacturing to minimize transportation and packaging.</li> <li>3. For interunit transfers, compression of foam sheets/blocks is carried out. Bed in a Box (BIAB) is adopted where feasible. These steps optimize space utilization and decrease the carbon footprint.</li> <li>4. Product innovation: The Company has set its eyes on launching products that use natural or recycled chemicals and other raw materials in the near future. Trials and research on sustainable products and packaging is an ongoing endeavour.</li> <li>5. Kaizens were undertaken in the plants during this year to reduce waste and conservation of energy and water.</li> <li>6. ESG sensitisation for employees as well as value Chain partners was carried out to drive home the importance of action to meet the challenges posed by Climate change.</li> </ol> | Negative. R&D Initiatives and Capital investment to adapt to or mitigate the climate change risks would result in additional costs in the short to medium term. However, these costs can be partially offset by long-term efficiency improvements and reduction of waste. Moreover, these initiatives will make the business future-ready, enhance business resilience and safeguard long-term value. |

| S. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/opportunity   | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive or negative implications)   |
|--------|--|--------------------------------------|--|---|--|
| 2      | Energy Management  | Opportunity                          | Energy management presents a strategic opportunity for our company to reduce costs, increase operational efficiency, enhance competitiveness, comply with regulations, improve reputation, and foster collaborations in the pursuit of sustainable operations .  | Not Applicable, Since Opportunity   | Positive. Implementing effective energy management practices can help reduce energy consumption, lower operational costs and optimize equipment performance. This also helps us to be better prepared for compliance to future environmental regulations.                                    |
| 3      | Human Rights   | Risk                                 | There is a greater awareness amongst all sections of the society and all stakeholders about Human rights. Any violation of Human rights may invite legal cases against the company and statutory fines. It may lead to loss of reputation and adverse effect on the morale of the employees/workers leading to reduced efficiency at work. | <ol style="list-style-type: none"> <li>1. SFL has a dedicated human rights policy in line in with the UN Guiding Principles, which has been implemented on shopfloor and corporate office (both permanent and contractual employees and workers) and also applies to our value chain partners.</li> <li>2. The company is committed to cultivate a culture of zero tolerance towards human rights violations. Various aspects of Human Rights are covered in Code of Business Conduct, Human Rights Policy, Whistle Blower Policy, Policy of SFL towards Society, POSH policy and Diversity Equity and Inclusion Policy. These policies have been communicated to the employees through Internal ERP System and to other stakeholders through the Company website.</li> <li>3. Training programs are regularly conducted to educate employees and workers on human rights .</li> <li>4. Human rights assessment for identifying potential human rights issues and a due diligence process verifying the occurrence and impact of these issues is underway.</li> <li>5. Robust grievance redressal mechanisms are in place to prevent workforce discrimination, sexual harassment, and ensure a free and fair working environment for employees</li> </ol> | Negative. Human rights violations may lead to regulatory non-compliance and consequent penalties and legal cases. There could also be a negative financial fallout of loss of reputation.  |
| 4      | Waste Management   | Opportunity                          | In reducing, reusing or recycling waste, we have an opportunity to reduce inventory costs, comply with regulations, drive innovation for new products and contribute to a more circular economy. This not only benefits the company's bottom line but also strengthens its reputation and position in the market.                          | Not Applicable, Since Opportunity   | Both Positive and Negative. There are increased costs associated with developing sustainable packaging alternatives. The reduction in packaging material or recycling and reusing will save expenditure. Additionally, these measures will be beneficial for reputation of the organization. |

| S. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/opportunity   | In case of risk, approach to adapt or mitigate   | Financial implications of the risk or opportunity (Indicate positive or negative implications)   |
|--------|--|--------------------------------------|--|--|--|
| 5      | Human Capital Development  | Opportunity                          | The success of the Company's operations relies upon the professional knowledge, technical skills, and managerial expertise of its corporate and divisional executive teams, as well as the employees. In the highly competitive market for skilled professionals as prevailing today, retention of trained employees or recruitment and training of suitable replacements will require significant investment of time and money. | Not Applicable, Since Opportunity  | Positive, Human Capital Development can improve the skills and knowledge of employees. This can lead to increased productivity, improved product quality, and operational efficiency within the company.   |
| 6      | Occupational Health & Safety   | Risk                                 | Poor occupational health and safety (OHS) performance has a direct negative impact on labor costs through lower productivity. Moreover, it can also affect SFL's reputation, impact staff morale or increase operating costs through fines and other contingent liabilities.   | <ol style="list-style-type: none"> <li>1. The company has implemented a clear policy on Occupational Health and Safety (OHS). It is accessible to all employees and workers on line.</li> <li>2. Training sessions for employees and workers are regularly conducted on safety procedures, compliance of regulations, and safe work practices to reduce accidents and foster a secure work environment, reduces accidents, and ensures adherence to regulatory requirements.</li> <li>3. All employees at the manufacturing plants are equipped with Personal Protective Equipment in designated high risk areas and tasks.</li> <li>4. Stringent safety audits are regularly conducted physically and reinforced through an extensive CCTV camera network across all units to ensure adherence to the health and safety precautions.</li> <li>5. The Company has established an On-site Emergency Control Plan, incorporating government authorities and neighboring industries, which is rehearsed through bi-annual mock drills.</li> </ol> | Negative. Non-adherence to the health and safety protocols exposes the employees and workers to poor health and accidents that can cause loss of working hours, work efficiency or company property resulting in financial loss. Reputational loss and Compensation for accidents can further aggravate the financial loss.                                |
| 7      | Product Quality & Safety   | Risk                                 | Product Quality and Safety risk can lead to product recalls, legal repercussions, and affect Company's reputation. It is crucial for us to not only maintain our own adherence to high standards but also ensure that our suppliers and partners uphold similar quality and safety practices.  | <ol style="list-style-type: none"> <li>1. SFL ensures that all produced foams meet the required quality standards and regulations e.g. Restriction of Hazardous Substances (RoHS) and REACH as per requirement. Stringent quality checks are carried out by the QED department for adherence to desired specifications.</li> <li>2. The company has incorporated NeemFresche technology, sourced from sustainable coconut plantations. This innovative solution physically eliminates pathogens and by forming durable bonds with cellular structures of foams, ensures continued protection even with prolonged use and frequent washes. Being a natural product, NeemFresche has no adverse environmental impact, making it safe for use without any leaching into the air, soil, or water.</li> <li>3. Special Foams are produced to meet all additional safety requirements like, fire retardance and Noise absorption, as desired by the clients</li> </ol>   | Positive. Enhancement of product quality leads to increase of brand value and building of good reputation. On the other hand, product rejections due to poor quality or lack of safety will have an adverse impact on the company and cause direct financial loss due to product recall/replacement and indirect financial loss due to loss of reputation. |



| S. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/opportunity  | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive or negative implications)   |
|--------|--|--------------------------------------|---|---|--|
| 8      | Water Management   | Opportunity                          | Manufacturing of Foam is not a Water intensive process, water is used only for the chemical mixing in production line and also used for domestic purposes.  | Not Applicable, being an opportunity  | Positive. Use of recycled water and low flow water fixtures results into lesser freshwater withdrawal through ground and third-party tankers, hence benefiting financially to the company.   |
| 9      | Corporate Governance & Ethics  | Risk                                 | Adverse Financial and Reputational risks may arise due to unethical Business conduct and non-compliance to regulatory requirements.   | <ol style="list-style-type: none"> <li>1. SFL has a strong governance mechanism to cater to all the regulatory requirements from local and national government.</li> <li>2. We have a dedicated business code of conduct policy which is applicable to all employees for ethical business conduct.</li> </ol> | Positive. Ethical business practices and compliance to regulatory requirements will prevent non-compliances and potential regulatory fines from the government.  |
| 10     | Innovation and R&D   | Opportunity                          | Innovation and R&D is an integral part of our business. It creates an opportunity for SFL to expand its business in different markets and product areas. Innovation and R&D contributes to development of new products, as also new tools, techniques, processes and technologies that are more efficient in foam production. | Not Applicable, being an opportunity  | Positive in the long run though initially it will require investment of money for research facility and material. Innovation and R&D will lead to financial benefits to the company by optimizing the existing manufacturing process and exploring new products lines in foam market to increase the overall revenue of the company. |
| 11     | Transparency & Reporting   | Risk                                 | Failure in correct, complete and timely regulatory reporting and disclosures will lead to loss of trust among company's investors and consumers. Lack of transparency to the internal as well as external stakeholders will shake their confidence in the Company and harm its reputation.                                    | SFL ensures timely regulatory reporting and disclosure of all the necessary details to its internal and external stakeholders through company website and annual reports.   | Timely reporting and transparency will build the trust of investors, consumers, and government authorities in the company, leading to a positive financial impact and creating brand value. Financial loss due to potential regulatory fines will be avoided.  |
| 12     | Consumer Relationship management   | Risk                                 | Managing good relationships with consumers is vital for SFL's business. Feedback from consumers can help the company improve the product quality and delivery. Improper consumer feedback management may lead to decline in SFL's business and can affect the reputation of the company.                                      | SFL has a dedicated mechanism/customer help line channel to address consumer grievances and collect consumer feedbacks. The company analyses these inputs to improve company's products and services.   | A good relationship management system will increase consumer's trust in the company's products and services and build positive reputation leading to business growth with financial gain to the company.   |

| S. No. | Material Issue Identified (High priority material issues are listed below) | Indicate whether risk or opportunity | Rationale for identifying the risk/opportunity  | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications)  |
|--------|--|--------------------------------------|---|--|---|
| 13     | Product Stewardship  | Opportunity                          | Product design and manufacturing in a manner that minimize the product's environmental impact throughout its life cycle is important to meet the growing demand for sustainable products. Environmentally conscientious investors and consumers will factor in such considerations in their decisions in future.  | Not Applicable, being an opportunity.          | Positive in the long run. Sustainable product stewardship will help the company become more environmentally responsible, improving its reputation and generating long-term revenue.                       |
| 14     | Corporate Social Responsibility  | Opportunity                          | Corporate Social Responsibility provides a competitive advantage to the company against small foam manufacturing companies that have mushroomed in the country. Engagement of community through various development projects, emotional wellness workshops and skill development programs, while enabling us to fulfill a social obligation, help improve visibility and brand image.   | Not Applicable, being an opportunity           | Positive. These initiatives will help SFL stand out from its competition and it also improves the brand image of the company which in turn will increase the revenue of the company.                      |
| 15     | Responsible Supply Chain Management.                                       | Opportunity                          | Through responsible supply chain management, with focus on a sustainable supply chain, SFL can reduce their Scope 3 emissions. The company will also be able to cut down transportation costs through transport using cheaper fuels, reduce waste by engaging bulk containers and gain in reputation.   | Not Applicable, being an opportunity.          | Positive. Initiatives on responsible supply chain management provides a competitive edge to the company by earning the trust of its investors and consumers, hence increasing the revenue of the company. |
| 16     | Diversity & Inclusion  | Opportunity                          | Diversity provides a healthier work place environment and enables benefiting from the strengths inherent in each of the diverse groups. Varied experiences and expertise in the employees and the Board helps the management take more reasoned decisions. Inclusivity helps fulfil a social obligation, tap full potential of employees and workers. Diversity and Inclusion are important contributors to the image of the company among the Government, Investors and the consumers. | Not Applicable, being an opportunity.          | Positive. Increase in diversity and inclusion will help increase the trust of internal and external stakeholders in the company which will benefit the business and provides financial stability.         |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

| Disclosure Questions                   |  | P1  | P2   | P3  | P4          | P5  | P6         | P7  | P8                     | P9  |
|--|--|---|--|---|-------------|---|------------|---|------------------------|---|
| <b>Policy and Management Processes</b> |  |   |  |   |             |   |            |   |                        |   |
| 1                                      | a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)  | Code of Conduct ; Anti Corruption and Anti Bribery Policy; ESG Policy   | Sustainable Procurement Policy; Supplier's Code of Conduct | OHS Policy; Human Resource Policies; Leave Policy; ESG Policy; DEI Policy; POSH Policy; Vigil Mechanism and Whistle-blower Policy | CSR Policy; | Human Rights Policy; Anti Discrimination Policy; DEI Policy; Vigil Mechanism and Whistle-blower Policy; POSH Policy | ESG Policy | Policy of Sheela Foam Ltd towards society | CSR Policy; DEI Policy | Cyber Security & data Privacy Policy (IT Policy); |
|  | b. Has the policy been approved by the Board? (Yes/No)   | All Policies have been approved by the Board / functional heads, depending on the nature of the policy.   |  |   |             |   |            |   |                        |   |
|  | c. Web Link of the Policies, if available  | All policies relevant only to the employees are available on Company's Intranet. All policies of relevance to external stakeholders are available at our website at <a href="https://sheelafoam.com/investor Relations">https://sheelafoam.com/investor Relations</a>   |  |   |             |   |            |   |                        |   |
| 2                                      | Whether the entity has translated the policy into procedures. (Yes / No)   | Yes. The Company procedures have been set up in line with the respective policies. These include- recruitment, performance appraisal, promotion, training, Workplace Safety drills and procedures, functioning of Internal Core Committee for grievance redressal, customer care organisation, frequent interaction with the channel partners, market surveys, Research and development into sustainable products, periodic risk assessment, Healthcare and wellbeing of employees, digital compliance monitoring, integrated ESG structure in the organisation etc. There has been a sustained drive to reduce all types of waste, conserve water and electricity and to work towards carbon offset through tree plantation and increasing use of renewable energy.  |  |   |             |   |            |   |                        |   |
| 3                                      | Do the enlisted policies extend to your value chain partners? (Yes/No)   | Yes, the relevant aspects from the company policies covering the NGRBC principles have been incorporated in the Suppliers Code of Conduct of the Company and these aspects are considered during the selection of Suppliers.  |  |   |             |   |            |   |                        |   |
| 4                                      | Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | IATF 16949, LEED Platinum Certificate for corporate office, SEDEX, BIS Product Certification License IS 7953: 1975, SO 27001:2013- Information Security Management System, Scope Provision of Information security for IT Software Development, System Integration and maintenance Services ; ISO 9001:2015:QMS, Scope-IT Software Development, System Integration and maintenance Services; ISO 20000-1: 2018 - IT Service Management,Scope- IT Software Development, System Integration and maintenance Services  |  |   |             |   |            |   |                        |   |
| 5                                      | Specific commitments, goals and targets set by the entity with defined timelines, if any.  | <p>Commitments and goals.</p> <p>Our goal is to reduce our carbon footprint (Scope 1 &amp; 2 ) by 50% of levels as existing on 31 Mar 2024, by 2030.</p> <p>Following targets are aimed to be met in 2025-26:</p> <ul style="list-style-type: none"> <li>a) Energy. Increase the Solar power genration capacity by at least 1 MW .</li> <li>b) Waste Reduction. The Company will reduce waste generation specially plastic waste through concerted efforts to reduce, reuse and recycle plastic packaging.</li> <li>c) Reducing Water Waste. We will increase water recycling through addition and augmentation of Sewage Treatment Plants.</li> <li>d) Offsets. The company will offset emissions through plantation of at least 2000 trees and offset ground water withdrawal by Rainwater Harvesting where technically feasible.</li> </ul>  |  |   |             |   |            |   |                        |   |
| 6                                      | Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.   | <p>Targets of 2024-25. Following was achieved:-</p> <ul style="list-style-type: none"> <li>a) A 500 kWh Solar Power Project was taken upto the stage of execution. Installation is likely to be ecompleted by sep 2025. A feasibility study for installation of more plants is underway.</li> <li>b) A database for Waste Quantification has been prepared. The waste generation being directly proportional to the production, waste intensity is considered a batter metric to plan our goals on. The same will be accurately measured from 2025-26 onwards.</li> <li>c) Approx 3000 saplings were planted during the year.</li> <li>d) A rainwater harvesting project consisting of 4 Harvesting pit was completed at the GNA plant of the Company.</li> </ul> <p>Note: Merger of Kurlon with Sheelafoam was expected to be completed in 2024-25. The targets were set with the same in mind. However the merger could not be completed in 2024-25. The reorganisation of units during the merger process and additional infrastructure works at many plants took place. Due to this, planned targets were not fully achieved.</p> |  |   |             |   |            |   |                        |   |

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----------------------|----|----|----|----|----|----|----|----|----|
|----------------------|----|----|----|----|----|----|----|----|----|

#### Governance, Leadership and Oversight

#### 7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

Mr. Tushaar Gautam (Managing Director)

Sheela Foam's commitment to responsible business conduct and sustainability is embedded in the vision and core values of the Company. As we have moved forward in the last fifty plus years, to develop products that provide more comfort to our customers contributing to their good health, we have explored initiatives that enhance the longevity and safety of our products and use greener alternatives in raw materials, manufacturing technology and processes. Towards this end, the year 2024-25 has seen the Sustainability drive in the company take a giant stride forward.

Environmental stewardship has always been our focus area. With the second Variable Pressure Foaming machine being fully operational at our Jabalpur plant, we have increased the production of foam with this technology that produces negligible hazardous emissions. Our greening efforts resulted in the planting of nearly 4000 saplings of good carbon sequestering trees across all our plants. While a new 500 kWh solar power project is close to completion at Jabalpur plant, a Rainwater Harvesting System was set up at our Greater Noida Plant for recharging ground water. We have successfully tested incorporation of more environment-friendly constituents like coir, bio polyols and recycled polyols in our foams, as also a greater percentage of reusable process waste. Plastic consumption and plastic waste generation per MT of Foam produced was reduced through various measures like foam compression, downgauging of packaging polythene, removal of redundant HDPE/HM polythene packing from interunit transfers and reuse of packaging material to the maximum extent possible.

As for social performance, the year was marked with many initiatives to improve employee satisfaction. The major initiatives included - Introduction of five-day work week, Leave policy revision to include paternity, menstrual and bereavement leaves, setting up of an online grievance redressal portal, new whistleblower policy, online Performance Management System, Learning Management System for the employees for Code of Conduct and other major company policies in an interactive engaging manner. Extending beyond business, community development initiatives through the Sleepwell Foundation were impactful, with 17710 attendees (including school students, drivers, doctors and paramedics, inmates of Tihar Jail, 54% Female) in offline Emotional Wellness workshops and Skill Development Programmes, and online emotional wellness workshops and podcasts reaching a viewership of 280 lakhs. The foundation trained 966 men and women mostly from nearby villages, on various vocational training courses including Armed Forces Training and 330 trainees got job placement/employment, during the year.

On the Governance side, we reached out to 50 of our small vendors and all distributors, with a call to begin their ESG journey, instep with Sheela Foam. Customer Care witnessed a turnaround with the complaint redressal time reduced to less than 17 days, as against 35 days in the past. The ESG organization was integrated into the corporate structure right down to shop floor level.

We are committed to continuing our ESG journey in the coming years, well aligned with the global Sustainable Development Goals and the National Guidelines on Responsible Business Conduct. Enhancement of renewable energy, reduction of the waste intensity and development of sustainable products will be our key focus areas in the next year.

|   |  |   |
|---|--|---|
| 8 | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).   | Mr. Tushaar Gautam, Managing Director   |
| 9 | Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | <p>Yes. The 'Risk Management and ESG committee' at the Board level is responsible for decision making on sustainability related issues. It comprises of four members:-</p> <p>Chairperson : Lt Gen (Dr) Vijay Kumar Ahluwalia, Independent Director</p> <p>Member : Mr. Som Mittal, Independent Director</p> <p>Member : Mr. Rakesh Chahar, Whole-Time Director</p> <p>Member : Mr. Tushaar Gautam, Managing Director</p> <p>Mr. Harneet Kochar, Chief Technical Officer of Sheela Foam Ltd is the ESG controller</p> |

#### 10. Details of Review of NGRBCs by the Company:

| Subject for Review  | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee |    |    |    |    |    |    |    |    | Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify) |    |    |    |    |    |    |    |    |
|---|--|----|----|----|----|----|----|----|----|--|----|----|----|----|----|----|----|----|
|   | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action   |  |    |    |    |    |    |    |    |    |  |    |    |    |    |    |    |    |    |
| Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances |  |    |    |    |    |    |    |    |    |  |    |    |    |    |    |    |    |    |

| 11 | Particulars  | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----|--|----|----|----|----|----|----|----|----|----|
|    | Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency |    |    |    |    |    |    |    |    |    |

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

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

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

### PRINCIPLE 1:

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

#### ESSENTIAL INDICATORS



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

| Segment                            | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact   | Percentage of persons in respective category covered by the awareness programmes |
|------------------------------------|--|---|--|
| Board of Directors                 | 2  | *Code of Conduct; POSH ;  | 100%   |
| Key Management Personnel           | 3  | Code of Conduct; POSH ; Managing Performance to Enabling Growth   | 100%   |
| Employees other than BODs and KMPs | 29   | Managerial orientation programme(8) ; Personal Effectiveness & Interpersonal skills (1); Customer Experience Mastery (2); Performance Management to Enable Growth(10); Sales capability Enhancement(5); Elevating sales Leadership(2); Unleashing Growth Potential B2B Business (1)   | 100%   |
| Workers                            | 90   | Code of Conduct; POSH ; 5S- Adherence Awareness & Ssqc (8); Awareness on waste and Identification (6);Communication skill (1); Continual Improvement (2); Effect of Defect(3); Effective use of PPE and Unsafe condition(6); Security Code of Conduct (1); Chemical handling(1); Fire Safety Training (4); Awareness of Quality Policy (2); Behavioural Based safety training (1) | 100%   |

\* Code of conduct and POSH awareness modules accessible to all employees on the ERP

# 511 Employees and 6560 workers attended different training programmes during the year

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

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

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

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

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



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

Yes, the anti-corruption and anti-bribery policies of Sheela foam Limited are clearly explained in the Company's Code of Conduct. An internal Complaints Committee has been constituted and safeguards for protection of the complainant from any adverse consequences and measures to ensure confidentiality in respect of the complainant and the accused person are laid out in the Whistleblower policy. The Code of Conduct is signed off by all the employees and workers annually and is available on the Company website: <https://www.sheelafoam.com/corporate-governance>.

The Company has zero tolerance to bribery and corruption and we are committed to honesty and fairness in our business dealings.

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

| Category  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|-----------|--|---|
| Directors | Nil                                    | Nil                                     |
| KMPs      |  |   |
| Employees |  |   |
| Workers   |  |   |

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

| Topic  | FY 2024-25<br>(Current Financial Year) |         | FY 2023-24<br>(Previous Financial Year) |         |
|--|--|---------|---|---------|
|  | Number                                 | Remarks | Number                                  | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil                                    |         | Nil                                     |         |
| Number of complaints received in relation to issues of Conflict of Interest of KMPs          |  |         |   |         |

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

Not Applicable

**8. Number of days of accounts payables ((Accounts payable\*365) / Cost of goods/services procured)**

|                                    | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|------------------------------------|--|---|
| Number of days of accounts payable | 49                                     | 52                                      |

**9. Openness of business**

**Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties in the format provided**

| Parameter                  | Metrics   | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|----------------------------|---|--|---|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases                                | 10%                                    | 5.50%                                   |
|                            | b. Number of trading houses where purchases are made from                               | 9                                      | 5                                       |
|                            | c. Purchases from top 10 trading houses as % of total purchases from trading houses     | 100%                                   | 100%                                    |
| Concentration of Sales     | a. Sales to dealers/ distributors as a % of total sales                                 | 92%                                    | 59%                                     |
|                            | b. Number of dealers/ distributors to whom sales are made                               | 89                                     | 113                                     |
|                            | c. Sales to top 10 dealers/ distributors as a % of total sales to dealers/ distributors | 20%                                    | 18%                                     |
| Share of RPT's in          | a. Purchases (Purchases with related parties/ Total purchases)                          | 20.57%                                 | 2.3%                                    |
|                            | b. Sales (Sales with related parties/ Total Sales)                                      | 8.56%                                  | 2.2%                                    |
|                            | c. Loans & Advances (Loans & Advances given to related parties/ Total loans & advances) | 97.61%                                 | 96.61%                                  |
|                            | d. Investments (Investments in related parties/ Total Investments made)                 | 85.05%                                 | 77.7%                                   |

## LEADERSHIP INDICATORS



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

| Total number of training and awareness programmes held | Topics/principles covered under the training and its impact   | %age of persons in value chain covered by the awareness programmes  |
|--|---|---|
| 2 awareness programmes(through email)                  | Topics: Significance of ESG for business, Major aspects under each of the three pillars of ESG, Data on Salient Energy and Water conservation measures<br><br>Impact: A sense of willingness amongst value chain partners to work together towards sustainability | Upstream: 18.15 % of suppliers<br>Downstream: 100% of Distributors, |

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

Yes, the Company has Code of Conduct for Board of Directors and senior management personnel which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company. It states that: The Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved. The Board of Directors, Key Managerial Personnel and the Senior Management Personnel shall not take up any position or engagement that may be prejudicial to the interest of the Company. The Executive Director(s), Key Managerial Personnel and the Senior Management Personnel shall not take up any outside Employment."

The Code of Conduct can be accessed at: <https://www.sheelafam.com/corporate-governance#policies>

## PRINCIPLE 2:

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

## ESSENTIAL INDICATORS



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

| Type                         | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) | Details of Improvement in Social and Environmental aspects   |
|------------------------------|--|---|--|
| Research & Development (R&D) | ~₹ 17 Lacs                             | ~140 lacs                               | <ul style="list-style-type: none"> <li>Designing of product for Aviation Industry involving special feature of complying with human safety in case of any fire incidents. This is achieved while complying with certain standards defined for the usage in the Aviation (CFR Standard). This product restricts the emissions during fire within the limits which are allowed for human exposure and allow them to escape safely.</li> <li>Development of various products using more environmentally friendly catalysts in TF Grade that helps in reduced toxicity levels as well.</li> <li>Use of Bio polyol as a raw material for foam production after processing</li> <li>Trials on New Foam production with newly developed Neem fresche based Antimicrobial properties.</li> </ul> |
| Capital Expenditure (CAPEX)  | ~₹ 10 Lacs                             | ~₹ 3.46 lacs                            | <ul style="list-style-type: none"> <li>Testing of samples in External lab for validation</li> <li>Purchase of chemicals for trial purposes.</li> </ul>   |

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

Yes, the organization has a sustainable sourcing policy. We carefully select and onboard vendors with robust infrastructure and good manufacturing practices through a supplier assessment checklist and an annual assessment of registered vendors. We strive to enhance sustainable vendor infrastructure and processes by undertaking steps like solventless lamination in packaging, using compliant granules and inks, maintaining machines and Effluent Treatment Plants effectively, minimizing color dyeing in fabrics, and sourcing foaming inputs from reputable industry leaders. We also aim to eliminate/ minimize restricted raw materials from our products.

**b. If yes, what percentage of inputs were sourced sustainably?**

85-90% of the inputs in raw and packaging materials were sourced sustainably. A 20% increase from the last year was achieved by making purchases directly from leading manufacturers instead of traders.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

(a) Plastics (including packaging): As a brand owner, we ensure that the plastic waste produced during our manufacturing process (including packaging) is recycled through a government-registered vendor, centrally under EPR.

(b) E-waste: Not applicable in case of our products.

(c) Hazardous waste: We have been procuring TDI largely in bulk quantity through tanker and some quantity in drums. Since empty drums contain stains of TDI therefore we take utmost care and sell them to government authorized agencies only, who further recycle the same after cleaning.

(d) Other waste: (i) The waste paper generated in the production process and from the units are being sold to authorized vendors, who further use it for making of molded paper products like plates & bowl etc. (ii) The waste foam- (offcuts/trims) generated from the production process is sold out to recycling vendor(s) who further uses them in the production of rebonded foam mattresses. (iii) Units segregate all waste and store it separately for further disposal as per their nature. (iv) All non-hazardous waste is being sold out to local scrap dealers only.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, EPR is applicable to the company and a EPR plan is available in place for waste collection. SFL in collaboration with Indian Pollution Control Association has collected and recycled approx 1000 MT of plastic waste to ensure EPR compliance this year. As a leading manufacturer in the foam industry, it is important that we ensure the safe disposal of pre-consumer and post-consumer packaging.

**LEADERSHIP INDICATORS**



**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Environmental and Social impacts of our products have not been assessed through LCA. There is however, no social impact. Environmental impacts are internally assessed and addressed by taking various environmentally friendly initiatives.

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

| Indicate Input Material | Recycled or re-used input material to total material |   |
|-------------------------|--|---|
|                         | FY 2024-25<br>(Current Financial Year)               | FY 2023-24<br>(Previous Financial Year) |
| Recycled Fiber Pillows  | 100%   | 100%                                    |
| Re-bonded Foam          | 91%  | 91%                                     |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:

|                                | FY 2024-25<br>(Current Financial Year)   |          |                 | FY 2023-24<br>(Previous Financial Year) |          |                 |
|--------------------------------|--|----------|-----------------|---|----------|-----------------|
|                                | Reused   | Recycled | Safely Disposed | Reused                                  | Recycled | Safely Disposed |
| Plastics (including packaging) | The Company disposes its packaging waste through authorized vendors and recyclers, ensuring no landfills of the waste disposed.  |          |                 |   |          |                 |
| E-waste                        | Not Applicable   |          |                 |   |          |                 |
| Hazardous waste                | The company is collaborating with the industry to find a practical solution for reclaiming products at end of life, which poses challenges of collection from dispersed individual customers, non availability of vendors for segregation of components and non availability of environment friendly disposal facilities. However majority of products due to their nature (mattresses, pillows and cushions etc.), have long in-use life and reusable multiple number of times. |          |                 |   |          |                 |
| Other waste                    |  |          |                 |   |          |                 |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
|                           | Nil   |

## PRINCIPLE 3:

Businesses should respect and promote the well-being of all employees, including those in their value chains

### ESSENTIAL INDICATORS



1. a. Details of measures for the well-being of employees:

| Category                           | Total (A) | Health & Accident Insurance |           | Maternity Benefits |           | Paternity Benefits |           | Day Care Facilities* |           |
|------------------------------------|-----------|-----------------------------|-----------|--------------------|-----------|--------------------|-----------|----------------------|-----------|
|                                    |           | No. (B)                     | % (B / A) | No. (C)            | % (C / A) | No. (E)            | % (E / A) | No. (F)              | % (F / A) |
| Permanent                          |           |                             |           |                    |           |                    |           |                      |           |
| Male                               | 933       | 933                         | 100%      | -                  | -         | Nil                | Nil       | Nil                  | Nil       |
| Female                             | 88        | 88                          | 100%      | 88                 | 100%      | NA                 | NA        | Nil                  | Nil       |
| Total                              | 1021      | 1021                        | 100%      | 88                 | 100%      | Nil                | Nil       | Nil                  | Nil       |
| Other than Permanent (Contractual) |           |                             |           |                    |           |                    |           |                      |           |
| Male                               | Nil       | Nil                         | Nil       | Nil                | Nil       | Nil                | Nil       | Nil                  | Nil       |
| Female                             | Nil       | Nil                         | Nil       | Nil                | Nil       | Nil                | Nil       | Nil                  | Nil       |
| Total                              | Nil       | Nil                         | Nil       | Nil                | Nil       | Nil                | Nil       | Nil                  | Nil       |

\*Note - The Company is in compliance with the Maternity Benefit (Amendment) Act, 2017 Paternity leave has been introduced from 2025

b. Details of measures for the well-being of workers:

| Category                           | Total (A) | Health & Accident Insurance |           | Maternity Benefits |           | Paternity Benefits |           | Day Care Facilities* |           |
|------------------------------------|-----------|-----------------------------|-----------|--------------------|-----------|--------------------|-----------|----------------------|-----------|
|                                    |           | No. (B)                     | % (B / A) | No. (C)            | % (C / A) | No. (E)            | % (E / A) | No. (F)              | % (F / A) |
| Permanent                          |           |                             |           |                    |           |                    |           |                      |           |
| Male                               | 1525      | 1525                        | 100%      | -                  | -         | Nil                | Nil       | Nil                  | Nil       |
| Female                             | 76        | 76                          | 100%      | 76                 | 100%      | Nil                | Nil       | Nil                  | Nil       |
| Total                              | 1601      | 1601                        | 100%      | 76                 | 100%      | Nil                | Nil       | Nil                  | Nil       |
| Other than Permanent (Contractual) |           |                             |           |                    |           |                    |           |                      |           |
| Male                               | 1815      | Nil                         | Nil       | Nil                | Nil       | Nil                | Nil       | Nil                  | Nil       |
| Female                             | 95        | Nil                         | Nil       | Nil                | Nil       | Nil                | Nil       | Nil                  | Nil       |
| Total                              | 1910      | Nil                         | Nil       | Nil                | Nil       | Nil                | Nil       | Nil                  | Nil       |

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format -

| Parameter   | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|---|--|---|
| Cost incurred on well-being measures as a % of total revenue of the company | 10%                                    | 10%                                     |

**2. Details of retirement benefits, for Current Financial Year and Previous Financial Year:**

| Benefits                | FY 2024-25<br>(Current Financial Year)             |   |  | FY 2023-24<br>(Previous Financial Year)            |   |  |
|-------------------------|--|---|--|--|---|--|
|                         | No. of employees covered as a % of total employees | No. of workers covered as a % of total worker | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total worker | Deducted and deposited with the authority (Y/N/N.A.) |
| PF                      | 100%   | 100%  | Y  | 100%   | 100%  | Y  |
| Gratuity                | 100%   | 100%  | NA   | 100%   | 100%  | NA   |
| ESI                     | 100%   | 100%  | Y  | 100%   | 100%  | Y  |
| Others - please specify | -  | -   | -  | -  | -   | -  |

**3. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

SFL understands the special needs of differently abled employees. The premises/facilities have been made accessible as per the needs and the roles for the differently abled persons employed by the company. We are committed to the Rights of Persons with Disabilities Act, 2016 and to provide for and fulfil the requirements of all differently abled employees and workers.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the Company has an Anti Discrimination Policy and a DEI policy which cover the relevant aspects of the Act. These policies stress on Sheela Foam being an "equal opportunity employer". The Anti Discrimination policy states that Sheela Foam is an "equal opportunity employer." Sheela Foam will not discriminate and will take "affirmative action" measures to ensure against discrimination in employment, recruitment, advertisements for employment, compensation, termination, upgrading, promotions, and other conditions of employment against any employee or job applicant on the bases of race, creed, color, national origin, or gender. Internal policies are accessible on the intranet to all employees. Relevant policies are also available on the company website for information of all stakeholders.

[https://sheelafoam.com/pdf/investor/Anti\\_Discrimination\\_Policy.pdf](https://sheelafoam.com/pdf/investor/Anti_Discrimination_Policy.pdf)

[https://sheelafoam.com/pdf/investor/DEI\\_Policy.pdf](https://sheelafoam.com/pdf/investor/DEI_Policy.pdf)

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

| Gender | Permanent Employees |                | Permanent Workers   |                |
|--------|---------------------|----------------|---------------------|----------------|
|        | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male   | -                   | -              | -                   | -              |
| Female | 100%                | 100%           | -                   | -              |
| Total  | 100%                | 100%           | -                   | -              |

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

| Category                       | Yes/No | Details of the mechanism in brief   |
|--------------------------------|--------|---|
| Permanent Workers              | Yes    | The company has an Employees Grievance Redressal Policy in place internally available to all employees and workers. An employee may face any problem or has concern about his/her work, working environment, or working relationships that he/she wish to raise with someone in the organization. The Company encourages free communication between the employee and the Supervisor / Manager / Head of Function to ensure such problems and concerns can be resolved in the quickest and fairest possible way and at the lowest possible level within the organization. The mechanism has 3 stages of escalation and grievance raised is treated in the strictest of confidence. |
| Other than Permanent Workers   | Yes    |   |
| Permanent Employees            | Yes    |   |
| Other than Permanent Employees | Yes    |   |



**7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

| Category                   | FY 2024-25<br>(Current Financial Year)               |  |            | FY 2023-24<br>(Previous Financial Year)              |  |        |
|----------------------------|--|--|------------|--|--|--------|
|                            | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A)    | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | %(D/C) |
| <b>Permanent Employees</b> |  |  |            |  |  |        |
| Male                       |  | Nil  |            |  | Nil  |        |
| Female                     |  |  |            |  |  |        |
| Others                     |  |  |            |  |  |        |
| <b>Total</b>               |  |  |            |  |  |        |
| <b>Permanent Workers</b>   |  |  |            |  |  |        |
| Male                       | 1525   | 197  | 13%        | Nil  |  |        |
| Female                     | 76   | 29   | 38%        |  |  |        |
| Others                     | -  | -  | -          |  |  |        |
| <b>Total</b>               | <b>1601</b>  | <b>226</b>   | <b>14%</b> |  |  |        |

**8. Details of training given to employees and workers:**

| Category  | FY 2024-25<br>(Current Financial Year) |                             |           |                      |           | FY 2023-24<br>(Previous Financial Year) |                             |           |                      |           |
|-----------|--|-----------------------------|-----------|----------------------|-----------|---|-----------------------------|-----------|----------------------|-----------|
|           | Total (A)                              | On Health & Safety measures |           | On Skill Upgradation |           | Total (D)                               | On Health & Safety measures |           | On Skill Upgradation |           |
|           |  | No. (B)                     | % (B / A) | No. (C)              | % (C / A) |   | No. (E)                     | % (E / D) | No. (F)              | % (F / D) |
| Employees |  |                             |           |                      |           |   |                             |           |                      |           |
| Male      | 933                                    | 933                         | 100%      | 933                  | 100%      | 719                                     | 719                         | 100%      | 719                  | 100%      |
| Female    | 88                                     | 88                          | 100%      | 88                   | 100%      | 67                                      | 67                          | 100%      | 67                   | 100%      |
| Total     | 1021                                   | 1021                        | 100%      | 1021                 | 100%      | 786                                     | 786                         | 100%      | 786                  | 100%      |
| Workers   |  |                             |           |                      |           |   |                             |           |                      |           |
| Male      | 1525                                   | 1525                        | 100%      | 1525                 | 100%      | 1367                                    | 1367                        | 100%      | 1367                 | 100%      |
| Female    | 76                                     | 76                          | 100%      | 76                   | 100%      | 68                                      | 68                          | 100%      | 68                   | 100%      |
| Total     | 1601                                   | 1601                        | 100%      | 1601                 | 100%      | 1,435                                   | 1,435                       | 100%      | 1,435                | 100%      |

**9. Details of performance and career development reviews of employees and worker:**

| Category         | FY 2024-25<br>(Current Financial Year)               |  |             | FY 2023-24<br>(Previous Financial Year)              |  |             |
|------------------|--|--|-------------|--|--|-------------|
|                  | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who had a career review (B) | % (B/A)     | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who had a career review (D) | %(D/C)      |
| <b>Employees</b> |  |  |             |  |  |             |
| Male             | 933  | 933  | 100%        | 719  | 719  | 100%        |
| Female           | 88   | 88   | 100%        | 67   | 67   | 100%        |
| <b>Total</b>     | <b>1021</b>  | <b>1021</b>  | <b>100%</b> | <b>786</b>   | <b>786</b>   | <b>100%</b> |
| <b>Workers</b>   |  |  |             |  |  |             |
| Male             | 1525   | 1525   | 100%        | 1367   | 1367   | 100%        |
| Female           | 76   | 76   | 100%        | 68   | 68   | 100%        |
| <b>Total</b>     | <b>1601</b>  | <b>1601</b>  | <b>100%</b> | <b>1435</b>  | <b>1435</b>  | <b>100%</b> |

## 10. Health and safety management system:

|  |   |
|--|---|
| a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)                        | Yes   |
| a.1 What is the coverage of such system?   | All employees and workers   |
| b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? | Work related hazards are identified through internal safety audits, by involving employees in ERP based system through which hazards are recorded and rectified, surveillance based system, check lists, SOPs , work permit system, regular safety committee meetings & through the suggestion boxes. |
| c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)    | Yes. There are safety committees wherein workers participation is ensured. Workers can also report work related hazards through the ERP based system.   |
| d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)               | Yes. Non-occupational medical and healthcare services exist for all category of employees.  |

## 11. Details of safety related incidents, in the following format:

| Safety Incident/Number  | Category  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|---|-----------|--|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0                                      | 0                                       |
|   | Workers   | 0                                      | 0                                       |
| Total recordable work-related injuries  | Employees | 1                                      | 1                                       |
|   | Workers   | 60                                     | 48                                      |
| No. of fatalities   | Employees | 0                                      | 0                                       |
|   | Workers   | 0                                      | 1                                       |
| High consequence work-related injury or ill-health (excluding fatalities)     | Employees | NA                                     | NA                                      |
|   | Workers   | NA                                     | NA                                      |

## 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

To ensure a safe and healthy workplace, daily safety tool box talks are conducted before the start of the shifts. To make the workers aware on workplace related hazards fortnightly on job trainings are conducted. In addition to this we follow a monthly safety training calendar through which safety training are conducted at the workplace to make the workforce aware about the hazards and the preventive measures thereof. Periodic mockdrill operations are also conducted. Adequate fire protection system exists. In addition to this we follow a documented procedure of onsite emergency control plan.

To ensure the safety of the workmen the use of PPEs is ensured at the shop floor.

A central surveillance team monitors adherence to fire safety and security protocols through CCTVs installed in all plants and offices. Any departure from correct safety practice is immediately brought to the notice of the plant security team for rectification.

## 13. Number of Complaints on the following made by employees and workers:

| Topic              | FY 2024-25<br>(Current Financial Year) |                                       |         | FY 2023-24<br>(Previous Financial Year) |                                       |         |
|--------------------|--|---------------------------------------|---------|---|---------------------------------------|---------|
|                    | Filed during the year                  | Pending resolution at the end of year | Remarks | Filed during the year                   | Pending resolution at the end of year | Remarks |
| Working Conditions | 0                                      | NA                                    | -       | 0                                       | NA                                    | -       |
| Health & Safety    | 0                                      | NA                                    | -       | 0                                       | NA                                    | -       |

Note:- The employees and workers can submit any complaints/suggestions through Suggestion Boxes kept in the plants, HR Helpdesk on ERP and online through I-Connect web based Application

**14. Assessments for the year:**

| Topic                       | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100%  |
| Working Conditions          | 100%  |

**Note:** All plants are regularly assed by internal OH&S Teams. In addition, Factory Inspector from the Government and External Audit teams employed by the Company assesses the plants for compliance to the Fcatories Act from time to time

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Near misses are reported. To prevent the recurrence, corrective actions are carried out. A number of actions taken have been reported in previous years' reports. Following actions were taken this year:-

1. UPS based electric power was given to the reticulation chamber so as to prevent the unintentional/ unwanted blasts happening over there. Issue resolved permanently.
2. Provision of the placement of chequered plate on the platform of transport vehicle was implemented as the tyre of the forklift was stuck in the platform.
3. Uncured small blocks were placed on the top of other uncured blocks. To prevent the recurrence, procedure was changed.
4. Long block fell on other long blocks. To prevent the recurrence, procedure changed.

**LEADERSHIP INDICATORS****1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

(A) Employees - Yes , for all permanent employees; (B) Workers- Yes, for all permanent workers

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners**

The Company is compliant with deduction of statutory dues of employees towards income tax, provident fund, ESIC etc. as applicable from time to time. Value chain partners (vendors, distributors) are also encouraged to comply as per the business agreements with the Company.

**3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment**

| Category  | Total no. of affected employees/ workers |   | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment |   |
|-----------|--|---|---|---|
|           | FY 2024-25<br>(Current Financial Year)   | FY 2023-24<br>(Previous Financial Year) | FY 2024-25<br>(Current Financial Year)  | FY 2023-24<br>(Previous Financial Year) |
| Employees | Nil                                      | 0                                       | Nil   | 0                                       |
| Workers   | Nil                                      | 1                                       | Nil   | 1                                       |

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No).**

Yes. The Company provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

**5. Details on assessment of value chain partners:**

| Topic                       | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | 70%*  |
| Working Conditions          |   |
| Note: Only suppliers        |   |

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

No significant risk/concern came to our notice during assessment

## PRINCIPLE 4:

Businesses should respect the interests of and be responsive to all its stakeholders

### ESSENTIAL INDICATORS



#### 1. Describe the processes for identifying key stakeholder groups of the entity:

SFL has mapped its internal and external stakeholders and based on the valuation provided in the value chain and relevance for the organization, the major/ key categories include:

- Investors
- Shareholders
- Employees
- Customers
- Community organizations/ NGOs
- Vendors / Suppliers / Contractors of goods and services
- Distributors & dealers
- Government & Regulatory Authority

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

| Stakeholder Group              | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly /others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement  |
|--------------------------------|--|---|---|--|
| Shareholder                    | No   | Website, Shareholder Meetings, Email, Central Telephone Number, Notice, Newspaper   | Quarterly   | <ul style="list-style-type: none"> <li>• Awareness (Q&amp;A) session on performance and results of the company</li> <li>• Annual General Meeting</li> </ul>  |
| Investor                       | No   | Email, Website, SMS, Newspaper, Notice, Virtual and Physical Meetings, Stock Exchange   | Regularly   | <ol style="list-style-type: none"> <li>1. Financial Results</li> <li>2. Business Outlook</li> <li>3. Annual General Meeting</li> <li>4. Key Risks</li> <li>5. Resolve queries received from investors.</li> </ol>                                    |
| Employees and workers          | No   | ERP, Email, SMS, Telephone, Virtual calls, In-person meetings, internal events, Townhall Meetings and Notice Board.           | Ongoing Basis   | <ol style="list-style-type: none"> <li>1. Relevant business communications</li> <li>2. Career, learning and growth</li> <li>3. HR Policies &amp; Practices, health and safety, skill upgradation</li> <li>4. Grievances and remunerations</li> </ol> |
| Customers                      | No   | Stores, Experience, Advertising, Newspaper, pamphlets, Hoarding/banner, SMS, website, phone                                   | As and when required  | <ol style="list-style-type: none"> <li>1. Brand Awareness</li> <li>2. Offers</li> <li>3. New Product Developments</li> <li>4. Addressing Customer Queries and Grievances</li> <li>5. Feedback on Products and services</li> </ol>                    |
| Community organizations / NGOs | Yes  | Need assessments for CSR projects through surveys and focused group discussions   | As and when required  | <ul style="list-style-type: none"> <li>• Assessment of community needs</li> <li>• Selection of new projects based on needs</li> <li>• Monitoring and evaluation of on-going projects</li> </ul>  |

| Stakeholder Group  | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly /others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement  |
|--|--|---|---|--|
| Vendors / Suppliers / Contractors of goods and services    | No   | Physical meetings, Emails, Telephone  | Frequent and as may be required   | <ul style="list-style-type: none"> <li>New business opportunities</li> <li>Query Resolution &amp; Grievance Redressal.</li> <li>Supplier performance assessment.</li> <li>Addressing non-compliance issues</li> <li>Signing / breach of contract.</li> </ul> |
| Distributors and dealers                                   | No   | Physical meetings, Emails, Telephone, conferences   | Frequent and as may be required   | <ul style="list-style-type: none"> <li>Query Resolution &amp; Grievance Redressal.</li> <li>Distributor's performance assessment.</li> <li>Addressing non-compliance issues.</li> </ul>  |
| Business Partners (Suppliers, Dealers/ Distributors/ etc.) | No   | Emails, Dealer Meets, Telephone, Physical Meetings, Conferences   | As and when required  | <ol style="list-style-type: none"> <li>Sales and Marketing Plans</li> <li>Distributors performance assessment</li> <li>Addressing noncompliance issue</li> <li>Supply Chain</li> <li>Quality</li> </ol>  |
| Government and regulatory authorities                      | No   | Written communications, Presentations, Industry associations, websites, advertisements  | Frequent and as may be required   | <ol style="list-style-type: none"> <li>Compliance with National and Local regulations</li> <li>Permissions/ Approvals on various regulatory requirements</li> <li>Seeking clarifications and relaxations</li> <li>Communicating Challenges</li> </ol>        |

## LEADERSHIP INDICATORS



### 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

- The Company has in place a Stakeholders Relationship Committee ("SRC") of the Board constituted for speedy redressal of grievances/ complaints relating to stakeholders / investors
- Corporate Social Responsibility Committee of the Board identifies CSR activities to be undertaken by the Company, affecting communities in areas or subjects as specified in Schedule VII of the Act and Rules made thereunder. Further, a dedicated email id is also available for community/ NGOs to register their grievances.
- The Company has also constituted a Risk Management Committee to identify elements of risk in different areas of operations including the ESG risks. The committee evaluates significant risk exposures of the company through regular meetings with the Department heads in the Company and assesses management's actions to mitigate the exposures in a timely manner. This also includes the ESG Risks. The observations of each of these Committees are duly intimated to the Board at its respective meeting.

d) Value Chain Partners may register their complaints / grievances / concerns directly with the head of the concerned department of the Company.

e) All employees of the Company have direct access to the the Chairman of the Audit Committee under the Vigil Mechanism implemented by the Company through which Directors, Senior Management & Employees may report breach of Code of Conduct including Code of Conduct for Insider Trading, unethical business practices, illegality, fraud, corruption, leak of unpublished price sensitive information pertaining to the Company etc. at workplace without fear of reprisal.

### 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. Stakeholder consultation is pivotal in order to identify material environmental and social topics that help create long-term value. We take steps to understand each stakeholder group's needs and priorities through several mediums, including direct engagement or via delegated committees and forums.

Recently, the leave policy of the Company has been reviewed to include the Paternity leave, Menstrual Leave and Bereavment leave taking into account the feedback from the employees .



Interaction with the Pollution Control Board led to creation of a rainwater Harvesting project at the Greater Noida Plant. Compliances as per the Government notifications are being implemented whenever received.

### 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

#### EMOTIONAL WELLNESS PROGRAMMES:

##### (A) Workshops - Online & Offline Workshops on PAN India Basis

Sleepwell Foundation has been driving change through its initiatives in the field of Emotional Wellness and Skill Development.

Emotional distress is rising at an alarming rate, driven by societal and self-imposed pressures, along with the grind culture, leading to issues like anxiety, stress, depression, and other serious ailments. To equip participants with practical strategies and tools for managing emotions, recognizing issues early, and addressing them proactively to prevent long-term ailments Sleepwell Foundation has been conducting Emotional Wellness Workshops on a number of topics which are relevant to the present time.

We have designed unique modules to cover almost all age group and segments of the society like children, youth, students, teachers, workers, professionals and house-wives etc. Topics include Gender Sensitization, Prevention of Bullying, Stress Management, Menstrual Health, Understanding Addiction, Coping with Depression, Prevention of Suicide, Relationship Issues, Domestic Violence, Perception & Effective Communication etc. 169 Workshops conducted during the year 2024-25. Beneficiaries 16,427

##### (B) Awareness Programme through Social Media Video reels

Further, we have been reaching out to a much wider audience through our Social Media films "Baatein Dil Ki", 12 episodes in 2024-25 on relevant topics. "Baatein Dil Ki" emerged during the COVID-19 pandemic, addressing the urgent need for emotional and mental health support when we were unable to conduct offline workshops.

Through our social media reels "Zindagi with Richa" we have been sharing the inspiring stories of everyday heroes who have faced tough challenges but still made a real difference in their life and in life of communities. These stories celebrate resilience, emotional strength and transformation, encouraging viewers to recognize their own power to create change. In the financial year 13 episodes have been released. Reach during the year 2024-25 : 3,36,43,0

##### (C) Skill Development Centre in Khurja

Set up Sleepwell Foundation Skill Development Centre at Village Mirpur on the outskirts of Khurja, (UP). The Centre is training people and is helping to meet the objectives of the National Skill Development Corporation (NSDC) in filling the skill gap and achieving the vision of a 'Skilled

India'. 2,630 beneficiaries have been impacted by the activities carried out by the Skill Development Programme.

Sleepwell Foundation is a firm believer in the power of Proactiveness and creating opportunities before even when the need arises. Preventive or proactive approach helps in alleviating many challenges much before they become acute issues and is many times able to nip the problem in the bud.

Recognizing the need to prepare rural youth, Sleepwell Foundation established Col Gautam Academy to train recruits for the Indian army and paramilitary forces. The academy trains both girls and boys, offering physical and classroom instruction, along with essential guidance on recruitment procedures for the Army, Navy, Air Force, Police, and other services. Understanding the social constraints on young women in rural areas, Sleepwell Foundation offers practical and sustainable skills courses that empower youth within their communities, enabling them to secure employment and contribute to the local economy.

Courses Run: Paramedical, Beautician, Fashion Designing, Software Development, Basic Computer, Tally, Physical Training & Theory classes for Competitive Examinations in Armed Forces, State Police and other uniformed Services.

Number of Students trained during the FY: 966

Number of Placements: (Employed & Self Employed): 330

CSR Activities near Sheela Foam Plants

We have been conducting CSR activities in schools near our manufacturing plants. Our aim is to conduct some activities continuously for 3-5 years in the same school and make it to a model school. Following are the activities conducted in schools in the financial year 2024-25

Donation of White Boards, Electrical Repair works, a new Borewell in Jhanjupara Primary School, Rajganj, Jalpaiguri. Roof construction of a Hall for conducting cultural activities at Zilla Parishad High school, Medchal, Hyderabad. Repairing of RO/Water Cooler, Plantation, New Ceiling Fans in Govt. Primary School, Rajpura, Punjab.

One-time cleaning of the entire school building of UP Upper Primary School, Behlorpur, Noida under 'Act Clean' & Conducting an Awareness Workshop for students, Surajpur, U.P. Construction of Toilet for Saraswati Shishu Vidya Mandir, Jogisahi, Bhubaneswar. Construction of stage for Panchayat Union Primary School, Perundurai, Tamil Nadu. Renovation of Kotwali Police Station Mess in Khurja, Uttar Pradesh

Donation of Computers, Printers, Chairs & Study Desks to GSSS, Sainwala, GPS Salani & GPS Kharkhon, Kala Amb, Himachal Pradesh. Children's Day Celebration in Government Elementary school, Ingur, Perundurai, Erode, Government Senior Secondary School, Sainwala, Kala Amb, Jhanjupara Primary school, Jalpaiguri, and Govt. Primary School-Dahrian, Rajpura.

Total Direct Beneficiaries : 2538

**PRINCIPLE 5:****Businesses should respect and promote human rights****ESSENTIAL INDICATORS**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category               | FY 2024-25<br>(Current Financial Year) |  |             | FY 2023-24<br>(Previous Financial Year) |  |             |
|------------------------|--|--|-------------|---|--|-------------|
|                        | Total (A)                              | No. of employees / workers covered (B) | % (B / A)   | Total (C)                               | No. of employees / workers covered (D) | % (D / C)   |
| <b>Employees</b>       |  |  |             |   |  |             |
| Permanent              | 1021                                   | 1021                                   | 100%        | 786                                     | 786                                    | 100%        |
| Other than permanent   | 90                                     | 90                                     | 100%        | 64                                      | 64                                     | 100%        |
| <b>Total Employees</b> | <b>1111</b>                            | <b>1111</b>                            | <b>100%</b> | <b>850</b>                              | <b>850</b>                             | <b>100%</b> |
| <b>Workers</b>         |  |  |             |   |  |             |
| Permanent              | 1601                                   | 1601                                   | 100%        | 1435                                    | 1435                                   | 100%        |
| Other than permanent   | 1910                                   | 1910                                   | 100%        | 955                                     | 955                                    | 100%        |
| <b>Total Workers</b>   | <b>3511</b>                            | <b>3511</b>                            | <b>100%</b> | <b>2390</b>                             | <b>2390</b>                            | <b>100%</b> |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category                    | FY 2024-25 (Current Financial Year) |                                       |                                      |   |  | FY 2023-24 (Previous Financial Year) |                                       |                                      |   |  |
|-----------------------------|-------------------------------------|---------------------------------------|--------------------------------------|---|--|--------------------------------------|---------------------------------------|--------------------------------------|---|--|
|                             | Total Count in Current FY           | Number of Employees Paid Minimum wage | % age of Employees Paid Minimum wage | Number of Employees Paid more than Minimum wage | % age of Employees Paid more than Minimum wage | Total Count in Previous FY           | Number of Employees Paid Minimum wage | % age of Employees Paid Minimum wage | Number of Employees Paid more than Minimum wage | % age of Employees Paid more than Minimum wage |
| <b>Employees</b>            |                                     |                                       |                                      |   |  |                                      |                                       |                                      |   |  |
| <b>Permanent</b>            |                                     |                                       |                                      |   |  |                                      |                                       |                                      |   |  |
| Male                        | 933                                 | -                                     | -                                    | 933   | 100%   | 719                                  | -                                     | -                                    | 719   | 100%   |
| Female                      | 88                                  | -                                     | -                                    | 88  | 100%   | 67                                   | -                                     | -                                    | 67  | 100%   |
| <b>Other than permanent</b> |                                     |                                       |                                      |   |  |                                      |                                       |                                      |   |  |
| Male                        | 82                                  | -                                     | -                                    | 82  | 100%   | 55                                   | -                                     | -                                    | 55  | 100%   |
| Female                      | 8                                   | -                                     | -                                    | 8   | 100%   | 09                                   | -                                     | -                                    | 09  | 100%   |
| <b>Workers</b>              |                                     |                                       |                                      |   |  |                                      |                                       |                                      |   |  |
| <b>Permanent</b>            |                                     |                                       |                                      |   |  |                                      |                                       |                                      |   |  |
| Male                        | 1525                                | -                                     | -                                    | 1525  | 100%   | 1367                                 | -                                     | -                                    | 1367  | 100%   |
| Female                      | 76                                  | -                                     | -                                    | 76  | 100%   | 68                                   | -                                     | -                                    | 68  | 100%   |
| <b>Other than Permanent</b> |                                     |                                       |                                      |   |  |                                      |                                       |                                      |   |  |
| Male                        | 1815                                | -                                     | -                                    | 1815  | 100%   | 885                                  | -                                     | -                                    | 885   | 100%   |
| Female                      | 95                                  | -                                     | -                                    | 95  | 100%   | 70                                   | -                                     | -                                    | 70  | 100%   |

3. a. Details of remuneration/salary/wages, in the following:

| Gender                           | Male |   | Female |   |
|----------------------------------|------|---|--------|---|
|                                  | No.  | Median remuneration/ salary/ wages of respective category (INR) | No.    | Median remuneration/ salary/ wages of respective category (INR) |
| Board of Directors*              | 7    | 35,00,000   | 2      | 82,71,290   |
| Key Managerial Personnel#        | 6    | 1,35,29,726   | 1      | 1,70,76,128   |
| Employees other than BoD and KMP | 933  | 9,67,308  | 88     | 7,81,368  |
| Workers                          | 1601 | 2,72,580  | 76     | 4,06,200  |

Note: \*BODs include Executive Directors and Independent directors

#KMPs definition as per Companies Act, 2013

b. Gross wages paid to females as % of total wages paid by the entity:

|  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| Gross wages paid to females as % of total wages. | 8%                                     | 14.48%                                  |

**Note:** A proportionately larger number of male employees have joined in higher pay grade

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the company Chief Human Resource Officer (CHRO) is the focal point responsible for addressing human rights impacts or issues caused or contributed to by the business. The Risk management and ESG Committee oversees the assessment and implementation of any measures to mitigate the impact.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The mechanism to redress grievances related to human rights issues is specified in the DEI policy of the company <https://www.sheelafoam.com/corporate-governance>. Employees who believe that there is a possible violation of this policy are encouraged to report the matter and to seek assistance from respective Plant/Corporate HR manager. All such reports will be investigated with an effort to keep the source of the report confidential, disclosing only such information as is necessary to further the investigation or the resolution of the matter.

The company will not tolerate threats or acts of retaliation of any kind against any individual reporting violation of this Policy or in good faith providing information in connection with a report or investigation of any such violation.

The Vigil Mechanism and Whistle Blower Policy of Sheela Foam also provides for redressal of any grievance in respect of violation of this policy and protection of the complainant.

6. Number of Complaints on the following made by employees and workers:

|                                    | FY 2024-25<br>(Current Financial Year) |                                       |         | FY 2023-24<br>(Previous Financial Year) |                                       |         |
|------------------------------------|--|---------------------------------------|---------|---|---------------------------------------|---------|
|                                    | Filed during the year                  | Pending resolution at the end of year | Remarks | Filed during the year                   | Pending resolution at the end of year | Remarks |
| Sexual Harassment                  | Nil                                    | Nil                                   | -       | Nil                                     | Nil                                   | -       |
| Discrimination at workplace        | Nil                                    | Nil                                   | -       | Nil                                     | Nil                                   | -       |
| Child Labour                       | Nil                                    | Nil                                   | -       | Nil                                     | Nil                                   | -       |
| Forced Labour / Involuntary Labour | Nil                                    | Nil                                   | -       | Nil                                     | Nil                                   | -       |
| Wages                              | Nil                                    | Nil                                   | -       | Nil                                     | Nil                                   | -       |
| Other human rights related issues  | Nil                                    | Nil                                   | -       | Nil                                     | Nil                                   | -       |

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

| Parameters   | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH). | Nil                                    | Nil                                     |
| Complaints on POSH as a % of female employees / workers  | Nil                                    | Nil                                     |
| Complaints on POSH upheld  | Nil                                    | Nil                                     |

**8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company has an Anti-Social Harassment policy in place which is in line with the requirements of Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Internal system has been set up to redress complaints received regarding sexual harassment. The company will not tolerate threats or acts of retaliation of any kind against any individual reporting violation of this Policy or in good faith providing information in connection with a report or investigation of any such violation. Under no circumstances, the investigation team/ICC would reveal/discard the identity of the “accused” to anyone else (including the immediate manager)- other than all those who are required to know about the case. The management will ensure that the name of the complainant and the person accused is kept confidential at all times including implementation of the action against the accused.

**9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

This aspect is taken care when SFL on-boards vendors. Our vendors have operations in notified industrial areas where aspects like child labour, forced labour etc. are continuously monitored by assigned authorities. Also, the establishments of these suppliers, being established in notified industrial area are subject to fire & safety compliances, pollution control compliances etc., ensuring safety and well being of the employees and workers.

**10. Assessments for the year:**

|                             | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labor                 | 100%  |
| Forced/involuntary labor    | 100%  |
| Sexual harassment           | 100%  |
| Discrimination at workplace | 100%  |
| Wages                       | 100%  |
| Others - please specify     | NA  |

Note: All Plants and offices are regularly assessed by the Company's internal audit teams. All are also assessed from time to time by the designated Government authorities for compliance to the Shops and Establishment Acts for offices and the Factories Act for plants.

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

Not applicable

**LEADERSHIP INDICATORS****1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

Not Applicable, as the Company has not received any grievance/complaint

**2. Details of the scope and coverage of any Human rights due diligence conducted.**

Human Rights Due diligence is conducted at the time of registering new vendors and the subsequent conduct of business is governed by the Suppliers Code of Conduct promulgated by the Company which has clearly enunciated our expectations from the Suppliers relating to correct labour practices, fair wages, safe working conditions and non discrimination etc. SFL on board vendors who have operations in notified industrial areas wherein aspects like child labour, forced labour etc. are continuously monitored by assigned authorities. Also, these suppliers established in notified industrial area are subjected to fire & safety compliances , pollution compliances etc.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, the plants and offices are accessible to differently abled visitors. This includes provision of ramps where needed, suitable car parking, availability of Wheel Chairs and provision of toilets catering to the needs of the differently abled visitors.

#### 4. Details on assessment of value chain partners:

|                                  | % of value chain partners (by value of business done with such partners) that were assessed  |
|----------------------------------|--|
| Sexual harassment                | Nearly 75 % of the Suppliers (by Business value) of SFL are of global repute and follow stringent environment regulations in their respective countries. Vendors at Local and national level have operations in designated industrial areas of the state/nation where adherence to aspects like child labor, forced labor etc. are continuously monitored by assigned state/central Government authorities. SFL encourages suppliers to provide an inclusive and supportive working environment and to exercise diversity when it comes to their employees. The Company conducts vendor specific audits to ensure compliance towards Sexual Harassment, child Labour, Forced Labour etc. |
| Discrimination at workplace      |  |
| Child labour                     |  |
| Forced labour/involuntary labour |  |
| Wages                            |  |
| Others - please specify          |  |

#### 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No significant risk/concern has been found in our assessment

## PRINCIPLE 6:

Businesses should respect and make efforts to protect and restore the environment

### ESSENTIAL INDICATORS



#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| <b>From renewable sources</b>  |  |   |
| Total electricity consumption (A)  | 6,133.41 GJ                            | 6,203 GJ                                |
| Total fuel consumption (B)   | Nil                                    | Nil                                     |
| Energy consumption through other sources [C]   | Nil                                    | Nil                                     |
| <b>Total energy consumption (A+B+C)</b>  | <b>6,133.41 GJ</b>                     | <b>6,203 GJ</b>                         |
| <b>From non-renewable sources</b>  |  |   |
| Total electricity consumption (D)  | 31,134.22 GJ                           | 21,700 GJ                               |
| Total fuel consumption (E)   | 2,585 GJ                               | 1,914 GJ                                |
| Energy consumption through other sources [F]   | NIL                                    | Nil                                     |
| <b>Total energy consumption (D+E+F)</b>  | <b>33,718.8 GJ</b>                     | <b>23,615 GJ</b>                        |
| <b>Total energy consumption (A+B+C+D+E+F)</b>  | <b>39,852.2 GJ</b>                     | <b>29,818 GJ</b>                        |
| Energy intensity per crore of turnover (Total energy consumption/ turnover in rupees) *Revenue in crores   | 15.40 GJ/Cr                            | 15.87 GJ/Cr                             |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP in crores) | 318.16 GJ/\$Cr                         | 355.38 GJ/\$Cr                          |
| Energy intensity in terms of physical output ((GJ/MT of foam production)   | 0.60 GJ/MT                             | 0.62 GJ/MT                              |
| *Total foam Produced during the year 66.158 KT If yes, name of the external agency.  |  |   |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

#### 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

The Company does not have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.



## 3. Provide details of the following disclosures related to water, in the following format:

| Parameter  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| <b>Water withdrawal by source (in kilolitres)</b>  |  |   |
| (i) Surface water  | 0 KL                                   | 0 KL                                    |
| (ii) Ground water  | 39,078.61 KL                           | 34,866 KL                               |
| (iii) Third party water  | 32,126.5 KL                            | 16,286 KL                               |
| (iv) Seawater / desalinated water  | 0 KL                                   | 0 KL                                    |
| (v) Others   | 0 KL                                   | 0 KL                                    |
| <b>Total volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)</b>  | <b>71,205.11 KL</b>                    | <b>51,152 KL</b>                        |
| <b>Total volume of water consumption (in kilolitres)</b>   | <b>57,273.61 KL</b>                    | <b>39,498 KL</b>                        |
| Water intensity per rupee of turnover (Water consumed in kilolitres / turnover in crores)  | 22.13 KL/Cr                            | 21.01 KL/Cr                             |
| Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)<br>(Total water consumption / Revenue from operations adjusted for PPP in crores) | 457.30 KL/\$Cr                         | 470.62 KL/\$Cr                          |
| Water intensity in terms of physical output (KL/MT of foam production)   | 0.85 KL/MT                             | 0.82 KL/MT                              |
| Water Intensity (optional) - the relevant metric may be selected by the entity   | -                                      | --                                      |

Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency?

No

## 4. Provide the following details related to water discharged:

| Parameter  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| <b>Water discharge by destination and level of treatment (in kilolitres)</b>       |  |   |
| (i) To Surface water   | Nil                                    | Nil                                     |
| - No treatment   | Nil                                    | Nil                                     |
| - With treatment - please specify level of treatment                               | Nil                                    | Nil                                     |
| (ii) To Ground water   | Nil                                    | Nil                                     |
| - No treatment   | Nil                                    | Nil                                     |
| - With treatment - please specify level of treatment                               | Nil                                    | Nil                                     |
| (iii) To Sea water   | Nil                                    | Nil                                     |
| - No treatment   | Nil                                    | Nil                                     |
| - With treatment - please specify level of treatment                               | Nil                                    | Nil                                     |
| (iv) Sent to third parties   | Nil                                    | Nil                                     |
| - No treatment   | Nil                                    | Nil                                     |
| - With treatment - please specify level of treatment                               | Nil                                    | Nil                                     |
| (v) Others   | Nil                                    | Nil                                     |
| - No treatment   | Nil                                    | Nil                                     |
| - With treatment - please specify level of treatment (Secondary Treatment at STPs) | 13,931.5 KL<br>STP treatment           | 11,654 KL<br>STP treatment              |
| <b>Total water discharged (in kiloliters)</b>                                      | <b>13,931.5 KL</b>                     | <b>11,654 KL</b>                        |

The company has installed STP's at Corporate Office and Manufacturing plants, which treats the water and is used for domestic purposes.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

## 5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

There is no water waste generated in the manufacturing processes of the company. For the waste water like sewage and sullage, generated from human activities, STPs have been installed in each of the plants owned by SFL and the Corporate Office. The treated water from the STP is being utilised for gardening purposes in all the plants and for flushing and gardening at the corporate office.

**6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter                           | Please specify unit | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|-------------------------------------|---------------------|--|---|
| NOx                                 | mg/nm3              | 1591.5                                 | 1584.5                                  |
| SOx                                 | mg/nm3              | 555.2                                  | 1542.3                                  |
| Particulate matter (PM)             | mg/nm3              | 691                                    | 2189.1                                  |
| Persistent organic pollutants (POP) | -                   | Not available                          | Not available                           |
| Volatile organic compounds (VOC)    | -                   | Not available                          | Not available                           |
| Hazardous air pollutants (HAP)      | -                   | Not available                          | Not available                           |
| Others - please specify (CO)        |                     | Not available                          | Not available                           |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external

No.

**7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter   | Unit   | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|---|--|--|---|
| <b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)                              | Metric tonnes of CO <sub>2</sub> equivalent  | 422.62                                 | 377.21                                  |
| <b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)                              | Metric tonnes of CO <sub>2</sub> equivalent  | 6,265.91                               | 4,316.00                                |
| <b>Total Scope 1 and Scope 2 emissions intensity-</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)   | Metric tonnes of CO <sub>2</sub> equivalent / crore of turnover                      | 2.58                                   | 2.50                                    |
| <b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | 53.50                                  | 55.93                                   |
| <b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>   | Metric tonnes of CO <sub>2</sub> equivalent / MT of Foam Production                  | 0.10                                   | 0.10                                    |
| <b>Total Scope 1 and Scope 2 emission intensity</b> (optional)- the relevant metric may be selected by the entity   | -  | -                                      | --                                      |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not applicable

**8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide detail**

1. Installation of 500 KWH Solar Power Project is underway at Jabalpur Plant. The Company is planning to install additional 1 MW SPP in year 2025-26
2. Compression Machines are being used to compress the Sheet rolls for transportation.
3. Production of foam using VPF technology increased after commissioning of horizontal VPF machine in Jabalpur in the current year. In this process, no hazardous emissions are released into the atmosphere.
4. Solar Energy , when not utilised by the plants is being exported to the Grid
5. The company is replacing the Diesel run forklifts with battery operated forklifts as and when they become due for replacement. All new forklifts being procured are battery operated.

## 9. Provide details related to waste management by the entity, in the following format:

| Parameter  | FY 2024-25<br>(Current Financial Year)      | FY 2023-24<br>(Previous Financial Year) |
|--|---|---|
| <b>Total Waste generated (in metric tonnes)</b>  |   |   |
| Plastic waste <b>(A)</b>   | 206.256 MT                                  | 42.517 MT                               |
| E-waste <b>(B)</b>   | 0.72 MT                                     | 0.78 MT                                 |
| Bio-medical waste <b>(C)</b>   | Nil   | Nil                                     |
| Construction and demolition waste <b>(D)</b>   | Nil   | Nil                                     |
| Battery waste <b>(E)</b>   | 0.02 MT                                     | Nil                                     |
| Radioactive waste <b>(F)</b>   | Nil   | Nil                                     |
| Other Hazardous waste. Please specify, if any. <b>(G)</b> Plastic Drums & Cans for chemicals, tin drums and iron drums, chemical waste, waste oil  | 73.5MT                                      | 36.36 MT                                |
| Other Non-hazardous waste generated. Please specify, if any. <b>(H)</b> Tin scrap, iron scrap, waste quilting strip, wood, cardboard and general waste (Break-up by composition i.e., by materials relevant to the sector) | 1737.36 MT                                  | 1326.4 MT                               |
| <b>Total (A + B + C + D + E + F + G + H)</b>   | <b>2017.86 MT</b>                           | <b>1406.06 MT</b>                       |
| Waste intensity per rupee of turnover (Total waste generated MT / Revenue from operations in crores)   | 0.78  | 0.75                                    |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP in crores)  | 16.11                                       | 16.76                                   |
| Waste intensity in terms of physical output (MT/MT of foam production)   | 0.03  | 0.03                                    |
| Waste intensity (optional) -the relevant metric may be. selected by the entity   | -   | -                                       |
| <b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>   |   |   |
| <b>Category of waste</b>   |   |   |
| (i) Recycled   | Nil   | Nil                                     |
| (ii) Re-used   | Nil   | Nil                                     |
| (iii) Other recovery operations  | Nil   | Nil                                     |
| <b>Total</b>   | <b>Nil</b>                                  | <b>Nil</b>                              |
| <b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>  |   |   |
| <b>Category of waste</b>   |   |   |
| (i) Incineration   | Nil   | Nil                                     |
| (ii) Landfilling   | Nil   | Nil                                     |
| (iii) Other disposal operations  | 2017.86MT (Authorised/<br>Licensed Vendors) | 1406.06 MT (Authorised<br>vendor)       |
| <b>Total</b>   | <b>2017.86 MT</b>                           | <b>1406.06 MT</b>                       |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

**Waste Management Practices**

1. Compliance to subject regulations is ensured.
2. Units segregate all waste and store it separately for further disposal.
3. The non-hazardous waste is being sold out to local scrap dealers only for further reuse/recycling.
4. Waste paper is sold to authorised vendors who recycle the paper to make moulded paper products.
5. Reuse of input HDPE packaging a number of times.
6. Reducing / eliminating superfluous packaging wherever possible, specially for inter unit transportation

7. The energy and water waste is minimised (with zero as target) through conservation measures.

Strategy to Reduce Usage of Hazardous and Toxic Chemicals in products and managing such waste

1. VPF technology is being used to manufacture foam which reduces requirement of constituent chemicals, eliminates use of toxic chemicals and produces no toxic waste.
2. We have obtained the required license from the Government Department as a brand owner for the plastic waste being produced in the manufacturing process. Plastic packaging waste is being disposed off under EPR.
3. E-waste is sold out to authorised vendors only.
4. Hazardous Chemicals (TDI) used to manufacture foam are largely transported in bulk containers/trucks and stored in bulk storage facilities. Drums where used are disposed off to Pollution Control Board Certified Vendors for safe disposal.

- 11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Not applicable

- 12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.**

No Environment Impact Assessment was conducted in the current financial year.

- 13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format.**

Yes, the Company is generally compliant with the applicable environmental laws / regulations/ guidelines in India.

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non- compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken if any |
|--------|---|--|---|--------------------------------|
| Nil    |   |  |   |                                |

## LEADERSHIP INDICATORS



- 1. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters). For each facility / plant located in areas of water stress, provide the following information for current and previous FY:**

For each facility / plant located in areas of water stress, provide the following information:

- (i) **Name of the area** - Greater Noida, Hyderabad and Erode  
(ii) **Nature of operations** - Manufacturing of Foam  
(iii) **Water withdrawal, consumption, and discharge in the following format:**

| Parameter  | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| <b>Water withdrawal by source (in kilolitres)</b>                              |  |   |
| (i) Surface water  | Nil                                    | Nil                                     |
| (ii) Ground water  | 21,944.61 KL                           | 19,910 KL                               |
| (iii) Third party water  | 21,050 KL                              | 15,543 KL                               |
| (iv) Sea water / desalinated water   | Nil                                    | Nil                                     |
| (v) Others   | Nil                                    | Nil                                     |
| <b>Total volume of water withdrawal (in kilolitres)</b>                        | <b>42,994.61 KL</b>                    | <b>35,453 KL</b>                        |
| <b>Total volume of water consumption (in kilolitres)</b>                       | <b>34,746.49 KL</b>                    | <b>27,347.68 KL</b>                     |
| Water intensity per crore of turnover (Water consumed / turnover)              | 13.43                                  | 14.55                                   |
| Water intensity (optional) - the relevant metric may be selected by the entity | -                                      | -                                       |
| <b>Water discharge by destination and level of treatment (in kilolitres)</b>   |  |   |
| (i) To Surface water   | Nil                                    | Nil                                     |
| No treatment   | Nil                                    | Nil                                     |
| With treatment - please specify level of treatment                             | Nil                                    | Nil                                     |
| (ii) To Ground water   | Nil                                    | Nil                                     |
| No treatment   | Nil                                    | Nil                                     |
| With treatment - please specify level of treatment                             | Nil                                    | Nil                                     |
| (iii) To Sea water   | Nil                                    | Nil                                     |
| No treatment   | Nil                                    | Nil                                     |
| With treatment - please specify level of treatment                             | Nil                                    | Nil                                     |
| (iv) Sent to Third parties   | Nil                                    | Nil                                     |
| No treatment   | Nil                                    | Nil                                     |
| With treatment - please specify level of treatment                             | Nil                                    | Nil                                     |
| (v) Others   | Nil                                    | Nil                                     |
| No treatment   | Nil                                    | Nil                                     |
| With treatment - please specify level of treatment                             | 8,248.12 KL                            | 8,105.32 KL                             |
| <b>Total water discharged (in kilolitres)</b>                                  | <b>8,248.12 KL</b>                     | <b>8,105.32 KL</b>                      |

The Company has installed STP at Corporate Office and plants which treats the water used for domestic purposes. The treated water is then reused and recycled for gardening or sent back to earth for recharge, as appropriate.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency**

Not applicable

**2. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

| Parameter  | Unit                   | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|------------------------|--|---|
| <b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | tCO <sub>2</sub> e     | Not Measured                           | Not Measured                            |
| <b>Total Scope 3 emissions per rupee of turnover</b>   | tCO <sub>2</sub> e/INR | -                                      | -                                       |
| <b>Total Scope 3 emission intensity</b> (optional) - the relevant metric may be selected by the entity   |                        | -                                      | -                                       |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No

**3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

N.A., as the Company does not have operations/offices in/around ecologically sensitive areas where environmental approvals / clearances are required

**4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

| S. No. | Initiative undertaken                   | Details of the initiative (Web-link, if any, may be provided along-with summary)  | Outcome of the initiative  |
|--------|---|---|--|
| 1      | Switching to renewable source of energy | A new 500 kWh Solar Power Project was planned for Jabalpur Plant and work commenced at site. SPP expected to be commissioned in Sep 2025.   | Lower GHG emissions.   |
| 2      | Saving Energy                           | Installation of Variable Frequency Drives in place of Star Delta Starter in Compressors.  | Lower Energy consumption.<br>Extend equipment Life.  |
| 3      | Waste Reduction                         | HDPE packing was removed from nearly 40% of small foam blocks for all inter unit transportation of small foam blocks  | Reduction in plastic waste.<br>Lower GHG emissions.  |
| 4      | Waste Reduction                         | HM polythene removed for HDPE-HM double packing of inter-unit supplies.   | Reduction in plastic waste.<br>Lower GHG emissions.  |
| 5      | Waste Reduction                         | Roll length for foam sheets increased from 112m to 135 m with same compressed diameter reducing PE packing for each roll  | Reduction in plastic waste.<br>Lower GHG emissions.  |
| 6      | Water Conservation                      | A Rain Water Harvesting project implemented in the GNA plant. The project will enable harnessing of rooftop rain water and redirecting water stored at the plant for Fire fighting in an open pond into the ground. | Ground Water recharging.<br>Avoiding water waste.  |
| 7      | Environment Restoration                 | Approx 3000 saplings were planted across Sheela Foam Units during the year amounting to 40% of the number of existing trees in plant locations. The local communities were also engaged at some locations.          | Increasing green cover and support biodiversity. Raising environment protection awareness. |
| 8      | Reducing Scope 3 emissions              | Compression Machines were installed at Jabalpur plant to compress Foam sheet rolls for transportation. This lead to more number of rolls in one truck and saving in the packing material of the rolls.              | Reduction in emissions and plastic waste.  |
| 9      | Emissions Reduction                     | Production of foam using VPF technology was increased with the operationalisation of Jabalpur plant.  | Reduced fumes and GHG emissions  |



| S. No. | Initiative undertaken  | Details of the initiative (Web-link, if any, may be provided along-with summary)                                     | Outcome of the initiative                               |
|--------|------------------------|--|---|
| 10     | Energy Conservation    | Additional Occupancy sensors and LED lights installed in offices and plants  | Saving electricity                                      |
| 11     | Water Conservation     | Additional Sensor operated/Push type water taps with auto switch off installed in Plants.                            | Saving Water  |
| 12     | Reducing GHG Emissions | Solar energy exported to the Grid through net metered connections when not utilised for own opearations.             | Achieving Carbon offset.<br>Reduction in GHG emissions. |
| 13     | Reducing plastic waste | A sustained drive undertaken in plants to reduce plastic packaging and reusing incoming packaging a number of times. | Plastic waste reduced                                   |

**5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Yes, Sheela foam has a Business Continuity and Disaster Management Plan in place. This plan ensures that critical operations can continue during and after a disruption or disaster. It includes strategies for data backup, communication, and emergency response. The plan is regularly reviewed and updated to address potential risks, ensuring the entity's resilience and ability to recover swiftly from unexpected events.

Policy link attached below : Kindly refer the section Business Continuity Page 6

<https://www.sheelafoam.com/corporate-governance>

**6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

No significant adverse impacts have been reported from any value chain partners. Suppliers are expected to provide a safe and healthy working environment and, if applicable, safe and healthy company living quarters, and to operate in an environmentally responsible and efficient manner.

**7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact**

45 vendors comprising 18.5 % by value of business, were approached for assessment of environment impact. 15 of these comprising 7.20% by value of business responded to the environment data questionnaire by 31 Mar 2025 and are being assessed.

## PRINCIPLE 7:

**Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

### ESSENTIAL INDICATORS



**1. a) Number of affiliations with trade and industry chambers/ associations.**

The Company is affiliated with 5 trade and industry chambers/ associations

**b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

| S. No. | Name of the trade and industry chambers/ associations            | Reach of trade and industry chambers/ associations (State/National) |
|--------|--|---|
| 1      | Indian Polyurethane Association                                  | National  |
| 2      | Industrial Associations located at respective units              | State   |
| 3      | Indian Sleep Product Federation                                  | National  |
| 4      | Associated Chambers of Commerce and Industry of India (ASSOCHEM) | International   |
| 5      | Confederation of Indian Industry (CII)                           | National  |
| 6      | ANZ-INDIA Business Chamber                                       | International   |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

| Name of the authority | Brief of the case | Corrective action taken |
|-----------------------|-------------------|-------------------------|
| NA                    | NA                | NA                      |

## LEADERSHIP INDICATORS



1. Details of public policy positions advocated by the entity

As the leading producer of foam and mattresses, our company remains committed to maintaining active involvement in various associations, such as the Indian Polyurethane Association, CII, ASSOCHAM, and others, to address policy matters concerning our industry.

In all advocacy efforts, we prioritize the principle of "Commitment to Society," emphasizing its utmost importance. Web link:

<https://sheelafoam.com/pdf/investor/policy-of-sheela-foam-limited-towards-society.pdf>

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if |
|--------|-------------------------|-----------------------------------|--|---|--------------|
| 1.     | NA                      | NA                                | NA   | NA  | NA           |

## PRINCIPLE 8:

Businesses should promote inclusive growth and equitable development.

## ESSENTIAL INDICATORS



1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

SFL did not carry out SIA in the current year.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community

We have a dedicated email ID for handling community grievances. The e-mail id is [grievances@sleepwellfoundation.com](mailto:grievances@sleepwellfoundation.com) and it is available on our website also.

No grievances has been received till date.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

| Parameter                                    | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--|--|---|
| Directly sourced from MSMEs/ Small producers | 23%                                    | 34.53%                                  |
| Sourced directly from within India           | 68%                                    | 55.64%                                  |

5. Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost.

| Location     | FY 2024-25<br>(Current Financial Year) | FY 2023-24<br>(Previous Financial Year) |
|--------------|--|---|
| Rural        | -                                      | -                                       |
| Semi-urban   | 15%                                    | 24%                                     |
| Urban        | 33%                                    | 30%                                     |
| Metropolitan | 52%                                    | 46%                                     |

## LEADERSHIP INDICATORS



### 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable. No Social Impact Assessment done in the current year.

### 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

No CSR activities have been conducted in specific Aspirational Districts, but we have conducted ONLINE Emotional Wellness Awareness Workshops on PAN India basis. Further, our Awareness Programmes on Social Media, are benefitting people in every nuck and corner of the country.

### 3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) -

SFL follows no discrimination while selecting its vendors and marginalised/vulnerable groups are equally welcome as long as they meet the requirements laid down in the Sustainable Procurement Policy of the Company. The company procures inputs for manufacturing Foam from reputed global chemical industry players, while for other

inputs such as fabrics, packaging ,rebonded foam, etc they have mostly local MSME vendors.

The emphasis is laid on developing a trusted relationship with local vendors and working with them to develop quality products that meet company's and as industry's needs, thereby enabling local vendors to grow their business.

### (b) From which marginalized /vulnerable groups do you procure?

Not Applicable

### (c) What percentage of total procurement (by value) does it constitute?

Not Applicable

### 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Not applicable.

### 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Nil

## 6. Details of beneficiaries of CSR Projects.

| S. No. | CSR Project   | No of persons benefited from CSR Projects | % of beneficiaries from vulnerable and marginalized group |
|--------|---|---|---|
| 1      | Skill Development Centre in Khurja                          | 976                                       | 100%  |
| 2      | Skill Development Workshops                                 | 1,283                                     | 100%  |
| 3      | Emotional Wellness Workshops                                | 16,497                                    | Mixed beneficiaries                                       |
| 4      | Emotional Wellness Awareness Programme Through social media | 3,36,43,060                               | Mixed beneficiaries                                       |

## PRINCIPLE 9:

Businesses should engage with and provide value to their consumers in responsible manner

## ESSENTIAL INDICATORS



### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Consumer Complaints are attended at centralized customer care center called 'Sleepwell Care' and are resolved expeditiously. Contact number and e-mail id are available on our website <https://mysleepwell.com> for consumers to register complaints or provide any review/ feedback. Consumers can register a complaint through phone / email / through the Dealer. Website and Whatapp bot has been introduced to ensure 24/7 support for complaints.

### 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| Case Details  | As a percentage to total turnover |
|---|-----------------------------------|
| Environment and Social parameters relevant to product | Nil                               |
| Safe and responsible usage                            | 21.88% (Mattress)                 |
| Recycling and/or safe disposal                        | Nil                               |

**3. Number of consumer complaints:**

|                                | FY 2024-25<br>(Current Financial Year) |                                       |   | FY 2023-24<br>(Previous Financial Year) |                                       |         |
|--------------------------------|--|---------------------------------------|---|---|---------------------------------------|---------|
|                                | Received during the year               | Pending resolution at the end of year | Remarks                                 | Received during the year                | Pending resolution at the end of year | Remarks |
| Data privacy                   | 0                                      | 0                                     | -                                       | 0                                       | 0                                     | -       |
| Advertising                    | 0                                      | 0                                     | -                                       | 0                                       | 0                                     | -       |
| Cyber-security                 | 0                                      | 0                                     | -                                       | 0                                       | 0                                     | -       |
| Delivery of essential services | 0                                      | 0                                     | -                                       | 0                                       | 0                                     | -       |
| Restrictive Trade Practices    | 0                                      | 0                                     | -                                       | 0                                       | 0                                     | -       |
| Unfair Trade Practices         | 0                                      | 0                                     | -                                       | 0                                       | 0                                     | -       |
| Others                         | 19,130                                 | 439                                   | Response / action awaited from customer | 18,073                                  | 1431                                  | -       |

**4. Details of instances of product recalls on account of safety issues**

|                   | Number | Reason for recall |
|-------------------|--------|-------------------|
| Voluntary recalls | 0      | Not Applicable    |
| Forced recalls    | 0      | Not Applicable    |

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes. The company has framed its cyber security & data privacy policy under its IT policies which is applicable to all the Employees (Full Time, Part Time, Contractual, Consultants, Auditors, etc.) and stakeholders (in some cases Customers & Vendors) of SFL. It considers customer information safety as a critical aspect. This policy is available on the intranet portal.

Yes - we do have a policy. It's a confidential Document. Open policy document link <https://www.sheelafoam.com/corporate-governance>

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Mattress movement process has been changed to reduce resolution time . Complaints are now resolved in 15-17 days as against 35 days in 23-24

**7. Provide the following information relating to data breaches:**

- Number of instances of data breaches - Nil
- Percentage of data breaches involving personally identifiable information of customers - Not Applicable
- Impact, if any, of the data breaches - Not Applicable

**ESSENTIAL INDICATORS****1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Corporate Website at <https://www.sheelafoam.com/home-comfort-porducts.html> and <https://mysleepwell.com/>

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The company ensures that all the information required as per rules and regulations is displayed on the product labels.

Information about ingredients and features of the products are available on public platforms.

Product brochures containing instructions on safe and responsible usage and environment frindly/hygeine features of products are available on line and provided along with the products.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

B2B Business operates in very close coordination with customers.

In the beginning of month, the Sales Manager takes month forecast from customers with schedule.

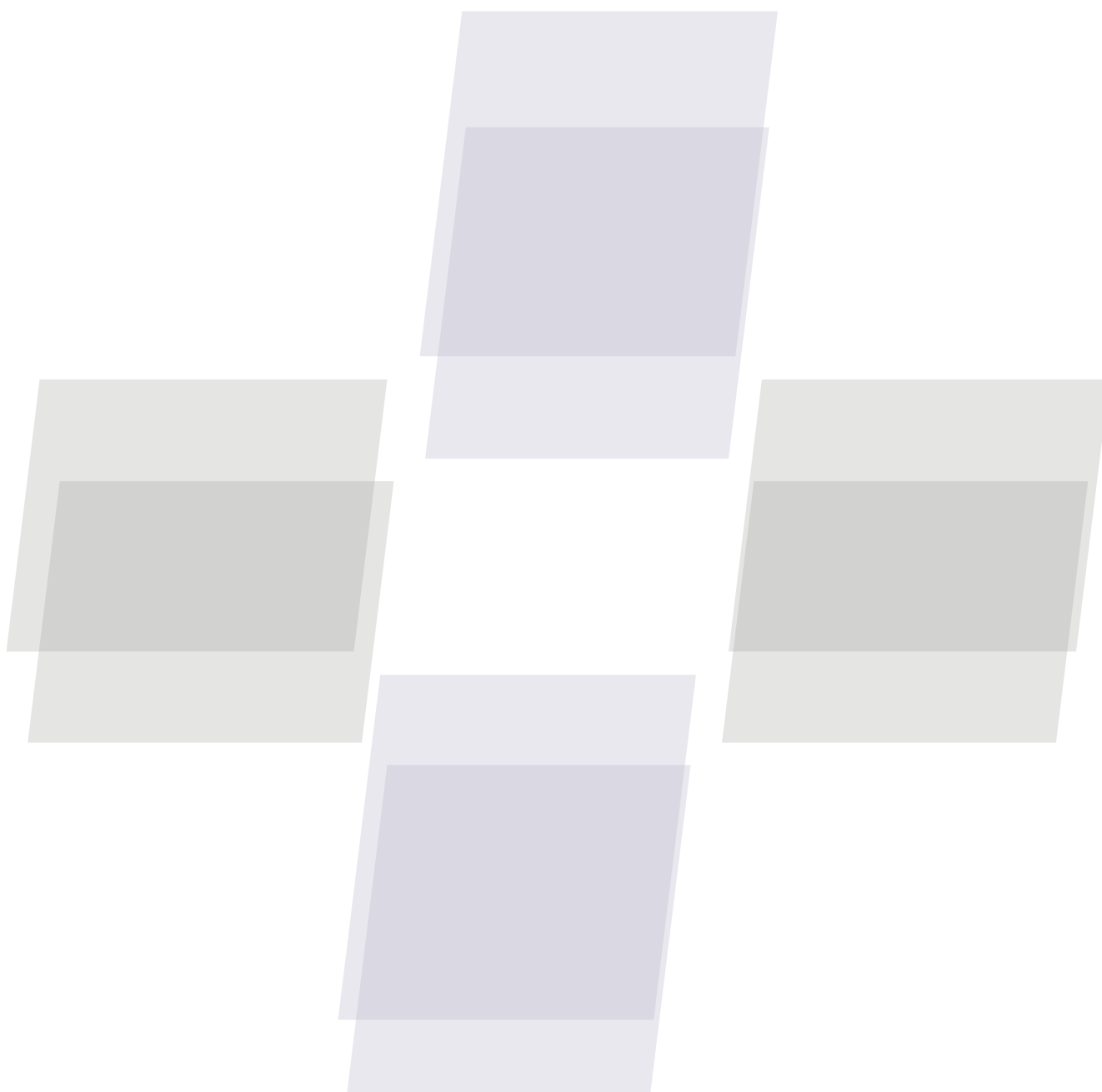
Any expected delay is discussed with customer and an agreement on quantity and schedule is arrived at.

The customers urgent requirements are given due weightage and B2B PPC expedites despatches on a daily basis.

For planned disruption, customers are requested to increase inventory level at their end and the factory also increase stocks of FG.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

- (a) Yes, the Company provides information on the constituent materials of their products, certifications as available and steps for responsible usage to ensure safety for the consumers and longer life of the products.
- (b) Yes, Surveys are carried out to study satisfaction levels regarding the major products and customer handling at Dealers' end. Customer care Department analyses the feedbacks from the customers and shares the inputs with respective departments to take necessary steps to improve customer satisfaction.





**Standalone  
Financial Statements**



# Independent Auditor's Report

**To the Members of Sheela Foam Limited**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of Sheela Foam Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2025. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Description of Key Audit Matters

#### Revenue recognition – Discounts and rebates

Refer note 2 and 33 to the standalone financial statements.

As disclosed in note 2 to the standalone financial statements, revenue is measured net of any trade discounts and volume rebates to customers (i.e. to the wholesale traders and retail traders).

As per the scheme, discounts and rebates are passed on to the customers only on secondary sales made by wholesalers to retailers/ customers. Further, certain discounts and rebates for goods sold during the year are finalised when the precise amounts are known and revenue thus includes an estimate of variable consideration, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. The unsettled portion of the variable consideration, results in accrual of discounts and rebates due to customers as at year end. Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.

In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter.

How the KAM was addressed in our audit:

- Assessed the appropriateness of the Company's revenue recognition accounting policies, including those relating to discounts, incentives and rebates as required under the applicable accounting standards.
- Understood and verified the design and implementation and tested operating effectiveness of key application controls over the Company's automated systems and manual controls over rebates agreements/ arrangements, rebate payments / settlements and Company's review over the rebate accruals.
- Verified on a test check basis, key customer contracts to identify the relevant terms and conditions related to discounts and rebates.
- Verified on test check basis, discounts and rebates transactions recorded during the year including period end discounts and rebates accruals and ensured the computation is in accordance with the policy and relevant source documents.
- Examined historical rebate accrual together with our understanding of current year developments to form an expectation of the rebate accrual as at year end and compared the same with the accrual for the year ended March 31, 2025.
- Verified completeness and accuracy of the data used by the Company for accrual of discounts and rebates through test of controls.
- Verified on a test check basis, rebate accruals after the reporting date to validate whether the accrual is recorded in the correct period.

- Verified payments made/credit notes issued after reporting/ year end date and where relevant, comparing the payment to the related rebate accrual.
- Verified manual journal entries posted to revenue, on a test check basis, to identify unusual items and examining the underlying documentation.
- Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. but does not include the standalone financial statements and our auditor's report thereon. The Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc. is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management report, Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc., if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true

and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors are disqualified

as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).
- (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- (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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 53 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 71 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 71 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded

in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. Based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our examination, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of prior year, has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous year as explained in Note 70 to the financial statements.

3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For **M S K A & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No. 105047W

**Nipun Gupta**  
 Partner

Place: Gurugram  
 Date: May 14, 2025

Membership No. 502896  
 UDIN: 25502896BMMFLFC9377

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2025 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Nipun Gupta**

Partner

Place: Gurugram  
Date: May 14, 2025

Membership No. 502896  
UDIN: 25502896BMMLFC9377

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED FOR THE YEAR ENDED MARCH 31, 2025

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment, investment property and relevant details of right-of-use assets.
- B. The Company has no intangible assets. Accordingly, the provisions stated under clause 3(i)(a)(B) of the Order are not applicable to the Company.
- (b) Property, Plant and Equipment, Investment property and right of use assets have been physically verified by the management at reasonable intervals and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements, are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) during the year. The Company does not have any intangible assets. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During any point of time of the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores rupees, in aggregate from Banks on the basis of security of current assets. Refer note 67 to the financial statements.

Based on the records examined by us in the normal course of audit of the financial statements, quarterly statements are filed with such banks are not in agreement with the books of accounts of the Company. Details of the same are as below.

(All amount in ₹ Crores)

| Quarter Ended  | Amount as per books of accounts | Amount as per quarterly statement | Discrepancy (give details)  |
|----------------|---------------------------------|-----------------------------------|---|
| June 2024      | 303.24                          | 302.58                            | The Company has not considered some of the amounts in calculation of drawing power. |
| September 2024 | 393.00                          | 390.93                            |   |
| December 2024  | 349.72                          | 349.20                            |   |
| March 2025     | 308.08                          | 308.05                            |   |

- iii. (a) According to the information explanation provided to us, the Company has made investment in, provided loans, or given guarantee, and/ or provided security, advances in the nature of loans, stood guarantee, and/or provided security(ies) to other entities. The details of such investments, loans, guarantee or security to subsidiaries, joint venture and others are as follows:

(All amount in ₹ Crores)

| Particulars   | Guarantees | Security | Loans (excluding interest) | Advances in the nature of loan | Investments |
|---|------------|----------|----------------------------|--------------------------------|-------------|
| <b>Aggregate amount granted/ provided during the year</b>                     |            |          |                            |                                |             |
| - Subsidiaries  | 16.14      | -        | 7.23                       | 9.45                           | 38.37       |
| - Joint Venture   | -          | -        | -                          | -                              | 50.94       |
| - Others  | -          | -        | 0.24                       | -                              | 803.41      |
| <b>Balance Outstanding as at balance sheet date in respect of above cases</b> |            |          |                            |                                |             |
| - Subsidiaries  | 167.19     | -        | 79.40                      | -                              | 2,236.12    |
| - Joint Venture   | -          | -        | -                          | -                              | 411.64      |
| - Others  | -          | -        | 1.50                       | -                              | 464.52      |

- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made and terms and conditions in relation to grant of all loans and advances in the nature of loans, investments made and guarantees provided are not prejudicial to the interest of the Company.
- (c) In case of the loans and advances in the nature of loan, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the repayment of the principal and payment of interest.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts overdue for more than ninety days in respect of the loans and/ or advances in the nature of loans, granted to Company/ Firm/ LLP/ Other Parties.
- (e) According to the information explanation provided to us, the loans or advances in the nature of loan granted has not fallen due during the year. Accordingly, the provisions stated under clause 3(iii)(e) of the Order are not applicable to the Company.
- (f) According to the information explanation provided to us, the Company has granted loans and / or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment during the year. The details of same are as follows:

| (All amount in ₹ Crores)   |             |           |                 |
|--|-------------|-----------|-----------------|
| Particulars  | All Parties | Promoters | Related Parties |
| <b>Aggregate amount of loans/ advances in nature of loans</b>              |             |           |                 |
| - Repayable on demand (A)  | 9.45        | -         | 9.45            |
| - Agreement does not specify any terms or period of repayment (B)          | -           | -         | -               |
| <b>Total (A+B)</b>   | <b>9.45</b> | <b>-</b>  | <b>9.45</b>     |
| <b>Percentage of loans/ advances in nature of loans to the total loans</b> | 100%        | -         | 100%            |

- iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013, are applicable and accordingly, the requirement to report under clause 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of the provisions of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under. Accordingly, the requirement to report under clause 3(iv) of the Order is not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Companies Act, 2013 in respect of its products/ services. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, value added tax, cess and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year. No undisputed amounts payable in respect of these statutory dues were outstanding as at March 31, 2025, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records examined by us, dues relating to duty of excise, income tax, sales tax, entry tax and goods and services tax which have not been deposited as on March 31, 2025, on account of any dispute, are as follows:

| (All amount in ₹ Crores)     |                |                 |             |                                    |   |
|------------------------------|----------------|-----------------|-------------|------------------------------------|---|
| Name of the statute          | Nature of dues | Amount Demanded | Amount Paid | Period to which the amount relates | Forum where dispute is pending                                |
| Central Excise Tax Act, 1944 | Excise Duty    | 0.03            | 0.01        | 2011-2012 & 2012-2013              | The Customs Excise and Service Tax Appellate Tribunal Kolkata |
| Central Excise Tax Act, 1944 | Excise Duty    | 2.41            | 0.12        | Feb 2017 to June 2017              | Customs Excise Service Tax Appellate Tribunal, Kolkata        |
| Central Excise Tax Act, 1944 | Excise Duty    | 0.45            | 0.02        | 2016-2017 & 2017-2018              | Customs Excise Service Tax Appellate Tribunal, Kolkata        |
| Income Tax Act, 1961         | Income Tax     | 4.80            | 4.80        | 2013-2014                          | Delhi High Court  |
| Income Tax Act, 1961         | Income Tax     | 0.23            | 0.23        | 2017-18                            | Income Tax Appellate Tribunal, New Delhi                      |
| Income Tax Act, 1961         | Income Tax     | 0.37            | 0.37        | 2016-17                            | Income Tax Appellate Tribunal, New Delhi                      |



(All amount in ₹ Crores)

| Name of the statute  | Nature of dues        | Amount Demanded | Amount Paid | Period to which the amount relates | Forum where dispute is pending                  |
|--|-----------------------|-----------------|-------------|------------------------------------|---|
| Income Tax Act, 1961   | Income Tax            | 2.20            | 0.44        | 2019-20                            | Income Tax Appellate Tribunal, New Delhi        |
| The Central Sales Tax Act, 1956 and The Sikkim Sales Tax Act, 1983 | Sales Tax             | 0.46            | 0.46        | 2003-2004 & 2004-2005              | Supreme Court                                   |
| The Central Sales Tax Act, 1956 and The Sikkim Sales Tax Act, 1983 | Sales Tax             | 1.99            | 3.94        | 2005-06 to 2011-12                 | Additional Commissioner Commercial tax          |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012       | Entry Tax             | 0.29            | -           | 2012-13 & 2013-14                  | Supreme Court                                   |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012       | Entry Tax             | 1.07            | -           | 2014-15 to 2017-18                 | Supreme Court                                   |
| Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007     | Entry Tax             | 0.58            | 0.29        | 2001-2012                          | Allahabad High Court                            |
| Tamil Nadu Goods and Service Tax, 2017                             | Goods and Service Tax | 2.90            | -           | 2017-18 to 2022-23                 | State Tax Officer, Intelligence, Erode Division |
| The West Bengal Goods & Service Tax Act, 2017                      | Goods and Service Tax | 0.51            | 0.05        | 2019-20                            | State Tax Officer                               |

- viii. According to the information and explanations given to us, there are no transaction which are not recorded in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment under the Income Tax Act, 1961. Accordingly, the requirement to report as stated under clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans. Accordingly, the requirement to report under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries or joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint venture.
- Accordingly, the requirement to report under Clause 3(ix) (f) of the order is not applicable to the Company.
- x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting requirement under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly, or optionally convertible) during the year. Accordingly, the requirements to report under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year in the course of our audit.
- (b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system group internal audit department commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.
- xv. According to the information and explanations given to us, and based on our examination of the records of the Company, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, the requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the requirements to report under clause 3(xvi) (a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the provisions stated under clause 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report under clause 3 (xvi) (c) of the Order is not applicable to the Company.
- (d) The Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company as part of its group. Accordingly, the requirement to report under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the requirement to report under clause 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 62 to the standalone financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a Fund as specified in Schedule VII of the Act as disclosed in note 58 to the standalone financial statements.
- (b) In respect of ongoing projects, there are no unspent amounts that are required to be transferred to a special account as specified in Schedule VII of the Act as disclosed in note 58 to the standalone financial statements.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Nipun Gupta**  
Partner

Place: Gurugram  
Date: May 14, 2025

Membership No. 502896  
UDIN: 25502896BMMFLC9377

## ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED

[Referred to in paragraph 2(g) 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 Financial Statements for the year ended March 31, 2025]

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

We have audited the internal financial controls with reference to standalone financial statements of Sheela Foam Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

#### Management's and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

#### Meaning of Internal Financial Controls With reference to Standalone Financial Statements

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

**Inherent Limitations of Internal Financial Controls With reference to Standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because

of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

Place: Gurugram  
Date: May 14, 2025

**Nipun Gupta**  
Partner  
Membership No. 502896  
UDIN: 25502896BMMLFC9377

# Standalone Balance Sheet

as at March 31, 2025

(₹ in Crores)

| Particulars   | Note no. | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|----------|-------------------------|-------------------------|
| <b>ASSETS</b>   |          |                         |                         |
| <b>Non-current assets</b>   |          |                         |                         |
| Property, plant and equipment   | 3A       | 482.83                  | 433.10                  |
| Right-of-use assets   | 4        | 75.28                   | 67.81                   |
| Capital work-in-progress  | 3A       | 39.36                   | 80.22                   |
| Investment property   | 5        | 2.81                    | 2.95                    |
| Investments in Subsidiaries and Joint venture   | 6        | 2,647.76                | 2,558.45                |
| Financial assets  |          |                         |                         |
| (i) Other investments   | 7        | -                       | 510.00                  |
| (ii) Loans  | 8        | 79.67                   | 72.44                   |
| (iii) Other financial assets  | 9        | 41.42                   | 6.28                    |
| Non current tax assets (net)  | 10       | 16.56                   | 39.14                   |
| Other non-current assets  | 11       | 5.23                    | 6.94                    |
| <b>Total non current assets</b>   |          | <b>3,390.92</b>         | <b>3,777.33</b>         |
| <b>Current assets</b>   |          |                         |                         |
| Inventories   | 12       | 197.29                  | 149.59                  |
| Financial assets  |          |                         |                         |
| (i) Investments   | 13       | 464.52                  | -                       |
| (ii) Trade receivables  | 14       | 239.14                  | 188.90                  |
| (iii) Cash and cash equivalents   | 15       | 22.64                   | 12.61                   |
| (iv) Bank balances other than cash and cash equivalents                                 | 16       | 0.31                    | 0.28                    |
| (v) Loans   | 17       | 1.04                    | 0.80                    |
| (vi) Other financial assets   | 18       | 14.99                   | 10.90                   |
| Other current assets  | 19       | 57.53                   | 55.29                   |
| <b>Total current assets</b>   |          | <b>997.46</b>           | <b>418.37</b>           |
| Assets held for sale/Assets included in disposal group(s) held for sale                 | 3B       | 1.27                    | -                       |
| <b>Total assets</b>   |          | <b>4,389.65</b>         | <b>4,195.70</b>         |
| <b>EQUITY AND LIABILITIES</b>   |          |                         |                         |
| <b>Equity</b>   |          |                         |                         |
| Equity share capital  | 20       | 54.35                   | 54.35                   |
| Other equity  | 21       | 2,739.38                | 2,619.94                |
| <b>Total equity</b>   |          | <b>2,793.73</b>         | <b>2,674.29</b>         |
| <b>Liabilities</b>  |          |                         |                         |
| <b>Non-current liabilities</b>  |          |                         |                         |
| Financial liabilities   |          |                         |                         |
| (i) Borrowings  | 22       | 395.00                  | 787.39                  |
| (ii) Lease liabilities  | 23       | 40.44                   | 36.24                   |
| (iii) Other financial liabilities   | 24       | 18.85                   | 15.81                   |
| Provisions  | 25       | 13.20                   | 10.43                   |
| Other non current liabilities   | 26       | 33.52                   | 0.17                    |
| Deferred tax liabilities (net)  | 27       | 1.25                    | 11.70                   |
| <b>Total non current liabilities</b>  |          | <b>502.26</b>           | <b>861.74</b>           |
| <b>Current liabilities</b>  |          |                         |                         |
| Financial liabilities   |          |                         |                         |
| (i) Borrowings  | 28       | 500.40                  | 169.04                  |
| (ii) Lease liabilities  | 23       | 12.83                   | 7.59                    |
| (iii) Trade payables  |          |                         |                         |
| -Total outstanding dues of micro enterprises and small enterprises                      | 29       | 26.66                   | 21.15                   |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 29       | 198.78                  | 139.94                  |
| (iv) Other financial liabilities  | 30       | 220.06                  | 254.01                  |
| Provisions  | 25       | 12.73                   | 11.17                   |
| Current tax liabilities (net)   | 31       | 20.95                   | -                       |
| Other current liabilities   | 32       | 101.25                  | 56.77                   |
| <b>Total current liabilities</b>  |          | <b>1,093.66</b>         | <b>659.67</b>           |
| <b>Total liabilities</b>  |          | <b>1,595.92</b>         | <b>1,521.41</b>         |
| <b>Total equity and liabilities</b>   |          | <b>4,389.65</b>         | <b>4,195.70</b>         |
| Material Accounting Policies  | 2        |                         |                         |

The accompanying notes are an integral part of these standalone financial statements.  
As per our report of even date

**For M S K A & Associates**  
**Chartered Accountants**  
Firm Registration No.: 105047W

**For and on behalf of the Board of Directors of**  
**Sheela Foam Limited**  
CIN: L74899MH1971PLC427835

**Nipun Gupta**  
Partner  
Membership No.: 502896

**Rahul Gautam**  
Executive Chairman  
DIN: 00192999

**Tushaar Gautam**  
Managing Director  
DIN: 01646487

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Gurugram  
Date: May 14, 2025

Place: Noida  
Date: May 14, 2025

**Davinder Kumar Ahuja**  
Group Finance Controller

**Md. Iquebal Ahmad**  
Company Secretary  
Membership No.: A20921

# Standalone Statement of Profit and Loss

for the year ended March 31, 2025

(₹ in Crores)

| Particulars   | Note no. | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>Income</b>   |          |                                      |                                      |
| Revenue from operations   | 33       | 2,587.51                             | 1,879.52                             |
| Other income  | 34       | 83.14                                | 96.88                                |
| <b>Total Income</b>   |          | <b>2,670.65</b>                      | <b>1,976.40</b>                      |
| <b>Expenses</b>   |          |                                      |                                      |
| Cost of materials consumed  | 35       | 1,375.44                             | 1,016.35                             |
| Purchase of stock-in-trade  | 36       | 336.04                               | 81.76                                |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 37       | (39.50)                              | 25.38                                |
| Other manufacturing expenses  | 38       | 72.52                                | 53.51                                |
| Employee benefits expense   | 39       | 221.99                               | 165.85                               |
| Finance costs   | 40       | 94.45                                | 43.75                                |
| Depreciation and amortisation expense   | 41       | 88.65                                | 58.44                                |
| Other expenses  | 42       | 385.94                               | 326.82                               |
| <b>Total Expenses</b>   |          | <b>2,535.53</b>                      | <b>1,771.86</b>                      |
| <b>Profit before tax and Exceptional Items</b>                                |          | <b>135.12</b>                        | <b>204.54</b>                        |
| Exceptional items   | 66       | (11.91)                              | (17.82)                              |
| <b>Profit before tax</b>  |          | <b>147.03</b>                        | <b>222.36</b>                        |
| <b>Income Tax expense</b>   | 60       |                                      |                                      |
| Current tax   |          | 46.07                                | 45.96                                |
| Tax expenses related to earlier years   |          | (0.68)                               | -                                    |
| Deferred tax (net)  | 27       | (10.45)                              | 8.17                                 |
| <b>Total Income tax expense</b>   |          | <b>34.94</b>                         | <b>54.13</b>                         |
| <b>Profit for the year</b>  |          | <b>112.09</b>                        | <b>168.23</b>                        |
| <b>Other Comprehensive Income/ (Loss) (net of tax)</b>                        |          |                                      |                                      |
| Items that will not be reclassified to profit or loss                         |          |                                      |                                      |
| Remeasurements gain / (loss) of the net defined benefit plans                 |          | (0.65)                               | (0.45)                               |
| Income tax on above item  |          | 0.16                                 | 0.11                                 |
| Items that will be reclassified to profit or loss                             |          |                                      |                                      |
| Fair value gain / (loss) on investments and other financial instruments       |          | 0.56                                 | 0.45                                 |
| Income tax on above item  |          | (0.14)                               | (0.11)                               |
| <b>Total Other Comprehensive Income/ (Loss) (net of tax)</b>                  |          | <b>(0.07)</b>                        | <b>-</b>                             |
| <b>Total Comprehensive Income for the year</b>                                |          | <b>112.02</b>                        | <b>168.23</b>                        |
| <b>Earnings per equity share (face value of ₹ 5/- each):</b>                  | 43       |                                      |                                      |
| Basic (₹)   |          | 10.31                                | 16.29                                |
| Diluted (₹)   |          | 10.29                                | 16.28                                |
| Material Accounting Policies  | 2        |                                      |                                      |

The accompanying notes are an integral part of these standalone financial statements.  
As per our report of even date

**For M S K A & Associates**  
**Chartered Accountants**  
Firm Registration No.: 105047W

**For and on behalf of the Board of Directors of**  
**Sheela Foam Limited**  
CIN: L74899MH1971PLC427835

**Nipun Gupta**  
Partner  
Membership No.: 502896

**Rahul Gautam**  
Executive Chairman  
DIN: 00192999

**Tushaar Gautam**  
Managing Director  
DIN: 01646487

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Gurugram  
Date: May 14, 2025

Place: Noida  
Date: May 14, 2025

**Davinder Kumar Ahuja**  
Group Finance Controller

**Md. Iquebal Ahmad**  
Company Secretary  
Membership No.: A20921



# Standalone Statement of Changes in Equity

for the year ended March 31, 2025

## A. EQUITY SHARE CAPITAL

| Particulars                               | ₹ in Crores  |
|---|--------------|
| <b>Balance as at April 01, 2023</b>       | <b>48.78</b> |
| Add: Equity shares issued during the year | 5.57         |
| <b>Balance as at March 31, 2024</b>       | <b>54.35</b> |
| Add: Equity shares issued during the year | -            |
| <b>Balance as at March 31, 2025</b>       | <b>54.35</b> |

## B. OTHER EQUITY

| Particulars  | Reserves and surplus |                    |                             | Items of Other Comprehensive Income | Total           |
|--|----------------------|--------------------|-----------------------------|-------------------------------------|-----------------|
|  | Retained earnings    | Securities Premium | Share based payment reserve | Cash flow Hedge reserve through OCI |                 |
| <b>Balance as at April 01, 2023</b>                          | <b>1,315.93</b>      | -                  | -                           | <b>(2.60)</b>                       | <b>1,313.33</b> |
| Profit for the year  | 168.23               | -                  | -                           | -                                   | 168.23          |
| Remeasurements of the net defined benefit plans (net of tax) | (0.34)               | -                  | -                           | -                                   | (0.34)          |
| Gain / (Loss) on Cash flow hedge reserve (net of tax)        | -                    | -                  | -                           | 0.34                                | 0.34            |
| Securities premium on issue of paid up share capital         | -                    | 1,194.43           | -                           | -                                   | 1,194.43        |
| Equity Fund raising expenses                                 | -                    | (58.47)            | -                           | -                                   | (58.47)         |
| Employees share based payment expenses                       | -                    | -                  | 2.42                        | -                                   | 2.42            |
| <b>Total comprehensive income for the year</b>               | <b>167.89</b>        | <b>1,135.96</b>    | <b>2.42</b>                 | <b>0.34</b>                         | <b>1,306.61</b> |
| <b>Balance as at March 31, 2024</b>                          | <b>1,483.82</b>      | <b>1,135.96</b>    | <b>2.42</b>                 | <b>(2.26)</b>                       | <b>2,619.94</b> |
| Profit for the year  | 112.09               | -                  | -                           | -                                   | 112.09          |
| Remeasurements of the net defined benefit plans (net of tax) | (0.49)               | -                  | -                           | -                                   | (0.49)          |
| Gain / (Loss) on Cash flow hedge reserve (net of tax)        | -                    | -                  | -                           | 0.42                                | 0.42            |
| Employees share based payment expenses                       | -                    | -                  | 7.42                        | -                                   | 7.42            |
| Transfer due to exercise of ESOPs                            | -                    | 0.93               | (0.93)                      | -                                   | -               |
| <b>Total comprehensive income for the year</b>               | <b>111.60</b>        | <b>0.93</b>        | <b>6.49</b>                 | <b>0.42</b>                         | <b>119.44</b>   |
| <b>Balance as at March 31, 2025</b>                          | <b>1,595.42</b>      | <b>1,136.89</b>    | <b>8.91</b>                 | <b>(1.84)</b>                       | <b>2,739.38</b> |

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

As per our report of even date

**For M S K A & Associates**  
**Chartered Accountants**  
 Firm Registration No.: 105047W

**For and on behalf of the Board of Directors of**  
**Sheela Foam Limited**  
 CIN: L74899MH1971PLC427835

**Nipun Gupta**  
 Partner  
 Membership No.: 502896

**Rahul Gautam**  
 Executive Chairman  
 DIN: 00192999

**Tushaar Gautam**  
 Managing Director  
 DIN: 01646487

**Amit Kumar Gupta**  
 Group Chief Financial Officer

Place: Gurugram  
 Date: May 14, 2025

Place: Noida  
 Date: May 14, 2025

**Davinder Kumar Ahuja**  
 Group Finance Controller

**Md. Iqebal Ahmad**  
 Company Secretary  
 Membership No.: A20921

# Standalone Statement of Cash Flows

for the year ended March 31, 2025

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Cash flow from operating activities</b>  |                                      |                                      |
| <b>Profit before tax and exceptional items</b>   | 135.12                               | 204.54                               |
| <b>Adjustments for:</b>  |                                      |                                      |
| Depreciation and amortisation expense  | 88.65                                | 58.44                                |
| Finance costs  | 94.45                                | 47.79                                |
| Gain on termination of Lease   | (0.16)                               | (1.65)                               |
| Liabilities/provisions no longer required written back   | (0.11)                               | (0.02)                               |
| Provision for doubtful receivables   | 0.93                                 | 1.09                                 |
| Provision for warranty   | 14.15                                | 9.01                                 |
| Expenses on employees stock option schemes   | 7.42                                 | 2.42                                 |
| Amortisation of Government grants  | (7.24)                               | -                                    |
| Advances / balances written off  | 0.09                                 | 0.28                                 |
| Fair value gain on investments (net)   | (14.14)                              | (28.97)                              |
| Profit on sale of investments (net)  | (41.36)                              | (39.78)                              |
| Loss on sale of property, plant and equipment (net)  | 0.44                                 | 0.27                                 |
| Net loss on foreign currency forward contracts   | 2.78                                 | 0.44                                 |
| Unrealised foreign exchange loss (net)   | 0.31                                 | (0.03)                               |
| Rental Income (Short term lease)   | (2.45)                               | (2.09)                               |
| Interest income  | (11.88)                              | (12.00)                              |
| <b>Operating profit before working capital changes</b>   | <b>267.00</b>                        | <b>239.74</b>                        |
| <b>Changes in working capital:</b>   |                                      |                                      |
| Decrease / (Increase) in Inventories   | (39.12)                              | 46.64                                |
| (Increase) / Decrease in loans and trade receivables   | (52.28)                              | (52.40)                              |
| Decrease / (Increase) in other financial and non-financial assets  | (3.74)                               | (10.80)                              |
| (Decrease) / Increase in trade payables  | 64.35                                | (27.73)                              |
| (Decrease)/ Increase in other financial liabilities, non-financial liabilities and provisions                | (6.69)                               | 123.68                               |
| <b>Cash generated from operations</b>  | <b>229.52</b>                        | <b>319.13</b>                        |
| Income tax paid (net of refunds)   | (1.84)                               | (73.36)                              |
| <b>Net cash flow from operating activities (A)</b>   | <b>227.68</b>                        | <b>245.77</b>                        |
| <b>B. Cash flow from investing activities</b>  |                                      |                                      |
| Purchase of property, plant and equipment and change in capital work in progress                             | (86.22)                              | (207.15)                             |
| Proceeds from Sale of property, plant and equipment  | 7.81                                 | 44.84                                |
| Increase / (Decrease) in creditors for capital goods (net of capital advances)                               | 2.73                                 | 29.03                                |
| Investment in shares of Subsidiary Companies   | (38.37)                              | (2,001.17)                           |
| Investment made in Joint venture   | (50.94)                              | (360.70)                             |
| Proceeds from debentures and mutual funds (net)  | 100.98                               | 321.74                               |
| Loans given to Subsidiary Company  | (5.59)                               | -                                    |
| (Investment in) / Proceeds from Bank deposits  | (0.03)                               | (0.01)                               |
| Rental income (short term lease)   | 2.45                                 | 2.09                                 |
| Interest income received   | 14.64                                | 10.88                                |
| <b>Net cash (used in) investing activities (B)</b>   | <b>(52.54)</b>                       | <b>(2,160.45)</b>                    |
| <b>C. Cash flow from financing activities</b>  |                                      |                                      |
| Net Proceeds from issuance of equity share capital including securities premium (net of expenses)            | 0.00                                 | 1,141.53                             |
| (Repayment of) / Net Proceeds from Non-convertible debentures (including interest and net of expenses)       | (61.27)                              | 719.87                               |
| (Repayment of) long term borrowings  | (32.89)                              | (32.89)                              |
| (Repayment of) / Net proceeds from short term borrowings (including working capital loan and bank overdraft) | (31.22)                              | 106.22                               |
| Payment of lease liabilities (principal and interest)  | (13.89)                              | (5.74)                               |
| Finance costs  | (25.84)                              | (14.41)                              |
| <b>Net cash flow (used in) / from Financing Activities (C)</b>   | <b>(165.11)</b>                      | <b>1,914.58</b>                      |
| <b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>  | <b>10.03</b>                         | <b>(0.10)</b>                        |
| Cash and cash equivalents at the beginning of the year   | 12.61                                | 12.71                                |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>22.64</b>                         | <b>12.61</b>                         |

# Standalone Statement of Cash Flows

for the year ended March 31, 2025

## 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 bracket represents cash outflow.
- Components of cash and cash equivalents:

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Cash and cash equivalents</b>                        |                         |                         |
| Cash on hand  | 0.32                    | 0.09                    |
| Deposits having original maturity of less than 3 months | 0.01                    | 0.01                    |
| Balance with banks in current accounts                  | 22.31                   | 12.51                   |
| <b>Balance as per Statement of Cash Flows</b>           | <b>22.64</b>            | <b>12.61</b>            |

- Changes in liabilities arising from financing activities

(₹ in Crores)

| Particulars                                    | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Lease liabilities</b>                       |                                      |                                      |
| Lease liabilities at the beginning of the year | 43.83                                | 16.93                                |
| Addition during the year                       | 29.01                                | 43.16                                |
| Accretion of interest                          | 4.50                                 | 2.77                                 |
| Payment of lease liabilities                   | (13.89)                              | (5.74)                               |
| Cancellation / adjustments                     | (10.18)                              | (13.29)                              |
| <b>Lease liabilities as at year end</b>        | <b>53.27</b>                         | <b>43.83</b>                         |

(₹ in Crores)

| Particulars                                    | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Borrowings</b>                              |                                      |                                      |
| Borrowings at the beginning of the year        | 956.43                               | 131.67                               |
| Interest charged on Non-convertible debentures | 63.61                                | 30.77                                |
| Interest paid on Non-convertible debentures    | (61.27)                              | -                                    |
| Proceeds from borrowings                       | -                                    | 826.09                               |
| Repayment of borrowings                        | (64.11)                              | (32.89)                              |
| Foreign exchange loss (net)                    | 0.74                                 | 0.79                                 |
| <b>Borrowings as at year end</b>               | <b>895.40</b>                        | <b>956.43</b>                        |

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

As per our report of even date

## For M S K A & Associates

### Chartered Accountants

Firm Registration No.: 105047W

## For and on behalf of the Board of Directors of

### Sheela Foam Limited

CIN: L74899MH1971PLC427835

## Nipun Gupta

Partner

Membership No.: 502896

## Rahul Gautam

Executive Chairman

DIN: 00192999

## Tushaar Gautam

Managing Director

DIN: 01646487

## Amit Kumar Gupta

Group Chief Financial Officer

Place: Gurugram

Date: May 14, 2025

Place: Noida

Date: May 14, 2025

## Davinder Kumar Ahuja

Group Finance Controller

## Md. Iquebal Ahmad

Company Secretary

Membership No.: A20921

# Material Accounting Policies

for the year ended March 31, 2025

## 1. COMPANY INFORMATION

Sheela Foam Limited ('the Company') is a ISO 9001:2000 public limited company incorporated in India, with its registered office in Maharashtra. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

The Company is pioneered in the manufacturing of polyurethane foams in India and has Twelve manufacturing facilities and Processing facilities, using the state of the art technology at strategic locations across the country.

The standalone financial statements for the year ended March 31, 2025, were approved by the Board of Directors and authorized for issue on May 14, 2025.

## 2. MATERIAL ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The standalone financial statements have been prepared on going concern basis. All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The standalone financial statements have been prepared on accrual and 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.
- share based payments.

#### b. Functional and presentation currency

The standalone financial statements are prepared in Indian Rupees ('₹'), which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest crores with two decimal places, unless stated otherwise.

#### c. Current versus non-current classification

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

An asset is classified as current when it is

- expected to be realized, or intended to be sold or consumed in normal operating cycle;

- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for atleast 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities:

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating Cycle:

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

#### d. Use of estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying standalone financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the standalone financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

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.

# Material Accounting Policies

for the year ended March 31, 2025

Refer below for detailed discussion on estimates and judgments:

## i. Useful lives of Property Plant and Equipment

The Property, Plant and Equipment are depreciated on a pro-rata basis on written down value basis over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 2.2 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the financial position in future years.

## ii. Retirement benefit obligation

The cost of retirement benefits and present value of the retirement benefit obligations in respect of Gratuity and Leave Encashment is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, these retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long-term government bonds with extrapolated maturity corresponding to the expected duration of these obligations. The mortality rate is based on publicly available mortality table for the specific countries. Future salary, seniority, promotion and other relevant factors and pension increases are based on expected future inflation on a long-term basis. Further details about the assumptions used, including a sensitivity analysis are given in Note 45.

## iii. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establish

provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

## iv. Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## v. Impairment of Financial assets

The impairment provision of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## vi. Classification of joint venture

Through the shareholder agreement, the Company has right to appoint the majority of the board of directors and participate and control all significant financial and operating decisions. The Company has therefore determined that it has joint control over the 'House of Kieraya Limited (Furlenco)', even though the company only holds 43.89% of the voting rights.

## 2.2 Property, Plant & Equipment

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till the date of commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

# Material Accounting Policies

for the year ended March 31, 2025

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Freehold land is carried at historical cost and depreciation on property, plant & equipment other than freehold land is provided on a pro-rata basis on written down value basis, over the useful life of the assets estimated by management, in the manner prescribed in Schedule II of the Companies Act, 2013. Depreciation on sale/deduction from property plant and equipment other than freehold land is provided up to the date preceding the date of sale, deduction as the case may be. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

| Asset                                 | Useful life as per<br>Schedule II of the<br>Companies Act, 2013<br>(No. of Years) | Useful life as<br>assessed / estimated<br>by the Company<br>(No. of Years) |
|---------------------------------------|---|--|
| Building                              |   |  |
| - Factory (including roads and lanes) | 30  | 29   |
| - Office                              | 60  | 4-59   |
| - Residential                         | 60  | 59   |
| Plant & Equipment                     | 15  | 20   |
| Storage and Pipelines                 | 25  | 20   |
| Furniture & Fixtures                  | 10  | 15   |
| Vehicles                              | 25  | 20   |
| - Motor Cars                          | 8   | 10   |
| Office Equipment                      | 5   | 20   |
| Data Processing Equipment             |   |  |
| - Computer Equipment                  | 3   | 6  |
| Electrical Fittings                   | 10  | 20   |

Based on usage pattern, technical evaluation and internal assessment, management believes the useful lives as given above best represent the period over which the management expects to use these assets. Hence, the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

## Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01, 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## 2.3 Non-Current Assets Held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of Management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. The Company determines the fair value of such assets on the basis of valuation report obtained from the independent valuer.



# Material Accounting Policies

for the year ended March 31, 2025

## 2.4 Investment in Subsidiaries and Joint venture

Investments in subsidiaries and joint venture entity are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries or joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

## 2.5 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (i) Financial Assets

#### (a) Initial recognition and measurement

At initial recognition, all financial assets are recognized at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### (b) Classification and subsequent measurement

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

- a. at amortized cost;
- b. at fair value through other comprehensive income (FVTOCI); and
- c. at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition. Company reclassifies assets when and only when its business model for managing those assets changes.

#### (1) Financial assets measured at amortized cost:

A financial asset is measured at amortized cost if both the following conditions are met:

- Business Model Test : The objective of the business model is to hold financial asset in

order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and

- Cash Flow Characteristics Test : The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents, investments in securities and employee loans, etc.

#### (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.

# Material Accounting Policies

for the year ended March 31, 2025

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in Statement of Profit and Loss. This category comprises of investments in mutual funds and market linked debentures.

(c) Impairment of financial assets

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

- Financial Assets measured at amortized cost;
- Financial Assets measured at FVTOCI.

Expected credit losses are measured through a loss allowance at an amount equal to:

- 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with banks, security deposits, employee loans, etc.
- Financial assets that are debt instruments and are measured at FVTOCI.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

(d) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when:

- a. The rights to receive cash flows from the asset have been expired/transferred; or
- b. The Company retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. When the entity retains control of the financial asset, the

# Material Accounting Policies

for the year ended March 31, 2025

asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## (ii) Financial Liabilities

### Initial recognition and measurement

All financial liabilities are recognized initially at fair value and in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, borrowings, security deposits and other payables.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Borrowings & Security Deposits

Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR.

#### Financial Guarantee Contract

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

#### Trade and other payables

Trade and other payables are obligations incurred by the Company towards purchase of raw material and other goods and availing the services that have been acquired or availed in the ordinary course of business. Trade and other payables are classified under current liabilities, if payment is due within 12 months as at Balance Sheet date, if not, they are classified under non-current liabilities.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified,

such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

## (iii) Offsetting of financial instruments :

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## (iv) Derivative Financial Instruments :

### Initial recognition and subsequent measurement

The Company uses derivative financial instruments to hedge its foreign currency risk and interest rate risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of Profit or Loss and Other Comprehensive Income. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### Hedge Accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements : -

There is an economic relationship between the hedged items and the hedging instruments,

- the effect of credit risk does not dominate the value changes that result from that economic relationship,
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly

# Material Accounting Policies

for the year ended March 31, 2025

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.

## (v) Supplier finance arrangements :

The Company also classifies financial liabilities from supplier finance arrangements as Acceptance under head trade payables if they are of the same nature and has terms comparable to regular trade payables. This applies when the arrangement is part of the normal operating cycle and has similar security levels. The related cash flows are included in operating activities in the consolidated statement of cash flows.

## 2.6 Inventories

Raw materials, packaging materials and stores and spares parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, first-in-first-out cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average and its cost comprises of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a first-in-first-out.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item-by-item basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

## 2.7 Cash and Cash Equivalents

Cash and cash equivalents comprises of cash on hand, short term deposits with banks with original maturity of 3 months or less, highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

## 2.8 Impairment of Non-Financial Assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

## 2.9 Provisions and Contingent Liabilities

### a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### b) Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

# Material Accounting Policies

for the year ended March 31, 2025

## 2.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

IND AS 115 five step model is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Sales are recognized at the fair value of the consideration that can be reliably measured and reduced by variable consideration. Variable consideration includes sales returns, trade discounts, volume based incentives, and cost of promotional programs, indirect taxes as may be applicable.

The Company provides various volume based rebates to certain customers once the goods are purchased by them above a certain threshold as specified in the scheme letter. Rebates outstanding at the balance sheet date are adjusted against the amount receivable from the customer. To estimate and recognise the liability for the incentives the company uses the methods which best predicts the amount of incentives and is primarily driven by the number of volume thresholds mentioned in the contracts.

### i) Sale of goods – distributors

The company operates via chain of distributors selling mattresses and home comfort products. Revenue from the such sales is recognised when control of the products being sold is transferred to distributor and when there are no longer any unfulfilled obligations. As per company's policy the performance obligations are fulfilled at the time of dispatch from the factory or warehouse.

Company's contract with trade customers do not have financing component or non-cash consideration and the Company does not have any unbilled revenue or deferred revenue.

It is the company's policy to sell its products to the end customer with a right of return within a stipulated time period. Therefore, a refund liability (included in other current liabilities) and a right to recover the returned goods (included in other current assets) are recognised for the products expected to be returned, based on estimate. Historical data and past trends are used to estimate such returns. Because the number of products returned has been steady for years, it is highly probable that a significant

reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The company's obligation to replace faulty products under the standard warranty terms is recognised as a provision (Refer Note 25).

### ii) Sale of goods – B2B

The company manufactures and sells a range of industrial foam and cushioning foam to B2B segment. Sales are recognised when control of the products has transferred, that is when the products are dispatched from the factory or the warehouse.

### iii) Sale of services

The IT consulting division provides business IT management, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

## 2.11 Employee Benefits

### a. Short Term Employee Benefits

All Employee benefits payable within twelve months of rendering the services are classified as short-term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/pay etc, are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### b. Post-Employment Benefits

#### i. Defined contribution plan:

##### (A) Provident fund:

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

##### (B) Employee's State Insurance Scheme:

Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined

# Material Accounting Policies

for the year ended March 31, 2025

Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

## ii. Defined benefit plan

### Gratuity:

The company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Other Comprehensive Income in the year in which they arise. Liability is funded through a separate Gratuity Trust. The short/ excess of gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ asset as at the Balance Sheet date.

## c. Other Long-Term Benefits

### Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

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

## d. Share based payments

### Employee Options:

The fair value of options granted by the Company is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions if any;

- excluding the impact of any service and non-market performance vesting conditions if any;
- including the impact of any non-vesting conditions if any.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where shares are forfeited due to failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

## 2.12 Leases

### As a Lessee

The Company's lease assets classes primarily consist of leases for Land & Buildings. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense in the statement of profit and loss.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



# Material Accounting Policies

for the year ended March 31, 2025

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company separately recognizes the interest expense on the lease liability as finance cost and the depreciation expense on the right-of-use asset.

Payments associated with short-term leases of warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Company has applied the practical expedient wherein it relied on its assessment of whether leases are onerous immediately before the date of initial application.

## As a Lessor

Lease income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as lease income.

## 2.13 Taxation

Tax expense for the year comprises of Current Tax and Deferred Tax are included in the determination of the net profit or loss for the year.

### a. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### b. Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any

unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2.14 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

# Material Accounting Policies

for the year ended March 31, 2025

the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 2.15 Contributed Equity:

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.16 Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## 2.17 Standards (including amendments) issued but not yet effective.

### Amendment to Ind AS 21 – The effects of Changes in Foreign Exchange Rates : Lack of exchangeability

The Ministry of Corporate Affairs (MCA), vide notification dated May 7, 2025, has amended Ind AS 21, The Effects of Changes in Foreign Exchange Rates, to provide guidance on how to account for a currency when it is not exchangeable into another currency. The amendment introduces :

- A definition of when a currency is considered not exchangeable,
- Guidance on estimating the spot exchange rate when exchangeability is lacking,

- Clarification on the selection of exchange rates when multiple rates exist, and
- Enhanced disclosure requirements regarding the nature and financial impact of such situations.

These amendments are applicable for annual reporting periods beginning on or after April 1, 2025, with early application permitted. The Company is currently evaluating the impact of this amendment on its financial statements.

## 2.18 Standards that became effective during the year

- i. The Ministry of Corporate Affairs (MCA) has notified on 09 September 2024 Companies (Indian Accounting Standards) Second Amendment Rules, 2024 amendment to Ind AS 116 Leases (the amendment). This amendment deals with subsequent accounting for a seller-lessee in respect of the sale leaseback transaction accounted for as a sale under Ind AS 115, Revenue from Contracts with Customers. The amendment were applicable for annual periods beginning on or after 1 April 2024.

These amendments have no impact on the financial statements of the Company.

- ii. The Ministry of Corporate Affairs (MCA) has notified new accounting standard Ind AS 117, 'Insurance Contracts', vide notification dated 12 August 2024. Ind AS 117 superseded interim insurance standard Ind AS 104 Insurance Contracts and was effective for annual reporting periods beginning on or after 1 April 2024. This new accounting standard is introduced in India to align 'Insurance Contracts' with the global IFRS 17 standard.

These amendments have no impact on the financial statements of the Company.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2025

## NOTE 3A : PROPERTY, PLANT AND EQUIPMENT / CAPITAL WORK - IN - PROGRESS

| Particulars                         | Land - freehold | Buildings (Including Roads & Lanes) | Plant & Equipment | Furniture and fixtures | Vehicles     | Office equipment | Electrical fittings | Total property, plant and equipment | Capital work-in-progress |
|-------------------------------------|-----------------|-------------------------------------|-------------------|------------------------|--------------|------------------|---------------------|-------------------------------------|--------------------------|
| (₹ in Crores)                       |                 |                                     |                   |                        |              |                  |                     |                                     |                          |
| <b>At cost or deemed cost</b>       |                 |                                     |                   |                        |              |                  |                     |                                     |                          |
| <b>As at April 1, 2023</b>          | <b>17.28</b>    | <b>166.04</b>                       | <b>229.99</b>     | <b>14.20</b>           | <b>16.03</b> | <b>21.20</b>     | <b>11.10</b>        | <b>475.84</b>                       | <b>103.40</b>            |
| Additions                           | 26.11           | 104.22                              | 50.82             | 2.55                   | 3.81         | 15.15            | 22.97               | 225.63                              | 137.70                   |
| Disposals/transfer                  | (0.06)          | (1.30)                              | (15.12)           | (0.30)                 | (1.70)       | (0.65)           | (0.30)              | (19.43)                             | (160.88)                 |
| <b>As at March 31, 2024</b>         | <b>43.33</b>    | <b>268.96</b>                       | <b>265.69</b>     | <b>16.45</b>           | <b>18.14</b> | <b>35.70</b>     | <b>33.77</b>        | <b>682.04</b>                       | <b>80.22</b>             |
| Additions                           | 1.29            | 17.32                               | 99.11             | 3.36                   | 8.17         | 3.22             | 0.83                | 133.30                              | 28.95                    |
| Disposals/transfer                  | -               | (0.07)                              | (9.64)            | (0.04)                 | (1.87)       | (0.30)           | (0.08)              | (12.00)                             | (69.81)                  |
| Transferred assets to held for sale | (0.21)          | (2.46)                              | -                 | -                      | -            | -                | -                   | (2.67)                              | -                        |
| <b>As at March 31, 2025</b>         | <b>44.41</b>    | <b>283.75</b>                       | <b>355.16</b>     | <b>19.77</b>           | <b>24.44</b> | <b>38.62</b>     | <b>34.52</b>        | <b>800.67</b>                       | <b>39.36</b>             |
| <b>Accumulated depreciation</b>     |                 |                                     |                   |                        |              |                  |                     |                                     |                          |
| <b>As at April 1, 2023</b>          | <b>-</b>        | <b>65.44</b>                        | <b>107.20</b>     | <b>7.78</b>            | <b>7.75</b>  | <b>12.06</b>     | <b>5.86</b>         | <b>206.09</b>                       | <b>-</b>                 |
| Charge for the year                 | -               | 24.18                               | 19.08             | 1.36                   | 2.66         | 3.44             | 1.48                | 52.20                               | -                        |
| Disposals/adjustments               | -               | (0.55)                              | (7.05)            | (0.13)                 | (0.98)       | (0.48)           | (0.16)              | (9.35)                              | -                        |
| <b>As at March 31, 2024</b>         | <b>-</b>        | <b>89.07</b>                        | <b>119.23</b>     | <b>9.01</b>            | <b>9.43</b>  | <b>15.02</b>     | <b>7.18</b>         | <b>248.94</b>                       | <b>-</b>                 |
| Charge for the year                 | -               | 31.42                               | 30.39             | 1.69                   | 3.23         | 5.40             | 3.76                | 75.89                               | -                        |
| Disposals/adjustments               | -               | (0.02)                              | (3.87)            | (0.03)                 | (1.44)       | (0.21)           | (0.02)              | (5.59)                              | -                        |
| Transferred assets to held for sale | -               | (1.40)                              | -                 | -                      | -            | -                | -                   | (1.40)                              | -                        |
| <b>As at March 31, 2025</b>         | <b>-</b>        | <b>119.07</b>                       | <b>145.75</b>     | <b>10.67</b>           | <b>11.22</b> | <b>20.21</b>     | <b>10.92</b>        | <b>317.84</b>                       | <b>-</b>                 |
| <b>Net carrying amount</b>          |                 |                                     |                   |                        |              |                  |                     |                                     |                          |
| <b>As at March 31, 2024</b>         | <b>43.33</b>    | <b>179.89</b>                       | <b>146.46</b>     | <b>7.44</b>            | <b>8.71</b>  | <b>20.68</b>     | <b>26.59</b>        | <b>433.10</b>                       | <b>80.22</b>             |
| <b>As at March 31, 2025</b>         | <b>44.41</b>    | <b>164.68</b>                       | <b>209.41</b>     | <b>9.10</b>            | <b>13.22</b> | <b>18.41</b>     | <b>23.60</b>        | <b>482.83</b>                       | <b>39.36</b>             |

### Notes:

- The property, plant and equipment costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.
- Property, plant and equipment and capital work-in-progress has been pledged as security amounted ₹ 286.92 Crores (Previous Year ₹ 324.00 Crores) and for detailed disclosure of charge created on aforesaid assets ( refer note no. 65).
- Refer note no. 52 for disclosure of commitment for expenditure on account of acquisition of Property, plant and equipment.
- Refer note no. 44 for disclosure of title deeds of immovable properties not held in the name of the Company.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2025

e. Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

| Particulars          | March 31, 2025                                     |           |           |                      |       | March 31, 2024                                     |           |           |                      |       | (₹ in Crores) |
|----------------------|--|-----------|-----------|----------------------|-------|--|-----------|-----------|----------------------|-------|---------------|
|                      | Amount in Capital Work-in-progress for a period of |           |           |                      |       | Amount in Capital Work-in-progress for a period of |           |           |                      |       |               |
|                      | Less than<br>1 year                                | 1-2 years | 2-3 years | More than<br>3 years | Total | Less than<br>1 year                                | 1-2 years | 2-3 years | More than<br>3 years | Total |               |
|                      | 28.15  | 10.90     | 0.31      | -                    | 39.36 | 68.44  | 11.78     | -         | -                    | 80.22 |               |
| Projects in progress |  |           |           |                      |       |  |           |           |                      |       |               |

f. Schedule for Capital work-in-progress whose completion is overdue compared to its original plan:-

| Particulars                   | March 31, 2025  |           |           |                   |       | March 31, 2024  |           |           |                   |       |
|-------------------------------|---|-----------|-----------|-------------------|-------|---|-----------|-----------|-------------------|-------|
|                               | Amount in Capital work-in-progress to be completed in |           |           |                   | Total | 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 |       |
| Jabalpur Plant                | -   | -         | -         | -                 | -     | 63.26   | -         | -         | -                 | 63.26 |
| S.G Learning Centre (Aligarh) | 25.96   | -         | -         | -                 | 25.96 | -   | -         | -         | -                 | -     |

g. The Company does not have any project temporary suspended.

## NOTE 3B : ASSETS HELD FOR SALE/ASSETS INCLUDED IN DISPOSAL GROUP(S) HELD FOR SALE

| Particulars                   | As at March 31, 2025 |      | As at March 31, 2024 |   |
|-------------------------------|----------------------|------|----------------------|---|
|                               |                      |      |                      |   |
| Property, Plant and Equipment | -                    | 1.27 | -                    | - |

During the year ended March 31, 2025, the company has decided to close Rajpura plant and dispose off the land and building of this plant having carrying value of ₹1.27 crores as on March 31, 2025.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in Crores)

| Particulars                     | Leasehold land | Buildings    | Total          |
|---------------------------------|----------------|--------------|----------------|
| <b>Cost</b>                     |                |              |                |
| <b>As at April 1, 2023</b>      | <b>41.62</b>   | <b>0.51</b>  | <b>42.13</b>   |
| Additions                       | 25.44          | 22.51        | <b>47.95</b>   |
| Disposal/transfer               | (16.00)        | -            | <b>(16.00)</b> |
| <b>As at March 31, 2024</b>     | <b>51.06</b>   | <b>23.02</b> | <b>74.08</b>   |
| Additions                       | -              | 30.11        | <b>30.11</b>   |
| Disposal/transfer               | -              | (11.54)      | <b>(11.54)</b> |
| <b>As at March 31, 2025</b>     | <b>51.06</b>   | <b>41.59</b> | <b>92.65</b>   |
| <b>Accumulated Depreciation</b> |                |              |                |
| <b>As at April 1, 2023</b>      | <b>4.32</b>    | <b>0.14</b>  | <b>4.46</b>    |
| Charge for the year             | 4.83           | 1.25         | <b>6.08</b>    |
| Disposal/transfer               | (4.27)         | -            | <b>(4.27)</b>  |
| <b>As at March 31, 2024</b>     | <b>4.88</b>    | <b>1.39</b>  | <b>6.27</b>    |
| Charge for the year             | 4.58           | 8.04         | <b>12.62</b>   |
| Disposal/transfer               | -              | (1.52)       | <b>(1.52)</b>  |
| <b>As at March 31, 2025</b>     | <b>9.46</b>    | <b>7.91</b>  | <b>17.37</b>   |
| <b>Net carrying amount</b>      |                |              |                |
| <b>As at March 31, 2024</b>     | <b>46.18</b>   | <b>21.63</b> | <b>67.81</b>   |
| <b>As at March 31, 2025</b>     | <b>41.60</b>   | <b>33.68</b> | <b>75.28</b>   |

(i) Refer note no. 47 for detailed disclosures as per IND AS 116 "Leases".

## NOTE 5 : INVESTMENT PROPERTY

(₹ in Crores)

| Particulars                     | Leasehold land | Freehold land | Buildings   | Total         |
|---------------------------------|----------------|---------------|-------------|---------------|
| <b>Cost</b>                     |                |               |             |               |
| <b>As at April 1, 2023</b>      | <b>0.68</b>    | <b>0.11</b>   | <b>4.32</b> | <b>5.11</b>   |
| Additions                       | -              | -             | -           | -             |
| Disposal/Transfer               | -              | (0.11)        | (0.47)      | <b>(0.58)</b> |
| <b>As at March 31, 2024</b>     | <b>0.68</b>    | <b>-</b>      | <b>3.85</b> | <b>4.53</b>   |
| Additions                       | -              | -             | -           | -             |
| Disposal/Transfer               | -              | -             | -           | -             |
| <b>As at March 31, 2025</b>     | <b>0.68</b>    | <b>-</b>      | <b>3.85</b> | <b>4.53</b>   |
| <b>Accumulated Depreciation</b> |                |               |             |               |
| <b>As at April 1, 2023</b>      | <b>0.06</b>    | <b>-</b>      | <b>1.62</b> | <b>1.68</b>   |
| Charge for the year             | 0.01           | -             | 0.15        | <b>0.16</b>   |
| Disposal/transfer               | -              | -             | (0.26)      | <b>(0.26)</b> |
| <b>As at March 31, 2024</b>     | <b>0.07</b>    | <b>-</b>      | <b>1.51</b> | <b>1.58</b>   |
| Charge for the year             | 0.01           | -             | 0.13        | <b>0.14</b>   |
| Disposal/transfer               | -              | -             | -           | -             |
| <b>As at March 31, 2025</b>     | <b>0.08</b>    | <b>-</b>      | <b>1.64</b> | <b>1.72</b>   |
| <b>Net carrying amount</b>      |                |               |             |               |
| <b>As at March 31, 2024</b>     | <b>0.61</b>    | <b>-</b>      | <b>2.34</b> | <b>2.95</b>   |
| <b>As at March 31, 2025</b>     | <b>0.60</b>    | <b>-</b>      | <b>2.21</b> | <b>2.81</b>   |

### Notes:

- Property that is held for long- term rental yields or for capital appreciation or both and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are added to the carrying amount only when it is probable that it will increase its useful life. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred. Though the Company measures investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer applying a recognized and recommended valuation model.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

- b. Depreciation on investment property, is provided on a pro-rata basis on a written down value basis, over the useful life of the property estimated by management, in the manner prescribed in Schedule II of the Act. The property's residual value, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Act:

| Asset         | Useful life as per<br>Schedule II of the<br>Companies Act, 2013 | Useful life as<br>assessed / estimated<br>by the Company |
|---------------|---|--|
|               | No. of Years  | No. of Years   |
| Buildings:    |   |  |
| - Factory     | 30  | 29   |
| - Office      | 60  | 59   |
| - Residential | 60  | 59   |

Based on usage pattern, technical evaluation and internal assessment, management believes the useful lives, as given above best represent the period over which the management expects to use the properties. Hence, the useful lives of these properties is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

- c. The leasehold land has been amortised during the year by ₹ 0.01 Crores (March 31, 2024: ₹ 0.01 Crores) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.
- d. 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. On transition to Ind AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognized in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 01, 2016.
- e. Income from investment property

| Particulars   | As at<br>March 31, 2025 | (₹ in Crores)<br>As at<br>March 31, 2024 |
|---|-------------------------|--|
|   |                         |  |
| Rental Income derived from investment property              | 1.83                    | 1.96                                     |
| Profit arising from investment property before depreciation | 1.83                    | 1.96                                     |
| (Less): Depreciation for the year                           | (0.14)                  | (0.16)                                   |
| <b>Net Profit arising from investment property</b>          | <b>1.69</b>             | <b>1.80</b>                              |

- f. The Company has obtained independent valuation for its investment properties at ₹ 17.28 Crores as on March 31, 2025 and ₹ 18.25 Crores as on March 31, 2024 (included one investment property located at Silvassa, which was sold during the previous year). These valuations are based on valuations performed by K.S. Agrawal Associates, an accredited independent valuer. K.S.Agrawal Associates is a specialist in valuing these types of investment properties and reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where is' basis.
- g. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements thereof and there are no restrictions on remittance of income and proceeds of disposal.
- h. The investment properties which are leasehold properties, realisability of the same is subject to the terms and conditions under the respective lease agreements.
- i. The Company's Investment Properties are given on cancellable lease for a period 1-10 years.



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 6 : INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

| Particulars  | As at March 31, 2025 |                 | As at March 31, 2024 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | No.                  | ₹ in Crores     | No.                  | ₹ in Crores     |
| <b>Investment in equity shares (Unquoted, at cost) (fully paid up)</b>                       |                      |                 |                      |                 |
| <b>Subsidiaries</b>  |                      |                 |                      |                 |
| Joyce Foam PTY. Limited -  | 6,58,500             | 23.07           | 6,58,500             | 23.07           |
| Face value per share of AUD 10/- each  |                      |                 |                      |                 |
| Staquo Software Private Limited (formerly known as Divya Software solutions private Limited- | 94,633               | 76.02           | 94,633               | 76.02           |
| Face value per share of ₹ 10/- each  |                      |                 |                      |                 |
| Sleepwell Enterprises Private Limited-   | 10,500               | 1.09            | 10,500               | 1.09            |
| Face value per share of ₹ 10/- each  |                      |                 |                      |                 |
| International Foam Technologies SL, Spain -  | 1,20,03,000          | 96.39           | 1,20,03,000          | 96.39           |
| Face value per share of Euro 1/-each   |                      |                 |                      |                 |
| Staquo World Private Limited -   | 10,000               | 0.01            | 10,000               | 0.01            |
| Face value per share of ₹ 10/- each  |                      |                 |                      |                 |
| Sheela Foam Trading LLC -  | 594                  | 9.51            | 500                  | 1.14            |
| Face value per share of AED 1000/- each  |                      |                 |                      |                 |
| Kurlon Enterprise Limited -  | 3,56,13,520          | 2,030.03        | 3,56,13,520          | 2,000.03        |
| Face value per share of ₹ 10/- each  |                      |                 |                      |                 |
|  | <b>4,83,90,747</b>   | <b>2,236.12</b> | <b>4,83,90,653</b>   | <b>2,197.75</b> |
| <b>Joint Venture</b>   |                      |                 |                      |                 |
| House of Kieraya Limited (Formerly known as House of Kieraya Private Limited)-               |                      |                 |                      |                 |
| Investment in Compulsory Convertible Preference Shares - Face value per share of ₹ 10/- each | 2,36,53,754          | 335.10          | 1,80,52,759          | 248.79          |
| Investment in Equity shares - Face value per share of ₹ 1/- each                             | 76,03,040            | 76.54           | 18,57,500            | 25.60           |
| Investment in Share warrants - Face value per share of ₹ 52.35/- (approx.) each              | -                    | -               | 56,00,995            | 86.31           |
| <b>Total</b>   | <b>3,12,56,794</b>   | <b>411.64</b>   | <b>2,55,11,254</b>   | <b>360.70</b>   |
| <b>Aggregate amount of Unquoted Investments</b>  |                      | <b>2,647.76</b> |                      | <b>2,558.45</b> |
| <b>Aggregate amount of impairment in value of investments</b>                                |                      | -               |                      | -               |

During the previous year ended March 31, 2024, the Company had acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited. During the year ended March 31, 2025, the equity stake has been increased to 43.89%, pursuant to purchase of 53,95,540 equity shares through right issue and an additional acquisition of 3,50,000 equity shares of House of Kieraya Limited. Further, The Company also subscribed to 56,00,995 Compulsory Convertible Preference Shares through exercise of share warrants.

### NOTE 6.1 : INFORMATION ABOUT SUBSIDIARIES

| Name of the Company and Country of Incorporation  | Principal Activities  | As at          |                |
|---|---|----------------|----------------|
|   |   | March 31, 2025 | March 31, 2024 |
| Joyce Foam PTY. Limited, Australia  | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers). | 100            | 100            |
| Staquo 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   | To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam.           | 100            | 100            |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| Name of the Company and Country of Incorporation | Principal Activities  | (%) of Shareholding  |                      |
|--|---|----------------------|----------------------|
|  |   | As at March 31, 2025 | As at March 31, 2024 |
| Staquo World Private Limited, India              | Information technology and related ancillary activities.  | 100                  | 100                  |
| Kurlon Enterprise Limited, India                 | Engaged in the business of manufacturing/trading in rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc. | 97.43                | 97.43                |
| Sheela Foam Trading LLC, Dubai                   | Home Furniture and Mattresses trading.  | 100                  | 100                  |

## NOTE 6.2 : INFORMATION ABOUT JOINT VENTURE

| Name of the Company and Country of Incorporation                                     | Principal Activities  | (%) of Shareholding  |                      |
|--|---|----------------------|----------------------|
|  |   | As at March 31, 2025 | As at March 31, 2024 |
| House Of Kieraya Limited, India (Formerly known as House Of Kieraya Private Limited) | The Company is engaged in the business of providing furnishings solutions by purchasing and letting on rent furniture and fixtures, domestic equipment's, home appliances, and other electronic equipment's and sale of refurbished and new furniture and fixtures and other electronic equipments. | 43.89                | 17.70                |

The country of incorporation or registration for above subsidiaries and joint venture is also their principal place of business.

## NOTE 7 : OTHER INVESTMENTS (NON CURRENT)

| Particulars   | (₹ in Crores)        |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2025 | As at March 31, 2024 |
| <b>In Debentures - fully paid up</b>                          |                      |                      |
| Carried at amortised cost - Unquoted                          | -                    | -                    |
| Carried at fair value through Profit & Loss - Unquoted        | -                    | 510.00               |
| <b>Total Investments</b>                                      | -                    | <b>510.00</b>        |
| <b>Aggregate amount of Unquoted investment</b>                | -                    | <b>510.00</b>        |
| <b>Aggregate amount of impairment in value of investments</b> | -                    | -                    |

## NOTE 8 : LOANS (NON CURRENT)

| Particulars   | (₹ in Crores)        |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2025 | As at March 31, 2024 |
| <b>(Unsecured, considered good)</b>                 |                      |                      |
| <b>At amortised cost</b>                            |                      |                      |
| Loans to employees                                  | 0.27                 | 0.27                 |
| Loan to Subsidiary Company (refer note no. 46 & 68) | 79.40                | 72.17                |
| <b>Total</b>  | <b>79.67</b>         | <b>72.44</b>         |

The Company has not granted any loans and advances in the nature of loans to promoters, directors, KMPs and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayments.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 9 : OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Crores)

| Particulars                                    | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b>            |                         |                         |
| Security deposits                              | 8.77                    | 6.27                    |
| Capital Subsidy Receivable (refer note no. 33) | 32.65                   | -                       |
| Deposits with banks:                           |                         |                         |
| - held as margin money                         | -                       | 0.01                    |
| <b>Total</b>                                   | <b>41.42</b>            | <b>6.28</b>             |

## NOTE 10 : NON CURRENT TAX ASSETS (NET)

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Advance income tax (net of provision of ₹ 121.45 Crores (March 31, 2024 ₹ 94.15 Crores)) | 16.56                   | 39.14                   |
| <b>Total</b>   | <b>16.56</b>            | <b>39.14</b>            |

## NOTE 11 : OTHER NON CURRENT ASSETS

(₹ in Crores)

| Particulars                         | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b> |                         |                         |
| Capital advances*                   | 4.66                    | 5.56                    |
| Prepaid rent                        | 0.38                    | 0.38                    |
| Loan & advances                     | 0.19                    | 1.00                    |
| <b>Total</b>                        | <b>5.23</b>             | <b>6.94</b>             |

\*For value of Contracts in capital account remaining to be executed (refer note no. 52)

## NOTE 12 : INVENTORIES

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>(Valued at lower of cost and net realisable value unless otherwise stated)</b> |                         |                         |
| Raw materials   | 64.85                   | 58.27                   |
| Raw materials (In transit)  | 11.21                   | 9.38                    |
| Work-in-progress  | 67.79                   | 45.10                   |
| Finished goods  | 33.78                   | 13.91                   |
| Stock-in-trade  | -                       | 2.92                    |
| Packing materials   | 6.66                    | 6.66                    |
| Packing materials (In transit)  | 0.23                    | 0.45                    |
| Stores and spares   | 12.76                   | 12.42                   |
| Stores & spares (In transit)  | 0.01                    | 0.48                    |
| <b>Total</b>  | <b>197.29</b>           | <b>149.59</b>           |

### Notes:

- Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to ₹ 0.05 Crores (March 31, 2024: ₹ 0.11 Crores) for write-down to net realisable value and provision for slow-moving and obsolete items.
- Inventories held by Company are subject to hypothecation by bankers towards working capital limits obtained by the Company (refer note no. 65).

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 13 : INVESTMENTS

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>In Mutual Funds - fully paid up</b>                |                         |                         |
| Carried at fair value through profit and loss- Quoted | 464.52                  | -                       |
| <b>Total Investments</b>                              | <b>464.52</b>           | <b>-</b>                |
| <b>Aggregate amount of Quoted Investments</b>         | <b>464.52</b>           | <b>-</b>                |
| <b>Aggregate market value of Quoted Investments</b>   | <b>464.52</b>           | <b>-</b>                |

## NOTE 14 : TRADE RECEIVABLES

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>(At amortised cost)</b>   |                         |                         |
| <b>Unsecured</b>   |                         |                         |
| Trade receivables - considered good (refer note below)               | 239.14                  | 188.90                  |
| Trade receivables - considered doubtful                              | 4.48                    | 3.55                    |
| <b>Trade receivables (gross)</b>                                     | <b>243.62</b>           | <b>192.45</b>           |
| Less: Impairment allowance for trade receivables considered doubtful | (4.48)                  | (3.55)                  |
| <b>Total</b>   | <b>239.14</b>           | <b>188.90</b>           |
| <b>Further classified as</b>   |                         |                         |
| Receivable from related parties (refer note no. 46)                  | 49.39                   | 9.32                    |
| Receivable from others   | 189.75                  | 179.58                  |
|  | <b>239.14</b>           | <b>188.90</b>           |

### Notes :

- No trade receivables are due from directors or other officers of the Company 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 Company has applied the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables on individual customer basis and not at portfolio level.

### d. Movement in the expected credit loss allowance

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Balance at the beginning of the year                   | 3.55                    | 2.46                    |
| Charge / (reversal) in allowance during the year (net) | 0.93                    | 1.09                    |
| <b>Balance at the end of the year</b>                  | <b>4.48</b>             | <b>3.55</b>             |

- During year ended March 31, 2024, The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the company had transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the company has retained late payment and credit risk. The company therefore continued to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement was presented as secured borrowing. The company considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. However, such factoring agreements was discontinued and repaid during the year ended March 31, 2025.

### The relevant carrying amounts are as follows:

(₹ in Crores)

| Particulars                                       | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Total transferred receivables                     | -                       | 26.32                   |
| Associated secured borrowings (refer note no. 28) | -                       | 26.32                   |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## Presenting Cash flows

Management considers that in substance the factor collects the amounts receivable on the entity's behalf and retains the cash in settlement of the separate financing transaction. The company therefore presents the cash inflows received from the bank as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

- f. Refer note no. 50 for information about credit and market risk of trade receivables.
- g. Realization from trade receivables held by Company are subject to hypothecation by bankers towards working capital limits obtained by the Company.
- h. There are no unbilled receivables, hence the same is not disclosed in the ageing schedules.
- i. Below is the ageing analysis of trade receivables :

### As on March 31, 2025

(₹ in Crores)

| 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   | 124.94   | 99.76              | 7.83              | 0.14        | 3.12        | 3.35              | 239.14        |
| - which have significant increase in credit risk  | -  | -                  | -                 | -           | 0.40        | 0.04              | 0.44          |
| - credit impaired   | -  | -                  | -                 | -           | -           | -                 | -             |
| (ii) Disputed trade receivables   |  |                    |                   |             |             |                   |               |
| - considered good   | -  | -                  | -                 | -           | -           | -                 | -             |
| - which have significant increase in credit risk  | -  | 0.31               | 0.08              | 0.61        | 2.78        | 0.26              | 4.04          |
| - credit impaired   | -  | -                  | -                 | -           | -           | -                 | -             |
| (iii) Impairment allowance for trade receivables considered doubtful ( Disputed and Non Disputed) | -  | (0.31)             | (0.08)            | (0.61)      | (3.18)      | (0.30)            | (4.48)        |
| <b>Total</b>  | <b>124.94</b>  | <b>99.76</b>       | <b>7.83</b>       | <b>0.14</b> | <b>3.12</b> | <b>3.35</b>       | <b>239.14</b> |

### As on March 31, 2024

(₹ in Crores)

| 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   | 94.18  | 77.27              | 8.17              | 6.58        | 0.31        | 2.39              | 188.90        |
| - which have significant increase in credit risk  | -  | -                  | -                 | -           | -           | -                 | -             |
| - credit impaired   | -  | -                  | -                 | -           | -           | -                 | -             |
| (ii) Disputed trade receivables   |  |                    |                   |             |             |                   |               |
| - considered good   | -  | -                  | -                 | -           | -           | -                 | -             |
| - which have significant increase in credit risk  | -  | 0.36               | 0.22              | 0.61        | 1.76        | 0.60              | 3.55          |
| - credit impaired   | -  | -                  | -                 | -           | -           | -                 | -             |
| (iii) Impairment allowance for trade receivables considered doubtful ( Disputed and Non Disputed) | -  | (0.36)             | (0.22)            | (0.61)      | (1.76)      | (0.60)            | (3.55)        |
| <b>Total</b>  | <b>94.18</b>   | <b>77.27</b>       | <b>8.17</b>       | <b>6.58</b> | <b>0.31</b> | <b>2.39</b>       | <b>188.90</b> |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## 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: (₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Balance with banks :   |                         |                         |
| Current accounts   | 22.31                   | 12.51                   |
| Fixed deposits account with an original maturity of less than three months | 0.01                    | 0.01                    |
| Cash on hand   | 0.32                    | 0.09                    |
| <b>Total</b>   | <b>22.64</b>            | <b>12.61</b>            |

### Notes:

- There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior year.
- Cash balances with bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

## NOTE 16 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Bank Deposits having original maturity more than 3 months but less than 12 months | 0.31                    | 0.28                    |
| <b>Total</b>  | <b>0.31</b>             | <b>0.28</b>             |

### Note:

Other bank balances represent fixed deposits with banks.

## NOTE 17 : LOANS (CURRENT)

(₹ in Crores)

| Particulars                         | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b> |                         |                         |
| <b>At amortised cost</b>            |                         |                         |
| Loans to employees                  | 1.04                    | 0.80                    |
| <b>Total</b>                        | <b>1.04</b>             | <b>0.80</b>             |

### Note:

In the above no loans or advances are granted to promoters, directors, KMPs and related parties.

## NOTE 18 : OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b>                                |                         |                         |
| Interest accrued but not due on deposits with Banks and debentures | 0.06                    | 0.06                    |
| Interest accrued on loan given to subsidiary companies*            | 0.76                    | 3.52                    |
| Capital Subsidy Receivable   | 13.06                   | -                       |
| Other Receivables*   | 0.67                    | 6.85                    |
| Other loans & advances   | 0.44                    | 0.47                    |
| <b>Total</b>   | <b>14.99</b>            | <b>10.90</b>            |

### Note:

\* For transaction with related parties, refer note no. 46.



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 19 : OTHER CURRENT ASSETS

(₹ in Crores)

| Particulars                                     | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b>             |                         |                         |
| Advance to contractors/suppliers                | 6.68                    | 5.59                    |
| Balances with Statutory/Government authorities: |                         |                         |
| Excise & Custom                                 | 1.52                    | 1.19                    |
| GST   | 32.04                   | 33.42                   |
| VAT/Sales Tax                                   | 4.76                    | 4.84                    |
| Prepaid expenses                                | 9.85                    | 7.31                    |
| Lease equalisation                              | 0.42                    | 0.54                    |
| Right to recover return goods (refer note (a))  | 2.26                    | 2.40                    |
| <b>Total</b>                                    | <b>57.53</b>            | <b>55.29</b>            |

- (a) 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 20 : EQUITY SHARE CAPITAL

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>(a) Authorised share capital:</b>                                   |                         |                         |
| 26,00,00,000 fully paid equity shares of ₹ 5/- each                    | 130.00                  | 130.00                  |
| (March 31, 2024 : 26,00,00,000 fully paid equity shares of ₹ 5/- each) |                         |                         |
|  | <b>130.00</b>           | <b>130.00</b>           |
| <b>Issued, subscribed &amp; paid up share capital:</b>                 |                         |                         |
| 10,87,05,996 fully paid equity shares of ₹ 5/- each                    | 54.35                   | 54.35                   |
| (March 31, 2024 : 10,86,97,341 equity shares of ₹ 5/- each)            |                         |                         |
| <b>Total</b>   | <b>54.35</b>            | <b>54.35</b>            |

### (b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

| Particulars   | As at March 31, 2025 |              | As at March 31, 2024 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | Number of shares     | ₹ in Crores  | Number of shares     | ₹ in Crores  |
| At the beginning of the year                        | 10,86,97,341         | 54.35        | 9,75,65,616          | 48.78        |
| Shares issued due to exercise of ESOPs              | 8,655                | 0.00         | -                    | -            |
| Fully paid up equity shares issued during the year* | -                    | -            | 1,11,31,725          | 5.57         |
| <b>Outstanding at the end of the year</b>           | <b>10,87,05,996</b>  | <b>54.35</b> | <b>10,86,97,341</b>  | <b>54.35</b> |

\*During the previous year ended March 31, 2024, the Company had raised money by the way of Qualified Institutions Placement ('QIP') and allotted 1,11,31,725 equity shares of face value ₹ 5/- each to the eligible qualified institutional buyers (QIB) at a price of ₹ 1,078/- per equity share (including a premium of ₹ 1,073 per equity share) aggregating to ₹ 1,200.00 Crores on September 26, 2023. The issue was made in accordance SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Expenses incurred in relation to QIP includes ₹ 58.47 Crores which has been adjusted from Securities Premium Account (refer note no. 21).

### (c) Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 5/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Company in proportion of their shareholding.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (d) Details of shareholders holding more than 5% shares in the Company

| Particulars                     | As at March 31, 2025 |              | As at March 31, 2024 |              |
|---------------------------------|----------------------|--------------|----------------------|--------------|
|                                 | Number of shares     | % of holding | Number of shares     | % of holding |
| Sh. Rahul Gautam                | 1,25,90,759          | 11.58%       | 1,24,18,970          | 11.43%       |
| Smt. Namita Gautam              | 1,14,31,758          | 10.52%       | 1,14,31,758          | 10.52%       |
| Sh. Tushaar Gautam              | 3,41,98,628          | 31.46%       | 3,41,72,628          | 31.44%       |
| Rangoli Resorts Private Limited | 1,31,88,318          | 12.13%       | 1,31,50,818          | 12.10%       |
| SBI Magnum Midcap Fund          | 1,06,27,158          | 9.78%        | 1,06,25,381          | 9.78%        |

## (e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares

During the year ended March 31, 2025 and March 31, 2024, no shares were allotted as fully paid up by way of bonus shares. While during the year ended March 31, 2023, 4,87,82,808 fully paid up equity shares of ₹ 5/- each were allotted by way of bonus shares to all the shareholders of Holding company in the ratio of 1:1.

## (f) Shareholding of promoters & promoter group

| Shares held by promoters at the end of the year<br>Promoter name | As at March 31, 2025 |               |                          | As at March 31, 2024 |               |                          |
|--|----------------------|---------------|--------------------------|----------------------|---------------|--------------------------|
|  | Number of Shares     | % of holding  | % Change during the year | Number of shares     | % of holding  | % Change during the year |
| Sh. Rahul Gautam   | 1,25,90,759          | 11.58%        | 0.15%                    | 1,24,18,970          | 11.43%        | -1.30%                   |
| Smt. Namita Gautam   | 1,14,31,758          | 10.52%        | 0.00%                    | 1,14,31,758          | 10.52%        | -1.20%                   |
| Sh. Tushaar Gautam   | 3,41,98,628          | 31.46%        | 0.02%                    | 3,41,72,628          | 31.44%        | -3.59%                   |
| Rangoli Resorts Private Limited                                  | 1,31,88,318          | 12.13%        | 0.03%                    | 1,31,50,818          | 12.10%        | -1.37%                   |
| <b>Total</b>   |                      | <b>65.69%</b> |                          |                      | <b>65.49%</b> |                          |

- (g) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end. However, certain bonus shares has been issued during the year ended March 31, 2023, refer (e) above.

## NOTE 21 : OTHER EQUITY

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Securities Premium (refer note (a) below)          | 1,136.89                | 1,135.96                |
| Retained earnings (refer note (b) below)           | 1,595.42                | 1,483.82                |
| Share based payment reserve (refer note (c) below) | 8.91                    | 2.42                    |
| Cash flow hedge reserve (refer note (d) below)     | (1.84)                  | (2.26)                  |
| <b>Total</b>                                       | <b>2,739.38</b>         | <b>2,619.94</b>         |

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Securities Premium</b>  |                         |                         |
| Opening balance  | 1,135.96                | -                       |
| Equity shares issued during the year                                   | -                       | 1,194.43                |
| Equity Fund raising expenses   | -                       | (58.47)                 |
| Transferred from SBP Reserve due to exercise of Employee Share Options | 0.93                    | -                       |
| <b>Closing balance</b>   | <b>1,136.89</b>         | <b>1,135.96</b>         |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| (₹ in Crores)   |                         |                         |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Retained earnings</b>  |                         |                         |
| Opening balance   | 1,483.82                | 1,315.93                |
| Net profit for the year   | 112.09                  | 168.23                  |
| Remeasurements of the net defined benefit plans (net of tax)                | (0.49)                  | (0.34)                  |
| MTM Loss on Cross currency SWAP on Equity investment in Subsidiary          | -                       | -                       |
| <b>Closing balance</b>  | <b>1,595.42</b>         | <b>1,483.82</b>         |
| <b>Share based payment reserve</b>  |                         |                         |
| Opening balance   | 2.42                    | -                       |
| Employees share based payment expenses                                      | 7.42                    | 2.42                    |
| Transferred to Securities Premium due to exercise of Employee Share Options | (0.93)                  | -                       |
| <b>Closing balance</b>  | <b>8.91</b>             | <b>2.42</b>             |
| <b>Cash flow hedge reserve</b>  |                         |                         |
| Opening balance   | (2.26)                  | (2.60)                  |
| Gain / (Loss) on Cash flow hedge reserve (net of tax)                       | 0.42                    | 0.34                    |
| <b>Closing balance</b>  | <b>(1.84)</b>           | <b>(2.26)</b>           |

## Note:

### (a) Securities Premium

The amount received in excess of face value of equity shares is recognised in Securities premium.

### (b) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders. Remeasurement of net defined benefit plans: Differences between the interest income on plan assets and the return actually achieved and any changes in liabilities over the year due to changes in actuarial assumption on experience adjustment with in the plan, are recognised in other comprehensive income and are adjusted to retained earning.

### (c) Share based payment reserve

The fair value of the equity-settled share based payment transaction is recognised in standalone statement of profit and loss with corresponding credit to Share based payment reserve.

### (d) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

## NOTE 22 : BORROWINGS (NON-CURRENT)

| (₹ in Crores)                                     |                         |                         |
|---|-------------------------|-------------------------|
| Particulars                                       | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Secured</b>                                    |                         |                         |
| Term Loans from Banks (refer note (A) below)      |                         |                         |
| - ₹ Bank Loan                                     | 13.58                   | 27.15                   |
| - \$ Bank Loan                                    | 20.13                   | 39.23                   |
| <b>Unsecured</b>                                  |                         |                         |
| Non-convertible Debentures (refer note (B) below) | 361.29                  | 721.01                  |
| <b>Total</b>                                      | <b>395.00</b>           | <b>787.39</b>           |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Reconciliation of carrying value of Unsecured Non-Current Borrowings:</b> |                         |                         |
| Gross carrying value of Unsecured Borrowings                                 | 725.00                  | 725.00                  |
| Less: Unamortised cost netted off in Borrowings                              | (1.56)                  | (3.99)                  |
| Add: Interest accrued on Non Convertible Debentures                          | 29.54                   | 29.63                   |
| <b>Total</b>   | <b>752.98</b>           | <b>750.64</b>           |
| Current  | 391.69                  | 29.63                   |
| Non current  | 361.29                  | 721.01                  |

## A. Term Loans from Banks

- ₹ & \$ Term loans have been taken from JPMorgan Chase Bank, N.A., India & Kotak Mahindra Bank respectively during the year ended 31<sup>st</sup> March, 2022 for purchase of capital equipment's for its Nandigram manufacturing unit and towards construction of Mandla (Jabalpur) manufacturing facility.
- ₹ Term Loan 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.
- \$ Term Loan 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.
- \$ & ₹ Term loans has been secured by hypothecation of first charge on entire fixed assets (Movable fixed assets and immovable fixed assets)(refer note no. 65).
- 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 |
|--------------------------------|---|---|---|
| JPMorgan Chase Bank (₹ loan)   | The facility shall be used by the borrower towards Capex at their new plants in Nandigram and Jabalpur. | Yes   | Not applicable                                      |
| Kotak Mahindra Bank (USD Loan) | For capex at Maneri, Medhi Niwas, Jabalpur, Madhya Pradesh and Nandigram, Umbergaon, Valsad, Gujrat.    | Yes   | Not applicable                                      |

- Repayment schedule for secured loan outstanding:-

(₹ in Crores)

| Particulars  | As at March 31, 2025        |                | As at March 31, 2024        |                |
|--|-----------------------------|----------------|-----------------------------|----------------|
|  | JP Morgan                   | Kotak Mahindra | JP Morgan                   | Kotak Mahindra |
| Currency of Loan   | ₹                           | \$             | ₹                           | \$             |
| Number of installments (Remaining)                         | 8                           | 8              | 12                          | 12             |
| Rate of Interest (%)                                       | 1.37% over 3M T- Bill rates | 2.25%          | 1.37% over 3M T- Bill rates | 2.25%          |
| Borrowings (Current) :-                                    |                             |                |                             |                |
| Due within one year (refer note no. 28) (₹ in crores)      | 13.58                       | 20.13          | 13.58                       | 19.61          |
| Borrowings (Non Current):-                                 |                             |                |                             |                |
| Due after one year but not more than 5 years (₹ in crores) | 13.58                       | 20.13          | 27.15                       | 39.23          |
| Due more than 5 years (₹ in crores)                        | -                           | -              | -                           | -              |
|  | <b>27.16</b>                | <b>40.26</b>   | <b>40.73</b>                | <b>58.84</b>   |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## B. Non-Convertible Debentures

- a. Rated, Listed, Unsecured, 8.45% Coupon, Non-Convertible Debentures amounting to ₹ 391.69 crores (March 31, 2024: ₹ 29.63 Crores) included within Current maturities of Non-Convertible Debentures in note no. 28 and ₹ 361.29 Crores (March 31, 2024: ₹ 721.01 Crores) included within Non-Convertible Debentures in note no. 22. It bears Interest rate of 8.45% and maturity ranges from April 2025 to October 2026.

- b. Terms of Debentures

| Particulars of Debentures                        | STRPP - I                            | STRPP - II                             | STRPP - III                          | STRPP - IV                             |
|--|--------------------------------------|--|--------------------------------------|--|
| Face value per debenture (₹ )                    | 1,00,000                             | 1,00,000                               | 1,00,000                             | 1,00,000                               |
| Date of allotment                                | October 06, 2023                     | October 06, 2023                       | October 06, 2023                     | October 06, 2024                       |
| As at 31 <sup>st</sup> March, 2025 (₹ in Crores) | 188.62                               | 188.29                                 | 188.10                               | 187.97                                 |
| As at 31 <sup>st</sup> March, 2024 (₹ in Crores) | 187.78                               | 187.67                                 | 187.61                               | 187.58                                 |
| Interest   | 8.45% p.a payable annually           | 8.45% p.a payable annually             | 8.45% p.a payable annually           | 8.45% p.a payable annually             |
| Terms of Repayment                               | Due for Redemption on April 04, 2025 | Due for Redemption on October 06, 2025 | Due for Redemption on April 04, 2026 | Due for Redemption on October 06, 2026 |

- c. Funds raised from Non-Convertible Debentures were utilised for the purpose it were obtained.
- d. The Company agrees, confirms and undertakes to comply with and maintain the following Financial covenants at a group level, at all times till the final settlement date:-
- Interest service coverage ratio not less than 2.5 times
  - Total Net debt / EBITDA less than 3.5 times
  - Total Debt / Tangible net worth less than 2 times

As at the end of the reporting year, the above financial covenants has been complied with.

## NOTE 23 : LEASE LIABILITIES

| Particulars                            | (₹ in Crores)        |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2025 | As at March 31, 2024 |
| Lease liabilities (refer note no. 47A) | 53.27                | 43.83                |
| <b>Total</b>                           | <b>53.27</b>         | <b>43.83</b>         |
| Current                                | 12.83                | 7.59                 |
| Non current                            | 40.44                | 36.24                |

## NOTE 24 : OTHER FINANCIAL LIABILITIES (NON CURRENT)

| Particulars                      | (₹ in Crores)        |                      |
|----------------------------------|----------------------|----------------------|
|                                  | As at March 31, 2025 | As at March 31, 2024 |
| Deposits from dealers and others | 18.79                | 15.68                |
| Unearned Rent Income             | 0.06                 | 0.13                 |
| <b>Total</b>                     | <b>18.85</b>         | <b>15.81</b>         |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 25 : PROVISIONS

(₹ in Crores)

| Particulars                                 | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Long-term provisions:</b>                |                         |                         |
| Provision for employee benefits:            |                         |                         |
| - Compensated absences                      | 7.01                    | 5.68                    |
| Other provisions:                           |                         |                         |
| - Provision for warranty (refer note below) | 6.19                    | 4.75                    |
| <b>Total</b>                                | <b>13.20</b>            | <b>10.43</b>            |
| <b>Short-term provisions:</b>               |                         |                         |
| Provision for employee benefits:            |                         |                         |
| - Compensated absences                      | 0.79                    | 0.62                    |
| - Gratuity                                  | 4.33                    | 3.99                    |
| Other provisions:                           |                         |                         |
| - Provision for warranty (refer note below) | 7.61                    | 6.56                    |
| <b>Total</b>                                | <b>12.73</b>            | <b>11.17</b>            |

### Note:

#### Provision for warranty:

Provision is recognised for expected warranty claims on mattresses sold, based on past experience of the level of returns and in accordance with the Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are sales return trend based on past warranty sales. The table below gives information about movement in warranty provision:

(₹ in Crores)

| Particulars                       | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-----------------------------------|-------------------------|-------------------------|
| At the beginning of the year      | 11.31                   | 11.23                   |
| Add : Created during the year     | 14.15                   | 9.01                    |
| (Less) : Utilised during the year | (11.66)                 | (8.93)                  |
| <b>At the end of the year</b>     | <b>13.80</b>            | <b>11.31</b>            |

## NOTE 26 : OTHER NON CURRENT LIABILITIES

(₹ in Crores)

| Particulars            | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|------------------------|-------------------------|-------------------------|
| Deferred capital grant | 33.52                   | 0.17                    |
| <b>Total</b>           | <b>33.52</b>            | <b>0.17</b>             |

The table below gives information about movement in deferred capital grant:

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| At the beginning of the year                                       | 0.20                    | 0.23                    |
| Liability recognised during the year                               | 45.71                   | -                       |
| (Less) : Adjustment  | (0.20)                  | (0.03)                  |
| (Less) : Realised to statement of profit and loss ( refer note 33) | (7.24)                  | -                       |
| <b>At the end of the year</b>                                      | <b>38.47</b>            | <b>0.20</b>             |
| Non Current  | 33.52                   | 0.17                    |
| Current  | 4.95                    | 0.03                    |



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 27 : DEFERRED TAX LIABILITIES (NET)

(₹ in Crores)

| Particulars                    | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--------------------------------|-------------------------|-------------------------|
| Deferred tax liabilities (net) | 1.25                    | 11.70                   |
| <b>Total</b>                   | <b>1.25</b>             | <b>11.70</b>            |

### Movement of deferred tax (assets)/liabilities

(₹ in Crores)

| Particulars   | Opening<br>balance | Recognised<br>in the<br>statement of<br>profit or loss | Recognised<br>in the other<br>comprehen-<br>sive income | Closing<br>balance |
|---|--------------------|--|---|--------------------|
| <b>As at March 31, 2025</b>   |                    |  |   |                    |
| Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting purposes.                   | 8.38               | 4.61   | -   | 3.77               |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | (1.59)             | 0.37   | -   | (1.96)             |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (Net)                                   | 9.49               | 5.93   | -   | 3.56               |
| MTM loss on forward currency swap contract  | (3.44)             | 0.57   | 0.13  | (4.14)             |
| Impact of Lease assets  | (0.25)             | 0.42   | -   | (0.67)             |
| Others  | (0.89)             | (1.58)   | -   | 0.69               |
| <b>Total</b>  | <b>11.70</b>       | <b>10.32</b>   | <b>0.13</b>   | <b>1.25</b>        |

(₹ in Crores)

| Particulars   | Opening<br>balance | Recognised<br>in the<br>statement of<br>profit or loss | Recognised<br>in the other<br>comprehen-<br>sive income | Closing<br>balance |
|---|--------------------|--|---|--------------------|
| <b>As at March 31, 2024</b>   |                    |  |   |                    |
| Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting purposes.                   | 6.03               | 2.35   | -   | 8.38               |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | (1.10)             | (0.49)   | -   | (1.59)             |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (Net)                                   | 2.21               | 7.28   | -   | 9.49               |
| Remeasurements gain / (loss) of the net defined benefit plans   | (0.53)             | 0.37   | 0.16  | -                  |
| MTM loss on forward currency swap contract  | (4.20)             | 0.90   | (0.14)  | (3.44)             |
| Impact of Lease assets  | 1.71               | (1.96)   | -   | (0.25)             |
| Others  | (0.59)             | (0.30)   | -   | (0.89)             |
| <b>Total</b>  | <b>3.53</b>        | <b>8.15</b>  | <b>0.02</b>   | <b>11.70</b>       |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 28 : BORROWINGS (CURRENT)

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Secured</b>  |                         |                         |
| Term Loans from Banks   |                         |                         |
| - ₹ Bank Loan   | 13.58                   | 13.58                   |
| - \$ Bank Loan  | 20.13                   | 19.61                   |
| Working Capital Loan  | 75.00                   | 79.90                   |
| Factored Receivables  | -                       | 26.32                   |
| <b>Unsecured</b>  |                         |                         |
| Current Maturities of Non-Convertible Debentures (Including Interest) | 391.69                  | 29.63                   |
| <b>Total</b>  | <b>500.40</b>           | <b>169.04</b>           |

### Note:

- Working capital facility has been taken to meet day to day funds requirement with interest rate for this facilities ranging from 7.40% to 7.90% (March 31, 2023 : 7.32% to 7.45%) (refer note no. 67)
- Refer note no. 22 for the purpose, interest rate and repayment term for Term Loans from Banks
- In the previous year ended March 31, 2024 Factored receivables are secured by first charge on trade receivables subject to factoring arrangements.

## NOTE 29 : TRADE PAYABLES

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Trade payables other than acceptances:  |                         |                         |
| (i) Total outstanding dues of micro enterprises and small enterprises (refer note no. 56)   | 26.66                   | 21.15                   |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 132.50                  | 139.94                  |
| (iii) Acceptances (refer note (d) below)  | 66.28                   | -                       |
| <b>Total</b>  | <b>225.44</b>           | <b>161.09</b>           |

### Notes:

- Trade payables due to related parties are disclosed in Note no. 46.
- 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.
- Acceptances are arrangements where operational suppliers of goods and services are initially paid by banks/ financial institutions while the Company continues to recognise the liability till settlement with the banks/ financial institutions, which are normally effected within a period of 90 days. The Company has implemented a supplier financing program available to certain key suppliers. Participation in this program is voluntary for suppliers. Suppliers opting into this arrangement are eligible to receive early payment for invoices issued to the Company through a third party financial institution.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

To authorise early payments, the company must verify that the goods or services have been received and that the related invoices have been received. The financial institution processes any early payments before the original invoice due date. Regardless of early payment, the Company settles the full invoice amount directly with the financial institution based on the original payment terms. This arrangement does not alter the existing payment terms with suppliers and the Company does not provide any collateral or guarantees to the financial institution. The trade payables subject to the supplier financing program described above are included in trade payables in the standalone balance sheet:

| Particulars  | (₹ in Crores)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Carrying amount of trade payables that are part of a supplier finance arrangement        | 66.28                   | -                       |
| Carrying amounts of trade payables for which the suppliers have already received payment | 66.28                   | -                       |

## e. Ageing Analysis for Trade payables:

### As on March 31, 2025

| Particulars                 | Outstanding for following periods from due date of payment |                     |                     |             |           |                      | Total         |
|-----------------------------|--|---------------------|---------------------|-------------|-----------|----------------------|---------------|
|                             | Unbilled<br>Dues   | Payables<br>not due | Less than<br>1 Year | 1-2 years   | 2-3 years | more than<br>3 years |               |
| (i) MSME                    | 7.95   | 18.71               | -                   | -           | -         | -                    | 26.66         |
| (ii) Others                 | 14.06  | 173.77              | 10.66               | 0.24        | -         | 0.05                 | 198.78        |
| (iii) Disputed dues - MSME  | -  | -                   | -                   | -           | -         | -                    | -             |
| (iv) Disputed dues - Others | -  | -                   | -                   | -           | -         | -                    | -             |
| <b>Total</b>                | <b>22.01</b>   | <b>192.48</b>       | <b>10.66</b>        | <b>0.24</b> | <b>-</b>  | <b>0.05</b>          | <b>225.44</b> |

### As on March 31, 2024

| Particulars                 | Outstanding for following periods from due date of payment |                     |                     |             |             |                      | Total         |
|-----------------------------|--|---------------------|---------------------|-------------|-------------|----------------------|---------------|
|                             | Unbilled<br>Dues   | Payables<br>not due | Less than<br>1 Year | 1-2 years   | 2-3 years   | more than<br>3 years |               |
| (i) MSME                    | -  | 21.15               | -                   | -           | -           | -                    | 21.15         |
| (ii) Others                 | 6.49   | 128.43              | 4.83                | 0.07        | 0.08        | 0.04                 | 139.94        |
| (iii) Disputed dues - MSME  | -  | -                   | -                   | -           | -           | -                    | -             |
| (iv) Disputed dues - Others | -  | -                   | -                   | -           | -           | -                    | -             |
| <b>Total</b>                | <b>6.49</b>  | <b>149.58</b>       | <b>4.83</b>         | <b>0.07</b> | <b>0.08</b> | <b>0.04</b>          | <b>161.09</b> |

## NOTE 30 : OTHER FINANCIAL LIABILITIES (CURRENT)

| Particulars                                       | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Creditors for capital goods                       | 8.73                    | 6.90                    |
| Deposits from dealers and others                  | 70.98                   | 70.98                   |
| Liability towards exercise of share warrants      | -                       | 55.85                   |
| Employee Liabilities                              | 19.54                   | 26.02                   |
| Other financial liabilities                       | 95.34                   | 71.94                   |
| Liability against foreign currency swap contracts | 24.90                   | 22.25                   |
| Interest accrued but not due on borrowings        | 0.50                    | -                       |
| Unearned rent Income                              | 0.07                    | 0.07                    |
| <b>Total</b>                                      | <b>220.06</b>           | <b>254.01</b>           |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 31 : CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Income tax payable (Net of advance tax ₹ 25.10 Crores (March 31, 2024 : Nil)) | 20.95                   | -                       |
| <b>Total</b>  | <b>20.95</b>            | <b>-</b>                |

## NOTE 32 : OTHER CURRENT LIABILITIES

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Refund liabilities  | 3.79                    | 3.88                    |
| Deferred capital grant (refer note (a))   | 4.95                    | 0.03                    |
| Contract liabilities (refer note (b))   | 70.09                   | 38.90                   |
| Statutory dues (Including provident fund, tax deducted at source, Goods and Service Tax and others) | 19.67                   | 11.05                   |
| Other Liabilities (refer note (c))  | 2.75                    | 2.91                    |
| <b>Total</b>  | <b>101.25</b>           | <b>56.77</b>            |

### Notes:

- Refer note no. 26 for the movement in deferred capital grant.
- Consists of advances received from customers towards supply of products.
- Consists of liability pertaining to Corporate social responsibility of ₹ Nil Crores (March 31, 2024: ₹ 0.29 Crores) (refer note no. 58).

## NOTE 33 : REVENUE FROM OPERATIONS

(₹ in Crores)

| Particulars                           | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Sale of products (refer note below)   | 2,576.24                             | 1,870.49                             |
| Sale of services                      | 2.01                                 | 6.56                                 |
|                                       | <b>2,578.25</b>                      | <b>1,877.05</b>                      |
| Other operating revenue               |                                      |                                      |
| - Income from sale of processed scrap | 1.95                                 | 2.39                                 |
| - Amortisation of Government grants   | 7.24                                 | -                                    |
| - Other Operating Revenue             | 0.07                                 | 0.08                                 |
| <b>Total</b>                          | <b>2,587.51</b>                      | <b>1,879.52</b>                      |

### Notes:

- Includes sale of finished goods and semi-finished goods and services to related parties (refer note no. 46).

### b) Government Grants / Subsidy :

During the year, the Company has received sanction for Government grants of ₹45.71 crore in relation to investment in Plant and machineries of its manufacturing unit in Madhya Pradesh. Government grants of ₹38.47 crore are shown as deferred income and ₹7.24 crore are credited to the statement of profit or loss over the expected life of the related assets and presented within "other operating income" in the statement of profit and loss.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## Note 33.1 : Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Geographical Revenue</b>                        |                                      |                                      |
| <b>Type of goods</b>                               |                                      |                                      |
| Revenue from external customers                    | 2,576.24                             | 1,870.49                             |
| <b>Total revenue from contracts with customers</b> |                                      |                                      |
| India  | 2,563.79                             | 1,851.56                             |
| Outside India                                      | 12.45                                | 18.93                                |
|  | <b>2,576.24</b>                      | <b>1,870.49</b>                      |
| <b>Type of services ( IT Support Services)</b>     |                                      |                                      |
| Revenue from external customers                    | 2.01                                 | 6.56                                 |
| <b>Total revenue from contracts with customers</b> |                                      |                                      |
| India  | 2.01                                 | 2.34                                 |
| Outside India                                      | -                                    | 4.22                                 |
|  | <b>2.01</b>                          | <b>6.56</b>                          |
| <b>Total revenue from contracts with customers</b> | <b>2,578.25</b>                      | <b>1,877.05</b>                      |

## Note 33.2 : Contract balances

The following table provides information about receivables and contract liabilities from contract with customers.

(₹ in Crores)

| Particulars                                | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Contract Liabilities</b>                |                         |                         |
| Advance from customers (refer note no. 32) | 70.09                   | 38.90                   |
| <b>Receivables</b>                         |                         |                         |
| Trade Receivables (refer note no.14)       | 239.14                  | 188.90                  |

Receivables is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer in advance.

## Note 33.3 : Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Revenue as per contracted price (goods and services) | 2,830.69                             | 2,089.57                             |
| Less: Adjustments:                                   |                                      |                                      |
| Sales return   | (35.27)                              | (16.58)                              |
| Rebate and discount                                  | (217.17)                             | (195.94)                             |
| <b>Revenue from contracts with customers</b>         | <b>2,578.25</b>                      | <b>1,877.05</b>                      |

## Note 33.4 : Performance obligations

The performance obligation for sale of product is considered as fulfilled according to the terms agreed with the respective customer.

The performance obligation for sale of services is satisfied over the period of time as per contract with customers.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 34 : OTHER INCOME

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| <b>Interest income from:</b>  |                                      |                                      |
| Financial assets at amortised cost  |                                      |                                      |
| Bank deposits   | 0.04                                 | 0.03                                 |
| Loan given to subsidiary companies (refer note no. 46)  | 3.44                                 | 3.51                                 |
| Others  | 2.95                                 | 2.97                                 |
| Financial assets at fair value  |                                      |                                      |
| Currency swap forward contract  | 5.07                                 | 4.94                                 |
| Unwinding of discount of deposits & lease receivable  | 0.38                                 | 0.55                                 |
| On income tax refund  | 1.21                                 | 0.01                                 |
| <b>Other non operating income</b>   |                                      |                                      |
| Gain on Termination of Lease  | 0.16                                 | 1.65                                 |
| Guarantee commission (refer note (a) below & note no. 46)   | 1.42                                 | 1.34                                 |
| Rental income (refer note (b) below)  | 2.45                                 | 2.09                                 |
| Liabilities/provisions no longer required written back  | 0.11                                 | 0.02                                 |
| Income from sale of Mutual fund & MLD - designated at fair value through profit and loss (refer note (c) below) | 41.36                                | 39.78                                |
| Fair valuation adjustments of Investments through profit and loss (refer note (d) below)                        | 14.14                                | 28.97                                |
| Sale of non-processed scrap   | 5.88                                 | 6.04                                 |
| Net gain on foreign currency transactions and translations (refer note (e) below)                               | 3.18                                 | 3.74                                 |
| Other miscellaneous income  | 1.35                                 | 1.24                                 |
| <b>Total</b>  | <b>83.14</b>                         | <b>96.88</b>                         |

### Notes:

#### a) Guarantee Commission

The Company earns guarantee commission on the guarantee given to Bank for the credit facility availed by its foreign subsidiaries.

#### b) Rental income

Rental income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature. It Includes rental income of ₹ 1.96 Crores (March 31, 2024: ₹ 1.96 Crores) from Investment property (refer note no. 5).

#### c) Income from sale of investments

The Company earns profit/loss on sale of mutual funds, bonds, AIF and MLD. When these investments are sold, the cumulative gain or loss previously recognised in statement of profit or loss and recognised in Other Income Interest income from these financial assets is included in other income using the effective interest rate method.

#### d) Fair valuation adjustments of Investments

Fair value through profit and loss of Investments represent fair valuation changes in mutual funds & MLD which includes dividend declared and not distributed (distributed based on record dates) as at reporting dates which have not been recognised in financial statements.

#### e) Foreign Currency Transactions

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date and the exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 35 : COST OF MATERIALS CONSUMED

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Raw material</b>  |                                      |                                      |
| Opening inventory  | 67.65                                | 100.66                               |
| Add: Purchases   | 1,359.74                             | 988.80                               |
| (Less): Sales/adjustments/return   | (45.82)                              | (59.82)                              |
| (Less): Closing inventory (including goods in transit of ₹ 11.21 Crores (March 31, 2024: ₹ 9.38 Crores)) | (76.06)                              | (67.65)                              |
| <b>Raw materials consumed</b>  | <b>1,305.51</b>                      | <b>961.99</b>                        |
| <b>Packing Material</b>  |                                      |                                      |
| Opening inventory  | 7.11                                 | 6.34                                 |
| Add: Purchases   | 78.07                                | 63.54                                |
| (Less): Sales/adjustments/return   | (8.36)                               | (8.41)                               |
| (Less): Closing inventory (including goods in transit of ₹ 0.23 Crores (March 31, 2024: ₹ 0.45 Crores))  | (6.89)                               | (7.11)                               |
| <b>Packing materials consumed</b>  | <b>69.93</b>                         | <b>54.36</b>                         |
| <b>Cost of materials consumed</b>  | <b>1,375.44</b>                      | <b>1,016.35</b>                      |

## NOTE 36 : PURCHASE OF STOCK-IN-TRADE

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses | 336.04                               | 81.76                                |
| <b>Total</b>   | <b>336.04</b>                        | <b>81.76</b>                         |

## NOTE 37 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Closing stock:</b>  |                                      |                                      |
| Finished goods   | 33.78                                | 13.91                                |
| Stock in trade   | -                                    | 2.92                                 |
| Work-in-progress   | 67.79                                | 45.10                                |
| Right to recover return goods  | 2.26                                 | 2.40                                 |
|  | <b>103.83</b>                        | <b>64.33</b>                         |
| <b>Opening stock:</b>  |                                      |                                      |
| Finished goods   | 13.91                                | 11.57                                |
| Stock in trade   | 2.92                                 | 25.90                                |
| Work-in-progress   | 45.10                                | 50.78                                |
| Right to recover return goods  | 2.40                                 | 1.46                                 |
|  | <b>64.33</b>                         | <b>89.71</b>                         |
| <b>Changes in inventories of finished goods, Stock in Trade and work in progress</b> | <b>(39.50)</b>                       | <b>25.38</b>                         |

## NOTE 38 : OTHER MANUFACTURING EXPENSES

(₹ in Crores)

| Particulars                                  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Power and fuel                               | 10.83                                | 9.15                                 |
| Repair and maintenance:                      |                                      |                                      |
| - Buildings                                  | 1.27                                 | 1.39                                 |
| - Plant and equipment                        | 28.20                                | 21.71                                |
| Processing and other charges                 | 32.29                                | 22.50                                |
| <b>Total</b>                                 | <b>72.59</b>                         | <b>54.75</b>                         |
| (Less): Transfer to Capital work-in-progress | (0.07)                               | (1.24)                               |
| <b>Total</b>                                 | <b>72.52</b>                         | <b>53.51</b>                         |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 39 : EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages, allowance, and other benefits                | 184.88                               | 140.64                               |
| Contribution to gratuity (refer note no. 45)                  | 3.95                                 | 2.98                                 |
| Contribution to provident and other funds (refer note no. 45) | 10.61                                | 8.46                                 |
| Employees share based payment expenses (refer note no. 45)    | 7.42                                 | 2.42                                 |
| Workmen and staff welfare                                     | 15.18                                | 12.65                                |
| <b>Total</b>  | <b>222.04</b>                        | <b>167.15</b>                        |
| (Less): Transfer to Capital work-in-progress                  | (0.05)                               | (1.30)                               |
| <b>Total</b>  | <b>221.99</b>                        | <b>165.85</b>                        |

## NOTE 40 : FINANCE COSTS

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Interest expense (on financial liabilities measured at amortised cost) : |                                      |                                      |
| - On Security deposits   | 3.78                                 | 5.29                                 |
| - On non-convertible debentures  | 63.61                                | 30.77                                |
| - On borrowings from banks   | 20.13                                | 7.99                                 |
| - On lease liabilities   | 4.50                                 | 2.77                                 |
| - Others   | 2.56                                 | 0.83                                 |
| Bank Charges   | 0.34                                 | 0.14                                 |
| <b>Total</b>   | <b>94.92</b>                         | <b>47.79</b>                         |
| (Less): Transfer to Capital work-in-progress                             | (0.47)                               | (4.04)                               |
| <b>Total</b>   | <b>94.45</b>                         | <b>43.75</b>                         |

## NOTE 41 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment (refer note no. 3A) | 75.89                                | 52.20                                |
| Depreciation on right-of-use assets (refer note no. 4)            | 12.62                                | 6.08                                 |
| Depreciation on investment property (refer note no. 5)            | 0.14                                 | 0.16                                 |
| <b>Total</b>  | <b>88.65</b>                         | <b>58.44</b>                         |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 42 : OTHER EXPENSES

(₹ in Crores)

| Particulars                                    | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| IT Support services                            | 14.10                                | 17.17                                |
| Freight and forwarding                         | 132.37                               | 89.80                                |
| Rent and hire                                  | 5.11                                 | 6.23                                 |
| Insurance                                      | 9.29                                 | 8.88                                 |
| Rates and taxes                                | 0.73                                 | 0.77                                 |
| Legal and professional                         | 15.49                                | 11.33                                |
| Other Maintenance                              | 11.69                                | 9.14                                 |
| Selling and promotion                          | 56.60                                | 38.39                                |
| Travelling and conveyance                      | 25.25                                | 17.93                                |
| Loss on sale/disposal of fixed assets          | 0.44                                 | 0.27                                 |
| Warranty (refer note (a))                      | 14.15                                | 9.01                                 |
| Advertisement                                  | 67.01                                | 93.16                                |
| Net Loss on Foreign Currency Forward Contracts | 2.78                                 | 0.44                                 |
| Advances/Balances written off                  | 0.09                                 | 0.28                                 |
| Provision for Doubtful debts                   | 0.93                                 | 1.09                                 |
| Contributions towards CSR (refer note no. 58)  | 4.34                                 | 4.82                                 |
| Miscellaneous                                  | 25.78                                | 20.89                                |
| <b>Total</b>                                   | <b>386.15</b>                        | <b>329.60</b>                        |
| (Less): Transfer to Capital work-in-progress   | (0.21)                               | (2.78)                               |
| <b>Total</b>                                   | <b>385.94</b>                        | <b>326.82</b>                        |

### Note:

#### a) 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.

### Note 42.1 : Auditor's remuneration included in legal and professional (excluding GST)

(₹ in Crores)

| Particulars                                | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Statutory audit (including limited review) | 0.40                                 | 0.40                                 |
| Certification                              | 0.03                                 | 0.09                                 |
| Out of pocket expenses                     | 0.05                                 | 0.02                                 |
| <b>Total</b>                               | <b>0.48</b>                          | <b>0.51</b>                          |

## NOTE 43 : EARNINGS PER SHARE

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Profit for the year attributable to Equity shareholders        | 112.09                               | 168.23                               |
| Earnings used in the calculation of basic earnings per share   | 112.09                               | 168.23                               |
| Earnings used in the calculation of diluted earnings per share | 112.09                               | 168.23                               |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| Particulars   | For the year ended<br>March 31, 2025<br>( In Numbers) | For the year ended<br>March 31, 2024<br>( In Numbers) |
|---|---|---|
| Weighted average number of equity shares for the purposes of basic earnings per share   | 10,86,97,863  | 10,32,83,551  |
| Weighted average number of equity shares for the purposes of diluted earnings per share | 10,88,81,916  | 10,33,29,194  |

| Particulars                | For the year ended<br>March 31, 2025<br>(₹ per share) | For the year ended<br>March 31, 2024<br>(₹ per share) |
|----------------------------|---|---|
| Basic earnings per share   | 10.31   | 16.29   |
| Diluted earnings per share | 10.29   | 16.28   |

**NOTE 44 :** There are no title deeds of Immovable Properties, which are not held in name of the Company.

## NOTE 45 : EMPLOYEE BENEFITS

### A. Defined contribution plans

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund and National Pension Scheme, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 10.61 Crores (March 31, 2024: ₹ 8.46 Crores) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Employer's contribution towards Provident Fund (PF)             | 9.15                                 | 7.21                                 |
| Employer's contribution towards Employees State Insurance (ESI) | 0.66                                 | 0.62                                 |
| Employer's contribution towards Labour welfare fund (LWF)       | 0.00                                 | 0.00                                 |
| Employer's contribution towards National Pension Scheme (NPS)   | 0.80                                 | 0.63                                 |
| <b>Total (refer note no. 39)</b>                                | <b>10.61</b>                         | <b>8.46</b>                          |

### B. 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<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Discount rate                            | 6.81%                                | 7.09%                                |
| Future salary increase/salary escalation | 7.00%                                | 7.00%                                |
| Retirement age (years)                   | 60                                   | 60                                   |
| Mortality Tables                         |                                      |                                      |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| Particulars         | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---------------------|--------------------------------------|--------------------------------------|
| Employee turnover   |                                      |                                      |
| 18 to 30 years      | 4.20%                                | 3.59%                                |
| From 31 to 45 years | 5.00%                                | 4.29%                                |
| Above 45 years      | 0.83%                                | 1.47%                                |

## Notes:

- 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.
- 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, 2025 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 year, while holding all other assumptions constant.

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Increase / (decrease) on present value of defined benefits obligations at the end of the year |                                      |                                      |
| <b>Discount rate</b>  |                                      |                                      |
| Increase by 1.00%   | (3.67)                               | (3.24)                               |
| Decrease by 1.00%   | 4.11                                 | 3.62                                 |
| <b>Salary increase</b>  |                                      |                                      |
| Increase by 1.00%   | 4.06                                 | 3.59                                 |
| Decrease by 1.00%   | (3.70)                               | (3.28)                               |

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 year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, Other Comprehensive Income and the funded status and amounts recognised in the Balance Sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

## Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Service cost:   |                                      |                                      |
| Current service cost  | 3.40                                 | 2.63                                 |
| Past service cost and (gain)/loss from settlements                      | -                                    | -                                    |
| Net interest expense  | 0.28                                 | 0.35                                 |
| <b>Components of defined benefit costs recognised in profit or loss</b> | <b>3.68</b>                          | <b>2.98</b>                          |
| Reimbursement of gratuity expense to Related parties                    | 0.27                                 | -                                    |
| <b>Total</b>  | <b>3.95</b>                          | <b>2.98</b>                          |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| Particulars   | (₹ in Crores)                        |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Remeasurement on the net defined benefit liability:                                 |                                      |                                      |
| Actuarial gains and losses arising from changes in demographic assumptions          | (0.00)                               | -                                    |
| Actuarial (gains) / losses arising from changes in financial assumptions            | 1.04                                 | -                                    |
| Actuarial (gains) / losses arising from experience adjustments                      | 0.15                                 | 1.12                                 |
| Return on Plan Asset (Excluding Interest)   | (0.54)                               | (0.67)                               |
| <b>Components of defined benefit costs recognised in other comprehensive income</b> | <b>0.65</b>                          | <b>0.45</b>                          |
| <b>Total</b>  | <b>4.60</b>                          | <b>3.43</b>                          |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:

| Particulars   | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Present value of funded defined benefit obligation    | 38.44                   | 33.46                   |
| Fair value of plan assets                             | (34.11)                 | (29.47)                 |
| <b>Net deficit in funded plan (refer note no. 25)</b> | <b>4.33</b>             | <b>3.99</b>             |

Movements in the present value of the defined benefit obligation are as follows:

| Particulars  | (₹ in Crores)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Opening defined benefit obligation   | 33.46                                | 29.55                                |
| Current service cost   | 3.40                                 | 2.63                                 |
| Interest cost  | 2.37                                 | 2.09                                 |
| Remeasurement (gains)/losses:  |                                      |                                      |
| Actuarial gains and losses arising from changes in demographic assumptions | (0.00)                               | -                                    |
| Actuarial gains and losses arising from changes in financial assumptions   | 1.04                                 | -                                    |
| Actuarial gains and losses arising from experience adjustments             | 0.15                                 | 1.12                                 |
| Benefits paid  | (1.99)                               | (1.93)                               |
| <b>Closing defined benefit obligation</b>                                  | <b>38.43</b>                         | <b>33.46</b>                         |

Change in plan assets are as follows:

| Particulars                              | (₹ in Crores)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Opening fair value of plan assets        | 29.47                                | 24.70                                |
| Return on plan assets                    | 2.09                                 | 1.75                                 |
| Employer contribution                    | 4.00                                 | 4.28                                 |
| Actuarial gain/(loss) on Asset           | 0.54                                 | 0.67                                 |
| Benefits paid                            | (1.99)                               | (1.93)                               |
| <b>Closing fair value of plan assets</b> | <b>34.11</b>                         | <b>29.47</b>                         |

The major categories of plan assets:

| Particulars        | (₹ in Crores)           |                         |
|--------------------|-------------------------|-------------------------|
|                    | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Insurance products | 34.11                   | 29.47                   |
| <b>Total</b>       | <b>34.11</b>            | <b>29.47</b>            |



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

Maturity profile of gratuity liability is as follows:

| Year  | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| 0 to 1 year   | 2.35                    | 2.07                    |
| 1 to 2 Year   | 2.08                    | 1.78                    |
| 2 to 3 Year   | 1.52                    | 1.50                    |
| 3 to 4 Year   | 1.53                    | 1.53                    |
| 4 to 5 Year   | 2.17                    | 1.54                    |
| 5 Year onwards  | 28.79                   | 25.04                   |
| <b>Expected contribution to the fund in next year (₹ In Crores)</b> | <b>8.51</b>             | <b>7.17</b>             |

## Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

### a. Asset volatility:

The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk. A portion of the funds are invested in equity securities. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

### b. Changes in discount rate:

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets holdings.

### c. Inflation risks

Gratuity payments are not linked to inflation, so this is a less material risk.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of unit linked group insurance plan which further invests in government and corporate bonds, equities, money market instruments & public deposits. The plan asset mix is in compliance with the requirements of the respective local regulations.

## C. Share based payments

### a) Employee option plan

The establishment of the Sheela Foam Limited - Employees Stock Option Plan 2022' ("SF ESOP - 2022") was approved by shareholders at the 2022 annual general meeting. The Employee Option Plan is designed to provide long term incentive for people who are in the employment of the Company, whether working in India or outside India, including Director of the Company, whether Whole time director or not, including a non-executive director, but excluding Promoter, Promoter group and independent Directors, a director

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company to deliver long-term shareholder returns. Under the plan, participants are granted options which vest upon completion of upto three years or on satisfaction of market conditions. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

(₹ in Crores)

| Particulars                      | As at March 31, 2025                        |                   | As at March 31, 2024                        |                   |
|----------------------------------|---|-------------------|---|-------------------|
|                                  | Average exercise price per share option (₹) | Number of options | Average exercise price per share option (₹) | Number of options |
| Opening balance                  | 5   | 2,59,852          | -   | -                 |
| Granted during the year          | 5   | 1,49,994          | 5   | 2,59,852          |
| Exercised during the year        | 5   | (8,655)           | -   | -                 |
| Forfeited/Lapsed during the year | 5   | (44,291)          | -   | -                 |
| <b>Closing balance</b>           | <b>5</b>                                    | <b>3,56,900</b>   | <b>5</b>                                    | <b>2,59,852</b>   |

No options expired during the periods covered in the above tables.

Share options outstanding at the end of the year have the following expiry date having exercise price of ₹ 5 each:

(₹ in Crores)

| Grant date   | Expiry Date | Number of options    |                      |
|--------------|-------------|----------------------|----------------------|
|              |             | As at March 31, 2025 | As at March 31, 2024 |
| 02-11-2023   | 01-11-2027  | 9,172                | 17,827               |
| 02-11-2023   | 01-11-2029  | 69,606               | 84,765               |
| 06-02-2024   | 05-02-2030  | 7,260                | 7,260                |
| 06-02-2024   | 06-12-2028  | 1,50,000             | 1,50,000             |
| 21-05-2024   | 20-05-2030  | 2,640                | -                    |
| 16-10-2024   | 15-10-2030  | 1,14,460             | -                    |
| 10-03-2025   | 16-10-2030  | 3,762                | -                    |
| <b>Total</b> |             | <b>3,56,900</b>      | <b>2,59,852</b>      |

## (i) Fair value of options granted basis service vesting period

The fair value at the grant date of options granted during the year ended March 31, 2025 ranges from ₹ 705.05 to ₹ 1081.63 (March 31, 2024: ₹ 1081.02 to ₹ 1081.63).

The fair value at grant date is independently determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the Black Scholes Model used :

| Particulars                             | Model Inputs |            |            |            |            |            |            |
|---|--------------|------------|------------|------------|------------|------------|------------|
|   | 2024-2025    |            |            |            | 2023-2024  |            |            |
| Grant Date                              | 21-05-2024   | 16-10-2024 | 16-10-2024 | 10-03-2025 | 02-11-2023 | 02-11-2023 | 06-02-2024 |
| Expiry Date                             | 20-05-2030   | 15-10-2028 | 15-10-2030 | 16-10-2030 | 01-11-2027 | 01-11-2029 | 05-02-2030 |
| Risk free rate (%)                      | 7.309        | 6.68       | 6.68       | 6.60       | 7.29       | 7.309      | 7.309      |
| Expected life of options (no. of years) | 3.5          | 4          | 6          | 5.61       | 1.5        | 3.5        | 3.5        |
| Expected volatility (%)                 | 26.81        | 25.31      | 25.31      | 62.94      | 26.81      | 26.81      | 26.81      |
| Dividend yield (%)                      | 0            | 0          | 0          | 0          | 0          | 0          | 0          |
| Exercise price (₹)                      | 5            | 5          | 5          | 5          | 5          | 5          | 5          |
| Fair value of the option (₹)            | 1081.63      | 900.97     | 901.45     | 705.05     | 1081.02    | 1081.63    | 1081.63    |

The expected price volatility is based on the historic volatility (based on the remaining life of options), adjusted for any expected changes to future volatility due to publicly available information.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (ii) Fair value of options granted basis satisfaction of market conditions

The fair value at the grant date of options granted during the year ended March 31, 2024 was ₹ 2347.47. No options were granted during the year.

The fair value at grant date is independently determined using the Monte Carlo Simulations (MCS), which is used to model the probabilities of different outcomes in a process that cannot easily be predicted due to the intervention of random variables. It is a technique used to understand the impact of risk and uncertainty in prediction and forecasting models. We have forecasted the multiple possibilities of change in share price by using the MCS method for calculating the expected market capitalization.

The following table lists the inputs to the Monte Carlo Simulation Model used :

| Particulars                             | Model Inputs    |
|---|-----------------|
| Grant Date                              | 06-02-2024      |
| Expiry Date                             | 06-12-2028      |
| Risk free rate (%)                      | 7.01            |
| Expected life of options (no. of years) | 2.83            |
| Expected volatility (%)                 | 31.04           |
| Dividend yield (%)                      | 0               |
| Exercise price (₹)                      | 5               |
| Fair value of the option (₹)            | <b>2,347.47</b> |

The expected price volatility is based on the historic volatility (based on the remaining life of options), adjusted for any expected changes to future volatility due to publicly available information.

## b) Expense arising from Share Based Payment transactions

Total expense arising from share-based payment transactions recognised in profit & loss as a part of employee benefit expense were as follows :

| Particulars                              | (₹ in Crores)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Employee Option Plan (Refer note no. 39) | 7.42                                 | 2.42                                 |
| <b>Total</b>                             | <b>7.42</b>                          | <b>2.42</b>                          |

## NOTE 46 : RELATED PARTY TRANSACTIONS

In accordance with the requirements of IND AS 24, Related Party Disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are provided below:

### (A) Names of related parties and nature of relationship are given below :

| S. No | Relationship  | Name of the party   |
|-------|---|---|
| A.    | Subsidiary companies (wholly owned)   | Joyce Foam PTY Limited, Australia   |
|       |   | Staquo Software Private Limited, India (formerly known as Divya Software Solutions Private Limited) |
|       |   | Sleepwell Enterprises Private Limited, India  |
|       |   | International Foam Technologies S.L, Spain  |
|       |   | Staquo World Private Limited, India   |
|       |   | Kurlon Enterprise Limited, India (w.e.f. 20.10.2023)  |
|       |   | Sheela Foam Trading L.L.C, Dubai (w.e.f. 25.09.2023)  |
| B.    | Entities in which Key Management Personnel or their Relatives have significance influence | Rangoli Resorts Private Limited   |
|       |   | Sleepwell Foundation (Trust)  |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| S. No | Relationship             | Name of the party  |
|-------|--------------------------|--|
| C.    | Key management personnel | Mr. Rahul Gautam (Executive Chairman)<br>Mrs. Namita Gautam (Whole time Director)<br>Mr. Tushaar Gautam (Managing Director)<br>Mr. Rakesh Chahar (Whole time Director)<br>Mr. Amit Kumar Gupta (Chief Financial Officer)<br>Md. Iquebal Ahmad (Company Secretary)<br>Mr. Nilesh Sevabrata Mazumdar<br>(Chief Executive Officer w.e.f. 01.04.2023 upto 31.03.2025)  |
| D.    | Step-down Subsidiary:    | Interplasp, S.L, Spain, (Subsidiary of International Foam Technologies SL)<br>Joyce WC NSW PTY Limited (Subsidiary of Joyce Foam PTY Limited)<br>Staquo World Kft. (Subsidiary of Staquo World Private Limited)<br>Staquo Incorporated. (Subsidiary of Staquo World Private Limited)<br>Staquo Technologies L.L.C (Subsidiary of Staquo World Private Limited)<br>Kurlon Retail Limited (Subsidiary of Kurlon Enterprise Limited, India)<br>Belvedere International Limited (Subsidiary of Kurlon Enterprise Limited, India)<br>Komfort Universe Products & Services Limited (Subsidiary of Kurlon Enterprise Limited, India)<br>Starship Value Chain and Manufacturing Private Limited (Subsidiary of Kurlon Enterprise Limited, India)<br>Kanvas Concepts Private Limited (Subsidiary of Kurlon Enterprise Limited, India) |
| E.    | Joint Venture            | House of Kieraya Limited (formerly known as House of Kieraya Private Limited)  |

## (B) Disclosure of transactions (excluding reimbursement) between between the Company and related parties during the year : (₹ in Crores)

| Particulars                                     | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| <b>(i) Purchase of material / capital goods</b> |                                      |                                      |
| Subsidiaries/step down Subsidiaries             |                                      |                                      |
| Kurlon Enterprise Limited, India                | 361.25                               | 7.71                                 |
| Joyce Foam PTY Limited, Australia               | 0.01                                 | 1.37                                 |
| Interplasp, SL, Spain                           | 0.18                                 | 0.16                                 |
| Kurlon Retail Limited, India                    | 1.48                                 |                                      |
|   | <b>362.92</b>                        | <b>9.24</b>                          |
| <b>(ii) Sale of material/ capital goods</b>     |                                      |                                      |
| Subsidiaries/step down Subsidiaries             |                                      |                                      |
| Kurlon Enterprise Limited, India                | 199.93                               | 29.36                                |
| Kurlon Retail Limited, India                    | 0.45                                 | -                                    |
| Belvedere International Limited, India          | 0.32                                 | -                                    |
| Joyce Foam PTY Limited, Australia               | 0.53                                 | 0.38                                 |
| Sheela Foam Trading LLC, Dubai                  | 2.34                                 | 0.39                                 |
| Interplasp, SL, Spain                           | 0.34                                 | 0.17                                 |
|   | <b>203.91</b>                        | <b>30.30</b>                         |
| Joint Venture                                   |                                      |                                      |
| House of Kieraya Limited, India                 | 16.76                                | 5.86                                 |
| Related entities                                |                                      |                                      |
| Sleepwell Foundation (Trust)                    | 0.00                                 | 0.07                                 |
|   | <b>220.67</b>                        | <b>36.23</b>                         |
| <b>(iii) Sale of IT support services</b>        |                                      |                                      |
| Subsidiary                                      |                                      |                                      |
| Joyce Foam PTY Limited, Australia               | -                                    | 4.22                                 |
|   | <b>-</b>                             | <b>4.22</b>                          |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| <b>(iv) Purchase of IT Support Services</b>               |                                      |                                      |
| Subsidiary  |                                      |                                      |
| Staquo World Private Limited, India                       | 14.10                                | 17.17                                |
|   | <b>14.10</b>                         | <b>17.17</b>                         |
| <b>(v) Royalty paid</b>                                   |                                      |                                      |
| Subsidiary  |                                      |                                      |
| Sleepwell Enterprises Private Limited, India              | 0.10                                 | 0.10                                 |
|   | <b>0.10</b>                          | <b>0.10</b>                          |
| <b>(vi) Investment made</b>                               |                                      |                                      |
| Joint venture   |                                      |                                      |
| House of Kieraya Limited, India                           | 50.94                                | 0.10                                 |
| Subsidiary  |                                      |                                      |
| Sheela Foam Trading LLC, Dubai                            | 8.37                                 | -                                    |
|   | <b>59.31</b>                         | <b>0.10</b>                          |
| <b>(vii) Key management personnel</b>                     |                                      |                                      |
| Compensation of Key management personnel                  |                                      |                                      |
| Short-term Employee Benefits                              | 13.63                                | 13.21                                |
| Post Employment Benefits                                  | 0.41                                 | 0.29                                 |
|   | <b>14.04</b>                         | <b>13.50</b>                         |
| <b>(viii) Rent paid</b>                                   |                                      |                                      |
| Subsidiaries  |                                      |                                      |
| Staquo Software Private Limited, India                    | 2.20                                 | 1.98                                 |
| Sleepwell Enterprises Private Limited, India              | 0.33                                 | 0.33                                 |
|   | <b>2.53</b>                          | <b>2.31</b>                          |
| <b>(ix) Contributions for CSR expenses</b>                |                                      |                                      |
| Related entities  |                                      |                                      |
| Sleepwell Foundation (Trust)                              | 4.53                                 | 4.00                                 |
|   | <b>4.53</b>                          | <b>4.00</b>                          |
| <b>(x) Interest on loan given to subsidiary companies</b> |                                      |                                      |
| Subsidiary  |                                      |                                      |
| International Foam Technologies S.L, Spain                | 3.44                                 | 3.51                                 |
|   | <b>3.44</b>                          | <b>3.51</b>                          |
| <b>(xi) Guarantee Commission received</b>                 |                                      |                                      |
| Subsidiary  |                                      |                                      |
| Joyce Foam PTY Limited, Australia                         | 1.42                                 | 1.34                                 |
|   | <b>1.42</b>                          | <b>1.34</b>                          |
| <b>(xii) Corporate guarantee utilised (net)</b>           |                                      |                                      |
| Subsidiaries  |                                      |                                      |
| Joyce Foam PTY Limited, Australia                         | 16.14                                | (11.64)                              |
| International Foam Technologies S.L, Spain                | (23.73)                              | (25.45)                              |
|   | <b>(7.59)</b>                        | <b>(37.09)</b>                       |
| <b>(xiii) Rent Received</b>                               |                                      |                                      |
| Joint venture   |                                      |                                      |
| House of Kieraya Limited, India                           | 0.04                                 | -                                    |
|   | <b>0.04</b>                          | <b>-</b>                             |
| <b>(xiv) Loan to Subsidiary</b>                           |                                      |                                      |
| Staquo World Private Limited, India                       | 9.45                                 | -                                    |
| International Foam Technologies S. L., Spain              | 5.59                                 | -                                    |
|   | <b>15.04</b>                         | <b>-</b>                             |
| <b>(xv) Repayment of loan by subsidiary</b>               |                                      |                                      |
| Staquo World Private Limited, India                       | 9.45                                 | -                                    |
|   | <b>9.45</b>                          | <b>-</b>                             |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (C) Disclosure of balances outstanding at the end of the reporting year

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Trade receivables</b>  |                         |                         |
| Subsidiaries  |                         |                         |
| Joyce Foam PTY Limited, Australia                               | 0.87                    | 3.08                    |
| Kurlon Enterprise Limited, India                                | 39.51                   | 3.14                    |
| Belvedere International Limited, India                          | 0.37                    | -                       |
| Sheela Foam Trading LLC, Dubai                                  | 2.24                    | 0.41                    |
| Interplasp, S.L, Spain  | 0.24                    | 0.09                    |
| Joint venture   |                         |                         |
| House of Kieraya Limited, India                                 | 6.16                    | 2.60                    |
|   | <b>49.39</b>            | <b>9.32</b>             |
| <b>Trade Payables</b>   |                         |                         |
| Subsidiaries  |                         |                         |
| Kurlon Retail Limited, India                                    | 3.80                    | -                       |
| Komfort Universe Products and Services Limited, India           | 3.17                    | -                       |
| Staqo Software Private Limited, India                           | 0.53                    | -                       |
|   | <b>7.50</b>             | <b>-</b>                |
| <b>Other receivables</b>  |                         |                         |
| Subsidiary  |                         |                         |
| Joyce Foam PTY Limited, Australia                               | 0.67                    | 1.02                    |
|   | <b>0.67</b>             | <b>1.02</b>             |
| <b>Contract Liabilities (Advance from Customer)</b>             |                         |                         |
| Step down subsidiary  |                         |                         |
| Interplasp, S.L, Spain  | -                       | 0.01                    |
|   | <b>-</b>                | <b>0.01</b>             |
| <b>Advance to supplier</b>                                      |                         |                         |
| Subsidiary  |                         |                         |
| Staqo World Private Limited, India                              | 0.01                    | -                       |
|   | <b>0.01</b>             | <b>-</b>                |
| <b>Investments</b>  |                         |                         |
| Subsidiary  |                         |                         |
| Joyce Foam PTY Limited, Australia                               | 23.07                   | 23.07                   |
| Staqo Software Private Limited., India                          | 76.02                   | 76.02                   |
| Sleepwell Enterprises Pvt. Ltd., India                          | 1.09                    | 1.09                    |
| International Foam Technologies SL, Spain                       | 96.39                   | 96.39                   |
| Staqo World Private Limited, India                              | 0.01                    | 0.01                    |
| Sheela Foam Trading LLC, Dubai                                  | 9.51                    | 1.14                    |
| Kurlon Enterprise Limited, India                                | 2,030.03                | 2,000.03                |
| Joint Venture   |                         |                         |
| House of Kieraya Limited, India                                 | 411.64                  | 360.70                  |
|   | <b>2,647.76</b>         | <b>2,558.45</b>         |
| <b>Loan to subsidiary companies (refer note no. a below)</b>    |                         |                         |
| International Foam Technologies SL, Spain                       | 79.40                   | 72.17                   |
|   | <b>79.40</b>            | <b>72.17</b>            |
| <b>Interest accrued on loan given to subsidiary Company</b>     |                         |                         |
| International Foam Technologies SL, Spain                       | 0.76                    | 3.52                    |
|   | <b>0.76</b>             | <b>3.52</b>             |
| <b>Financial /Corporate guarantees (refer note no. b below)</b> |                         |                         |
| Joyce Foam PTY Limited, Australia                               | 103.08                  | 86.94                   |
| International Foam Technologies SL, Spain                       | 64.11                   | 87.84                   |
|   | <b>167.19</b>           | <b>174.78</b>           |
| <b>Post employee benefit plan for the benefitted employees</b>  |                         |                         |
| SFL Employee Gratuity Trust                                     | 4.33                    | 3.99                    |
| Payable to key managerial personnel                             | 6.71                    | 4.21                    |

### Notes:

- a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end for trade payables/receivables are unsecured and interest free and loan balances carry interest, further settlements occurs in cash. For the year ended March 31, 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

b) Details of financial/Corporate guarantees given are as below:

- (i) Company has given a Corporate guarantee of AUD 20 million on April 09, 2021 and an additional guarantee on dated December 20, 2022 of AUD 5 Million and further additional guarantee on dated December 18, 2024 of AUD 3.885 Million towards term loan granted by Citi Bank, Australia for its subsidiary Company Joyce Foam PTY Limited., Australia.
- (ii) Company has given financial guarantee of EURO 20 million on September 25, 2019 towards term loan granted by Citi Bank, Spain for its subsidiary company International Foam Technologies SL, Spain and the same was reduced to EURO 10.75 million at the year ending March 31, 2024 and same was further reduced to EURO 8.60 million at the year ended March 31, 2025.

## NOTE 47 : DISCLOSURES AS PER IND AS 116 'LEASES'

### (A) Company as lessee

- (i) The Company's significant leasing arrangements are in respect of the following assets:

The Company has leases of land and buildings for offices, warehouses and service centers. Right of Use Assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The lease terms for leasehold buildings ranges between 2 years to 5 years and leasehold land range between 2 to 99 years.

- (ii) The carrying amounts of lease liabilities and the movements during the year:

| (₹ in Crores)                  |                                      |                                      |
|--------------------------------|--------------------------------------|--------------------------------------|
| Particulars                    | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| <b>Opening Liabilities</b>     | 43.83                                | 16.93                                |
| Additions                      | 29.01                                | 43.16                                |
| Accretion of interest          | 4.50                                 | 2.77                                 |
| Repayment of Lease liabilities | (13.89)                              | (5.74)                               |
| Cancellation / adjustments     | (10.18)                              | (13.29)                              |
| <b>Closing liabilities</b>     | <b>53.27</b>                         | <b>43.83</b>                         |
| Current                        | 12.83                                | 7.59                                 |
| Non current                    | 40.44                                | 36.24                                |
|                                | <b>53.27</b>                         | <b>43.83</b>                         |

- (iii) Maturity analysis of the lease liabilities:

| (₹ in Crores)                                     |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Contractual undiscounted cash flows               | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| 3 months or less                                  | 4.19                                 | 2.73                                 |
| 3-12 months                                       | 12.72                                | 8.36                                 |
| 1-2 years   | 15.90                                | 11.29                                |
| 2-5 years   | 27.41                                | 28.51                                |
| More than 5 years                                 | 23.74                                | 24.05                                |
| <b>Total undiscounted lease liability</b>         | <b>83.96</b>                         | <b>74.94</b>                         |
| Less: Impact of discounting and other adjustments | 30.69                                | 31.11                                |
| <b>Lease liabilities at the year end</b>          | <b>53.27</b>                         | <b>43.83</b>                         |

- (iv) The following are the amounts recognised in the Statement of Profit and Loss:

| (₹ in Crores)                          |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
| Particulars                            | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Finance cost                           | 4.50                                 | 2.77                                 |
| Depreciation and amortisation expense  | 12.62                                | 6.08                                 |
| Expenses relating to short term leases | 5.10                                 | 6.23                                 |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

- (v) The following are the amounts disclosed in the Statement of Cash Flows:

| Particulars              | (₹ in Crores)                        |                                      |
|--------------------------|--------------------------------------|--------------------------------------|
|                          | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Cash outflow from leases | 13.89                                | 5.74                                 |

- (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.

## (B) Company as lessor

- (i) The Company has entered into lease agreements to lease the following properties which have been treated as "Investment Property".

|  |  |
|--|--|
| Land & Factory Building situated at Sikkim   | The lease agreement was executed on 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 ₹ 1.74 Crores (March 31, 2024: ₹ 1.74 Crores).   |
| Residential Flat situated at Greater Noida   | The lease agreement was executed w.e.f. 15 <sup>th</sup> May, 2024. 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 ₹ 0.09 Crores (March 31, 2024: ₹ 0.10 Crores).   |
| Land & Factory Building situated at Silvassa | The lease agreement was executed w.e.f. 31 <sup>st</sup> August, 2020. The said lease was 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 ₹ Nil (March 31, 2024: ₹ 0.12 Crores). The said property had been disposed off during the previous year ended March 31, 2024. |

## 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:

- The Company has disclosed financial instruments such as loans, 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.
- Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

## NOTE 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 Company has classified its financial instruments into the three levels prescribed under the accounting standard.

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1** - The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.
- Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3** - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for other investments, loans receivables and lease receivables included in level 3.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## Valuation Processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) including board of directors. Discussions of valuation processes and results are held between the CFO and the valuation team every month. The Company takes the help of independent valuers for valuation purposes.

## Fair Valuation Technique

The carrying amounts of trade receivables, trade payables, creditors towards capital goods, cash and cash equivalents, 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, 2025:

### Fair Value measurement hierarchy of Assets:

(₹ in Crores)

| Particulars  | Fair value measurement using |        |   |   |   |
|--|------------------------------|--------|---|---|---|
|  | Date of Valuation            | Total  | 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, 2025               | 464.52 | 464.52                                    | -                                       | -   |
| <b>Financial Assets measured at amortized cost</b>                     |                              |        |   |   |   |
| Loans  | March 31, 2025               | 80.71  | -   | -                                       | 80.71                                     |
| Trade receivables  | March 31, 2025               | 239.14 | -   | -                                       | 239.14                                    |
| Cash and cash equivalents  | March 31, 2025               | 22.64  | -   | -                                       | 22.64                                     |
| Bank balances other than cash and cash equivalents                     | March 31, 2025               | 0.31   | -   | -                                       | 0.31                                      |
| Other financial assets   | March 31, 2025               | 56.41  | -   | -                                       | 56.41                                     |

(₹ in Crores)

| Assets for which Fair Values are disclosed: | March 31, 2025 | March 31, 2024 |
|---|----------------|----------------|
| Investment Property                         | 17.28          | 18.25          |

### Fair Value measurement hierarchy of Liabilities:

(₹ in Crores)

| Particulars   | Fair value measurement using |        |   |   |   |
|---|------------------------------|--------|---|---|---|
|   | Date of Valuation            | Total  | 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, 2025               | 895.40 | -   | -                                       | 895.40                                    |
| Lease liabilities                                       | March 31, 2025               | 53.27  | -   | -                                       | 53.27                                     |
| Trade payables  | March 31, 2025               | 225.44 | -   | -                                       | 225.44                                    |
| Other financial liabilities                             | March 31, 2025               | 238.91 | -   | -                                       | 238.91                                    |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2024:

### Fair Value measurement hierarchy of Assets:

(₹ in Crores)

| Particulars  | Fair value measurement using |        |   |   |   |
|--|------------------------------|--------|---|---|---|
|  | Date of Valuation            | Total  | 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, 2024               | 510.00 | -   | 510.00                                  | -   |
| <b>Financial Assets measured at amortized cost</b>                     |                              |        |   |   |   |
| Loans  | March 31, 2024               | 73.24  | -   | -                                       | 73.24                                     |
| Trade receivables  | March 31, 2024               | 188.90 | -   | -                                       | 188.90                                    |
| Cash and cash equivalents  | March 31, 2024               | 12.61  | -   | -                                       | 12.61                                     |
| Bank balances other than cash and cash equivalents                     | March 31, 2024               | 0.28   | -   | -                                       | 0.28                                      |
| Other financial assets   | March 31, 2024               | 17.18  | -   | -                                       | 17.18                                     |

### Fair Value measurement hierarchy of Liabilities:

(₹ in Crores)

| Particulars   | Fair value measurement using |        |   |   |   |
|---|------------------------------|--------|---|---|---|
|   | Date of Valuation            | Total  | 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, 2024               | 956.43 | -   | -                                       | 956.43                                    |
| Lease liabilities                                       | March 31, 2024               | 43.83  | -   | -                                       | 43.83                                     |
| Trade payables  | March 31, 2024               | 161.09 | -   | -                                       | 161.09                                    |
| Other financial liabilities                             | March 31, 2024               | 269.82 | -   | -                                       | 269.82                                    |

## NOTE 50 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company'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 Company's operations. Further, the Company has financial risk / exposure of financial guarantees given to the banks towards security against the loans taken by its subsidiaries, however, considering that there is no expected credit losses, there is no financial liability as at the year end on this account. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

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

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

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

### a) Market risk

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

The sensitivity analysis in the following sections relate to the position as at March 31, 2025 and March 31, 2024.

The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2025 and March 31, 2024.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. The Company is exposed to foreign currencies such as "USD", "AED", "AUD", "GBP" and "EURO"

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| (₹ in Crores)                          |          |                         |                         |
|--|----------|-------------------------|-------------------------|
| Particulars                            | Currency | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Trade payables                         | USD      | (10.16)                 | (11.65)                 |
|  | EUR      | (0.14)                  | (0.60)                  |
|  | GBP      | (0.32)                  | (2.22)                  |
|  | AED      | -                       | (0.37)                  |
|  | AUD      | -                       | (0.31)                  |
| Trade receivables                      | USD      | 2.43                    | 2.33                    |
|  | AUD      | 0.87                    | 4.41                    |
|  | AED      | 2.24                    | 6.17                    |
|  | EUR      | 0.24                    | 0.09                    |
| Other Receivable                       | AUD      | 0.67                    | -                       |
| Interest Accrued                       | EUR      | 0.76                    | 3.52                    |
| Loan to Subsidiary Company             | EUR      | 79.40                   | 72.17                   |
| Term Loan (including interest accrued) | USD      | (40.43)                 | (59.11)                 |

### Foreign currency sensitivity analysis

The Company is mainly exposed to USD, EURO, GBP, AED and AUD. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for sensitivity change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

### Foreign currency sensitivity

| (₹ in Crores) |     |                         |     |                         |
|---------------|-----|-------------------------|-----|-------------------------|
| Currency      | %   | As at<br>March 31, 2025 | %   | As at<br>March 31, 2024 |
| USD           | 2%  | (0.96)                  | 2%  | (1.37)                  |
| USD           | -2% | 0.96                    | -2% | 1.37                    |
| EUR           | 3%  | 2.41                    | 3%  | 2.26                    |
| EUR           | -3% | (2.41)                  | -3% | (2.26)                  |
| GBP           | 2%  | (0.01)                  | 2%  | (0.04)                  |
| GBP           | -2% | 0.01                    | -2% | 0.04                    |
| AUD           | 4%  | 0.06                    | 4%  | 0.16                    |
| AUD           | -4% | (0.06)                  | -4% | (0.16)                  |
| AED           | 2%  | 0.04                    | 2%  | 0.12                    |
| AED           | -2% | (0.04)                  | -2% | (0.12)                  |

## (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. Company's financial liabilities comprises mainly of interest-bearing deposits with dealers, however, these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (iii) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Company increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

## b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factor.

### (i) Trade receivables

Customer credit risk is managed by the Company through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit limits, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. The company has evaluated its concentration of risk with respect to trade receivables as low. Out of trade receivables, 17% of trade receivables consists of customer which is subsidiary of company. In accordance with IND AS 109, the company uses expected credit loss model to assess the impairment loss of individual customers and not at portfolio level or reversal thereof. All trade receivables are reviewed and assessed for default on monthly basis.

The company has evaluated its concentration of risk with respect to trade receivables as low. Out of trade receivables, 17% of trade receivables consists of customer which is subsidiary of company. In accordance with IND AS 109, the company uses expected credit loss model to assess the impairment loss of individual customers and not at portfolio level or reversal thereof. All trade receivables are reviewed and assessed for default on monthly basis.

### (ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds, debentures and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2025 and March 31, 2024 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

| Particulars  | (₹ in Crores)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Non-current assets</b>                            |                         |                         |
| - Other Investments                                  | -                       | 510.00                  |
| - Loans  | 79.67                   | 72.44                   |
| - Other non-current financial assets                 | 41.42                   | 6.28                    |
| <b>Current assets</b>                                |                         |                         |
| - Other Investments                                  | 464.52                  | -                       |
| - Trade receivables                                  | 239.14                  | 188.90                  |
| - Cash and cash equivalents                          | 22.64                   | 12.61                   |
| - Bank balances other than cash and cash equivalents | 0.31                    | 0.28                    |
| - Loans  | 1.04                    | 0.80                    |
| - Other current financial asset                      | 14.99                   | 10.90                   |
| <b>Total</b>   | <b>863.73</b>           | <b>802.21</b>           |



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short-term bank deposits and short term investments. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

| (₹ in Crores)               |                  |                  |                 |
|-----------------------------|------------------|------------------|-----------------|
| Particulars                 | Less than 1 Year | More than 1 Year | Total           |
| <b>As at March 31, 2025</b> |                  |                  |                 |
| Trade payables              | 225.44           | -                | 225.44          |
| Other financial liabilities | 220.06           | 18.85            | 238.91          |
| Lease Liabilities           | 12.83            | 40.44            | 53.27           |
| Borrowings                  | 500.40           | 395.00           | 895.40          |
|                             | <b>958.73</b>    | <b>454.29</b>    | <b>1,413.02</b> |
| <b>As at March 31, 2024</b> |                  |                  |                 |
| Trade payables              | 161.09           | -                | 161.09          |
| Other financial liabilities | 254.01           | 15.81            | 269.82          |
| Lease Liabilities           | 7.59             | 36.24            | 43.83           |
| Borrowings                  | 169.04           | 787.39           | 956.43          |
|                             | <b>591.73</b>    | <b>839.44</b>    | <b>1,431.17</b> |

## Financing arrangements

A portion of the Company's trade payables form part of its supplier finance arrangement with select key suppliers. The payment terms for these trade payables remain identical to those of other payables. The Company does not view the arrangement as creating significant concentration of liquidity risk. Refer to note no. 29 for further details about the Company's supplier finance arrangements.

The Company has the following undrawn committed borrowing facilities at the end of the reporting period:

| (₹ in Crores)                   |                      |              |              |                      |            |          |
|---------------------------------|----------------------|--------------|--------------|----------------------|------------|----------|
| Particulars                     | As at March 31, 2025 |              |              | As at March 31, 2024 |            |          |
|                                 | Floating Rate        | Fixed Rate   | Total        | Floating Rate        | Fixed Rate | Total    |
| Expiry within one year          | -                    | 66.28        | 66.28        | -                    | -          | -        |
| Expiry within one and two years | -                    | -            | -            | -                    | -          | -        |
| Expiry in more than two years   | -                    | -            | -            | -                    | -          | -        |
| <b>Total</b>                    | <b>-</b>             | <b>66.28</b> | <b>66.28</b> | <b>-</b>             | <b>-</b>   | <b>-</b> |

Note: The facilities expiring within one year are annual facilities to renewal at various dates.

## NOTE 51: CAPITAL MANAGEMENT

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The Company considers the following components of its Balance Sheet to be managed capital:

- 1) Share Capital, and
- 2) Other Reserves comprising of General Reserve and Retained Earnings.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

The Company's capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities.

(₹ in Crores)

| Particulars                              | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Equity                                   | 54.35                   | 54.35                   |
| Other Equity                             | 2,739.38                | 2,619.94                |
| <b>Total equity</b> (i)                  | <b>2,793.73</b>         | <b>2,674.29</b>         |
| Borrowings (including lease liabilities) | 948.67                  | 1,000.26                |
| Less: cash and cash equivalents          | 22.64                   | 12.61                   |
| <b>Total debt</b> (ii)                   | <b>926.03</b>           | <b>987.65</b>           |
| Overall financing (iii) = (i) + (ii)     | <b>3,719.76</b>         | <b>3,661.94</b>         |
| Gearing ratio (in %) (ii)/ (iii)         | <b>25%</b>              | <b>27%</b>              |

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. The capital structure of the Company is managed with a view of the overall macro economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Company, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Company. The Company's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Company. In order, to maintain or adjust the capital structure, the Company will take appropriate steps as may be necessary.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2025 and March 31, 2024.

## NOTE 52 : COMMITMENTS FOR EXPENDITURE

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹4.66 Crores ( March 31, 2024: ₹5.56 Crores))   | 5.93                    | 24.31                   |
| Other Commitment (Corporate Guarantee given to banks and financial institution against credit facilities availed by Subsidiary Companies, Entities under common control and others) (also refer note no. 46) | 167.19                  | 174.78                  |
|  | <b>173.12</b>           | <b>199.09</b>           |

## NOTE 53 : CONTINGENT LIABILITIES

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Claims against the Company not acknowledged as debt (refer note below)</b>                            |                         |                         |
| Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards |                         |                         |
| Sales tax  | 2.67                    | 4.40                    |
| Entry tax  | 1.94                    | 1.94                    |
| Income tax   | 7.60                    | 5.40                    |
| Excise Duty  | 2.90                    | 2.89                    |
| Goods and Service Tax  | 3.40                    | 2.90                    |

### Note:

The Company is contesting these demands and the management including its advisers are of the view that these demands may not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursement in respect of these contingent liabilities, and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the appellant proceedings.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2025

## NOTE: 54 DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

NOTE: 34 DISCLOSURE REQUIRED UNDER SECTION 180 (4) OF THE COMPANIES ACT, 2013.

| Name of the Investee   | Nature of Transaction   | Purpose for which it is utilized   | (₹ in Crores)   |                     |                 |                     |
|--|---|--|-----------------|---------------------|-----------------|---------------------|
|  |   |  | 2024-2025       |                     | 2023-2024       |                     |
|  |   | Interest rate and tenure   | During the Year | Outstanding Balance | During the Year | Outstanding Balance |
| <b>Wholly Owned Subsidiaries</b>   |   |  |                 |                     |                 |                     |
| Joyce Foam PTY. Limited., Australia,   | Investment in equity shares   | Manufacturing of technical foam supplied to Business customers (mattress and furniture manufacturers) in Australia.  | -               | 23.07               | -               | 23.07               |
|  | Financial Guarantee given   | Corporate guarantee given to CITI bank for security towards long term working capital facility availed by the said Subsidiary.   | 16.14           | 103.08              | (11.64)         | 86.94               |
| Staqa Software Private Limited, India (formerly known as Divya Software Solutions Private Limited) | Investment in equity shares   | Engaged in Software development and related ancillary activities   | -               | 76.02               | -               | 76.02               |
| Sleepwell Enterprises Private Limited, India   | Investment in equity shares   | The Company, which is holding ownership of Sleepwell and other brands related to foam, mattress & other products.  | -               | 1.09                | -               | 1.09                |
| International Foam Technologies S.L., Spain  | Investment in equity shares   | To invest in a running Company in Spain, engaged in manufacturing of Polyurethane Foam.  | -               | 96.39               | -               | 96.39               |
|  | Financial Guarantee   | Corporate guarantee given to CITI bank for security towards long term availed by the said Subsidiary.  | (23.73)         | 64.11               | (25.45)         | 87.84               |
| International Foam Technologies S.L., Spain (IFTS)   | Loans   | Manufacturer of technical foam supplied to Business customers (mattress and furniture manufacturers) Interest charged - 4.24 % to 5.22% (1.25 % to 3.34% in March 31, 2023)                | 7.23            | 79.40               | 0.48            | 72.17               |
|  |   | Tenure of Loan - To be repaid over the next 2 years after the repayment of CITI bank loan by them ( CITI bank loan to be repaid by Company with in 6 years from the date of disbursement.) |                 |                     |                 |                     |
| Staqa World Private Limited., India  | Investment in equity shares   | To carry on business of Information technology and related ancillary services.   | -               | 0.01                | -               | 0.01                |
| Sheela Foam Trading LLC, India   | Investment in equity shares   | Home Furniture and Mattresses trading  | 8.37            | 9.51                | -               | 1.14                |
| Kurlon Enterprise Limited  | Investment in equity shares   | Engaged in the business of manufacturing/trading in rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.            | 30.00           | 2,030.03            | 2,000.03        | 2,000.03            |
| <b>Joint Venture</b>   |   |  |                 |                     |                 |                     |
| House of Kieraya Limited, India (Formerly known as House Of Kieraya Private Limited)               | Investment in equity shares, Compulsorily Convertible Preference Share and share warrants | Involved in Renting of other machinery and equipment   | 50.94           | 411.64              | 360.70          | 360.70              |

For above investment in equity shares, preference shares and warrants, refer note no. 6.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 55 : SEGMENT INFORMATION

### Operating segment information

The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there is no reportable segment as per Indian Accounting Standard (Ind AS-108) dealing with the operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors of the Company.

### Geographical information

| Particulars                            | (₹ in Crores)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| <b>Revenue from external customers</b> |                                      |                                      |
| Within India                           | 2,575.06                             | 1,856.37                             |
| Outside India                          | 12.45                                | 23.15                                |
| <b>Total revenue</b>                   | <b>2,587.51</b>                      | <b>1,879.52</b>                      |

The revenue information is based on location of customers and excluding other operating revenue.

### Non-current operating assets

The Company has common non-current operating assets for domestic as well as overseas market. Hence, separate figures for these assets are not required to be furnished.

## NOTE 56 : TRANSFER PRICING

The Company has appointed an independent consultant for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arm's length basis". The Transfer Pricing study under the Income Tax Act, 1961 in respect of transaction with the group companies for the financial year ended March 31, 2025 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, 2024 has been obtained and there are no adverse comments requiring adjustments.

## NOTE 57 : EXPOSURE TOWARDS MICRO, SMALL AND MEDIUM ENTERPRISES

| Particulars  | (₹ in Crores)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| I The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company are as under:                |                         |                         |
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier.  |                         |                         |
| Principal amount:  | 26.66                   | 21.15                   |
| Interest:  | -                       | -                       |
| (ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending. | -                       | -                       |
| (iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year).                       | -                       | -                       |
| (iv) The amount of interest accrued and remaining unpaid for the year ended.   | -                       | -                       |
| (v) The amount of further interest remaining due and payable for the earlier years.  | -                       | -                       |

The Information has been given in respect of such suppliers to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company. Further, the amount payable to these parties is not overdue hence no interest is required to provided/accrued as at March 31, 2025 and March 31, 2024.

II The credit period for purchase of goods and services are normally up to 30 days. No interest is chargeable on trade payables.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 58 : CORPORATE SOCIAL RESPONSIBILITY

As per provisions of Section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects as per the Schedule VII of the Companies Act, 2013.

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| a) Gross amount required to be spent as per section 135 of the Act                              | 4.34                                 | 4.82                                 |
| Add: Amount Unspent from previous years   | 0.29                                 | -                                    |
| <b>Total Gross amount required to be spent during the year</b>                                  | <b>4.63</b>                          | <b>4.82</b>                          |
| <b>Amount approved by the Board to be spent during the year</b>                                 | <b>4.63</b>                          | <b>4.82</b>                          |
| c) <b>Amount spent during the year on</b>   |                                      |                                      |
| (i) Construction/acquisition of an asset  | -                                    | -                                    |
| (ii) On purposes other than (i) above   | 4.63                                 | 4.06                                 |
| d) <b>Details related to amount spent .</b>   |                                      |                                      |
| Contribution to Sleepwell Foundation Trust  | 4.53                                 | 4.00                                 |
| Spent on Health Support , Promoting education including employment enhancing vocational skills. | 0.10                                 | 0.06                                 |
|   | <b>4.63</b>                          | <b>4.06</b>                          |
| e) <b>Details of CSR expenditure in respect of ongoing projects</b>                             |                                      |                                      |
| Balance (Short) / Excess as at opening  | (0.29)                               | 0.47                                 |
| Amount required to be spent during the year   | (4.34)                               | (4.82)                               |
| Amount spent during the year  | 4.63                                 | 4.06                                 |
| <b>Balance (Short) / Excess Spent at end of the year*</b>                                       | <b>-</b>                             | <b>(0.29)</b>                        |
| f) <b>Reason for shortfall</b>  |                                      | Pertains to ongoing projects         |

g) Corporate social responsibility expenses of Company are managed by related entity -Sleepwell foundation (refer note no. 46).

\*The Company has transferred unspent CSR amount of ₹ Nil Crores (March 31, 2024: ₹0.29 Crores), in respect of ongoing projects, as at the end of the financial year, to a special bank account within a period of thirty days from the end of the financial year in compliance with provision of Section 135(6) of the Companies Act, 2013.

## NOTE 59 : DERIVATIVES AND HEDGING

### (i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. Information about the derivatives used by the Company and outstanding as at the end of the financial year is provided below:

| (₹ in Crores)   |                         |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Particulars   | Financial Assets        |                         | Financial liabilities   |                         |
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Derivatives designated as Hedging Instruments:</b>     |                         |                         |                         |                         |
| Cross currency interest rate swap                         | -                       | -                       | 9.61                    | 8.38                    |
| Principal and Interest Swap                               | -                       | -                       | (1.16)                  | 0.21                    |
| <b>Derivatives not designated as Hedging Instruments:</b> |                         |                         |                         |                         |
| Principal Only Swap                                       | -                       | -                       | 16.45                   | 13.66                   |

### (ii) Hedging activities

#### Foreign Currency Risk

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions.

Derivatives designated as hedging instruments are accounted for as cash flow hedges.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (iii) Hedge Effectiveness

For derivatives designated as hedging instruments, there is an economic relationship between the hedged items and the hedging instruments as the terms of the hedge contracts match the terms of hedge items. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and interest rate are identical to the hedged risk components. To test the hedge effectiveness, the Company compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

## (iv) Source of Hedge ineffectiveness

For derivatives designated as hedging instruments, in case of foreign currency risk and interest rate risk, the main source of hedge ineffectiveness is the effect of the counterparty's credit risk on the fair value of hedge contracts, which is not reflected in the fair value of the hedged items. The effect of this is not expected to be material.

## (v) Disclosures of effects of Cash Flow Hedge Accounting:

### Hedging instruments

The Company has taken derivatives to hedge its loan given to its related party and loan taken by the Company from Bank.

(₹ in Crores)

| Particulars                              | Less than<br>1 year | 1 to 5 year | More than<br>5 Years |
|--|---------------------|-------------|----------------------|
| <b>As at March 31, 2025</b>              |                     |             |                      |
| <b>Cross currency interest rate swap</b> |                     |             |                      |
| Nominal Amount (on financial asset)      | -                   | 64.17       | -                    |
| <b>Principal and Interest Swap</b>       |                     |             |                      |
| Nominal Amount (on financial liability)  | -                   | 72.39       | -                    |
| <b>As at March 31, 2024</b>              |                     |             |                      |
| <b>Cross currency interest rate swap</b> |                     |             |                      |
| Nominal Amount (on financial asset)      | -                   | 64.17       | -                    |
| Principal and Interest Swap              |                     |             |                      |
| Nominal Amount (on financial liability)  | -                   | 72.39       | -                    |

## (vi) The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025   | As at<br>March 31, 2024 |
|---|---|-------------------------|
| Cash flow Hedge Reserve at the beginning of the year  | (2.26)  | (2.60)                  |
| Total hedging gain / (loss) recognised in Other Comprehensive Income                        | 0.56  | 0.45                    |
| Income tax on above   | (0.14)  | (0.11)                  |
| Ineffectiveness recognised in statement of profit or loss                                   | (2.78)  | (0.44)                  |
| Line item in the statement of profit or loss that includes the recognised ineffectiveness   | Net Loss on Foreign Currency Forward<br>Contracts in other expenses |                         |
| Amount reclassified from OCI to profit or loss  | -   | -                       |
| Income tax on above   | -   | -                       |
| Cash flow Hedge Reserve at the end of the year  | (1.84)  | (2.26)                  |
| Line item in the statement of profit or loss that includes the reclassification adjustments | Not Applicable  | Not Applicable          |



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## (vii) The outstanding position of derivative instrument is as under:

(₹ in Crores)

| Nature                            | Currency | Purpose  | As at March 31, 2025             |  | As at March 31, 2024             |  |
|-----------------------------------|----------|--|----------------------------------|--|----------------------------------|--|
|                                   |          |  | (₹ in crores)<br>(nominal value) | Foreign<br>Currency<br>(in crores)<br>(notional value) | (₹ in crores)<br>(nominal value) | Foreign<br>Currency<br>(in crores)<br>(notional value) |
| Cross currency interest rate swap | EUR      | Hedging of Foreign Currency Loan given                             | 64.17                            | 0.80   | 64.17                            | 0.80   |
| Principal and Interest Swap       | USD      | Hedging of Foreign Currency term loan taken (Principal & Interest) | 38.61                            | 0.47   | 57.91                            | 0.71   |
| Principal Only Swap               | EUR      | Hedging of equity investment in foreign subsidiary                 | 93.90                            | 1.20   | 93.90                            | 1.20   |

## Exchange rates used for conversion of foreign currency exposure:

(₹ in Crores)

| Currency | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|----------|-------------------------|-------------------------|
| EUR      | 92.32                   | 90.22                   |
| USD      | 85.58                   | 83.37                   |

## (viii) The impact of the hedging instruments on the statement of financial position is as under:

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025             | As at<br>March 31, 2024 |
|---|-------------------------------------|-------------------------|
| Nominal Amount (on financial asset)   | 64.17                               | 64.17                   |
| Nominal Amount (on financials liability)  | 72.39                               | 72.39                   |
| Carrying Amount (financial Asset)   | 73.86                               | 72.17                   |
| Carrying Amount (financial Liability)   | 40.43                               | 59.11                   |
| 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) | 0.42                                | 0.34                    |

## (ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax) | (1.84)                  | (2.26)                  |
| Change in value of the hedged item used for measuring ineffectiveness for the year              | 0.42                    | 0.34                    |

## (x) Particulars of unhedged foreign currency (FC) exposure as at balance sheet date:

(₹ in Crores)

| Particulars                | Currency | As at March 31, 2025 |             | As at March 31, 2024 |             |
|----------------------------|----------|----------------------|-------------|----------------------|-------------|
|                            |          | FC in Crores         | ₹ in Crores | FC in Crores         | ₹ in Crores |
| Trade payables             | USD      | (0.12)               | (10.16)     | (0.14)               | (11.65)     |
|                            | EURO     | (0.00)               | (0.14)      | (0.01)               | (0.60)      |
|                            | GBP      | (0.00)               | (0.32)      | (0.02)               | (2.22)      |
|                            | AED      | -                    | -           | (0.02)               | (0.37)      |
|                            | AUD      | -                    | -           | (0.01)               | (0.31)      |
| Trade receivables          | USD      | 0.03                 | 2.43        | 0.03                 | 2.33        |
|                            | AUD      | 0.02                 | 0.87        | 0.08                 | 4.41        |
|                            | AED      | 0.10                 | 2.24        | 0.27                 | 6.17        |
|                            | EURO     | 0.00                 | 0.24        | 0.00                 | 0.09        |
| Loan to Subsidiary Company | EURO     | 0.06                 | 5.54        | -                    | -           |
| Other Receivable           | AUD      | 0.01                 | 0.67        | -                    | -           |
| Interest Accrued           | EURO     | 0.01                 | 0.76        | 0.04                 | 3.52        |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 60 : INCOME TAX RECOGNISED IN PROFIT OR LOSS

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Current tax</b>   |                                      |                                      |
| In respect of current year   | 46.05                                | 45.96                                |
| Tax expenses related to earlier years  | (0.68)                               | -                                    |
|  | <b>45.37</b>                         | <b>45.96</b>                         |
| <b>Deferred tax</b>  |                                      |                                      |
| Origination and reversal of temporary differences Including Tax impact on other comprehensive income       | (10.45)                              | 8.17                                 |
|  | <b>(10.45)</b>                       | <b>8.17</b>                          |
| Total income tax expense recognised in the current year including tax impact on other comprehensive income | <b>34.92</b>                         | <b>54.13</b>                         |

### The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Profit before tax (Including Other comprehensive income)</b>              | 146.94                               | 222.36                               |
| Income tax expense calculated at 25.168%                                     | 36.98                                | 55.96                                |
| Effect of income that is exempt from taxation                                | (3.68)                               | (2.01)                               |
| Effect of expenses that are not deductible in determining taxable profit     | 2.25                                 | 2.10                                 |
| Effect of difference in tax rates  | -                                    | (0.97)                               |
| Others   | 0.05                                 | (0.95)                               |
|  | <b>35.60</b>                         | <b>54.13</b>                         |
| Adjustments recognised in the current year in relation to tax of prior years | (0.68)                               | -                                    |
| <b>Income tax expense recognised in the Statement of Profit and Loss</b>     | <b>34.92</b>                         | <b>54.13</b>                         |
| Effective Tax Rate   | 23.76%                               | 24.34%                               |

## NOTE 61 : THE CODE ON SOCIAL SECURITY 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2025

## NOTE 62 : DISCLOSURE FOR SPECIFIC RATIOS

| Particulars                  | Formula   | Numerator   | Denominator   | For the year ended March 31, 2025 | For the year ended March 31, 2024 | Variance | Reasons for variances                                     |
|------------------------------|---|---|---|-----------------------------------|-----------------------------------|----------|---|
| Current Ratio                | Current Assets / Current Liabilities              | Current Assets : Inventories+Financial assets+Current tax assets+Other current assets   | Current Liabilities : Financial Liabilities + Short Term Provisions + Current Tax Liabilities + Other current liabilities | 0.91                              | 0.63                              | 44%      | Increase in current Assets - Investments in Mutual Funds  |
| Debt equity Ratio            | Debt / Equity                                     | Debts : Borrowings + Lease Liabilities  | Equity : Equity share capital+ Other Equity   | 0.34                              | 0.37                              | -9%      | Due to increase in inventory                              |
| Trade payable turnover Ratio | Net Credit Purchases / Average Trade Payables     | Net credit purchases : Purchase of raw material and packing material +Purchase of traded goods + Other manufacturing expenses   | Average Trade Payables : (Trade payables at beginning of the year+ Trade payables at end of the year) / 2                 | 9.55                              | 6.80                              | 40%      | Increase in net credit purchases                          |
| Net capital turnover Ratio   | Revenue / Working Capital                         | Revenue : Revenue from operations   | Working Capital: Current assets - Current Liabilities   | (26.90)                           | (7.79)                            | 245%     | Due to Increase in current assets and current liabilities |
| Debt Service coverage ratio  | Net Operating Income / Debt Service               | Net Operating Income : Profit before tax for the year + Finance costs + Depreciation and amortisation expense   | Debt service : Finance costs + Lease payments + Principal payments  | 0.52                              | 1.39                              | -62%     | Due to increase in borrowings                             |
| Net Profit Ratio             | Net Profit / Net Sales                            | Net Profit : Profit for the year (after exceptional items)  | Net Sales : Revenue from operations   | 0.04                              | 0.09                              | -52%     | Due to decrease in Net Profit                             |
| Return on Equity Ratio       | Total comprehensive income / Shareholder's Equity | Total comprehensive income for the year   | Shareholders Equity : Total Equity  | 0.04                              | 0.06                              | -36%     | Due to decrease in Total Comprehensive Income             |
| Return on capital employed   | EBIT / Capital Employed                           | EBIT : Profit before tax + Finance costs  | Capital Employed : Total assets - current liabilities   | 0.07                              | 0.07                              | 4%       | -   |
| Inventory turnover Ratio     | Cost of Goods Sold / Average Inventory            | Cost of goods sold : Cost of material consumed + Purchase of traded goods + Other Manufacturing Expenses + Change in inventories of finished goods, traded goods & work in progress | Average Inventory : (Inventory at the beginning of the year + Inventory at the end of the year) / 2                       | 10.06                             | 6.61                              | 52%      | Due to increase in Inventory                              |

## Notes forming part of the standalone financial statements

for the year ended March 31, 2025

| Particulars                      | Formula                                      | Numerator                                      | Denominator  | For the year ended March 31, 2025 | For the year ended March 31, 2024 | Variance | Reasons for variances |
|----------------------------------|--|--|--|-----------------------------------|-----------------------------------|----------|-----------------------|
| Return on investment             | Net Profit / Net Investment                  | Net Profit : Profit before tax + Finance costs | Net Investment: Total Equity   | 0.08                              | 0.09                              | -11%     | -                     |
| Trade receivables turnover ratio | Net Credit Sales / Average Trade Receivables | Net Credit sales : Revenue from operations     | Average Trade Receivables : (Trade Receivable at the beginning of year + Trade receivable at the end of the year)/ 2 | 12.09                             | 11.49                             | 5%       | -                     |

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 63 : ACQUISITION OF KURLON ENTERPRISE LIMITED

During the previous year ended March 31, 2024, the Holding Company has entered into a business transfer agreement dated July 17, 2023 for the acquisition of the 'Kurlon Enterprise Limited' (KEL). In terms of the business transfer agreement, the business has been acquired by the Holding Company with effect from October 20, 2023 (date of acquisition) and the fair value of assets and liabilities acquired have been determined by the Holding Company and accounted for in accordance with IND AS 103 - "Business Combination". Subsequently, the Holding Company gained control of Kurlon Enterprise Limited ("KEL") as a subsidiary for a consideration of 1,940.78 Crores. Accordingly, the financial statement for the year ended March 31, 2025 are not comparable to the previous year as presented.

### a. Details of purchase consideration

The purchase price was provisionally accounted and allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill. The Group has completed the purchase price allocation during the current year. Adjustments have been made on the finalisation of purchase price allocation and previous year's number have been restated accordingly. Details of the purchase consideration are as follows:

| (₹ in Crores)   |                         |                          |
|---|-------------------------|--------------------------|
| Purchase Consideration                                  | As at<br>March 31, 2025 | As at<br>March 31, 2024* |
| Cash Paid   | 1,869.78                | 1,869.78                 |
| Holdback amount   | 71.00                   | 71.00                    |
| Adjustment on account of finalisation of Purchase price | 30.00                   | -                        |
| <b>Total Purchase Consideration</b>                     | <b>1,970.78</b>         | <b>1,940.78</b>          |

\*represents provisional value

The purchase consideration has been finalised at ₹ 1,970.78 Crores (Provisional amount as on March 31, 2024 was ₹ 1,940.78 Crores) within the remeasurement period basis new information obtained about facts and circumstances that existed as on the acquisition date.

b. The Scheme of Amalgamation of the subsidiary of the Holding Company, i.e., Kurlon Enterprise Limited ("KEL" 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 Mumbai ("NCLT"). The same will be accounted for in the books of accounts, in accordance with Appendix C to Ind AS-103 on the approval from NCLT.

## NOTE 64 : INTEREST IN JOINT VENTURE

During the year ended March 31, 2024, the Company has acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited (Furlenco)'. However, during the year ended March 31, 2025, the equity stake has been increased to 43.89%, pursuant to subscription of additional 53,95,540 equity shares through exercise of share warrants and right issue of House of Kieraya Limited. The country of incorporation or registration is also their principle place of business and the proportion of ownership interest is same as the proportion of voting rights.

| (₹ in Crores)   |                   |               |                   |                         |               |                         |               |
|---|-------------------|---------------|-------------------|-------------------------|---------------|-------------------------|---------------|
| Name of the entity  | Place of Business | Relationship  | Accounting method | Carrying Amount         |               |                         |               |
|   |                   |               |                   | March 31, 2025          |               | March 31, 2024          |               |
|   |                   |               |                   | % of ownership interest | Amount        | % of ownership interest | Amount        |
| House of Kieraya Limited (Formerly known as House of Kieraya Private Limited)( "HOK") | India             | Joint Venture | Equity Method     | 43.89                   | 411.64        | 17.70                   | 360.70        |
| <b>Total equity accounted investments</b>   |                   |               |                   |                         | <b>411.64</b> |                         | <b>360.70</b> |

Liabilities recognised in respect of Joint Venture pursuant to shareholders agreement, the Company has recognised liability against uncalled capital on share warrants (payable in 12 months from the date of acquisition i.e. August 29, 2023) amounting to 55.85 crores as at March 31, 2024 which has been subsequently paid off during the year ended March 31, 2025 (Refer note 30 )

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 65 : ASSET PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ in Crores)

| Particulars                   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-------------------------------|-------------------------|-------------------------|
| <b>Current Assets</b>         |                         |                         |
| Inventories                   | 197.29                  | 149.59                  |
| Trade receivables             | 239.14                  | 188.90                  |
|                               | <b>436.43</b>           | <b>338.49</b>           |
| <b>Non-Current assets</b>     |                         |                         |
| Leasehold land                | 10.57                   | 10.57                   |
| Property, plant and equipment | 286.15                  | 260.74                  |
| Capital work in progress      | 0.77                    | 63.26                   |
|                               | <b>297.49</b>           | <b>334.57</b>           |

### Note based on the terms and conditions written on sanction letters by bank:

- Term loan with JP Morgan & Kotak Mahindra Bank in the Company has been secured by hypothecation of first charge on entire fixed assets (Movable fixed assets and immovable fixed assets) for Nandigram and Jabalpur Plant.
- Company owned fixed assets (moveable and immovable) at manufacturing plants located at Jalpaiguri (West Bengal) , Sahibabad (Uttar Pradesh) , Rajpura (Punjab) and Erode( Tamilnadu) has been pledged as security against the financial guarantee of EURO 20 million on September 25, 2019 towards term loan granted by Citi Bank, Spain for its subsidiary Company International Foam Technologies S.L, Spain and the same was reduced to EURO 10.75 million at the year ending March 31, 2024 and the same was further reduced to Euro 8.60 millions at year ended March 31, 2025
- Working capital loan and Factored receivables are secured by first charge on inventories and trade receivables subject to factoring arrangements.

## NOTE 66: EXCEPTIONAL ITEMS

- During the year ended March 31, 2024 includes loss of inventory and fixed assets amounting to ₹10.95 Crores due to fire outbreak at Silvassa location on June 28, 2023. Additionally, certain expenses pertaining to the fire amounting to ₹ 0.61 Crores has been recorded in the quarter ended March 31, 2024. Subsequently, all these amounts have been recovered from the insurance company and consequently, exceptional income has been recorded in the year ended March 31, 2025.
- During the year ended March 31, 2024, the Company had executed the sale deeds in respect of certain land and building for a consideration of ₹ 29.90 Crores and had recognised gain of ₹29.38 Crores as exceptional item.

## NOTE 67: RECONCILIATION OF QUARTERLY RETURNS OR STATEMENTS OF CURRENT ASSETS FILED WITH BANKS OR FINANCIAL INSTITUTIONS

As at March 31, 2025

| Quarter | Name of bank                               | Particulars of Securities Provided                         | Amount as per books of account (₹ in Crores) | Amount as reported in the quarterly statement (₹ in Crores) | Amount of difference | Reason for material discrepancies  |
|---------|--|--|--|---|----------------------|--|
| Jun-24  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 303.24                                       | 302.58  | 0.66                 | Based on internally practices Company decided not to consider some of the amount in the calculation of DP. |
| Sep-24  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 393.00                                       | 390.93  | 2.07                 | Based on internally practices Company decided not to consider some of the amount in the calculation of DP. |



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

| Quarter | Name of bank                               | Particulars of Securities Provided                         | Amount as per books of account (₹ in Crores) | Amount as reported in the quarterly statement (₹ in Crores) | Amount of difference | Reason for material discrepancies  |
|---------|--|--|--|---|----------------------|--|
| Dec-24  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 349.72                                       | 349.20  | 0.52                 | Based on internally practices Company decided not to consider some of the amount in the calculation of DP. |
| Mar-25  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 308.08                                       | 308.05  | 0.03                 | Based on internally practices Company decided not to consider some of the amount in the calculation of DP. |

As at March 31, 2024

| Quarter | Name of bank                               | Particulars of Securities Provided                         | Amount as per books of account (₹ in Crores) | Amount as reported in the quarterly statement (₹ in Crores) | Amount of difference | Reason for material discrepancies |
|---------|--|--|--|---|----------------------|-----------------------------------|
| Jun-23  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 248.17                                       | 248.17  | -                    | -                                 |
| Sep-24  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 280.58                                       | 280.58  | -                    | -                                 |
| Dec-23  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 234.61                                       | 234.61  | -                    | -                                 |
| Mar-24  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 229.08                                       | 229.08  | -                    | -                                 |

\*\* These numbers up to December 31, 2023 are without impact of the merger of International Comfort Technologies Private Limited with the Company.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

**NOTE 68: THE FOLLOWING DISCLOSURES SHALL BE MADE WHERE LOANS OR ADVANCES IN THE NATURE OF LOANS ARE GRANTED TO PROMOTERS, DIRECTORS, KMPs AND THE RELATED PARTIES (AS DEFINED UNDER COMPANIES ACT, 2013), EITHER SEVERALLY OR JOINTLY WITH ANY OTHER PERSON, THAT ARE:**

| Type of Borrower                                   | Particulars   |                                |   | March 31, 2025                   |            | March 31, 2024                   |            |
|--|---|--------------------------------|---|----------------------------------|------------|----------------------------------|------------|
|  | Loans/Advances granted Individually or Jointly with other (₹ in crores) | Repayable on demand (Yes / No) | Terms/Period of repayment is specified (Yes / No) | Amount outstanding (₹ In crores) | % of Total | Amount outstanding (₹ In crores) | % of Total |
| <b>Related Parties - Wholly owned subsidiaries</b> |   |                                |   |                                  |            |                                  |            |
| International Foam Technologies S.L., Spain        | 7.23  | No                             | Yes   | 79.40                            | 100.00%    | 72.17                            | 100.00%    |
| Staquo World Private Limited, India                | 9.45  | Yes                            | No  | -                                | -          | -                                | -          |

## NOTE 69: REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

| A brief description of the charges or satisfaction  | The location of the Registrar | The period (in days or months) by which such charge had to be registered as on March 31, 2025 | The period (in days or months) by which such charge had to be registered as on March 31, 2024 | Reason for delay in registration             |
|---|-------------------------------|---|---|--|
| The floating charge is created on current assets including book debt & on Immovable property or any interest therein. | ROC-DELHI                     | 30 days from the certified copy of hypothecation deed execute between bank & Company          | 30 days from the certified copy of hypothecation deed execute between bank & Company.         | There is no delay in registration of Charge. |

## NOTE 70: AUDIT TRAIL

The Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of the preceding year, has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the accounting software.

## NOTE 71: UTILISATION OF BORROWED FUNDS

- (i) The Company has not advanced or lend or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The Company has not received any fund from any person or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

## NOTE 72: EVENTS AFTER THE REPORTING PERIOD

There are no significant adjusting events after the reporting period.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2025

## NOTE 73: DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

## NOTE 74: UNDISCLOSED INCOME

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## NOTE 75: DETAILS OF BENAMI PROPERTY HELD

The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

## NOTE 76: RELATIONSHIP WITH STRUCK OFF COMPANIES UNDER SECTION 248 OF THE COMPANIES ACT, 2013 OR SECTION 560 OF COMPANIES ACT, 1956

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

## NOTE 77: COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

## NOTE 78: WILLFULL DEFAULTER

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

## NOTE 79: REGROUPING/ RECLASSIFICATION

Previous years figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

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: L74899MH1971PLC427835

### Nipun Gupta

Partner

Membership No.: 502896

### Rahul Gautam

Executive Chairman

DIN:00192999

### Tushaar Gautam

Managing Director

DIN:01646487

### Amit Kumar Gupta

Group Chief Financial Officer

Place: Gurugram

Date: May 14, 2025

Place: Noida

Date: May 14, 2025

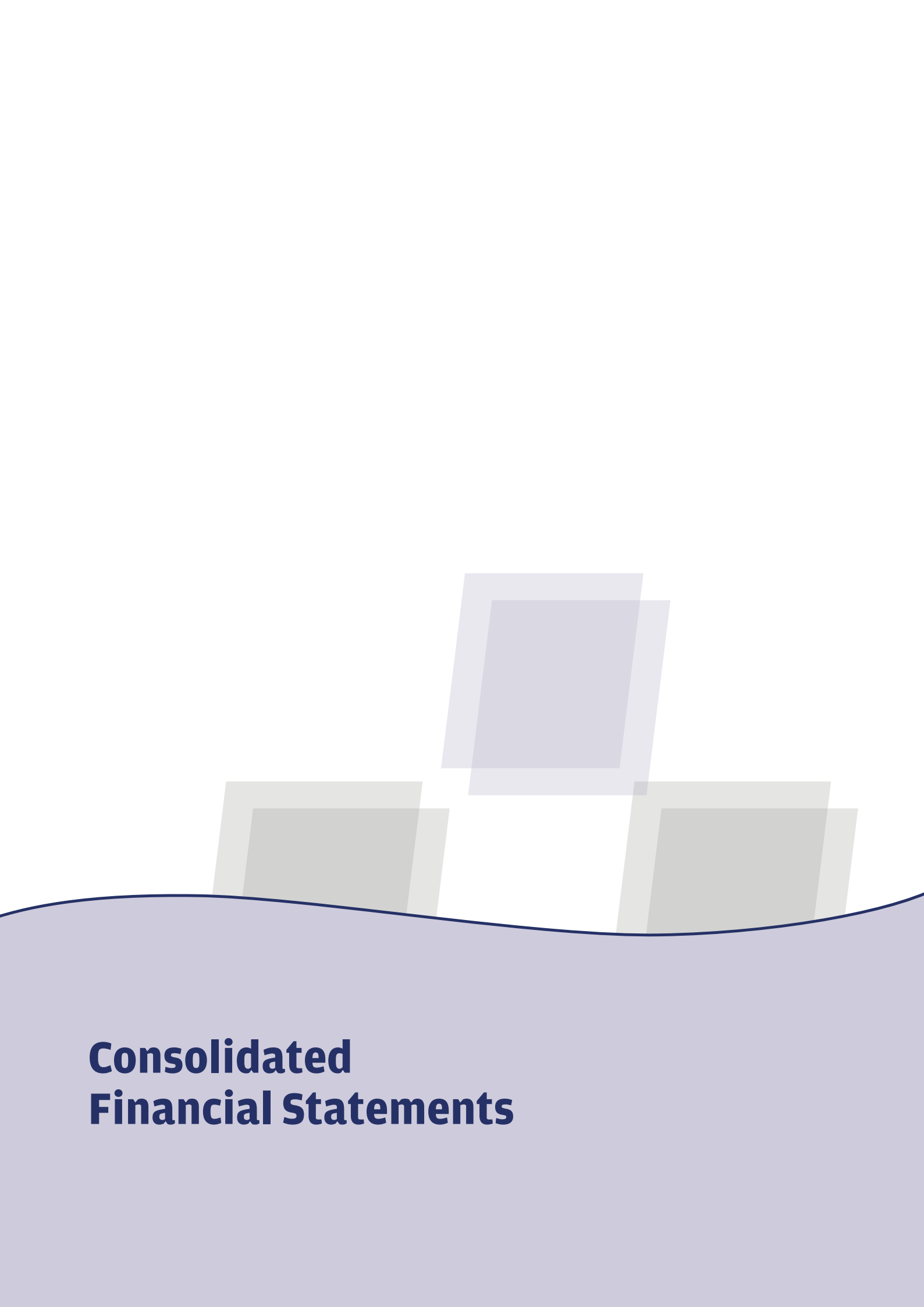
### Davinder Kumar Ahuja

Group Finance Controller

### Md. Iquebal Ahmad

Company Secretary

Membership No.: A20921



**Consolidated  
Financial Statements**

# 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"), its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information 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 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 ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group and its jointly controlled entity as at March 31, 2025, of consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

## Description of Key Audit Matter

| Sr. No. | Key Audit Matters  | How the Key Audit Matters was addressed in our audit   |
|---------|--|--|
| 1       | <p><b>Revenue recognition – Discounts and rebates</b></p> <p>Refer Note 2.12 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 scheme, discounts and rebates are passed on to the customers only on secondary sales made by wholesalers to retailers/customers. Further, certain discounts and rebates for goods sold during the year are finalized when the precise amounts are known and revenue thus includes an estimate of variable consideration, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. The unsettled portion of the variable consideration results in accrual of discounts and rebates due to customers as at year end.</p> <p>Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.</p> | <p>Our audit procedures in respect of this area included:</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 and 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 relevant terms and conditions related to discounts and rebates.</li> <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, 2025.</li> </ul> |

## 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 SAs 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 and jointly controlled entity 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 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, 2025. 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:

| Sr. No. | Key Audit Matters   | How the Key Audit Matters was addressed in our audit   |
|---------|---|--|
|         | In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter.   | <ul style="list-style-type: none"> <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/Credit notes issued after reporting/year end date and where relevant, comparing the payment to the related rebate accrual.</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>   |
| 2       | <p><b>Impairment of Goodwill</b></p> <p>Refer Note 2.1(d)(6) to the consolidated financial statements Group has significant Goodwill on account of consolidation of two subsidiaries amounting ₹ 678.46 crores as on March 31, 2025. 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.</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> | <p>Our audit procedures in respect of this area included:</p> <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 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> |

### 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 after the date of 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 including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its jointly controlled entity 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for assessing the ability of the Group and of jointly controlled entity 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 and of its jointly controlled entity are responsible for overseeing the financial reporting process of each company.

### **Auditors' 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 16 subsidiaries, whose financial statements reflect total assets of ₹ 1,227.29 crores as at March 31, 2025, total revenues of ₹ 864.93 crores and net cash flows amounting to ₹ (15.86) crores 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 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 matters with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the Separate / Consolidated Financial Statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in the paragraph 1(h)(vi) below on reporting under Rule 11(g).
  - 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.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2025 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled entity incorporated in India, none of the directors of the Group companies and its jointly controlled entity incorporated in India are disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 1(h)(vi) below on reporting under Rule 11(g).
- g. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and its jointly controlled entity incorporated in India and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.
- 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 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 and its jointly controlled entity - Refer Note 53 to the consolidated financial statements.
  - ii. The Group and its jointly controlled entity 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, its subsidiary companies and jointly controlled entity incorporated in India.
  - iv. (1) The respective Managements of the Holding Company, its subsidiaries and jointly controlled entity 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 that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and jointly controlled entity to or in any other persons or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties 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 and jointly controlled entity ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (2) The respective Managements of the Holding Company, its subsidiaries and jointly controlled entity 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 that, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries and jointly controlled entity 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 and jointly controlled entity 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 and jointly controlled entity 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 Company has neither declared nor paid any dividend during the year.
  - vi. Based on our examination which included test checks, and based on the other auditor's reports of its subsidiaries and jointly controlled entity incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the holding Company, its subsidiaries and jointly controlled entity incorporated in India have used accounting software for maintaining their respective books of account for the year ended March 31, 2025, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares, and further, during the course of audit we and above referred subsidiaries and jointly controlled entity did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of prior year has been preserved by the Holding Company and above referred subsidiaries and jointly controlled entity as per the statutory requirements for record retention except for the instances mentioned below.
    - In respect of holding company, the audit trail with respect to accounting software of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous year.

- In respect of one subsidiary company, the audit trail with respect to accounting software of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous year.

Further, with respect to payroll software used by above mentioned subsidiary company, in the absence of sufficient and appropriate audit evidence, we are unable to comment on whether the statutory requirements for recording of audit trail and its retention prescribed under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 has been complied or not

- In respect of the jointly controlled entity, the audit trail with respect to accounting software of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous year.

The jointly controlled entity has used software for the revenue, inventory and property plant and equipment cycle, which has a feature of recording audit trail (edit log) facility, that has not been enabled in the software throughout the year. Accordingly, we are unable to comment whether the audit trail feature has operated throughout the year for all relevant transaction recorded in the software or whether there is any instance of audit trail feature being tampered with or whether the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention.

Further, the jointly controlled entity has used an accounting software for payroll cycle, which is managed and maintained by a third-party software service provider. However, in absence of sufficient and appropriate audit evidence including adequate coverage in SOC report we are unable to comment whether the software has a feature of recording audit trail (edit log) facility and whether the same has operated throughout the year for all relevant transactions recorded in the software or whether there is any instance of audit trail feature being tampered with. Additionally, we are unable to comment whether the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention.

- In respect of one of subsidiary of jointly controlled entity, the accounting software used by the Company for maintaining its books of account did not have the audit trail feature enabled for direct changes to data when using certain access rights, as reported by the respective other auditor.
- In respect to one of subsidiary of jointly controlled entity, the audit trail with respect to accounting software of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in prior year.

- In our opinion, according to information, explanations given to us, the remuneration paid by the Group and its jointly controlled entity to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

- According to the information and explanations given to us, the details of Qualifications/adverse remarks made by the respective auditors of the subsidiaries in the Companies (Auditor's Report) Order 2020 (CARO) Reports issued till the date of our audit report for the companies included in the consolidated financial statements are as follows:

| Sr. No | Name of Company                               | CIN                   | Type of Company (Holding/ Subsidiary/ Associate) | Clause number of the CARO Report which is qualified or Adverse |
|--------|---|-----------------------|--|--|
| 1      | Sheela Foam Limited                           | L74899MH1971PLC427835 | Holding  | 3(ii)(b), 3(iii)(a) and (f), 3(vii)(b)                         |
| 2      | Kurlon Enterprise Limited                     | U36101MH2011PLC222657 | Subsidiary                                       | 3(i)(c), 3(ii)(b), 3(iii)(a) and (f), 3(vii)(a) and (b)        |
| 3      | Kurlon Retail Limited                         | U36104MH2012PLC428940 | Subsidiary                                       | 3(vii)(b), 3 (xvii)  |
| 4      | Belevedere International Limited              | U52520MH2020PLC428938 | Subsidiary                                       | 3(xvii)  |
| 5      | Komfort Universe Products and Service Limited | U52520MH2021PLC428941 | Subsidiary                                       | 3(xvii)  |
| 6      | Kanvas Concepts Private Limited               | U74999MH2020PTC428939 | Subsidiary                                       | 3(xvii)  |

**For M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

**Nipun Gupta**

Partner

Membership No. 502896

UDIN: 25502896BMMLFD2827

Place: Gurugram  
Date: May 14, 2025

## 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 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 the management and Board of Directors.
- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entity 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 and its jointly controlled entity 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 and its jointly controlled entity 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 or business activities 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, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Nipun Gupta**  
Partner

Place: Gurugram  
Date: May 14, 2025

Membership No. 502896  
UDIN: 25502896BMMLFD2827

## 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(g) 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, 2025]

### 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, 2025, we have audited the internal financial controls reference to consolidated financial statements of Sheela Foam Limited (hereinafter referred to as "the Holding Company") which includes the internal financial controls over financial reporting of the Holding Company's, its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entity, 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 Group and its jointly controlled entity, 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, 2025, 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

#### Management's and Board of Director's Responsibility for Internal Financial Controls

The respective Management and the Board of Directors of the Group and its jointly controlled entity, 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 issued by 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Group and its jointly controlled entity, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with 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 Group and its jointly controlled entity, 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 seven subsidiaries and one jointly controlled entity, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Nipun Gupta**

Partner

Membership No. 502896  
UDIN: 25502896BMMLFD2827

Place: Gurugram  
Date: May 14, 2025



# Consolidated Balance Sheet

as at March 31, 2025

(₹ in Crores)

| Particulars  | Note no. | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|----------|-------------------------|-------------------------|
| <b>ASSETS</b>  |          |                         |                         |
| <b>Non-current assets</b>  |          |                         |                         |
| Property, plant and equipment  | 3A       | 1,115.23                | 1,159.56                |
| Right-of-use assets  | 4        | 266.66                  | 229.66                  |
| Capital work-in-progress   | 3A       | 131.24                  | 161.40                  |
| Intangible assets  | 5        | 1,724.35                | 1,688.91                |
| Intangible assets under development  | 5        | -                       | 4.22                    |
| Investment property  | 6        | 48.33                   | 50.46                   |
| Investments accounted for using the equity method  | 7A       | 402.27                  | 350.16                  |
| Financial assets   |          |                         |                         |
| (i) Investments  | 7B       | -                       | 510.00                  |
| (ii) Loans   | 8        | 1.89                    | 1.92                    |
| (iii) Other financial assets   | 9        | 51.17                   | 21.33                   |
| Deferred tax asset   | 10       | 249.27                  | 225.17                  |
| Non current tax assets (net)   | 11A      | 32.25                   | 54.74                   |
| Other non-current assets   | 12       | 7.14                    | 7.21                    |
| <b>Total non-current assets</b>  |          | <b>4,029.80</b>         | <b>4,464.74</b>         |
| <b>Current assets</b>  |          |                         |                         |
| Inventories  | 13       | 349.91                  | 339.37                  |
| Financial assets   |          |                         |                         |
| (i) Investments  | 14       | 470.44                  | 17.82                   |
| (ii) Trade receivables   | 15       | 345.65                  | 363.77                  |
| (iii) Cash and cash equivalents  | 16       | 41.25                   | 44.02                   |
| (iv) Bank balances other than cash and cash equivalents                                  | 17       | 6.23                    | 4.93                    |
| (v) Loans  | 18       | 1.36                    | 1.14                    |
| (vi) Other financial assets  | 19       | 17.59                   | 7.84                    |
| Current tax assets (net)   | 11B      | 0.27                    | 0.42                    |
| Other current assets   | 20       | 160.16                  | 95.49                   |
| <b>Total current assets</b>  |          | <b>1,392.86</b>         | <b>874.80</b>           |
| Assets held for sale/Assets included in disposal group(s) held for sale                  | 3B       | 44.48                   | -                       |
| <b>Total assets</b>  |          | <b>5,467.14</b>         | <b>5,339.54</b>         |
| <b>EQUITY AND LIABILITIES</b>  |          |                         |                         |
| <b>Equity</b>  |          |                         |                         |
| Equity share capital   | 21       | 54.35                   | 54.35                   |
| Other equity   | 22       | 2,980.85                | 2,865.84                |
| <b>Equity attributable to shareholders of the Holding Company</b>                        |          | <b>3,035.20</b>         | <b>2,920.19</b>         |
| Non-controlling Interest   |          | 60.39                   | 60.50                   |
| <b>Total equity</b>  |          | <b>3,095.59</b>         | <b>2,980.69</b>         |
| <b>Liabilities</b>   |          |                         |                         |
| <b>Non-current liabilities</b>   |          |                         |                         |
| Financial liabilities  |          |                         |                         |
| (i) Borrowings   | 23       | 529.84                  | 944.59                  |
| (ii) Lease liabilities   | 24       | 208.98                  | 174.23                  |
| (iii) Other financial liabilities  | 25       | 64.83                   | 71.58                   |
| Provisions   | 26       | 27.53                   | 21.69                   |
| Other non-current liabilities  | 27       | 37.34                   | 0.17                    |
| Deferred tax liabilities   | 28       | 6.18                    | 17.70                   |
| <b>Total non-current liabilities</b>   |          | <b>874.70</b>           | <b>1,229.96</b>         |
| <b>Current liabilities</b>   |          |                         |                         |
| Financial liabilities  |          |                         |                         |
| (i) Borrowings   | 29       | 686.65                  | 336.74                  |
| (ii) Lease liabilities   | 24       | 36.89                   | 37.55                   |
| (iii) Trade payables   |          |                         |                         |
| - Total outstanding dues of micro enterprises and small enterprises                      | 30       | 30.69                   | 22.28                   |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 30       | 330.29                  | 365.25                  |
| (iv) Other financial liabilities   | 31       | 233.42                  | 265.30                  |
| Provisions   | 26       | 28.91                   | 29.12                   |
| Current tax liabilities (net)  | 32       | 21.30                   | 0.89                    |
| Other current liabilities  | 33       | 128.70                  | 71.76                   |
| <b>Total current liabilities</b>   |          | <b>1,496.85</b>         | <b>1,128.89</b>         |
| <b>Total liabilities</b>   |          | <b>2,371.55</b>         | <b>2,358.85</b>         |
| <b>Total equity and liabilities</b>  |          | <b>5,467.14</b>         | <b>5,339.54</b>         |

Material 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: L74899MH1971PLC427835

**Nipun Gupta**  
Partner  
Membership No.: 502896

**Rahul Gautam**  
Executive Chairman  
DIN:00192999

**Tushaar Gautam**  
Managing Director  
DIN:01646487

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Gurugram  
Date: May 14, 2025

Place: Noida  
Date: May 14, 2025

**Davinder Kumar Ahuja**  
Group Finance Controller

**Md. Iquebal Ahmad**  
Company Secretary  
Membership No.: A20921

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2025

(₹ in Crores)

| Particulars   | Note no. | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>Income</b>   |          |                                      |                                      |
| Revenue from operations   | 34       | 3,439.19                             | 2,982.31                             |
| Other income  | 35       | 130.92                               | 117.10                               |
| <b>Total Income</b>   |          | <b>3,570.11</b>                      | <b>3,099.41</b>                      |
| <b>Expenses</b>   |          |                                      |                                      |
| Cost of materials consumed  | 36       | 1,980.17                             | 1,582.32                             |
| Purchase of stock-in-trade  | 37       | 78.45                                | 108.42                               |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress   | 38       | (53.00)                              | 59.41                                |
| Other manufacturing expenses  | 39       | 153.48                               | 111.93                               |
| Employee benefits expense   | 40       | 432.12                               | 344.11                               |
| Finance costs   | 41       | 120.54                               | 68.62                                |
| Depreciation and amortisation expense   | 42       | 182.61                               | 115.79                               |
| Other expenses  | 43       | 598.05                               | 475.58                               |
| <b>Total Expenses</b>   |          | <b>3,492.42</b>                      | <b>2,866.18</b>                      |
| <b>Profit before tax and Exceptional Items</b>  |          | <b>77.69</b>                         | <b>233.23</b>                        |
| Exceptional items   | 70       | (30.59)                              | (22.70)                              |
| <b>Profit before tax</b>  |          | <b>108.28</b>                        | <b>255.93</b>                        |
| <b>Income Tax expense</b>   | 60       |                                      |                                      |
| Current tax   |          | 52.30                                | 50.74                                |
| Tax expenses related to earlier years   |          | (1.07)                               | -                                    |
| Deferred tax (net)  |          | (38.48)                              | 10.68                                |
| <b>Total Income tax expense</b>   |          | <b>12.75</b>                         | <b>61.42</b>                         |
| <b>Profit for the year after tax and before share of profit/(loss) of Joint venture accounted for using equity method</b> |          | <b>95.53</b>                         | <b>194.51</b>                        |
| Share in profit/(loss) of Joint venture accounted for using equity method   |          | 1.17                                 | (10.58)                              |
| <b>Profit for the year</b>  |          | <b>96.70</b>                         | <b>183.93</b>                        |
| <b>Other Comprehensive Income/ (Loss) (net of tax)</b>  |          |                                      |                                      |
| Items that will not be reclassified to profit or loss   |          |                                      |                                      |
| Remeasurements gain / (loss) of the net defined benefit plans   |          | 2.49                                 | (2.62)                               |
| Income tax on above item  | 60       | (0.63)                               | 0.11                                 |
| Share of Other Comprehensive Income in Joint venture to the extent not to be classified into profit or loss               |          | -                                    | 0.03                                 |
| Items that will be reclassified to profit or loss   |          |                                      |                                      |
| Fair value gain / (loss) on investments and other financial instruments   |          | 0.56                                 | 0.45                                 |
| Income tax on above item  | 60       | (0.14)                               | (0.11)                               |
| Share of Other Comprehensive Income in Joint venture to the extent to be classified into profit or loss                   |          | -                                    | 0.01                                 |
| Exchange differences on translation of foreign operations   |          | 4.22                                 | (0.57)                               |
| <b>Total Other Comprehensive Income/ (Loss) (net of tax)</b>  |          | <b>6.50</b>                          | <b>(2.70)</b>                        |
| <b>Total comprehensive income for the year</b>  |          | <b>103.20</b>                        | <b>181.23</b>                        |
| <b>Profit for the year attributable to:</b>   |          |                                      |                                      |
| Shareholders of the Holding Company   |          | 96.09                                | 182.44                               |
| Non-controlling Interest  |          | 0.61                                 | 1.49                                 |
|   |          | <b>96.70</b>                         | <b>183.93</b>                        |
| <b>Other Comprehensive Income for the year attributable to:</b>   |          |                                      |                                      |
| Shareholders of the Holding Company   |          | 6.50                                 | (2.70)                               |
| Non-controlling Interest  |          | -                                    | -                                    |
|   |          | <b>6.50</b>                          | <b>(2.70)</b>                        |
| <b>Total Comprehensive Income for the year attributable to:</b>   |          |                                      |                                      |
| Shareholders of the Holding Company   |          | 102.59                               | 179.74                               |
| Non-controlling Interest  |          | 0.61                                 | 1.49                                 |
|   |          | <b>103.20</b>                        | <b>181.23</b>                        |
| <b>Earnings per equity share (face value of ₹5/- each):</b>   | 44       |                                      |                                      |
| Basic (₹)   |          | 8.84                                 | 17.66                                |
| Diluted (₹)   |          | 8.84                                 | 17.66                                |
| Material 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: L74899MH1971PLC427835

**Nipun Gupta**  
Partner  
Membership No.: 502896

**Rahul Gautam**  
Executive Chairman  
DIN:00192999

**Tushaar Gautam**  
Managing Director  
DIN:01646487

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Gurugram  
Date: May 14, 2025

Place: Noida  
Date: May 14, 2025

**Davinder Kumar Ahuja**  
Group Finance Controller

**Md. Iquebal Ahmad**  
Company Secretary  
Membership No.: A20921

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

## A. EQUITY SHARE CAPITAL

| Particulars                               | ₹ in Crores  |
|---|--------------|
| <b>Balance as at April 01, 2023</b>       | <b>48.78</b> |
| Add: Equity shares issued during the year | 5.57         |
| <b>Balance as at March 31, 2024</b>       | <b>54.35</b> |
| Add: Equity shares issued during the year | 0.00         |
| <b>Balance as at March 31, 2025</b>       | <b>54.35</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 | Foreign Currency Translation Reserve | Capital Subsidy | Share based payment reserve | Securities Premium | Statutory Reserve                   |  |                          |                 |
| <b>Balance as at April 01, 2023</b>   | <b>1,505.42</b>      | <b>0.67</b>     | <b>45.27</b>                         | <b>0.64</b>     | -                           | -                  | -                                   | <b>1,549.40</b>  | <b>8.27</b>              | <b>1,557.67</b> |
| Profit for the year   | 182.44               | -               | -                                    | -               | -                           | -                  | -                                   | 182.44   | 1.49                     | 183.93          |
| Dividend paid   | 0.89                 | -               | -                                    | -               | -                           | -                  | -                                   | 0.89   | -                        | 0.89            |
| Remeasurements of the net defined benefit plans (net of tax)                        | (2.51)               | -               | -                                    | -               | -                           | -                  | -                                   | (2.51)   | -                        | (2.51)          |
| Other adjustments   | -                    | -               | -                                    | (0.25)          | -                           | -                  | -                                   | (0.25)   | (1.85)                   | (2.10)          |
| Exchange gain/(loss) on translation (net)   | -                    | -               | (0.57)                               | -               | -                           | -                  | -                                   | (0.57)   | -                        | (0.57)          |
| Gain / (Loss) on Cash flow hedge reserve (net of tax)                               | -                    | -               | -                                    | -               | -                           | -                  | 0.34                                | 0.34   | -                        | 0.34            |
| Employees share based payment expenses  | -                    | -               | -                                    | -               | 2.42                        | -                  | -                                   | 2.42   | -                        | 2.42            |
| Securities premium on issue of paid up share capital                                | -                    | -               | -                                    | -               | -                           | 1,194.43           | -                                   | 1,194.43   | -                        | 1,194.43        |
| Equity Fund raising expenses  | -                    | -               | -                                    | -               | -                           | (58.47)            | -                                   | (58.47)  | -                        | (58.47)         |
| Impact of business combination on acquisition and further acquisition in subsidiary | (2.63)               | 0.31            | -                                    | -               | -                           | -                  | -                                   | (2.32)   | 52.59                    | 50.27           |
| Transferred to Statutory Reserve  | (0.06)               | -               | -                                    | -               | -                           | -                  | 0.06                                | -  | -                        | -               |
| Share of OCI in Joint venture   | 0.03                 | -               | 0.01                                 | -               | -                           | -                  | -                                   | 0.04   | -                        | 0.04            |
| <b>Total comprehensive income for the year</b>                                      | <b>178.16</b>        | <b>0.31</b>     | <b>(0.56)</b>                        | <b>(0.25)</b>   | <b>2.42</b>                 | <b>1,135.96</b>    | <b>0.06</b>                         | <b>1,316.44</b>  | <b>52.23</b>             | <b>1,368.67</b> |
| <b>Balance as at March 31, 2024</b>   | <b>1,683.58</b>      | <b>0.98</b>     | <b>44.71</b>                         | <b>0.39</b>     | <b>2.42</b>                 | <b>1,135.96</b>    | <b>0.06</b>                         | <b>2,865.84</b>  | <b>60.50</b>             | <b>2,926.34</b> |
| Profit for the year   | 96.09                | -               | -                                    | -               | -                           | -                  | -                                   | 96.09  | 0.61                     | 96.70           |
| Dividend paid   | 0.09                 | -               | -                                    | -               | -                           | -                  | -                                   | 0.09   | -                        | 0.09            |
| Remeasurements of the net defined benefit plans (net of tax)                        | 1.86                 | -               | -                                    | -               | -                           | -                  | -                                   | 1.86   | -                        | 1.86            |
| Capital Subsidy received during the year  | -                    | -               | -                                    | 4.57            | -                           | -                  | -                                   | 4.57   | -                        | 4.57            |

(₹ in Crores)

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

(₹ in Crores)

| 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 | Foreign Currency Translation Reserve | Capital Subsidy | Share based payment reserve | Securities Premium | Statutory Reserve                   |  |                          |                 |
| Other adjustments   | 0.47                 | -               | -                                    | (0.13)          | -                           | -                  | -                                   | 0.34   | (0.71)                   | (0.37)          |
| Exchange gain/(loss) on translation (net)   | -                    | -               | 4.22                                 | -               | -                           | -                  | -                                   | 4.22   | -                        | 4.22            |
| Gain / (Loss) on Cash flow hedge reserve (net of tax)                               | -                    | -               | -                                    | -               | -                           | -                  | 0.42                                | 0.42   | -                        | 0.42            |
| Employees share based payment expenses  | -                    | -               | -                                    | -               | 7.42                        | -                  | -                                   | 7.42   | -                        | 7.42            |
| Impact of business combination on acquisition and further acquisition in subsidiary | -                    | -               | -                                    | -               | -                           | -                  | -                                   | -  | (0.01)                   | (0.01)          |
| Transfer due to exercise of Employee share options                                  | -                    | -               | -                                    | -               | (0.93)                      | 0.93               | -                                   | -  | -                        | -               |
| <b>Total comprehensive income for the year</b>                                      | <b>98.51</b>         | <b>-</b>        | <b>4.22</b>                          | <b>4.44</b>     | <b>6.49</b>                 | <b>0.93</b>        | <b>-</b>                            | <b>115.01</b>  | <b>(0.11)</b>            | <b>114.90</b>   |
| <b>Balance as at March 31, 2025</b>   | <b>1,782.09</b>      | <b>0.98</b>     | <b>48.93</b>                         | <b>4.83</b>     | <b>8.91</b>                 | <b>1,136.89</b>    | <b>0.06</b>                         | <b>2,980.85</b>  | <b>60.39</b>             | <b>3,041.24</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

**Nipun Gupta**

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2025

**For and on behalf of the Board of Directors of**

**Sheela Foam Limited**

CIN: L74899MH1971PLC427835

**Rahul Gautam**

Executive Chairman

DIN:00192999

Place: Noida

Date: May 14, 2025

**Tushaar Gautam**

Managing Director

DIN:01646487

**Davinder Kumar Ahuja**

Group Finance Controller

**Amit Kumar Gupta**

Group Chief Financial Officer

**Md. Iquebal Ahmad**

Company Secretary

Membership No.: A20921

# Consolidated Statement of Cash Flows

for the year ended March 31, 2025

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Cash flow from operating activities</b>  |                                      |                                      |
| <b>Profit before tax and exceptional items</b>   | <b>77.69</b>                         | <b>233.23</b>                        |
| <b>Adjustments for:</b>  |                                      |                                      |
| Depreciation and amortisation expense  | 182.61                               | 115.79                               |
| Finance costs  | 120.54                               | 68.62                                |
| Gain on termination of Lease   | (5.43)                               | (1.92)                               |
| Advances/ balances written off (including bad debts)   | 2.38                                 | 0.88                                 |
| Provision for doubtful receivables   | 0.93                                 | -                                    |
| Provision for warranty   | 21.73                                | 10.38                                |
| Expenses on employees stock option schemes   | 7.42                                 | 2.42                                 |
| Subsidy income   | (0.30)                               | (0.52)                               |
| Income from capital subsidy  | (7.24)                               | -                                    |
| Net loss on foreign currency forward contracts   | 2.78                                 | 0.44                                 |
| Money received as settlement claim under Business Combination  | (35.70)                              | -                                    |
| Fair value gain on investments (net)   | (14.31)                              | (29.27)                              |
| Profit on sale of investments (net)  | (41.79)                              | (40.28)                              |
| Liabilities/provisions no longer required written back   | (1.31)                               | (10.46)                              |
| Unrealised foreign exchange (gain) / loss (net)  | -                                    | (0.03)                               |
| Rental Income (Short term lease)   | (7.52)                               | (13.58)                              |
| Interest Income  | (9.25)                               | (9.13)                               |
| (Profit) / Loss on sale of property, plant and equipment (net)   | 2.41                                 | 3.55                                 |
| <b>Operating profit before working capital changes</b>   | <b>295.64</b>                        | <b>330.12</b>                        |
| <b>Changes in working capital:</b>   |                                      |                                      |
| (Increase) / Decrease in inventories   | (1.29)                               | (18.74)                              |
| (Increase) / Decrease in loans and trade receivables   | 15.93                                | (83.43)                              |
| (Increase) / Decrease in other financial and non-financial assets  | (66.01)                              | (58.29)                              |
| (Decrease) / Increase in trade payables  | (26.96)                              | 127.85                               |
| (Decrease) / Increase in other financial liabilities, non-financial liabilities and provisions               | 41.27                                | 194.85                               |
| <b>Cash generated from operations</b>  | <b>258.58</b>                        | <b>492.36</b>                        |
| Income tax paid (net of refunds)   | (6.25)                               | (86.41)                              |
| <b>Net cash flow from operating activities (A)</b>   | <b>252.33</b>                        | <b>405.95</b>                        |
| <b>B. Cash flow from investing activities</b>  |                                      |                                      |
| Purchase of property, plant and equipment and change in capital work in progress                             | (118.91)                             | (705.36)                             |
| Intangible Assets acquired and expenditure on intangibles under development                                  | (32.36)                              | (1,643.21)                           |
| Proceeds from Sale of property, plant and equipment  | 42.01                                | 44.21                                |
| Increase / (Decrease) in creditors for capital goods (net of capital advances)                               | 2.60                                 | 28.76                                |
| Payable against subsidiaries acquisition   | -                                    | 52.59                                |
| (Investment in) / Proceeds from Bank deposits  | (1.30)                               | (4.66)                               |
| Proceeds from debentures and mutual funds (net)  | 113.49                               | 310.09                               |
| Investment made in Joint Venture   | (50.94)                              | (363.33)                             |
| Rental income (short term lease)   | 7.52                                 | 13.58                                |
| Interest income received   | 9.07                                 | 8.84                                 |
| <b>Net cash flow (used in) investing activities (B)</b>  | <b>(28.82)</b>                       | <b>(2,258.49)</b>                    |
| <b>C. Cash flow from financing activities</b>  |                                      |                                      |
| Payment of dividend during the year  | (0.09)                               | (0.96)                               |
| Net Proceeds from issue of paid up share capital (Including Securities Premium)                              | -                                    | 1,141.53                             |
| (Repayment of) / Net Proceeds from Non-convertible debentures (including interest and net of expenses)       | (61.27)                              | 719.87                               |
| (Repayment of) long term borrowings  | (56.98)                              | (83.17)                              |
| (Repayment of) / Net proceeds from short term borrowings (including working capital loan and bank overdraft) | (16.21)                              | 144.92                               |
| Payment of lease liabilities (principal and interest)  | (48.90)                              | (40.49)                              |
| Finance costs  | (42.87)                              | (27.41)                              |
| <b>Net cash flow (used in) / from financing activities (C)</b>   | <b>(226.32)</b>                      | <b>1,854.29</b>                      |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>  | <b>(2.81)</b>                        | <b>1.75</b>                          |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents                  | 0.04                                 | -                                    |
| Cash and cash equivalents at the beginning of the year   | 44.02                                | 42.27                                |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>41.25</b>                         | <b>44.02</b>                         |

# Consolidated Statement of Cash Flows

for the year ended March 31, 2025

## 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:

| (₹ in Crores)   |                         |                         |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Cash and cash equivalents</b>                        |                         |                         |
| Cash on hand  | 0.47                    | 0.21                    |
| Deposits having original maturity of less than 3 months | 0.19                    | 0.11                    |
| Balance with banks in current accounts                  | 40.59                   | 43.70                   |
| <b>Balance as per Statement of Cash Flows</b>           | <b>41.25</b>            | <b>44.02</b>            |

- Changes in liabilities arising from financing activities:

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| <b>Lease liabilities</b>                                  |                                      |                                      |
| Lease liabilities at the beginning of the year            | 211.78                               | 103.47                               |
| Addition during the year (including acquisition)          | 110.06                               | 164.00                               |
| Accretion of Interest                                     | 13.56                                | 10.60                                |
| Payment of lease liabilities                              | (48.90)                              | (40.49)                              |
| Cancellation / adjustments                                | (39.67)                              | (24.56)                              |
| Exchange differences on translation of foreign operations | (0.96)                               | (1.24)                               |
| <b>Lease liabilities as at year end</b>                   | <b>245.87</b>                        | <b>211.78</b>                        |

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| <b>Borrowings</b>   |                                      |                                      |
| Borrowings at the beginning of the year                   | 1,281.33                             | 467.63                               |
| Interest charged on Non-convertible debentures            | 63.61                                | 30.77                                |
| Interest paid on Non-convertible debentures               | (61.27)                              | -                                    |
| (Repayment of)/Proceeds from the borrowings               | (16.21)                              | 864.79                               |
| Repayment of borrowings                                   | (56.98)                              | (83.17)                              |
| Foreign exchange (gain) / loss (net)                      | (0.43)                               | 0.79                                 |
| Exchange differences on translation of foreign operations | 6.44                                 | 0.52                                 |
| <b>Borrowings as at year end</b>                          | <b>1,216.49</b>                      | <b>1,281.33</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

**Nipun Gupta**  
Partner  
Membership No.: 502896

Place: Gurugram  
Date: May 14, 2025

**For and on behalf of the Board of Directors of**  
**Sheela Foam Limited**  
CIN: L74899MH1971PLC427835

**Rahul Gautam**  
Executive Chairman  
DIN:00192999

Place: Noida  
Date: May 14, 2025

**Tushaar Gautam**  
Managing Director  
DIN:01646487

**Davinder Kumar Ahuja**  
Group Finance Controller

**Amit Kumar Gupta**  
Group Chief Financial Officer

**Md. Iquebal Ahmad**  
Company Secretary  
Membership No.: A20921



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## 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 Maharashtra. 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 seventeen subsidiary companies including step down subsidiaries and one joint venture entity namely:

### Subsidiaries including step down subsidiaries

- Joyce Foam PTY Ltd., Australia & its subsidiary- Joyce W C NSW Pty Limited
- International Foam Technologies Spain, S.L.U & its Controlled Entity- Interplasp S.L.
- Kurlon Enterprise Limited & its five subsidiaries - Kurlon Retail Limited, Belvedere International Limited, Komfort Universe Products & Services Limited, Starship Value Chain and Manufacturing Private Limited and Kanvas Concepts Private Limited
- Staqa World Private Limited and its three Controlled Foreign Entities- Staqa World Kft, Hungary, Staqa Incorporated, USA and Staqa Technologies L.L.C, Dubai
- Sheela Foam Trading LLC, Dubai
- Staqa Software Private Limited (formerly known as Divya Software Solutions Private Limited), India
- Sleepwell Enterprises Private Limited, India

### Joint Venture entity

- House of Kieraya Limited (formerly known as House of Kieraya Private Limited)

The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its seventeen subsidiary companies including step down subsidiaries (together referred as "the Group") and one joint venture entity.

The consolidated financial statements for the year ended March 31, 2025 were approved by the Board of Directors and authorized for issue on May 14, 2025.

## 2. MATERIAL ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting

Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The consolidated financial statements have been prepared on accrual and going concern basis. All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), measured at fair value (refer accounting policy regarding financial instruments).
- defined benefit plans - plan asset measured at fair value.
- share based payments.
- purchase price allocation of business combination.

#### b. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees ('₹'), which is the Holding Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest crores 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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 45.

#### 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## 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. and one Indian subsidiary that is Kurlon Enterprise Limited as the significant cash generating unit for the purposes of determining the recoverable value.

| Particulars       | Interplasp S.L. |                | Kurlon Enterprise Limited |                |
|-------------------|-----------------|----------------|---------------------------|----------------|
|                   | March 31, 2025  | March 31, 2024 | March 31, 2025            | March 31, 2024 |
| Acquired Goodwill | 271.66          | 265.46         | 406.8                     | 376.8          |

(₹ in Crores)

Following key assumptions were considered while performing impairment testing:

| Factors tested  | Interplasp S.L. |                | Kurlon Enterprise Limited |                |
|---|-----------------|----------------|---------------------------|----------------|
|   | March 31, 2025  | March 31, 2024 | March 31, 2025            | March 31, 2024 |
| Average Sales Growth rate for 5 years                           | 10%             | 15%            | 13.60%                    | 16%            |
| Average terminal growth rate                                    | 3.00%           | 1.50%          | 6%                        | 6%             |
| Margin  | 13%             | 10.50%         | 17%                       | 15%            |
| Weighted Average Cost Capital % (WACC) post tax (Discount rate) | 9.70%           | 8.40%          | 11.90%                    | 12.80%         |

(₹ in Crores)

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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## 7. Consolidation decisions and classification of joint venture

Through the shareholder agreement, the holding company has right to appoint the majority of the board of directors and participate and control all significant financial and operating decisions. The holding company has therefore determined that it has joint control over the 'House of Kieraya Limited (Furlenco)', even though the holding company only holds 43.89% of the voting rights.

## 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: -

### 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:

The financial statements of subsidiary companies and joint venture entity are drawn up to the same reporting date as of the holding company for the purpose of consolidation.

#### A. Subsidiaries

- 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 Material 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.

#### B. Joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint venture is accounted for using the equity method, after initially being recognized at cost in the consolidated balance sheet.

Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income (OCI) of the investee in OCI.

Dividends received or receivable from joint venture is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, which includes any long-term interest that, in substance, form part of Group investment in joint venture, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Group and its joint venture is eliminated to the extent of the Group's interest in this entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary, adjustments are made to the financial statements of joint venture entity to bring their accounting policy into line with the Group's accounting policies.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The carrying amount of equity accounted as investments are tested for impairment in accordance with the policy described in note 2.7 below. The Consolidated Financial Statements of the Group includes the results of following entities:

| Name of Company   | Country of Incorporation                                  | Proportion (%) of Shareholding as on 31.03.2025 | Proportion (%) of Shareholding as on 31.03.2024 |
|---|---|---|---|
| <b>Subsidiary Companies</b>   |   |   |   |
| Joyce Foam Pty. Limited and its Controlled Entity (Joyce W C NSW Pty Limited)   | Australia   | 100%  | 100%  |
| International Foam Technologies S.L., 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 Private Limited and its three Controlled Entities (Staqo Technologies L.L.C. , Staquo World Kft and Staquo Incorporated)  | India<br>(Three controlled entities UAE, Hungary and USA) | 100%  | 100%  |
| Kurlon Enterprise Limited & its five Controlled Entities (Kurlon Retail Limited, Belvedere International Limited, Komfort Universe Products & Services Limited, Starship Value Chain and Manufacturing Private Limited and Kanvas Concepts Private Limited) | India   | 97.43%  | 97.43%  |
| Sheela Foam Trading LLC   | UAE   | 100%  | 100%  |
| <b>Joint Venture</b>  |   |   |   |
| House Of Kieraya Limited (Formerly known as House of Kieraya Private Limited)   | India   | 43.89%  | 17.70%  |

## 2.3 Property, Plant & Equipment

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till the date of commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

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 and Indian Subsidiaries (Kurlon Enterprise Limited, Staquo Software Private Limited, Sleepwell Enterprises Private Limited, Staquo World Private Limited).

Freehold land is carried at historical cost and 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 useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

| Name of Company                     | Useful life as per Schedule II of the Companies Act, 2013 (No. of Years) | Useful life as assessed/ estimate by Group (No. of Years) |
|-------------------------------------|--|---|
| Buildings                           |  |   |
| - Factory (including roads & lanes) | 30   | 29  |
| - Office                            | 60   | 4-59  |
| - Residential                       | 60   | 59  |
| Plant & Equipment                   | 15   | 20  |
| Storage and Pipelines               | 25   | 20  |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

| Name of Company             | Useful life as per Schedule II of the Companies Act, 2013 (No. of Years) | Useful life as assessed/ estimate by Group (No. of Years) |
|-----------------------------|--|---|
| Furniture & Fixtures        | 10   | 15  |
| Vehicles :                  |  |   |
| - Motor Cars                | 8  | 10  |
| Office Equipment            | 5  | 20  |
| Date Processing Equipment : |  |   |
| - Computer Equipment        | 3  | 6   |
| Electrical Fittings         | 10   | 20  |

Based on usage pattern, technical evaluation and internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

In the case of foreign Subsidiaries (Joyce Foam Pty. Ltd. and its Controlled Entities, International Foam Technologies S.L., Spain and its Controlled Entities and Sheela Foam Trading LLC) 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. Freehold land is carried at historical cost and 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 Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a written down value basis over their useful economic lives.

Costs associated with maintaining software programs are recognised as an expense as incurred.

Development Cost that are directly attributable to the design and testing of identifiable and unique software products are

recognised as intangible assets when required criteria is met. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

The significant intangibles recognised by the company, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

| Intangible assets | Useful Life  |
|-------------------|--------------|
| Computer Software | 6 - 20 years |

## 2.5 Non-Current Asset held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- The appropriate level of Management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. The group determines the fair value of such assets on the basis of valuation report obtained from the independent valuer.

## 2.6 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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:

### 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

### (iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### (iv) Derivative Financial Instruments :

#### Initial recognition and subsequent measurement

The 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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.

## (v) Supplier finance arrangements

The Group classifies financial liabilities from supplier finance arrangements as 'Acceptances' under head 'Trade payables' if they are of the same nature and has terms comparable to regular trade payables. This applies when the arrangement is part of the normal operating cycle and has similar security levels. The related cash flows are included in operating activities in the consolidated statement of cash flows.

## 2.7 Dividend

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

## 2.8 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.

## 2.9 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.

## 2.10 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 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 2.1(d)(6) for the use of estimates and judgments for assessing impairment of goodwill.

## 2.11 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 balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### b) 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## 2.12 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 26).

### 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.

## 2.13 Employee Benefits

In the case of the Holding Company (Sheela Foam Limited) and Indian Subsidiaries (Kurlon Enterprise Limited, Staquo Software Private Limited, Sleepwell Enterprises Private Limited and Staquo World 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.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## b. Post-Employment Benefits

### i. Defined contribution plan:

#### (A) Provident fund :

Contribution towards provident fund is made to the regulatory authorities, where the group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

#### (B) Employee's State Insurance Scheme:

Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

### ii. Defined benefit plan:

#### Gratuity

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.

## c. 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.

In the case of foreign Subsidiaries (Sheela Foam Trading LLC, Joyce Foam Pty. Ltd. & its Controlled Entity and International Foam Technologies SL, Spain & 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.

## d. Share based payments

### Employee Options

The fair value of options granted by the Holding company is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions if any;
- excluding the impact of any service and non-market performance vesting conditions if any;
- including the impact of any non-vesting conditions if any.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where shares are forfeited due to failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

## 2.14 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.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## 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.

Payments associated with short-term leases of warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group has applied the practical expedient wherein it relied on its assessment of whether leases are onerous immediately before the date of initial application.

## 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.

## 2.15 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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 Business Combination and 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 and the amount of any non-controlling interests in the acquiree. Contingent consideration to be transferred is recognised at fair value and included as part of cost of acquisition. 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. Transaction related costs are expensed in the period in which the costs are 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.

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 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.

## 2.21 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## 2.22 Standards (including amendments) issued but not yet effective.

Amendment to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The Ministry Of Corporate Affairs (MCA), vide notification dated May 7, 2025, has amended Ind AS 21, The Effects Of Changes in Foreign Exchange Rates, to provide guidance on how to account for a currency when it is not exchangeable into another currency. The amendment introduces:

- A definition of when a currency is considered not exchangeable,
- Guidance on estimating the spot exchange rate when exchangeability is lacking,
- Clarification on the selection Of exchange rates when multiple rates exist, and
- Enhanced disclosure requirements regarding the nature and financial impact Of such situations.

These amendments are applicable for annual reporting periods beginning on or after April 01, 2025, with early application permitted. The Company is currently evaluating the impact of this amendment on its financial statements

## 2.23 Standards that became effective during the year

- i) The Ministry of Corporate Affairs (MCA) has notified on 09 September 2024 Companies (Indian Accounting Standards) Second Amendment Rules, 2024 amendment to Ind AS 116 Leases (the amendment). This amendment deals with subsequent accounting for a seller-lessee in respect of the sale leaseback transaction accounted for as a sale under Ind AS 115, Revenue from Contracts with Customers. The amendment were applicable for annual periods beginning on or after 1 April 2024.
- ii) The Ministry of Corporate Affairs (MCA) has notified new accounting standard Ind AS 117, 'Insurance Contracts', vide notification dated 12 August 2024. Ind AS 117 superseded interim insurance standard Ind AS 104 Insurance Contracts and was effective for annual reporting periods beginning on or after 1 April 2024. This new accounting standard is introduced in India to align 'Insurance Contracts' with the global IFRS 17 standard.

These amendments have no impact on the financial statements of the Company.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 3A : PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

| 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, 2023</b>                  |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Assets acquired during acquisition          | 18.86           | 265.99                              | 433.02                      | 1.15                         | 14.82                  | 16.87    | 26.11            | 15.21               | 792.03                              | 287.49                   |
| Additions                                   | 19.77           | 103.87                              | 183.15                      | -                            | 30.41                  | 2.86     | 12.93            | -                   | 352.99                              | 3.39                     |
| Disposals/transfer                          | 71.76           | 194.38                              | 275.07                      | -                            | 17.65                  | 6.07     | 21.83            | 23.00               | 609.76                              | 207.25                   |
| Foreign Currency Translation Reserve        | (0.06)          | (1.33)                              | (18.29)                     | -                            | (0.46)                 | (1.98)   | (0.65)           | (0.30)              | (23.07)                             | (336.32)                 |
| <b>As at March 31, 2024</b>                 |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Additions                                   | 110.34          | 562.88                              | 871.37                      | 1.14                         | 62.42                  | 23.79    | 60.21            | 37.91               | 1,730.06                            | 161.40                   |
| Disposals/transfer                          | 1.29            | 26.65                               | 122.39                      | -                            | 3.58                   | 9.62     | 3.58             | 0.86                | 167.97                              | 71.85                    |
| Asset transferred to held for sale          | (12.51)         | (0.10)                              | (54.79)                     | -                            | (14.27)                | (3.09)   | 1.30             | 7.16                | (76.30)                             | (103.75)                 |
| Foreign Currency Translation Reserve        | (22.10)         | (30.32)                             | (6.58)                      | -                            | (0.09)                 | (0.55)   | (0.40)           | (2.65)              | (62.69)                             | -                        |
| <b>As at March 31, 2025</b>                 |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Accumulated depreciation                    | 0.04            | 1.38                                | 1.56                        | -                            | 0.03                   | (0.01)   | 0.01             | -                   | 3.01                                | 1.74                     |
| <b>As at April 1, 2023</b>                  |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Accumulated depreciation on assets acquired | 77.06           | 560.49                              | 933.95                      | 1.14                         | 51.67                  | 29.76    | 64.70            | 43.28               | 1,762.05                            | 131.24                   |
| Depreciation charge for the year            | -               | 89.19                               | 234.03                      | 0.18                         | 8.10                   | 8.08     | 15.86            | 7.55                | 362.99                              | -                        |
| Disposals/adjustments                       | -               | 14.89                               | 101.30                      | -                            | 14.28                  | 0.30     | 9.71             | -                   | 140.48                              | -                        |
| Foreign Currency Translation Reserve        | -               | 28.71                               | 39.60                       | 0.06                         | 1.96                   | 3.15     | 3.92             | 1.88                | 79.28                               | -                        |
| <b>As at March 31, 2024</b>                 |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Depreciation charge for the year            | -               | (0.56)                              | (8.74)                      | -                            | 0.11                   | (0.37)   | (1.19)           | (0.16)              | (10.91)                             | -                        |
| Disposals/adjustments                       | -               | 0.05                                | (1.36)                      | -                            | -                      | (0.02)   | (0.01)           | -                   | (1.34)                              | -                        |
| Foreign Currency Translation Reserve        | -               | 132.28                              | 364.83                      | 0.24                         | 24.45                  | 11.14    | 28.29            | 9.27                | 570.50                              | -                        |
| <b>As at March 31, 2025</b>                 |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Depreciation charge for the year            | -               | 43.59                               | 69.81                       | 0.06                         | 3.82                   | 4.30     | 6.70             | 4.70                | 132.98                              | -                        |
| Disposals/adjustments                       | -               | (0.07)                              | (34.13)                     | -                            | (7.69)                 | (2.38)   | 0.81             | 3.15                | (40.31)                             | -                        |
| Asset transferred to held for sale          | -               | (11.34)                             | (4.46)                      | -                            | (0.05)                 | (0.14)   | (0.31)           | (1.91)              | (18.21)                             | -                        |
| Foreign Currency Translation Reserve        | -               | 0.48                                | 1.37                        | (0.01)                       | 0.01                   | (0.02)   | 0.03             | -                   | 1.86                                | -                        |
| <b>As at March 31, 2025</b>                 |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| Net carrying amount                         | -               | 164.94                              | 397.42                      | 0.29                         | 20.54                  | 12.90    | 35.52            | 15.21               | 646.82                              | -                        |
| <b>As at March 31, 2024</b>                 |                 |                                     |                             |                              |                        |          |                  |                     |                                     |                          |
| As at March 31, 2025                        | 110.34          | 430.60                              | 506.54                      | 0.90                         | 37.97                  | 12.65    | 31.92            | 28.64               | 1,159.56                            | 161.40                   |
| As at March 31, 2025                        | 77.06           | 395.55                              | 536.53                      | 0.85                         | 31.13                  | 16.86    | 29.18            | 28.07               | 1,115.23                            | 131.24                   |

### Notes:

- The property, plant and equipment costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.
- Property, plant and equipment and capital work-in-progress has been pledged as security amounted ₹ 478.07 Crores (March 31, 2024 : ₹ 782.37 Crores) and for detailed disclosure of charge created on aforesaid assets, refer note no. 54.
- Refer note no. 52 for disclosure of commitment for expenditure on account of acquisition of Property, plant and equipment.
- There are no title deeds of Immovable Properties, which are not held in name of the Group except for the leasehold land of Kurlon Enterprise Limited (KEL) located in Bhuvaneshwar having carrying value of 11.43 Crores, the lease of which is in the name of the erstwhile holding company of KEL i.e. Kanara Consumer Products Limited.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

e. Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

| Particulars          | March 31, 2025                                     |           |           |                   |        | March 31, 2024                                     |           |           |                   |
|----------------------|--|-----------|-----------|-------------------|--------|--|-----------|-----------|-------------------|
|                      | 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 | Total  | Less than 1 year                                   | 1-2 years | 2-3 years | More than 3 years |
| Projects in progress | 52.70  | 64.39     | 14.15     | -                 | 131.24 | 132.29   | 29.11     | -         | -                 |
|                      |  |           |           |                   |        |  |           |           | <b>161.40</b>     |

(₹ in Crores)

f. Schedule for Capital work-in-progress whose completion is overdue compared to its original plan:-

| Particulars                     | March 31, 2025  |           |           |                   |       | March 31, 2024  |           |           |                   |
|---------------------------------|---|-----------|-----------|-------------------|-------|---|-----------|-----------|-------------------|
|                                 | 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 | Total | Less than 1 year                                      | 1-2 years | 2-3 years | More than 3 years |
| S. G. Learning Centre (Aligarh) | 25.96   | -         | -         | -                 | 25.96 | -   | -         | -         | -                 |
| Jabalpur Plant                  | -   | -         | -         | -                 | -     | 63.26   | -         | -         | -                 |
|                                 |   |           |           |                   |       |   |           |           | <b>63.26</b>      |

(₹ in Crores)

g. The Group does not have any project temporary suspended.

## Note 3B : ASSETS HELD FOR SALE/ASSETS INCLUDED IN DISPOSAL GROUP(S) HELD FOR SALE

| Particulars                   | As at          |                |
|-------------------------------|----------------|----------------|
|                               | March 31, 2025 | March 31, 2024 |
| Property, plant and equipment | 44.48          | -              |

(₹ in Crores)

During the year ended March 31, 2025, the company has decided to close some plants and dispose off the land and building of these plants having carrying value of ₹ 44.48 crores as on March 31, 2025.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in Crores)

| Particulars                                 | Leasehold land | Buildings     | Plant & Equipment | Total          |
|---|----------------|---------------|-------------------|----------------|
| <b>Cost</b>                                 |                |               |                   |                |
| <b>As at April 1, 2023</b>                  | 41.62          | 148.63        | 1.72              | <b>191.97</b>  |
| Assets acquired during acquisition          | 11.45          | 69.33         | -                 | <b>80.78</b>   |
| Additions                                   | 25.44          | 99.68         | -                 | <b>125.12</b>  |
| Disposal/Transfer                           | (16.01)        | (13.65)       | -                 | <b>(29.66)</b> |
| Foreign currency translation reserve        | -              | (2.24)        | (0.03)            | <b>(2.27)</b>  |
| <b>As at March 31, 2024</b>                 | <b>62.50</b>   | <b>301.75</b> | <b>1.69</b>       | <b>365.94</b>  |
| Additions                                   | -              | 111.41        | -                 | <b>111.41</b>  |
| Disposal/Transfer                           | -              | (63.53)       | -                 | <b>(63.53)</b> |
| Foreign currency translation reserve        | -              | (1.22)        | -                 | <b>(1.22)</b>  |
| <b>As at March 31, 2025</b>                 | <b>62.50</b>   | <b>348.41</b> | <b>1.69</b>       | <b>412.60</b>  |
| <b>Accumulated depreciation</b>             |                |               |                   |                |
| <b>As at April 1, 2023</b>                  | 4.31           | 77.64         | 1.47              | <b>83.42</b>   |
| Accumulated depreciation on assets acquired | 0.88           | 29.06         | -                 | <b>29.94</b>   |
| Charge for the year                         | 4.91           | 25.46         | 0.17              | <b>30.54</b>   |
| Disposal/Transfer                           | (4.27)         | (2.17)        | -                 | <b>(6.44)</b>  |
| Foreign currency translation reserve        | -              | (1.15)        | (0.03)            | <b>(1.18)</b>  |
| <b>As at March 31, 2024</b>                 | <b>5.83</b>    | <b>128.84</b> | <b>1.61</b>       | <b>136.28</b>  |
| Charge for the year                         | 4.77           | 34.71         | 0.09              | <b>39.57</b>   |
| Disposal/Transfer                           | -              | (29.85)       | -                 | <b>(29.85)</b> |
| Foreign currency translation reserve        | -              | (0.06)        | -                 | <b>(0.06)</b>  |
| <b>As at March 31, 2025</b>                 | <b>10.60</b>   | <b>133.64</b> | <b>1.70</b>       | <b>145.94</b>  |
| <b>Net Carrying Amount</b>                  |                |               |                   |                |
| <b>As at March 31, 2024</b>                 | <b>56.67</b>   | <b>172.91</b> | <b>0.08</b>       | <b>229.66</b>  |
| <b>As at March 31, 2025</b>                 | <b>51.90</b>   | <b>214.77</b> | <b>(0.01)</b>     | <b>266.66</b>  |

(i) Refer note no. 47 for detailed disclosures as per IND AS 116 "Leases".

(ii) Leasehold land has been pledged as security amounted ₹ 10.57 Crores (March 31, 2024: ₹ 10.57 Crores) and for detailed disclosure of charge created on aforesaid assets, refer note no. 54.

## NOTE 5 : INTANGIBLE ASSETS

(₹ in Crores)

| Particulars                          | Goodwill      | Other Intangible assets | Total Intangible Assets | Intangible assets under development |
|--------------------------------------|---------------|-------------------------|-------------------------|-------------------------------------|
| <b>Cost</b>                          |               |                         |                         |                                     |
| <b>As at April 1, 2023</b>           | 273.99        | 3.11                    | <b>277.10</b>           | -                                   |
| Assets acquired during acquisition   | 376.80        | 1,039.66                | <b>1,416.46</b>         | -                                   |
| Additions                            | -             | -                       | -                       | 4.22                                |
| Disposal/Transfer                    | -             | -                       | -                       | -                                   |
| Foreign Currency Translation Reserve | 1.79          | 0.02                    | <b>1.81</b>             | -                                   |
| <b>As at March 31, 2024</b>          | <b>652.58</b> | <b>1,042.79</b>         | <b>1,695.37</b>         | <b>4.22</b>                         |
| Additions                            | 30.00         | 6.75                    | <b>36.75</b>            | 2.54                                |
| Disposal/Transfer                    | -             | (0.14)                  | <b>(0.14)</b>           | (6.76)                              |
| Foreign Currency Translation Reserve | 6.20          | 0.07                    | <b>6.27</b>             | -                                   |
| <b>As at March 31, 2025</b>          | <b>688.78</b> | <b>1,049.47</b>         | <b>1,738.25</b>         | -                                   |
| <b>Accumulated amortisation</b>      |               |                         |                         |                                     |
| <b>As at April 1, 2023</b>           | -             | 3.08                    | <b>3.08</b>             | -                                   |
| Charge for the year                  | -             | 3.36                    | <b>3.36</b>             | -                                   |
| Disposal/Transfer                    | -             | -                       | -                       | -                                   |
| Foreign Currency Translation Reserve | -             | 0.02                    | <b>0.02</b>             | -                                   |
| <b>As at March 31, 2024</b>          | -             | <b>6.46</b>             | <b>6.46</b>             | -                                   |
| Charge for the year                  | -             | 7.59                    | <b>7.59</b>             | -                                   |
| Disposal/Transfer                    | -             | (0.24)                  | <b>(0.24)</b>           | -                                   |
| Foreign Currency Translation Reserve | -             | 0.09                    | <b>0.09</b>             | -                                   |
| <b>As at March 31, 2025</b>          | -             | <b>13.90</b>            | <b>13.90</b>            | -                                   |
| <b>Net Carrying Amount</b>           |               |                         |                         |                                     |
| <b>As at March 31, 2024</b>          | <b>652.58</b> | <b>1,036.33</b>         | <b>1,688.91</b>         | <b>4.22</b>                         |
| <b>As at March 31, 2025</b>          | <b>688.78</b> | <b>1,035.57</b>         | <b>1,724.35</b>         | -                                   |



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 6 : INVESTMENT PROPERTY

(₹ in Crores)

| Particulars                     | Freehold land | Leasehold land | Buildings    | Total         |
|---------------------------------|---------------|----------------|--------------|---------------|
| <b>Cost</b>                     |               |                |              |               |
| <b>As at April 1, 2023</b>      | 0.11          | 0.68           | 63.29        | <b>64.08</b>  |
| Additions                       | -             | -              | -            | -             |
| Disposal/Transfer               | (0.11)        | -              | (0.47)       | <b>(0.58)</b> |
| <b>As at March 31, 2024</b>     | -             | <b>0.68</b>    | <b>62.82</b> | <b>63.50</b>  |
| Additions                       | -             | -              | 0.34         | <b>0.34</b>   |
| Disposal/Transfer               | -             | -              | -            | -             |
| <b>As at March 31, 2025</b>     | -             | <b>0.68</b>    | <b>63.16</b> | <b>63.84</b>  |
| <b>Accumulated depreciation</b> |               |                |              |               |
| <b>As at April 1, 2023</b>      | -             | 0.06           | 10.63        | <b>10.69</b>  |
| Charge for the year             | -             | 0.01           | 2.60         | <b>2.61</b>   |
| Disposal/Transfer               | -             | -              | (0.26)       | <b>(0.26)</b> |
| <b>As at March 31, 2024</b>     | -             | <b>0.07</b>    | <b>12.97</b> | <b>13.04</b>  |
| Charge for the year             | -             | 0.01           | 2.46         | <b>2.47</b>   |
| Disposal/Transfer               | -             | -              | -            | -             |
| <b>As at March 31, 2025</b>     | -             | <b>0.08</b>    | <b>15.43</b> | <b>15.51</b>  |
| <b>Net Carrying Amount</b>      |               |                |              |               |
| <b>As at March 31, 2024</b>     | -             | <b>0.61</b>    | <b>49.85</b> | <b>50.46</b>  |
| <b>As at March 31, 2025</b>     | -             | <b>0.60</b>    | <b>47.73</b> | <b>48.33</b>  |

### Notes:

- 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 year 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 a written down value basis, over the useful life of the property estimated by management, in the manner prescribed in Schedule II of the Act. The property's residual value, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Act:

| Asset         | Useful life as per<br>Schedule II of the<br>Companies Act, 2013 | Useful life as assessed<br>/ estimated by the<br>Company |
|---------------|---|--|
|               | No. of Years  | No. of Years   |
| Buildings:    |   |  |
| - Factory     | 30  | 29   |
| - Office      | 60  | 59   |
| - Residential | 60  | 59   |

Based on usage pattern, technical evaluation and internal assessment, management believes the useful lives, as given above best represent the period over which the management expects to use the properties. Hence, the useful lives of these properties is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

- The leasehold land has been amortised during the year by ₹ 0.01 Crores (March 31, 2024: ₹ 0.01 Crores) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.
- 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. On transition to Ind AS, since there is no change in the functional currency, the Group 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

e. Income from investment property:

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Rental Income derived from investment property              | 1.83                                 | 1.96                                 |
| Profit arising from investment property before depreciation | 1.83                                 | 1.96                                 |
| (Less): Depreciation for the year                           | (2.47)                               | (2.61)                               |
| <b>Net profit arising from investment property</b>          | <b>(0.64)</b>                        | <b>(0.65)</b>                        |

- f. The Group has obtained independent valuation for its investment properties at ₹ 129.54 Crores as on March 31, 2025 and ₹ 115.38 Crores as on March 31, 2024. These valuations are based on valuations performed by K.S. Agrawal Associates, an accredited independent valuer. K.S. Agrawal Associates is a specialist in valuing these types of investment properties and reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence.

Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where is' basis.

- g. 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.
- h. The investment properties which are leasehold properties, realisability of the same is subject to the terms and conditions under the respective lease agreements.
- i. The Group's Investment Properties are given on cancellable lease for a period 1-10 years.

## NOTE 7A : INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (NON CURRENT)

| Particulars  | As at March 31, 2025 |               | As at March 31, 2024 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | No.                  | ₹ in Crores   | No.                  | ₹ in Crores   |
| <b>Joint Venture</b>   |                      |               |                      |               |
| <b>House Of Kieraya Limited -</b>  |                      |               |                      |               |
| Investment in Compulsory Convertible Preference Shares - Face value per share of ₹ 10/- each | 2,36,53,754          | 335.10        | 1,80,52,759          | 248.79        |
| Investment in Equity shares* - Face value per share of ₹ 1/- each                            | 76,03,040            | 67.17         | 18,57,500            | 15.06         |
| Investment in Share warrants - Face value per share of ₹ 52.35/- (approx.) each              | -                    | -             | 56,00,995            | 86.31         |
| <b>Total Investments</b>   | <b>3,12,56,794</b>   | <b>402.27</b> | <b>2,55,11,254</b>   | <b>350.16</b> |
| Aggregate amount of Unquoted Investments   |                      | 402.27        |                      | 350.16        |
| Aggregate amount of impairment in value of investments                                       |                      | -             |                      | -             |

\* During the year ended March 31, 2025, the Holding Company had acquired 43.89 % equity stake of House of Kieraya Limited and Investment in equity shares is netted off with share of profit/ (loss) for the jointly controlled entity of ₹ 1.17 Crores (March 31, 2024: (₹ 10.54 Crores)), refer note no. 69.

## NOTE : INFORMATION ABOUT JOINT VENTURE

| Name of the Company and Country of Incorporation | Principal Activities   | (%) of Shareholding     |                         |
|--|--|-------------------------|-------------------------|
|  |  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| House Of Kieraya Limited, India                  | Engaged in the business of providing furnishings solutions by purchasing and letting on rent furniture and fixtures, domestic equipments, home appliances, and other electronic equipments and sale of refurbished and new furniture and fixtures and other electronic equipments. | 43.89                   | 17.70                   |

The country of incorporation or registration for above joint venture is also its principal place of business.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 7B : OTHER INVESTMENTS (NON CURRENT)

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>In Debentures - fully paid up</b>                   |                         |                         |
| Carried at fair value through Profit & Loss - Unquoted | -                       | 510.00                  |
| <b>Total Investments</b>                               | -                       | <b>510.00</b>           |
| Aggregate amount of Unquoted investment                | -                       | 510.00                  |
| Aggregate amount of impairment in value of investments | -                       | -                       |

## NOTE 8 : LOANS (NON CURRENT)

(₹ in Crores)

| Particulars                         | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b> |                         |                         |
| <b>At amortised cost</b>            |                         |                         |
| Loans to employees                  | 0.27                    | 0.27                    |
| Other Loans                         | 1.62                    | 1.65                    |
| <b>Total</b>                        | <b>1.89</b>             | <b>1.92</b>             |

## NOTE 9 : OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b>                                       |                         |                         |
| Security deposits   | 16.55                   | 19.77                   |
| Capital Subsidy Receivable (refer note no. 34)                            | 32.65                   | -                       |
| Deposits with Banks:  |                         |                         |
| - Fixed deposits account with an original maturity of more than 12 months | 1.97                    | 1.55                    |
| - held as margin money  | -                       | 0.01                    |
|   | <b>51.17</b>            | <b>21.33</b>            |

## NOTE 10 : DEFERRED TAX ASSETS

(₹ in Crores)

| Particulars         | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---------------------|-------------------------|-------------------------|
| Deferred tax assets | 249.27                  | 225.17                  |
| <b>Total</b>        | <b>249.27</b>           | <b>225.17</b>           |

### Movement of deferred tax assets

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Deferred tax assets in relation to</b>   |                         |                         |
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes                     | (10.02)                 | 0.03                    |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | 2.26                    | 0.47                    |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (Net)                                   | -                       | (0.01)                  |
| Impact of business losses   | 15.48                   | -                       |
| Deferred tax asset on Intangible asset acquired in acquisition  | 217.69                  | 215.96                  |
| Lease Assets  | (2.38)                  | -                       |
| Others  | 26.24                   | 8.72                    |
| <b>Total</b>  | <b>249.27</b>           | <b>225.17</b>           |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 11A : NON CURRENT TAX ASSETS (NET)

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Advance income tax (net of provision of ₹ 170.49 Crores (March 31, 2024 ₹ 216.08 Crores)) | 32.25                   | 54.74                   |
| <b>Total</b>  | <b>32.25</b>            | <b>54.74</b>            |

## Note 11B : CURRENT TAX ASSETS (NET)

(₹ in Crores)

| Particulars        | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--------------------|-------------------------|-------------------------|
| Advance income tax | 0.27                    | 0.42                    |
| <b>Total</b>       | <b>0.27</b>             | <b>0.42</b>             |

## NOTE 12 : OTHER NON CURRENT ASSETS

(₹ in Crores)

| Particulars                         | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b> |                         |                         |
| Capital advances*                   | 6.57                    | 5.83                    |
| Prepaid rent                        | 0.38                    | 0.38                    |
| Loan and advances                   | 0.19                    | 1.00                    |
| <b>Total</b>                        | <b>7.14</b>             | <b>7.21</b>             |

\*For value of contracts in capital account remaining to be executed (refer note no. 52).

## NOTE 13 : INVENTORIES

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>(Valued at lower of cost and net realisable value unless otherwise stated)</b> |                         |                         |
| Raw materials   | 136.55                  | 185.52                  |
| Raw materials (In transit)  | 17.85                   | 16.45                   |
| Work-in-progress  | 90.68                   | 39.34                   |
| Finished goods  | 68.08                   | 59.41                   |
| Stock-in-trade  | 4.70                    | 11.57                   |
| Packing materials   | 9.96                    | 6.66                    |
| Packing materials (In transit)  | 0.23                    | 0.45                    |
| Stores and spares   | 21.85                   | 19.46                   |
| Stores & spares (In transit)  | 0.01                    | 0.51                    |
| <b>Total</b>  | <b>349.91</b>           | <b>339.37</b>           |

(i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to ₹ 1.92 Crores (March 31, 2024: ₹ 4.21 Crores) for write-down to net realisable value and provision for slow-moving and obsolete items.

(ii) Inventories held by the group are subject to hypothecation by bankers towards working capital limits obtained by the group (refer note no. 54).

## NOTE 14 : INVESTMENTS (CURRENT)

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>In Mutual Funds - fully paid up</b>                 |                         |                         |
| Carried at fair value through profit and loss - Quoted | 470.16                  | 17.55                   |
| <b>In Debentures - fully paid up</b>                   |                         |                         |
| Carried at amortised cost - Unquoted                   | 0.28                    | 0.27                    |
| <b>Total Investments</b>                               | <b>470.44</b>           | <b>17.82</b>            |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

| (₹ in Crores)   |                         |                         |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Aggregate amount of Quoted Investments                | 470.16                  | 17.55                   |
| Aggregate market value of Quoted Investments          | 470.16                  | 17.55                   |
| Aggregate amount of Unquoted investments              | 0.28                    | 0.27                    |
| Aggregate amount of impairment in value of investment | -                       | -                       |

## NOTE 15 : TRADE RECEIVABLES

| (₹ in Crores)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>(At amortised cost)</b>   |                         |                         |
| <b>Unsecured</b>   |                         |                         |
| Trade receivables - considered good (refer note below)                 | 345.65                  | 363.77                  |
| Trade receivables - considered doubtful                                | 38.34                   | 36.13                   |
| <b>Trade receivables (gross)</b>                                       | <b>383.99</b>           | <b>399.90</b>           |
| (Less): Impairment allowance for trade receivables considered doubtful | (38.34)                 | (36.13)                 |
| <b>Total</b>   | <b>345.65</b>           | <b>363.77</b>           |

### Notes :

- 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 on individual customer basis and not at portfolio level.
- Movement in the expected credit loss allowance**

| (₹ in Crores)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Balance at the beginning of the year                   | 36.13                   | 25.54                   |
| Impact of Business combination                         | -                       | 22.31                   |
| Charge / (reversal) in allowance during the year (net) | 2.21                    | (11.72)                 |
| <b>Balance at the end of the year</b>                  | <b>38.34</b>            | <b>36.13</b>            |

- During the year ended March 31, 2024, the carrying amounts of the trade receivables include receivables of Holding company were subject to a factoring arrangement. Under this arrangement, the Holding company had transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Holding company had retained late payment and credit risk. The Holding company therefore continued to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement was presented as secured borrowing. The Holding company considered that the held to collect business model remains appropriate for these receivables and hence continued measuring them at amortised cost. However, such factoring agreement was discontinued and repaid during the year ended March 31, 2025.

### The relevant carrying amounts are as follows:

| (₹ in Crores)                                     |                         |                         |
|---|-------------------------|-------------------------|
| Particulars                                       | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Total transferred receivables                     | -                       | 26.32                   |
| Associated secured borrowings (refer note no. 29) | -                       | 26.32                   |

### Presenting Cash flows

Management considers that in substance the factor collects the amounts receivable on the entity's behalf and retains the cash in settlement of the separate financing transaction. The company therefore presents the cash inflows received from the bank as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

- Refer note no. 50 for information about credit and market risk of trade receivables.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- g. Realization from trade receivables held by Group are subject to hypothecation by bankers towards working capital limits obtained by the Group.
- h. There are no unbilled receivables, hence the same is not disclosed in ageing schedules.
- i. **Below is the ageing analysis of trade receivables.**

**As on March 31, 2025**

(₹ in Crores)

| 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  | 164.85   | 105.98             | 14.73             | 3.73        | 15.93        | 40.43             | <b>345.65</b>  |
| - which have significant increase in credit risk   | 0.24   | 2.00               | 0.42              | 2.68        | 7.37         | 9.26              | <b>21.97</b>   |
| - credit impaired  | -  | -                  | -                 | -           | -            | -                 | -              |
| (ii) Disputed trade receivables  |  |                    |                   |             |              |                   |                |
| - considered good  | -  | -                  | -                 | -           | -            | -                 | -              |
| - which have significant increase in credit risk   | 0.04   | 0.40               | 0.30              | 1.34        | 3.86         | 10.43             | <b>16.37</b>   |
| - credit impaired  | -  | -                  | -                 | -           | -            | -                 | -              |
| (iii) Impairment allowance for trade receivables considered doubtful (Disputed and Non Disputed) | (0.28)   | (2.40)             | (0.72)            | (4.02)      | (11.23)      | (19.69)           | <b>(38.34)</b> |
| <b>Total</b>   | <b>164.85</b>  | <b>105.98</b>      | <b>14.73</b>      | <b>3.73</b> | <b>15.93</b> | <b>40.43</b>      | <b>345.65</b>  |

**As on March 31, 2024**

(₹ in Crores)

| 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  | 203.56   | 132.72             | 13.63             | 11.05        | 0.31        | 2.39              | <b>363.66</b>  |
| - which have significant increase in credit risk   | 0.53   | 0.35               | 0.32              | 6.29         | 2.47        | 19.91             | <b>29.87</b>   |
| - credit impaired  | -  | -                  | -                 | -            | -           | -                 | -              |
| (ii) Disputed trade receivables  |  |                    |                   |              |             |                   |                |
| - considered good  | -  | 0.03               | 0.08              | -            | -           | -                 | <b>0.11</b>    |
| - which have significant increase in credit risk   | -  | 0.95               | 0.22              | 0.78         | 2.04        | 2.27              | <b>6.26</b>    |
| - credit impaired  | -  | -                  | -                 | -            | -           | -                 | -              |
| (iii) Impairment allowance for trade receivables considered doubtful (Disputed and Non Disputed) | (0.53)   | (1.30)             | (0.54)            | (7.07)       | (4.51)      | (22.18)           | <b>(36.13)</b> |
| <b>Total</b>   | <b>203.56</b>  | <b>132.75</b>      | <b>13.71</b>      | <b>11.05</b> | <b>0.31</b> | <b>2.39</b>       | <b>363.77</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:

(₹ in Crores)

| Particulars  | As at March 31, 2025 | As at March 31, 2024 |
|--|----------------------|----------------------|
| Balance with banks :   |                      |                      |
| Current accounts   | 40.59                | 43.70                |
| Fixed deposits account with an original maturity of less than three months | 0.19                 | 0.11                 |
| Cash on hand   | 0.47                 | 0.21                 |
| <b>Total</b>   | <b>41.25</b>         | <b>44.02</b>         |

### Notes:

- a. There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior years.
- b. Cash balances with bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 17 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Deposits having original maturity more than 3 months but less than 12 months | 4.35                    | 4.35                    |
| - held as margin money   | 1.70                    | -                       |
| Unpaid Dividend Account (refer note (b) below)                               | 0.18                    | 0.58                    |
| <b>Total</b>   | <b>6.23</b>             | <b>4.93</b>             |

### Notes:

- Other bank balances represents fixed deposits with banks.
- These balances are exclusive of disputed unpaid dividend and are not available for use by the Group. The corresponding balance is disclosed as liability for unclaimed dividend in note no. 33.

## NOTE 18 : LOANS (CURRENT)

(₹ in Crores)

| Particulars                         | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b> |                         |                         |
| <b>At amortised cost</b>            |                         |                         |
| Loans to employees                  | 1.15                    | 0.87                    |
| Other Loans                         | 0.21                    | 0.27                    |
| <b>Total</b>                        | <b>1.36</b>             | <b>1.14</b>             |

**Note:** In the above no loans or advances are granted to promoters, directors, KMPS and related parties.

## NOTE 19 : OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b>                                       |                         |                         |
| Interest accrued but not due on deposits with Banks, bonds and debentures | 0.55                    | 0.37                    |
| Other Receivables   | 1.52                    | 5.83                    |
| Other loans and advances  | 2.46                    | 1.64                    |
| Capital Subsidy Receivable  | 13.06                   | -                       |
| <b>Total</b>  | <b>17.59</b>            | <b>7.84</b>             |

## NOTE 20 : OTHER CURRENT ASSETS

(₹ in Crores)

| Particulars                                     | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>(Unsecured, considered good)</b>             |                         |                         |
| Advance to contractors/suppliers                | 17.31                   | 16.71                   |
| Balances with Statutory/Government authorities: |                         |                         |
| - Excise & Custom                               | 2.64                    | 1.19                    |
| - GST   | 45.25                   | 38.04                   |
| - VAT/Sales Tax                                 | 11.25                   | 5.03                    |
| Prepaid expenses (refer note (a))               | 29.90                   | 20.94                   |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars                                    | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Lease equalisation                             | 0.42                    | 0.54                    |
| Other loans and advances                       | 51.13                   | 10.64                   |
| Right to recover return goods (refer note (b)) | 2.26                    | 2.40                    |
| <b>Total</b>                                   | <b>160.16</b>           | <b>95.49</b>            |

## Notes:

- Prepaid expenses includes amount of ₹ 0.24 Crores (March 31, 2024: ₹ 0.24 Crores) towards amount available for set off in pursuant of sub-rule(3) of rule 7 of the Companies (Corporate social responsibility policy) rules, 2014.
- In certain cases, the Company provides its customers right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled.

The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Company recognises Liability for expected sales return, a receivables on expected sales return (and corresponding adjustment to change in inventory is also recognised for the receivables on expected sales return from a customer).

## NOTE 21 : EQUITY SHARE CAPITAL

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>(a) Authorised share capital:</b>                                   |                         |                         |
| 26,00,00,000 fully paid equity shares of ₹ 5/- each                    | 130.00                  | 130.00                  |
| (March 31, 2024 : 26,00,00,000 fully paid equity shares of ₹ 5/- each) |                         |                         |
|  | <b>130.00</b>           | <b>130.00</b>           |
| <b>Issued, subscribed &amp; paid up share capital:</b>                 |                         |                         |
| 10,87,05,996 fully paid equity shares of ₹ 5/- each                    | 54.35                   | 54.35                   |
| (March 31, 2024 : 10,86,97,341 equity shares of ₹ 5/- each)            |                         |                         |
| <b>Total</b>   | <b>54.35</b>            | <b>54.35</b>            |

## (b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

| Particulars   | As at March 31, 2025 |              | As at March 31, 2024 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | Number of<br>shares  | ₹ in Crores  | Number of<br>shares  | ₹ in Crores  |
| At the beginning of the year                            | 10,86,97,341         | 54.35        | 9,75,65,616          | 48.78        |
| Shares issued due to exercise of Employee share options | 8,655                | 0.00         | -                    | -            |
| Fully paid up equity shares issued during the year*     | -                    | -            | 1,11,31,725          | 5.57         |
| <b>Outstanding at the end of the year</b>               | <b>10,87,05,996</b>  | <b>54.35</b> | <b>10,86,97,341</b>  | <b>54.35</b> |

\*During the previous year ended March 31, 2024, the Holding Company has raised money by the way of Qualified Institutions Placement ('QIP') and allotted 1,11,31,725 equity shares of face value ₹ 5/- each to the eligible qualified institutional buyers (QIB) at a price of ₹ 1,078/- per equity share (including a premium of ₹ 1,073 per equity share) aggregating to ₹ 1,200.00 Crores on September 26, 2023. The issue was made in accordance SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Expenses incurred in relation to QIP includes ₹ 58.47 Crores which has been adjusted from Securities Premium Account (refer note no. 22).

## (c) Terms and rights attached to equity shares

The Holding Company has one class of equity shares having a par value of ₹ 5/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Holding Company in proportion of their shareholding.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## (d) Details of shareholders holding more than 5% shares in the Holding Company

| Particulars                     | As at March 31, 2025 |              | As at March 31, 2024 |              |
|---------------------------------|----------------------|--------------|----------------------|--------------|
|                                 | Number of shares     | % of holding | Number of shares     | % of holding |
| Sh. Rahul Gautam                | 1,25,90,759          | 11.58%       | 1,24,18,970          | 11.43%       |
| Smt. Namita Gautam              | 1,14,31,758          | 10.52%       | 1,14,31,758          | 10.52%       |
| Sh. Tushaar Gautam              | 3,41,98,628          | 31.46%       | 3,41,72,628          | 31.44%       |
| Rangoli Resorts Private Limited | 1,31,88,318          | 12.13%       | 1,31,50,818          | 12.10%       |
| SBI Magnum Midcap Fund          | 1,06,27,158          | 9.78%        | 1,06,25,381          | 9.78%        |

## (e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares

During the year ended March 31, 2025 & March 31, 2024, no shares were allotted as fully paid up by way of bonus shares. However, during the year ended March 31, 2023, 4,87,82,808 fully paid up equity shares of ₹ 5/- each were allotted by way of bonus shares to all the shareholders of Holding company 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, 2025 |               |                          | As at March 31, 2024 |               |                          |
|---|----------------------|---------------|--------------------------|----------------------|---------------|--------------------------|
|   | Number of Shares     | % of holding  | % Change during the year | Number of Shares     | % of holding  | % Change during the year |
| Sh. Rahul Gautam                                | 1,25,90,759          | 11.58%        | 0.15%                    | 1,24,18,970          | 11.43%        | -1.30%                   |
| Smt. Namita Gautam                              | 1,14,31,758          | 10.52%        | 0.00%                    | 1,14,31,758          | 10.52%        | -1.20%                   |
| Sh. Tushaar Gautam                              | 3,41,98,628          | 31.46%        | 0.02%                    | 3,41,72,628          | 31.44%        | -3.59%                   |
| Rangoli Resorts Private Limited                 | 1,31,88,318          | 12.13%        | 0.03%                    | 1,31,50,818          | 12.10%        | -1.37%                   |
| <b>Total</b>                                    |                      | <b>65.69%</b> |                          |                      | <b>65.49%</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 ended March 31, 2023, refer (e) above.

## NOTE 22 : OTHER EQUITY

(₹ in Crores)

| Particulars   | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Capital reserve (refer note (a) below)                      | 0.98                 | 0.98                 |
| Retained earnings (refer note (b) below)                    | 1,782.09             | 1,683.58             |
| Cash flow hedge reserve (refer note (c) below)              | (1.84)               | (2.26)               |
| Share based payment reserve (refer note (d) below)          | 8.91                 | 2.42                 |
| Foreign currency translation reserve (refer note (e) below) | 48.93                | 44.71                |
| Security premium (refer note (f) below)                     | 1,136.89             | 1,135.96             |
| Capital Subsidy (refer note (g) below)                      | 4.83                 | 0.39                 |
| Statutory Reserve (refer note (h) below)                    | 0.06                 | 0.06                 |
| <b>Total</b>  | <b>2,980.85</b>      | <b>2,865.84</b>      |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Capital reserve</b>   |                         |                         |
| Opening balance  | 0.98                    | 0.67                    |
| Impact of Business combination   | -                       | 0.31                    |
| <b>Closing balance</b>   | <b>0.98</b>             | <b>0.98</b>             |
| <b>Retained earnings</b>   |                         |                         |
| Opening balance  | 1,683.58                | 1,505.42                |
| Net profit for the year  | 96.09                   | 182.44                  |
| Share of OCI in Joint venture  | -                       | 0.03                    |
| Transferred to Statutory Reserve   | -                       | (0.06)                  |
| Dividend paid  | 0.09                    | 0.89                    |
| Remeasurements of the net defined benefit plans (net of tax)                           | 1.86                    | (2.51)                  |
| Impact of further acquisition in subsidiary  | -                       | (2.63)                  |
| Other adjustments  | 0.47                    | -                       |
| <b>Closing balance</b>   | <b>1,782.09</b>         | <b>1,683.58</b>         |
| <b>Cash flow hedge reserve</b>   |                         |                         |
| Opening balance  | (2.26)                  | (2.60)                  |
| Gain / (Loss) on Cash flow hedge reserve (net of tax)                                  | 0.42                    | 0.34                    |
| <b>Closing balance</b>   | <b>(1.84)</b>           | <b>(2.26)</b>           |
| <b>Share based payment reserve</b>   |                         |                         |
| Opening balance  | 2.42                    | -                       |
| Employees share based payment expenses   | 7.42                    | 2.42                    |
| Transferred to Securities Premium due to exercise of Employee share options            | (0.93)                  | -                       |
| <b>Closing balance</b>   | <b>8.91</b>             | <b>2.42</b>             |
| <b>Foreign currency translation reserve</b>  |                         |                         |
| Opening balance  | 44.71                   | 45.27                   |
| Share of OCI in Joint Venture  | -                       | 0.01                    |
| Exchange (loss) / gain on translation (net) during the year                            | 4.22                    | (0.57)                  |
| <b>Closing balance</b>   | <b>48.93</b>            | <b>44.71</b>            |
| <b>Securities Premium</b>  |                         |                         |
| Opening balance  | 1,135.96                | -                       |
| On issuance of Equity shares (refer note no. 21(b))                                    | -                       | 1,194.43                |
| Equity Fund raising expenses   | -                       | (58.47)                 |
| Transferred from Share based payment reserve due to exercise of Employee share options | 0.93                    | -                       |
| <b>Closing balance</b>   | <b>1,136.89</b>         | <b>1,135.96</b>         |
| <b>Capital Subsidy</b>   |                         |                         |
| Opening balance  | 0.39                    | 0.64                    |
| Receipts during the year   | 4.57                    | -                       |
| Amortizations/repayments   | (0.13)                  | (0.25)                  |
| <b>Closing balance</b>   | <b>4.83</b>             | <b>0.39</b>             |
| <b>Statutory Reserve</b>   |                         |                         |
| Opening balance  | 0.06                    | -                       |
| Transferred during the year  | -                       | 0.06                    |
| <b>Closing balance</b>   | <b>0.06</b>             | <b>0.06</b>             |

## Notes:

### (a) Capital reserve

During amalgamation/merger/acquisition 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## (b) Retained Earnings

Retained earnings are the profits that the Group has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

Remeasurement of net defined benefit plans: Differences between the interest income on plan assets and the return actually achieved and any changes in liabilities over the year due to changes in actuarial assumption on experience adjustment with in the plan, are recognised in other comprehensive income and are adjusted to retained earning.

## (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) Share based payment reserve

The fair value of the equity-settled share based payment transaction is recognised in consolidated statement of profit and loss with corresponding credit to Share based payment reserve.

## (e) 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.

## (f) Securities Premium

The amount received in excess of face value of equity shares is recognised in Securities premium.

## (g) Capital Subsidy

The amount represents capital subsidy received by the foreign subsidiary from Spanish Government for the acquisition of assets or inventories which is imputed to result in proportion to the amortization or, where appropriate, when their disposal occurs, valuation correction due to impairment or loss in the balance sheet.

## (h) Statutory Reserve

In case of LLC incorporated in Dubai, the statutory reserve are required to be maintained and such deduction to be discontinued if the reserve reaches half the capital subject to the partners' discretion.

## NOTE 23 : BORROWINGS (NON-CURRENT)

| (₹ in Crores)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Secured</b>   |                         |                         |
| <b>Term Loans from Banks (refer note (A) below)</b>                              |                         |                         |
| - ₹ Bank loan  | 13.58                   | 27.15                   |
| - \$ Bank loan   | 20.13                   | 39.23                   |
| - AUD Term Loan  | 37.32                   | 41.11                   |
| - € Term Loan  | 97.52                   | 116.09                  |
|  | <b>168.55</b>           | <b>223.58</b>           |
| <b>Unsecured</b>   |                         |                         |
| Non-convertible Debentures (refer note (B) below)                                | 361.29                  | 721.01                  |
|  | <b>361.29</b>           | <b>721.01</b>           |
| <b>Total</b>   | <b>529.84</b>           | <b>944.59</b>           |
| <b>Reconciliation of carrying value of Unsecured Non-Convertible Debentures:</b> |                         |                         |
| Gross carrying value of Unsecured Borrowings                                     | 725.00                  | 725.00                  |
| Less: Unamortised cost netted off in Borrowings                                  | (1.56)                  | (3.99)                  |
| Add: Interest accrued on Non-Convertible Debentures                              | 29.54                   | 29.63                   |
| <b>Total</b>   | <b>752.98</b>           | <b>750.64</b>           |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## A. Term Loans from Banks

- a. ₹ & \$ Term loans have been taken from JPMorgan Chase Bank, N.A., India & Kotak Mahindra Bank respectively during the year ended 31<sup>st</sup> March, 2022 for purchase of capital equipment's for its Nandigram manufacturing unit and towards construction of Mandla (Jabalpur) manufacturing facility.
- b. ₹ Term Loan 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. \$ Term Loan 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. \$ & ₹ Term loans has been secured by hypothecation of first charge on entire fixed assets (Movable fixed assets and immovable fixed assets) (refer note no. 54).
- e. € Term Loan from CITI Bank is taken by International Foam Technologies Spain S.L.V 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. 1.25% over 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. Subsequently, the repayment schedule was revised during the year and the outstanding principal amount of the Loan on the date of revision has been converted into further twenty equal quarterly installments, according to the revised schedule, being the first installment started September, 2023 which coincides with the commencement of the first interest period and last installment due in June, 2028.

- f. 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 3.5
- ii. Interest service coverage ratio (Group) greater than 2.5
- iii. Debt to tangible Net Worth (Group) less than 2.5

As at the end of the reporting year, the above ratios has been complied with.

- g. 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 (₹ Loan)        | The facility shall be used by the borrower towards Capex at their new plants in Nandigram and Jabalpur. | Yes   | Not Applicable                                      |
| Kotak Mahindra (\$ Loan)  | For capex at Maneri, Medhi Niwas, Jabalpur, Madhya Pradesh and Nandigram, Umbergaon, Valsad, Gujrat.    | Yes   | Not Applicable                                      |
| Citi Bank Loan (€ 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                                      |



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- h. Repayment schedule for secured loan outstanding as at March 31, 2025

| Particulars   | Citi Bank Australia<br>(AUD Loan) | Citi Bank Spain<br>(€ Loan)   | JP Morgan<br>(₹ Loan)          | Kotak Mahindra<br>(\$ Loan) |
|---|-----------------------------------|-------------------------------|--------------------------------|-----------------------------|
| Number of instalments due (Nos)                           | 15                                | 14                            | 8                              | 8                           |
| Frequency of Installments                                 | Monthly                           | Quarterly                     | Quarterly                      | Quarterly                   |
| Rate of Interest (%)                                      | BBSY+<br>Applicable Margin        | 1.25% over<br>3 Month EURIBOR | 1.37% over<br>3M T- Bill rates | 2.25%                       |
| Within one year (₹ in Crores) (refer note no. 29)         | 22.53                             | 34.78                         | 13.58                          | 20.13                       |
| After one year but not more than 5 years<br>(₹ in Crores) | 37.32                             | 97.52                         | 13.58                          | 20.13                       |
| More than 5 years (₹ in Crores)                           | -                                 | -                             | -                              | -                           |

## B. Non-Convertible Debentures

- a. Rated, Listed, Unsecured, 8.45% Coupon, Non-Convertible Debentures amounting to ₹ 391.69 crores (March 31, 2024: ₹ 29.63 Crores) included within Current maturities of Non-Convertible Debentures in note no. 29 and ₹ 361.29 Crores (March 31, 2024: ₹ 721.01 Crores) included within Non-Convertible Debentures in note no. 23. It bears Interest rate of 8.45% and maturity ranges from April 2025 to October 2026.

- b. Terms of Debentures

| Particulars of Debentures                        | STRPP - I                               | STRPP - II                                | STRPP - III                             | STRPP - IV                                |
|--|---|---|---|---|
| Face value per debenture (₹)                     | 1,00,000                                | 1,00,000                                  | 1,00,000                                | 1,00,000                                  |
| Date of allotment                                | October 06, 2023                        | October 06, 2023                          | October 06, 2023                        | October 06, 2023                          |
| As at 31 <sup>st</sup> March, 2025 (₹ in Crores) | 188.62                                  | 188.29                                    | 188.10                                  | 187.97                                    |
| As at 31 <sup>st</sup> March, 2024 (₹ in Crores) | 187.78                                  | 187.67                                    | 187.61                                  | 187.58                                    |
| Interest   | 8.45% p.a payable<br>annually           | 8.45% p.a payable<br>annually             | 8.45% p.a payable<br>annually           | 8.45% p.a payable<br>annually             |
| Terms of Repayment                               | Due for Redemption<br>on April 04, 2025 | Due for Redemption<br>on October 06, 2025 | Due for Redemption<br>on April 04, 2026 | Due for Redemption<br>on October 06, 2026 |

- c. Funds raised from Non-Convertible Debentures were utilised for the purpose it were obtained.
- d. The Holding Company agrees, confirms and undertakes to comply with and maintain the following Financial covenants at a group level, at all times till the final settlement date:-
- Interest service coverage ratio not less than 2.5 times
  - Total Net debt / EBITDA less than 3.5 times
  - Total Debt / Tangible net worth less than 2 times

As at the end of the reporting year, the above financial covenants has been complied with.

## NOTE 24 : LEASE LIABILITIES

| Particulars                            | (₹ in Crores)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Lease liabilities (refer note no. 47A) | 245.87                  | 211.78                  |
| <b>Total</b>                           | <b>245.87</b>           | <b>211.78</b>           |
| Current                                | 36.89                   | 37.55                   |
| Non current                            | 208.98                  | 174.23                  |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 25 : OTHER FINANCIAL LIABILITIES (NON CURRENT)

(₹ in Crores)

| Particulars                      | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|----------------------------------|-------------------------|-------------------------|
| Deposits from dealers and others | 64.77                   | 70.53                   |
| Unearned Rent Income             | 0.06                    | 0.13                    |
| Others                           | -                       | 0.92                    |
| <b>Total</b>                     | <b>64.83</b>            | <b>71.58</b>            |

## NOTE 26 : PROVISIONS

(₹ in Crores)

| Particulars                                 | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Long term provisions:</b>                |                         |                         |
| Provision for employee benefits:            |                         |                         |
| - Compensated absences                      | 13.30                   | 9.54                    |
| - Gratuity                                  | 3.75                    | 5.26                    |
| Other provisions:                           |                         |                         |
| - Provision for warranty (Refer note below) | 10.48                   | 6.89                    |
| <b>Total</b>                                | <b>27.53</b>            | <b>21.69</b>            |
| <b>Short term provisions:</b>               |                         |                         |
| Provision for employee benefits:            |                         |                         |
| - Compensated absences                      | 9.40                    | 13.04                   |
| - Gratuity                                  | 5.33                    | 5.44                    |
| Other provisions:                           |                         |                         |
| - Provision for warranty (Refer note below) | 14.18                   | 10.64                   |
| <b>Total</b>                                | <b>28.91</b>            | <b>29.12</b>            |

### Note:

#### Provision for warranty:

Provision is recognised for expected warranty claims on mattresses sold, based on past experience of the level of returns and in accordance with the Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are sales return trend based on past warranty sales. The table below gives information about movement in warranty provision:

(₹ in Crores)

| Particulars                       | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|-----------------------------------|-------------------------|-------------------------|
| At the beginning of the year      | 17.53                   | 11.23                   |
| Add : Created during the year     | 21.73                   | 10.38                   |
| (Less) : Utilised during the year | (14.60)                 | (4.08)                  |
| <b>At the end of the year</b>     | <b>24.66</b>            | <b>17.53</b>            |

## NOTE 27 : OTHER NON CURRENT LIABILITIES

(₹ in Crores)

| Particulars            | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|------------------------|-------------------------|-------------------------|
| Deferred capital grant | 37.34                   | 0.17                    |
| <b>Total</b>           | <b>37.34</b>            | <b>0.17</b>             |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The table below gives information about movement in deferred capital grant:

| Particulars   | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| At the beginning of the year  | 0.20                    | 0.23                    |
| Liability recognised during the year                                  | 49.90                   | -                       |
| (Less) : Adjustment   | (0.20)                  | -                       |
| (Less) : Realised to statement of profit and loss (refer no. 34 & 35) | (7.54)                  | (0.03)                  |
| <b>At the end of the year</b>   | <b>42.36</b>            | <b>0.20</b>             |
| Non Current   | 37.34                   | 0.17                    |
| Current   | 5.02                    | 0.03                    |

## NOTE 28 : DEFERRED TAX LIABILITIES

| Particulars              | (₹ in Crores)           |                         |
|--------------------------|-------------------------|-------------------------|
|                          | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Deferred tax liabilities | 6.18                    | 17.70                   |
| <b>Total</b>             | <b>6.18</b>             | <b>17.70</b>            |

### Movement of deferred tax liabilities

| Particulars   | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Deferred tax liabilities in relation to</b>  |                         |                         |
| Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes                     | 3.88                    | 21.87                   |
| Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis | (1.96)                  | (13.71)                 |
| Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (Net)                                   | 3.62                    | 9.45                    |
| Remeasurements gain / (loss) of the net defined benefit plans   | -                       | (2.13)                  |
| MTM loss on forward currency swap contract  | (4.14)                  | (3.44)                  |
| Impact of Leases  | (0.67)                  | 1.59                    |
| Others  | 5.45                    | 4.07                    |
| <b>Total</b>  | <b>6.18</b>             | <b>17.70</b>            |

## NOTE 29 : BORROWINGS (CURRENT)

| Particulars   | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Secured</b>  |                         |                         |
| <b>Term loan from banks</b>                                   |                         |                         |
| - ₹ Bank loan   | 13.58                   | 13.58                   |
| - \$ Bank loan  | 20.13                   | 19.61                   |
| - AUD Term Loan   | 22.53                   | 18.64                   |
| - € Term Loan   | 34.78                   | 37.71                   |
| Working Capital Loans from Banks (refer note (a) & (b) below) | 118.23                  | 107.11                  |
| Factored Receivables (refer note (d) below)                   | -                       | 26.32                   |
|   | <b>209.25</b>           | <b>222.97</b>           |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| <b>Unsecured</b>  |                         |                         |
| Loan from financial credit institutions (refer note (c) below)        | 85.71                   | 84.02                   |
| Current Maturities of Non-Convertible Debentures (including interest) | 391.69                  | 29.63                   |
| Bank Overdraft  | -                       | 0.12                    |
| <b>Total</b>  | <b>477.40</b>           | <b>113.77</b>           |
|   | <b>686.65</b>           | <b>336.74</b>           |

## Notes:

- The Joyce foam PTY Ltd., Australia has taken working capital facility to meet day to day funds requirement with interest rate for this facilities @ 6.145% approx. (March 31, 2024 : 5.64%) (refer note no. 54 for assets pledged as security).
- Working capital facility has also been taken by Holding company to meet day to day funds requirement with interest rate for this facilities ranging from 7.40% - 7.90% (March 31, 2024 : 7.32% to 7.45%).
- 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 2.49% to 5.50% (March 31, 2024: 4.69% to 5.34%).
- Factored receivables of Holding company for the year ended March 31,2024 were secured by first charge on trade receivables subject to factoring arrangements.
- Refer note no. 23 for the purpose, interest rate and repayment term for Term Loans from Banks.

## NOTE 30 : TRADE PAYABLES

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Trade payables other than acceptances:  |                         |                         |
| (i) Total outstanding dues of micro enterprises and small enterprises                       | 30.69                   | 22.28                   |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 264.01                  | 365.25                  |
| (iii) Acceptances (refer note below)  | 66.28                   | -                       |
| <b>Total</b>  | <b>360.98</b>           | <b>387.53</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.
- Acceptances are arrangements where operational suppliers of goods and services are initially paid by banks/ financial institutions while the Company continues to recognise the liability till settlement with the banks/ financial institutions, which are normally effected within a period of 90 days. The Holding Company has implemented a supplier financing program available to certain key suppliers in Jurisdiction A. Participation in this program is voluntary for suppliers. Suppliers opting into this arrangement are eligible to receive early payment for invoices issued to the Holding Company through a third party financial institution. To authorise early payments, the Holding Company must first verify that the goods or services have been received and that the related invoices have been approved. The financial institution processes any early payments before the original invoice due date. Regardless of early payment, the Holding Company settles the full invoice amount directly with the financial institution based on the original payment terms. This arrangement does not alter the existing payment terms with suppliers, and the Holding Company does not provide any collateral or guarantees to the financial institution.

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| Carrying amount of trade payables that are part of a supplier finance arrangement        | 66.28                   | -                       |
| Carrying amounts of trade payables for which the suppliers have already received payment | 66.28                   | -                       |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

e. Ageing Analysis for Trade payables:

**As on March 31, 2025**

(₹ in Crores)

| 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                    | 7.95   | 22.74            | -                | -           | -           | -                 | 30.69         |
| (ii) Others                 | 22.81  | 294.14           | 3.18             | 4.03        | 5.91        | 0.22              | 330.29        |
| (iii) Disputed dues - MSME  | -  | -                | -                | -           | -           | -                 | -             |
| (iv) Disputed dues - Others | -  | -                | -                | -           | -           | -                 | -             |
| <b>Total</b>                | <b>30.76</b>   | <b>316.88</b>    | <b>3.18</b>      | <b>4.03</b> | <b>5.91</b> | <b>0.22</b>       | <b>360.98</b> |

**As on March 31, 2024**

(₹ in Crores)

| 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                    | 0.13   | 22.15            | -                | -            | -           | -                 | 22.28         |
| (ii) Others                 | 27.60  | 175.23           | 134.92           | 26.31        | 0.63        | 0.56              | 365.25        |
| (iii) Disputed dues - MSME  | -  | -                | -                | -            | -           | -                 | -             |
| (iv) Disputed dues - Others | -  | -                | -                | -            | -           | -                 | -             |
| <b>Total</b>                | <b>27.73</b>   | <b>197.38</b>    | <b>134.92</b>    | <b>26.31</b> | <b>0.63</b> | <b>0.56</b>       | <b>387.53</b> |

## NOTE 31 : OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Crores)

| Particulars                                       | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Deposits from dealers and others                  | 71.00                | 71.51                |
| Creditors for capital goods                       | 10.24                | 6.90                 |
| Liability against foreign currency swap contracts | 24.90                | 22.25                |
| Liability towards exercise of shares warrants     | -                    | 55.85                |
| Interest accrued but not due on borrowings        | 0.50                 | -                    |
| Employee Liabilities                              | 31.12                | 36.66                |
| Other liabilities                                 | 95.41                | 72.06                |
| Unpaid Dividend Account                           | 0.18                 | -                    |
| Unearned Rent Income                              | 0.07                 | 0.07                 |
| <b>Total</b>                                      | <b>233.42</b>        | <b>265.30</b>        |

## NOTE 32 : CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

| Particulars   | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Provision for income tax (net of advance tax & TDS of ₹ 25.86 Crores (March 31, 2024: ₹ 0.35 Crores)) | 21.30                | 0.89                 |
| <b>Total</b>  | <b>21.30</b>         | <b>0.89</b>          |

## NOTE 33 : OTHER CURRENT LIABILITIES

(₹ in Crores)

| Particulars                                   | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Refund liabilities                            | 3.79                 | 3.88                 |
| Deferred capital grant (refer note (a) below) | 5.02                 | 0.03                 |
| Contract liabilities (refer note (b) below)   | 86.14                | 44.46                |
| Statutory dues payable                        | 30.51                | 18.20                |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars                                       | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Unclaimed Dividend Account (refer note (c) below) | -                       | 0.58                    |
| Other Liabilities                                 | 3.24                    | 4.61                    |
| <b>Total</b>                                      | <b>128.70</b>           | <b>71.76</b>            |

- Refer note no. 27 for the movement in deferred capital grant.
- Consists of advances received from customers towards supply of products.
- Not due for deposit to the Investor Education and Protection Fund (refer note no. 17).

## NOTE 34 : REVENUE FROM OPERATIONS

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Sale of products                                       | 3,397.48                             | 2,961.58                             |
| Sale of services                                       | 27.21                                | 16.46                                |
|  | <b>3,424.69</b>                      | <b>2,978.04</b>                      |
| Other operating revenue                                |                                      |                                      |
| - Rodtep scheme subsidy                                | 0.07                                 | 0.08                                 |
| - Income from sale of scrap                            | 7.19                                 | 4.19                                 |
| - Amortisation of Government grants (refer note below) | 7.24                                 | -                                    |
| <b>Total</b>   | <b>3,439.19</b>                      | <b>2,982.31</b>                      |

### Note:

#### Government Grants / Subsidy :

During the year, the Holding Company has received sanction for Government grants of ₹ 45.71 crore in relation to investment in Plant and machineries of its manufacturing unit in Madhya Pradesh. Government grants of ₹ 38.47 crore are shown as deferred income and ₹ 7.24 crore are credited to the statement of profit or loss over the expected life of the related assets.

## NOTE 34.1 : DISAGGREGATED REVENUE INFORMATION

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in Crores)

| Segment  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Geographical Revenue</b>                        |                                      |                                      |
| <b>Type of goods</b>                               |                                      |                                      |
| Revenue from external customers                    | 3,397.48                             | 2,961.58                             |
| <b>Total revenue from contracts with customers</b> |                                      |                                      |
| India  | 2,643.76                             | 2,207.07                             |
| Outside India                                      | 753.72                               | 754.51                               |
|  | <b>3,397.48</b>                      | <b>2,961.58</b>                      |
| <b>Type of services (IT Support Services)</b>      |                                      |                                      |
| Revenue from external customers                    | 27.21                                | 16.46                                |
| <b>Total revenue from contracts with customers</b> |                                      |                                      |
| India  | 20.86                                | 11.57                                |
| Outside India                                      | 6.35                                 | 4.89                                 |
|  | <b>27.21</b>                         | <b>16.46</b>                         |
| <b>Total revenue from contracts with customers</b> | <b>3,424.69</b>                      | <b>2,978.04</b>                      |



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 34.2 : CONTRACT BALANCES

The following table provides information about receivables and contract liabilities from contract with customers.

(₹ in Crores)

| Particulars                                | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Contract Liabilities</b>                |                         |                         |
| Advance from customers (refer note no. 33) | 86.14                   | 44.46                   |
| <b>Receivables</b>                         |                         |                         |
| Trade Receivables (refer note no. 15)      | 345.65                  | 363.77                  |

### 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

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Revenue as per contracted price (goods and services) | 3,783.78                             | 3,287.04                             |
| Less: Adjustments                                    |                                      |                                      |
| Sales return   | (45.37)                              | (20.92)                              |
| Rebate and discount                                  | (313.72)                             | (288.08)                             |
| <b>Revenue from contracts with customers</b>         | <b>3,424.69</b>                      | <b>2,978.04</b>                      |

## NOTE 34.4 : PERFORMANCE OBLIGATIONS

The performance obligation for sale of product is considered as fulfilled according to the terms agreed with the respective customer.

The performance obligation for sale of services is satisfied over the period of time as per contract with customers.

## NOTE 35 : OTHER INCOME

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Interest income from:</b>   |                                      |                                      |
| Financial assets at amortised cost   |                                      |                                      |
| Bank deposits  | 0.54                                 | 0.29                                 |
| Currency Swap Forward contract   | 5.07                                 | 4.94                                 |
| Others   | 3.05                                 | 3.12                                 |
| Financial assets at fair value   |                                      |                                      |
| Unwinding of discount of deposits & lease receivable                                     | 0.59                                 | 0.78                                 |
| On income tax refund   | 1.39                                 | 0.31                                 |
| <b>Other non operating income</b>  |                                      |                                      |
| Gain on Termination of Lease   | 5.43                                 | 1.92                                 |
| Rental income (refer note (a) below)   | 7.52                                 | 13.58                                |
| Gain on sale/disposal of fixed assets  | 0.09                                 | -                                    |
| Liabilities/provisions no longer required written back                                   | 1.31                                 | 10.46                                |
| Income from sale of Investments (refer note (b) below)                                   | 41.79                                | 40.28                                |
| Fair valuation adjustments of Investments through profit and loss (refer note (c) below) | 14.31                                | 29.27                                |
| Grant income   | 0.30                                 | 0.49                                 |
| Sale of non-processed scrap  | 7.90                                 | 6.04                                 |
| Net gain on foreign currency transactions and translations (refer note (d) below)        | 2.76                                 | 3.23                                 |
| Money received as settlement claim under business combination                            | 35.70                                | -                                    |
| Other miscellaneous income   | 3.17                                 | 2.39                                 |
| <b>Total</b>   | <b>130.92</b>                        | <b>117.10</b>                        |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## Notes:

### a) Rental Income

Rental income from operating leases where the Group 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. It includes rental income of ₹ 1.83 Crores (March 31, 2024: ₹ 1.96 Crores) from Investment property (refer note no. 6).

### b) Income from sale of investments

The Group earns profit/loss on sale of mutual funds, bonds, AIF and MLD. When these investments are sold, the cumulative gain or loss previously recognised in statement of profit or loss and recognised in Other Income. Interest income from these financial assets is included in other income using the effective interest rate method.

### c) Fair valuation adjustments of Investments

Fair value through profit and loss of Investments represent fair valuation changes in mutual funds & MLD which includes dividend declared and not distributed (distributed based on record dates) as at reporting dates which have not been recognised in financial statements

### d) Foreign Currency Transactions

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## NOTE 36 : COST OF MATERIALS CONSUMED

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| <b>Raw material</b>   |                                      |                                      |
| Opening inventory   | 201.97                               | 198.21                               |
| Add: Purchases  | 1,900.72                             | 1,593.54                             |
| (Less): Sales/adjustments   | (46.44)                              | (60.17)                              |
| (Less): Closing inventory (including goods in transit of ₹ 17.85 Crores (March 31, 2024: ₹ 16.45 Crores)) | (154.40)                             | (201.97)                             |
| <b>Raw materials consumed (A)</b>   | <b>1,901.85</b>                      | <b>1,529.61</b>                      |
| <b>Packing Material</b>   |                                      |                                      |
| Opening inventory   | 7.11                                 | 6.34                                 |
| Add: Purchases  | 88.35                                | 61.89                                |
| (Less): Sales/adjustments   | (6.95)                               | (8.41)                               |
| (Less): Closing inventory (including goods in transit of ₹ 0.23 Crores (March 31, 2024: ₹ 0.45 Crores))   | (10.19)                              | (7.11)                               |
| <b>Packing materials consumed (B)</b>   | <b>78.32</b>                         | <b>52.71</b>                         |
| <b>Cost of materials consumed (A+B)</b>   | <b>1,980.17</b>                      | <b>1,582.32</b>                      |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 37 : PURCHASE OF STOCK-IN-TRADE

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Traded Goods -Bed sheets/comforters/PU foam/ spring/coir mattresses | 78.45                                | 108.42                               |
| <b>Total</b>  | <b>78.45</b>                         | <b>108.42</b>                        |

## NOTE 38 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Opening stock:</b>  |                                      |                                      |
| Finished Goods   | 59.41                                | 34.30                                |
| Stock in trade   | 11.57                                | 25.90                                |
| Work-in-progress   | 39.34                                | 53.97                                |
| Right to recover return goods  | 2.40                                 | 1.46                                 |
| <b>Total (A)</b>   | <b>112.72</b>                        | <b>115.63</b>                        |
| <b>Impact of Business Combination</b>  |                                      |                                      |
| Finished Goods   | -                                    | 35.78                                |
| Stock in trade   | -                                    | 7.71                                 |
| Work-in-progress   | -                                    | 13.01                                |
| <b>Total (B)</b>   | <b>-</b>                             | <b>56.50</b>                         |
| <b>Closing stock:</b>  |                                      |                                      |
| Finished Goods   | 68.08                                | 59.41                                |
| Stock in trade   | 4.70                                 | 11.57                                |
| Work-in-progress   | 90.68                                | 39.34                                |
| Right to recover return goods  | 2.26                                 | 2.40                                 |
| <b>Total (C)</b>   | <b>165.72</b>                        | <b>112.72</b>                        |
| <b>Changes in Inventories of finished goods, stock-in-trade and work-in-progress (A+B-C)</b> | <b>(53.00)</b>                       | <b>59.41</b>                         |

## NOTE 39 : OTHER MANUFACTURING EXPENSES

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Power and fuel   | 23.90                                | 22.62                                |
| Repair and maintenance:                                    |                                      |                                      |
| - Buildings  | 2.61                                 | 2.13                                 |
| - Plant and equipment                                      | 41.88                                | 31.15                                |
| Processing and other charges                               | 85.16                                | 57.27                                |
|  | <b>153.55</b>                        | <b>113.17</b>                        |
| (Less): Transfer to Capital work-in-progress / Capitalised | (0.07)                               | (1.24)                               |
| <b>Total</b>   | <b>153.48</b>                        | <b>111.93</b>                        |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 40 : EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages, allowance, and other benefits                | 378.99                               | 309.32                               |
| Contribution to gratuity (refer note no. 45)                  | 5.53                                 | 3.86                                 |
| Contribution to provident and other funds (refer note no. 45) | 23.08                                | 18.98                                |
| Employees share based payment expenses (refer note no. 45)    | 7.42                                 | 2.42                                 |
| Workmen and staff welfare expenses                            | 19.49                                | 14.69                                |
|   | <b>434.51</b>                        | <b>349.27</b>                        |
| (Less): Transfer to Capital work-in-progress / Capitalised    | (2.39)                               | (5.16)                               |
| <b>Total</b>  | <b>432.12</b>                        | <b>344.11</b>                        |

## NOTE 41 : FINANCE COSTS

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Interest expense (on financial liabilities measured at amortised cost) : |                                      |                                      |
| - On borrowings from banks   | 32.53                                | 21.07                                |
| - On non-convertible debentures  | 63.61                                | 30.77                                |
| - On Security deposits   | 3.78                                 | 5.29                                 |
| - On lease liabilities   | 13.56                                | 10.60                                |
| - Others   | 6.08                                 | 4.11                                 |
| Bank Charges   | 1.45                                 | 0.82                                 |
|  | <b>121.01</b>                        | <b>72.66</b>                         |
| (Less): Transfer to Capital work-in-progress / Capitalised               | (0.47)                               | (4.04)                               |
| <b>Total</b>   | <b>120.54</b>                        | <b>68.62</b>                         |

## NOTE 42 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment (refer note no. 3A) | 132.98                               | 79.28                                |
| Depreciation on right-of-use assets (refer note no. 4)            | 39.57                                | 30.54                                |
| Amortisation of intangible assets (refer note no. 5)              | 7.59                                 | 3.36                                 |
| Depreciation on investment property (refer note no. 6)            | 2.47                                 | 2.61                                 |
| <b>Total</b>  | <b>182.61</b>                        | <b>115.79</b>                        |

## NOTE 43 : OTHER EXPENSES

(₹ in Crores)

| Particulars                                    | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Freight and forwarding                         | 193.47                               | 158.72                               |
| Rent and hire                                  | 12.43                                | 10.55                                |
| Insurance                                      | 27.82                                | 23.23                                |
| Rates and taxes                                | 11.55                                | 6.65                                 |
| Legal and professional                         | 27.61                                | 25.69                                |
| Other Maintenance                              | 17.47                                | 11.10                                |
| Selling and promotion                          | 81.93                                | 45.65                                |
| Travelling and conveyance                      | 34.60                                | 25.21                                |
| Advertisement                                  | 114.23                               | 117.40                               |
| Warranty                                       | 21.73                                | 10.38                                |
| Net Loss on Foreign Currency Forward Contracts | 2.78                                 | 0.44                                 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

| Particulars  | (₹ in Crores)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Contribution towards corporate social responsibility expenditure | 4.34                                 | 4.51                                 |
| IT Support services  | 2.45                                 | 2.05                                 |
| Bad debts  | 2.38                                 | 0.88                                 |
| Provision for Doubtful debts                                     | 0.93                                 | -                                    |
| Loss on sale/disposal of fixed assets                            | 2.50                                 | 3.55                                 |
| Miscellaneous  | 40.23                                | 32.70                                |
|  | <b>598.45</b>                        | <b>478.71</b>                        |
| (Less): Transfer to Capital work-in-progress / Capitalised       | (0.40)                               | (3.13)                               |
| <b>Total</b>   | <b>598.05</b>                        | <b>475.58</b>                        |

## NOTE 44: EARNINGS PER SHARE

| Particulars  | (₹ in Crores)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Profit for the year attributable to Equity shareholders        | 96.09                                | 182.44                               |
| Earnings used in the calculation of basic earnings per share   | 96.09                                | 182.44                               |
| Earnings used in the calculation of diluted earnings per share | 96.09                                | 182.44                               |

| Particulars   | (In Numbers)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Weighted average number of equity shares for the purposes of basic earnings per share   | 10,86,97,863                         | 10,32,83,551                         |
| Weighted average number of equity shares for the purposes of diluted earnings per share | 10,88,81,916                         | 10,33,29,194                         |

| Particulars                | (₹ per share)                        |                                      |
|----------------------------|--------------------------------------|--------------------------------------|
|                            | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Basic earnings per share   | 8.84                                 | 17.66                                |
| Diluted earnings per share | 8.84                                 | 17.66                                |

## 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 ₹ 13.52 Crores (Previous Year: ₹ 10.73 Crores) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

| Particulars   | (₹ in Crores)                        |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Employer's contribution towards Provident Fund (PF)             | 11.98                                | 9.40                                 |
| Employer's contribution towards Employees State Insurance (ESI) | 0.74                                 | 0.70                                 |
| Employer's contribution towards National Pension Scheme (NPS)   | 0.80                                 | 0.63                                 |
| <b>Total</b>  | <b>13.52</b>                         | <b>10.73</b>                         |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## B. 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<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Discount rate                            | 6.81%                                | 7.09%                                |
| Future salary increase/salary escalation | 7.00%                                | 7.00%                                |
| Retirement age (years)                   | 60                                   | 60                                   |
| Mortality Tables                         |                                      |                                      |
| <i>Employee turnover</i>                 |                                      |                                      |
| 18 to 30 years                           | 4.20%                                | 3.59%                                |
| From 31 to 45 years                      | 5.00%                                | 4.29%                                |
| Above 45 years                           | 0.83%                                | 1.47%                                |

#### Notes:

- 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.
- 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, 2025 is shown below:

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Increase / (decrease) on present value of defined benefits obligations at the end of the year |                                      |                                      |
| <b>Discount rate</b>  |                                      |                                      |
| Increase by 1.00%   | (4.46)                               | (4.19)                               |
| Decrease by 1.00%   | 5.06                                 | 4.72                                 |
| <b>Salary increase</b>  |                                      |                                      |
| Increase by 1.00%   | 4.87                                 | 4.57                                 |
| Decrease by 1.00%   | (4.41)                               | (4.15)                               |

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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, Other Comprehensive Income and the funded status and amounts recognised in the Balance Sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

## Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:

| (₹ in Crores)   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Service cost:   |                                      |                                      |
| Current service cost  | 4.46                                 | 3.40                                 |
| Net interest expense  | 0.35                                 | 0.46                                 |
| <b>Components of defined benefit costs recognised in profit or loss</b>             | <b>4.81</b>                          | <b>3.86</b>                          |
| Reimbursement of gratuity expense to Related parties                                | 0.31                                 | -                                    |
| <b>Total</b>  | <b>5.12</b>                          | <b>3.86</b>                          |
| Remeasurement on the net defined benefit liability:                                 |                                      |                                      |
| Actuarial (gains) / losses arising from changes in financial assumptions            | 1.39                                 | (0.02)                               |
| Actuarial (gains) / losses arising from changes in demographic assumptions          | -                                    | (0.03)                               |
| Actuarial (gains) / losses arising from experience adjustments                      | (2.88)                               | 1.18                                 |
| Actuarial (gains) / losses on Curtailments / Settlements                            | 0.03                                 | 2.40                                 |
| Return on Plan Asset  | (0.97)                               | (0.91)                               |
| <b>Components of defined benefit costs recognised in other comprehensive income</b> | <b>(2.43)</b>                        | <b>2.62</b>                          |
| <b>Total</b>  | <b>2.69</b>                          | <b>6.48</b>                          |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

## The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| (₹ in Crores)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Present value of funded defined benefit obligation                               | 48.83                   | 46.14                   |
| Fair value of plan assets  | (39.72)                 | (35.44)                 |
| <b>Net liability arising from defined benefit obligation (refer note no. 26)</b> | <b>9.11</b>             | <b>10.70</b>            |

## Movements in the present value of the defined benefit obligation are as follows:

| (₹ in Crores)  |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
| Opening defined benefit obligation   | 46.14                                | 30.61                                |
| Defined benefit obligation on acquisition                                  | -                                    | 8.65                                 |
| Current service cost   | 4.46                                 | 3.40                                 |
| Interest cost  | 2.84                                 | 2.39                                 |
| Remeasurement (gains)/losses:  |                                      |                                      |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 1.39                                 | (0.02)                               |
| Actuarial (gains) / losses arising from changes in demographic assumptions | -                                    | (0.03)                               |
| Actuarial (gains) / losses arising from experience adjustments             | (2.88)                               | 1.18                                 |
| Actuarial (gains) / losses arising from curtailments/settlements           | 0.03                                 | 2.38                                 |
| Benefits paid  | (3.15)                               | (2.42)                               |
| <b>Closing defined benefit obligation</b>                                  | <b>48.83</b>                         | <b>46.14</b>                         |



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## Change in plan assets are as follows:

(₹ in Crores)

| Particulars                              | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Opening fair value of plan assets        | 35.44                                | 24.70                                |
| Fair value of plan assets on acquisition | -                                    | 5.31                                 |
| Return on plan assets                    | 2.49                                 | 1.94                                 |
| Employer contribution                    | 4.02                                 | 4.94                                 |
| Actuarial (Gain)/Loss on Asset           | 0.92                                 | 0.91                                 |
| Benefits paid                            | (3.15)                               | (2.36)                               |
| <b>Closing fair value of plan assets</b> | <b>39.72</b>                         | <b>35.44</b>                         |

## The major categories of plan assets:

(₹ in Crores)

| Particulars        | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--------------------|-------------------------|-------------------------|
| Insurance products | 39.72                   | 35.44                   |
| <b>Total</b>       | <b>39.72</b>            | <b>35.44</b>            |

## Maturity profile of gratuity liability is as follows:

(₹ in Crores)

| Year  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| 0 to 1 year   | 3.40                    | 3.29                    |
| 1 to 2 Year   | 2.88                    | 3.05                    |
| 2 to 3 Year   | 2.10                    | 2.52                    |
| 3 to 4 Year   | 2.26                    | 2.22                    |
| 4 to 5 Year   | 3.05                    | 2.28                    |
| 5 Year onwards  | 35.14                   | 32.78                   |
| <b>Expected contribution to the fund in next year</b> | <b>9.40</b>             | <b>8.46</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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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.

## C. Share based payments

### a) Employee option plan

The establishment of the SHEELA FOAM - Employees Stock Option Plan 2022' ("SF ESOP - 2022") was approved by shareholders of the Holding Company at the 2022 annual general meeting of the Holding Company. The Employee Option Plan is designed to provide long term incentive for people who are in the employment of the Holding Company, whether working in India or outside India, including Director of the Holding Company, whether Whole time director or not, including a non-executive director, but excluding Promoter, Promoter group and independent Directors, a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Holding Company to deliver long-term shareholder returns. Under the plan, participants are granted options which vest upon completion of upto three years or on satisfaction of market conditions. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

| Particulars                      | As at March 31, 2025                        |                   | As at March 31, 2024                        |                   |
|----------------------------------|---|-------------------|---|-------------------|
|                                  | Average exercise price per share option (₹) | Number of options | Average exercise price per share option (₹) | Number of options |
| Opening balance                  | 5   | 2,59,852          | -   | -                 |
| Granted during the year          | 5   | 1,49,994          | 5   | 2,59,852          |
| Exercised during the year        | 5   | (8,655)           | -   | -                 |
| Forfeited/Lapsed during the year | 5   | (44,291)          | -   | -                 |
| <b>Closing balance</b>           | <b>5</b>                                    | <b>3,56,900</b>   | <b>5</b>                                    | <b>2,59,852</b>   |

No options expired during the periods covered in the above tables.

Share options outstanding at the end of the year have the following expiry date having exercise price of ₹ 5 each:

| Grant date   | Expiry Date | Number of options    |                      |
|--------------|-------------|----------------------|----------------------|
|              |             | As at March 31, 2025 | As at March 31, 2024 |
| 02-11-2023   | 01-11-2027  | 9,172                | 17,827               |
| 02-11-2023   | 01-11-2029  | 69,606               | 84,765               |
| 06-02-2024   | 05-02-2030  | 7,260                | 7,260                |
| 06-02-2024   | 06-12-2028  | 1,50,000             | 1,50,000             |
| 21-05-2024   | 20-05-2030  | 2,640                | -                    |
| 16-10-2024   | 15-10-2030  | 1,14,460             | -                    |
| 10-03-2025   | 16-10-2030  | 3,762                | -                    |
| <b>Total</b> |             | <b>3,56,900</b>      | <b>2,59,852</b>      |

### (i) Fair value of options granted basis service vesting period

The fair value at the grant date of options granted during the year ended March 31, 2025 ranges from ₹ 900.97 to ₹ 1081.63 (March 31, 2024: ₹ 1081.02 to ₹ 1081.63).

The fair value at grant date is independently determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The following table lists the inputs to the Black Scholes Model used :

| Particulars                             | Model Inputs |            |            |            |            |            |            |
|---|--------------|------------|------------|------------|------------|------------|------------|
|   | 2024-2025    |            |            |            | 2023-2024  |            |            |
| Grant Date                              | 21-05-2024   | 16-10-2024 | 16-10-2024 | 10-03-2025 | 02-11-2023 | 02-11-2023 | 06-02-2024 |
| Expiry Date                             | 20-05-2030   | 15-10-2028 | 15-10-2030 | 16-10-2030 | 01-11-2027 | 01-11-2029 | 05-02-2030 |
| Risk free rate (%)                      | 7.309        | 6.68       | 6.68       | 6.60       | 7.29       | 7.309      | 7.309      |
| Expected life of options (no. of years) | 3.5          | 4          | 6          | 5.6        | 1.5        | 3.5        | 3.5        |
| Expected volatility (%)                 | 26.81        | 25.31      | 25.31      | 62.94      | 26.81      | 26.81      | 26.81      |
| Dividend yield (%)                      | -            | -          | -          | -          | -          | -          | -          |
| Exercise price (₹)                      | 5            | 5          | 5          | 5          | 5          | 5          | 5          |
| Fair value of the option (₹)            | 1081.63      | 900.97     | 901.45     | 705.05     | 1081.02    | 1081.63    | 1081.63    |

The expected price volatility is based on the historic volatility (based on the remaining life of options), adjusted for any expected changes to future volatility due to publicly available information.

## (ii) Fair value of options granted basis satisfaction of market conditions

The fair value at the grant date of options granted during the year ended March 31, 2024 was ₹ 2,347.47. No options were granted during the year ended March 31, 2025.

The fair value at grant date is independently determined using the Monte Carlo Simulations (MCS), which is used to model the probabilities of different outcomes in a process that cannot easily be predicted due to the intervention of random variables. It is a technique used to understand the impact of risk and uncertainty in prediction and forecasting models. We have forecasted the multiple possibilities of change in share price by using the MCS method for calculating the expected market capitalization.

The following table lists the inputs to the Monte Carlo Simulation Model used :

| Particulars                             | Model Inputs |
|---|--------------|
| Grant Date                              | 06-02-2024   |
| Expiry Date                             | 06-12-2028   |
| Risk free rate (%)                      | 7.01         |
| Expected life of options (no. of years) | 2.83         |
| Expected volatility (%)                 | 31.04        |
| Dividend yield (%)                      | -            |
| Exercise price (₹)                      | 5            |
| Fair value of the option (₹)            | 2,347.47     |

The expected price volatility is based on the historic volatility (based on the remaining life of options), adjusted for any expected changes to future volatility due to publicly available information.

## b) Expense arising from Share Based Payment transactions

Total expense arising from share-based payment transactions recognised in profit & loss as a part of employee benefit expense were as follows :

| Particulars                              | (₹ in Crores)                     |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
| Employee Option Plan (refer note no. 40) | 7.42                              | 2.42                              |
| <b>Total</b>                             | <b>7.42</b>                       | <b>2.42</b>                       |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## 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<br>Sleepwell Foundation (Trust)  |
| c. Key management personnel  | Mr. Tushaar Gautam (Managing Director)<br>Mr. Rakesh Chahar (Whole time Director)<br>Mrs. Namita Gautam (Whole time Director)<br>Mr. Rahul Gautam (Executive Chairman)<br>Mr. Amit Kumar Gupta (Group Chief Financial Officer)<br>Mr. Nilesh Sevabrata Mazumdar (Chief Executive Officer)<br>Mr. Edward John Dodds (Director)<br>Mr. Kevin James Graham (Director)<br>Mr. Rajiv Dhar (Director)<br>Mr. D. Alejandro Juan Palao Serrano (Director)<br>Ms. Jyoti Pradhan (Director)<br>Md. Iquebal Ahmad (Company Secretary) |
| d. Joint Venture   | House Of Kieraya Limited (formerly known as House of Kieraya Private Limited)  |

### (B) Disclosure of transactions between the Company and related parties during the year:

(₹ in Crores)

| Particulars                                | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>(i) Sale of material/ capital goods</b> |                                      |                                      |
| Joint venture                              |                                      |                                      |
| House of Kieraya Limited                   | 16.76                                | 5.86                                 |
| Related entities                           |                                      |                                      |
| Sleepwell Foundation (Trust)               | -                                    | 0.07                                 |
|  | <b>16.76</b>                         | <b>5.93</b>                          |
| <b>(ii) Investment made</b>                |                                      |                                      |
| Joint venture                              |                                      |                                      |
| House of Kieraya Limited                   | 50.94                                | 0.10                                 |
|  | <b>50.94</b>                         | <b>0.10</b>                          |
| <b>(iii) Key management personnel</b>      |                                      |                                      |
| Compensation of Key management personnel   |                                      |                                      |
| Short-term Employee Benefits               | 18.04                                | 16.53                                |
| Post Employment Benefits                   | 0.41                                 | 0.62                                 |
|  | <b>18.45</b>                         | <b>17.15</b>                         |
| <b>(iv) Contributions for CSR expenses</b> |                                      |                                      |
| Sleepwell Foundation (Trust)               | 4.53                                 | 4.66                                 |
|  | <b>4.53</b>                          | <b>4.66</b>                          |
| <b>(v) Rent Received</b>                   |                                      |                                      |
| Joint venture                              |                                      |                                      |
| House of Kieraya Limited                   | 0.04                                 | -                                    |
|  | <b>0.04</b>                          | <b>-</b>                             |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## (C) Disclosure of balances outstanding at the end of the reporting year:

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|--|-------------------------|-------------------------|
| <b>Trade receivables</b>                                       |                         |                         |
| Joint Venture  |                         |                         |
| House Of Kieraya Limited                                       | 6.16                    | 2.60                    |
|  | <b>6.16</b>             | <b>2.60</b>             |
| <b>Investments</b>   |                         |                         |
| Joint Venture  |                         |                         |
| House Of Kieraya Limited                                       | 411.68                  | 360.74                  |
|  | <b>411.68</b>           | <b>360.74</b>           |
| <b>Post employee benefit plan for the benefitted employees</b> |                         |                         |
| SFL Employee Gratuity Trust                                    | 4.33                    | 3.99                    |
| Payable to key managerial personnel                            | 6.71                    | 4.21                    |

### Note:

- a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end for trade payables/receivables are unsecured and interest free and loan balances carry interest, further settlements occurs in cash. For the year ended March 31, 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## NOTE 47 : DISCLOSURES AS PER IND AS 116 'LEASES'

### (A) Group as lessee

- (i) The Group's significant leasing arrangements are in respect of the following assets:

The Group has lease of land and buildings for offices, warehouses and service centers. Right of Use Assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The lease terms for leasehold buildings ranges between 2 years to 13 years and leasehold lands range between 2 to 99 years.

- (ii) The carrying amounts of lease liabilities and the movements during the year:

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| <b>Opening Liabilities</b>                                | 211.78                               | 103.47                               |
| Addition during the year (including acquisition)          | 110.06                               | 164.00                               |
| Accretion of interest                                     | 13.56                                | 10.60                                |
| Repayment of Lease liabilities                            | (48.90)                              | (40.49)                              |
| Cancellation / adjustments                                | (39.67)                              | (24.56)                              |
| Exchange differences on translation of foreign operations | (0.96)                               | (1.24)                               |
| <b>Closing liabilities</b>                                | <b>245.87</b>                        | <b>211.78</b>                        |
| Current   | 36.89                                | 37.55                                |
| Non current   | 208.98                               | 174.23                               |
|   | <b>245.87</b>                        | <b>211.78</b>                        |

- (iii) Maturity analysis of the lease liabilities:

(₹ in Crores)

| Contractual undiscounted cash flows               | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| 3 months or less                                  | 12.22                   | 12.88                   |
| 3-12 months                                       | 38.71                   | 36.51                   |
| 1-2 years   | 54.69                   | 48.02                   |
| 2-5 years   | 126.91                  | 96.80                   |
| More than 5 years                                 | 80.48                   | 80.34                   |
| <b>Total undiscounted lease liability</b>         | <b>313.01</b>           | <b>274.55</b>           |
| Less: Impact of discounting and other adjustments | 67.14                   | 62.77                   |
| <b>Lease liabilities</b>                          | <b>245.87</b>           | <b>211.78</b>           |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

(iv) The following are the amounts recognised in the Statement of Profit and Loss:

(₹ in Crores)

| Particulars                            | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Finance cost                           | 13.56                                | 10.60                                |
| Depreciation and amortisation expense  | 39.57                                | 30.54                                |
| Expenses relating to short term leases | 12.43                                | 10.55                                |

(v) The following are the amounts disclosed in the Statement of Cash Flows:

(₹ in Crores)

| Particulars              | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--------------------------|--------------------------------------|--------------------------------------|
| Cash outflow from leases | 48.90                                | 40.49                                |

(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.

## (B) Group as lessor

(i) 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 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 ₹ 1.74 Crores (March 31, 2024: ₹ 1.74 Crores).   |
| Residential Flat situated at Greater Noida   | The lease agreement was executed w.e.f. 15 <sup>th</sup> May, 2024. 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 ₹ 0.09 Crores (March 31, 2024: ₹ 0.10 Crores).   |
| Land & Factory Building situated at Silvassa | The lease agreement was executed w.e.f. 31 <sup>st</sup> August, 2020. The said lease was 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 had to be increased by 5% if both parties agreed on year-on-year basis. The total rent recognized as income during the year is ₹ Nil (March 31, 2024: ₹ 0.12 Crores). The said property had been disposed off during the previous year ended March 31, 2024. |

## 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:

- The Group has disclosed financial instruments such as loans, 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.
- 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- **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 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, 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, 2025:

### Fair Value measurement hierarchy of Assets:

(₹ in Crores)

| Particulars  | Date of Valuation | Fair value measurement using |   |   |   |
|--|-------------------|------------------------------|---|---|---|
|  |                   | Total                        | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial Assets measured at fair value through profit and loss</b> |                   |                              |   |   |   |
| Other Investments  | March 31, 2025    | 470.16                       | 470.16                                    | -                                       | -   |
| <b>Financial Assets measured at amortized cost</b>                     |                   |                              |   |   |   |
| Other Investments  | March 31, 2025    | 0.28                         | -   | -                                       | 0.28                                      |
| Loans  | March 31, 2025    | 3.25                         | -   | -                                       | 3.25                                      |
| Trade receivables  | March 31, 2025    | 345.65                       | -   | -                                       | 345.65                                    |
| Cash and cash equivalents  | March 31, 2025    | 41.25                        | -   | -                                       | 41.25                                     |
| Bank balances other than cash and cash equivalents                     | March 31, 2025    | 6.23                         | -   | -                                       | 6.23                                      |
| Other financial assets   | March 31, 2025    | 68.76                        | -   | -                                       | 68.76                                     |

(₹ in Crores)

| Particulars  | March 31, 2025 | March 31, 2024 |
|--|----------------|----------------|
| <b>Assets for which Fair Values are disclosed:</b> |                |                |
| Investment Property                                | 129.54         | 115.38         |

### Fair Value measurement hierarchy of Liabilities:

(₹ in Crores)

| Particulars   | Date of Valuation | Fair value measurement using |   |   |   |
|---|-------------------|------------------------------|---|---|---|
|   |                   | Total                        | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial liabilities measured at amortized cost</b> |                   |                              |   |   |   |
| Borrowings  | March 31, 2025    | 1,216.49                     | -   | -                                       | 1,216.49                                  |
| Lease liabilities                                       | March 31, 2025    | 245.87                       | -   | -                                       | 245.87                                    |
| Trade payables  | March 31, 2025    | 361.00                       | -   | -                                       | 361.00                                    |
| Other financial liabilities                             | March 31, 2025    | 298.25                       | -   | -                                       | 298.25                                    |



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2024:

### Fair Value measurement hierarchy of Assets:

(₹ in Crores)

| (₹ in crores)   |                   |                              |   |   |   |
|---|-------------------|------------------------------|---|---|---|
| Particulars   | Date of Valuation | Fair value measurement using |   |   |   |
|   |                   | Total                        | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Financial Assets measured at fair value through profit and loss |                   |                              |   |   |   |
| Other Investments   | March 31, 2024    | 527.55                       | 17.55                                     | 510.00                                  | -   |
| Financial Assets measured at amortized cost                     |                   |                              |   |   |   |
| Other Investments   | March 31, 2024    | 0.27                         | -   | -                                       | 0.27                                      |
| Loans   | March 31, 2024    | 3.06                         | -   | -                                       | 3.06                                      |
| Trade receivables   | March 31, 2024    | 363.77                       | -   | -                                       | 363.77                                    |
| Cash and cash equivalents                                       | March 31, 2024    | 44.02                        | -   | -                                       | 44.02                                     |
| Bank balances other than cash and cash equivalents              | March 31, 2024    | 4.93                         | -   | -                                       | 4.93                                      |
| Other financial assets  | March 31, 2024    | 29.17                        | -   | -                                       | 29.17                                     |

### Fair Value measurement hierarchy of Liabilities:

(₹ in Crores)

| (in crores)                                      |                   |                              |   |   |   |
|--|-------------------|------------------------------|---|---|---|
| Particulars                                      | Date of Valuation | Fair value measurement using |   |   |   |
|  |                   | Total                        | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Financial liabilities measured at amortized cost |                   |                              |   |   |   |
| Borrowings                                       | March 31, 2024    | 1,281.33                     | -   | -                                       | 1,281.33                                  |
| Lease liabilities                                | March 31, 2024    | 211.78                       | -   | -                                       | 211.78                                    |
| Trade payables                                   | March 31, 2024    | 387.53                       | -   | -                                       | 387.53                                    |
| Other financial liabilities                      | March 31, 2024    | 336.88                       | -   | -                                       | 336.88                                    |

## NOTE 50 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprises of Borrowings , Lease Liabilities, deposits from dealers, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

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

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors and Audit Committee. This process provides assurance to group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with group policies and group risk objective.

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

### a) Market risk

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

The sensitivity analysis in the following sections relate to the position as at March 31, 2025 and March 31, 2024. 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, 2025 and March 31, 2024.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## (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", "CNY" and "EURO".

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| (₹ in Crores)                          |          |                         |                         |
|--|----------|-------------------------|-------------------------|
| Particulars                            | Currency | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Financial assets:</b>               |          |                         |                         |
| Trade receivables                      | USD      | 2.56                    | 2.43                    |
| Trade receivables                      | AED      | -                       | 5.51                    |
| Cash and cash equivalents              | CNY      | 0.01                    | -                       |
| Cash and cash equivalents              | EURO     | 0.01                    | -                       |
| Cash and cash equivalents              | USD      | 0.01                    | -                       |
| <b>Financial liabilities:</b>          |          |                         |                         |
| Trade payables                         | USD      | (11.12)                 | (12.16)                 |
| Trade payables                         | EURO     | (0.14)                  | (0.60)                  |
| Trade payables                         | GBP      | (0.32)                  | (2.22)                  |
| Trade payables                         | AED      | -                       | (0.37)                  |
| Term Loan (including interest accrued) | USD      | (40.42)                 | (59.11)                 |

### Foreign currency sensitivity analysis

The Group is mainly exposed to USD, EURO, GBP, AED & CNY. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for sensitivity change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

### Foreign currency sensitivity

| (₹ in Crores) |     |                         |     |                         |
|---------------|-----|-------------------------|-----|-------------------------|
| Currency      | %   | As at<br>March 31, 2025 | %   | As at<br>March 31, 2024 |
| USD           | 2%  | (0.98)                  | 2%  | (1.38)                  |
| USD           | -2% | 0.98                    | -2% | 1.38                    |
| EURO          | 3%  | (0.00)                  | 3%  | (0.02)                  |
| EURO          | -3% | 0.00                    | -3% | 0.02                    |
| GBP           | 2%  | (0.01)                  | 2%  | (0.04)                  |
| GBP           | -2% | 0.01                    | -2% | 0.04                    |
| AED           | 2%  | -                       | 2%  | 0.10                    |
| AED           | -2% | -                       | -2% | (0.10)                  |
| CNY           | 2%  | 0.00                    | 2%  | -                       |
| CNY           | -2% | (0.00)                  | -2% | -                       |

## (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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

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, 2025 and March 31, 2024 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

| (₹ in Crores)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Non-current assets</b>                            |                         |                         |
| - Investments  | -                       | 510.00                  |
| - Loans  | 1.89                    | 1.92                    |
| - Other financial assets                             | 51.17                   | 21.33                   |
| <b>Current assets</b>                                |                         |                         |
| - Investments  | 470.44                  | 17.82                   |
| - Trade receivables                                  | 345.65                  | 363.77                  |
| - Cash and cash equivalents                          | 41.25                   | 44.02                   |
| - Bank balances other than cash and cash equivalents | 6.23                    | 4.93                    |
| - Loans  | 1.36                    | 1.14                    |
| - Other financial assets                             | 17.59                   | 7.84                    |
| <b>Total</b>   | <b>935.58</b>           | <b>972.77</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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| Particulars                 |                  |                  | (₹ in Crores)   |
|-----------------------------|------------------|------------------|-----------------|
|                             | Less than 1 Year | More than 1 Year | Total           |
| <b>As at March 31, 2025</b> |                  |                  |                 |
| Trade payables              | 360.98           | -                | <b>360.98</b>   |
| Other financial liabilities | 233.42           | 64.83            | <b>298.25</b>   |
| Borrowings                  | 686.65           | 529.84           | <b>1,216.49</b> |
| Lease Liabilities           | 36.89            | 208.98           | <b>245.87</b>   |
|                             | <b>1,317.94</b>  | <b>803.65</b>    | <b>2,121.59</b> |
| <b>As at March 31, 2024</b> |                  |                  |                 |
| Trade payables              | 387.53           | -                | <b>387.53</b>   |
| Other financial liabilities | 265.30           | 71.58            | <b>336.88</b>   |
| Borrowings                  | 336.74           | 944.59           | <b>1,281.33</b> |
| Lease Liabilities           | 37.55            | 174.23           | <b>211.78</b>   |
|                             | <b>1,027.12</b>  | <b>1,190.40</b>  | <b>2,217.52</b> |

## Financing arrangements

A portion of the Holding Company's trade payables form part of its supplier finance arrangement with select key suppliers. The payment terms for these trade payables remain identical to those of other payables. The Company does not view the arrangement as creating significant concentration of liquidity risk. Refer to note no. 30 for further details about the Company's supplier finance arrangements.

The Company has the following undrawn committed borrowing facilities at the end of the reporting period:

| Particulars                     | As at March 31, 2025 |              |              | As at March 31, 2024 |            |       |
|---------------------------------|----------------------|--------------|--------------|----------------------|------------|-------|
|                                 | Floating Rate        | Fixed Rate   | Total        | Floating Rate        | Fixed Rate | Total |
| Expiry within one year          | -                    | 66.28        | 66.28        | -                    | -          | -     |
| Expiry within one and two years | -                    | -            | -            | -                    | -          | -     |
| Expiry in more than two years   | -                    | -            | -            | -                    | -          | -     |
|                                 | -                    | <b>66.28</b> | <b>66.28</b> | -                    | -          | -     |

The facilities expiring within one year are annual facilities subject to renewal at various dates.

## 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                                 |                      |                      | (₹ in Crores) |
|---|----------------------|----------------------|---------------|
|   | As at March 31, 2025 | As at March 31, 2024 |               |
| Equity                                      | 54.35                | 54.35                |               |
| Other Equity                                | 3,041.24             | 2,926.34             |               |
| <b>Total equity</b> (i)                     | <b>3,095.59</b>      | <b>2,980.69</b>      |               |
| Borrowings (including lease liabilities)    | 1,462.36             | 1,493.11             |               |
| Less: cash and cash equivalents             | 41.25                | 44.02                |               |
| <b>Total debt</b> (ii)                      | <b>1,421.11</b>      | <b>1,449.09</b>      |               |
| <b>Overall financing</b> (iii) = (i) + (ii) | <b>4,516.70</b>      | <b>4,429.78</b>      |               |
| <b>Gearing ratio (in %)</b> (ii) / (iii)    | <b>31%</b>           | <b>33%</b>           |               |

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, 2025 and March 31, 2024.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 52 : COMMITMENTS FOR EXPENDITURE

| Particulars  | (₹ in Crores)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹ 6.57 Crores (March 31, 2024: ₹ 5.83 Crores )) | 14.27                   | 35.94                   |
|  | <b>14.27</b>            | <b>35.94</b>            |

## NOTE 53 : CONTINGENT LIABILITIES

| Particulars  | (₹ in Crores)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Claims against the Group not acknowledged as debt (refer note below)</b>                              |                         |                         |
| Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards |                         |                         |
| - Sales tax  | 4.97                    | 6.98                    |
| - Entry tax  | 1.94                    | 1.94                    |
| - Income tax   | 13.78                   | 16.12                   |
| - Excise Duty  | 2.90                    | 2.89                    |
| - Goods & Service Tax  | 33.79                   | 17.08                   |

### 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                             | (₹ in Crores)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Current Assets</b>                   |                         |                         |
| Inventories                             | 298.21                  | 293.29                  |
| Trade receivables                       | 333.04                  | 311.32                  |
| Other current financial assets          | 0.70                    | 0.58                    |
| Other current assets                    | 16.54                   | 37.69                   |
|   | <b>648.49</b>           | <b>642.88</b>           |
| <b>Non-Current assets</b>               |                         |                         |
| Leasehold land                          | 10.57                   | 10.57                   |
| Property, plant and equipment           | 476.35                  | 714.97                  |
| Capital work in progress                | 1.72                    | 67.40                   |
|   | <b>488.64</b>           | <b>792.94</b>           |
| <b>Total Assets pledged as security</b> | <b>1,137.13</b>         | <b>1,435.82</b>         |

### Note based on the terms and conditions written on sanction letters by bank:

- Term loan with JP Morgan & Kotak Mahindra Bank in the Company has been secured by hypothecation of first charge on entire fixed assets (Movable fixed assets and immovable fixed assets for Nandigram and Jabalpur Plant.
- Holding company owned fixed assets (movable and immovable) at manufacturing plants located at Jalpaiguri (West Bengal) , Sahibabad (Uttar Pradesh) , Rajpura (Punjab) and Erode (Tamilnadu) has been pledged as security against the financial guarantee of EURO 20 million

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

on September 25, 2019 towards term loan granted by Citi Bank, Spain for its subsidiary Company International Foam Technologies S.L, Spain and the same was reduced to EURO 10.75 million at the year ending March 31, 2024 and further reduced to EURO 8.6 Million at the year ended March 31, 2025

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 Limited, has been secured by hypothecation of first charge on its entire current assets.
5. Working capital loan and Factored receivables of Holding company are secured by first charge on inventories and trade receivables subject to factoring arrangements.

## NOTE 55 : SEGMENT INFORMATION

### Operating segment information

The Group is majorly engaged in the manufacturing of the products of same type/class and as such there is no reportable segment. As per Indian Accounting Standard (Ind AS-108) dealing with the operating segments, Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors of the Holding Company.

### Geographical information

(₹ in Crores)

| Particulars                            | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Revenue from external customers</b> |                                      |                                      |
| Within India                           | 2,679.12                             | 2,222.91                             |
| Outside India                          | 760.07                               | 759.40                               |
| <b>Total revenue</b>                   | <b>3,439.19</b>                      | <b>2,982.31</b>                      |
| <b>Assets</b>                          |                                      |                                      |
| Within India                           | 2,907.89                             | 2,935.77                             |
| Outside India                          | 819.58                               | 770.55                               |
| Unallocated                            | 1,739.67                             | 1,633.22                             |
| <b>Total assets</b>                    | <b>5,467.14</b>                      | <b>5,339.54</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, 2025 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, 2024 has been obtained and there are no adverse comments requiring adjustments.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 57 : STATUTORY GROUP INFORMATION

(₹ in Crores, 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, 2025  | 95%  | 2,952.18        | 291%                                 | 281.75        | -1%   | (0.07)        | 273%  | 281.68        |
| Balance as at 31 March, 2024  | 89%  | 2,663.09        | 86%                                  | 158.46        | 0%  | -             | 87%   | 158.46        |
| <b>Subsidiaries</b>   |  |                 |                                      |               |   |               |   |               |
| <b>Indian</b>   |  |                 |                                      |               |   |               |   |               |
| 1 Staquo Software Private Limited, India (formerly known as Divya Software Solutions Private Limited) |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | -1%  | (19.69)         | -3%                                  | (3.17)        | 0%  | -             | -3%   | (3.17)        |
| Balance as at 31 March, 2024  | -1%  | (16.52)         | -2%                                  | (3.47)        | 0%  | -             | -2%   | (3.47)        |
| 2 Sleepwell Enterprises Private Limited   |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | 0%   | 2.91            | 0%                                   | (0.08)        | 0%  | -             | 0%  | (0.08)        |
| Balance as at 31 March, 2024  | 0%   | 2.99            | 0%                                   | 0.25          | 0%  | -             | 0%  | 0.25          |
| 3 Staquo World Private Limited  |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | -1%  | (18.60)         | -14%                                 | (13.92)       | 1%  | 0.08          | -13%  | (13.84)       |
| Balance as at 31 March, 2024  | 0%   | (4.80)          | -7%                                  | (12.02)       | 1%  | (0.02)        | -7%   | (12.04)       |
| 4 Kurlon Enterprise Limited   |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | -4%  | (120.32)        | -165%                                | (159.36)      | 35%   | 2.28          | -152%   | (157.08)      |
| Balance as at 31 March, 2024  | 1%   | 36.51           | 21%                                  | 38.35         | 80%   | (2.15)        | 20%   | 36.20         |
| <b>Foreign</b>  |  |                 |                                      |               |   |               |   |               |
| 1 Joyce Foam Pty Limited  |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | 4%   | 128.40          | -10%                                 | (9.72)        | -14%  | (0.91)        | -10%  | (10.63)       |
| Balance as at 31 March, 2024  | 5%   | 139.06          | 2%                                   | 3.79          | 74%   | (1.99)        | 1%  | 1.80          |
| 2 International Foam Technologies Spain SLU   |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | 4%   | 136.69          | 10%                                  | 9.78          | 78%   | 5.10          | 14%   | 14.88         |
| Balance as at 31 March, 2024  | 4%   | 117.19          | 7%                                   | 12.49         | -54%  | 1.42          | 8%  | 13.91         |
| 3 Sheela Foam Trading L.L.C   |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | 0%   | 4.85            | -2%                                  | (2.26)        | 0%  | 0.02          | -2%   | (2.24)        |
| Balance as at 31 March, 2024  | 0%   | (1.27)          | -1%                                  | (1.27)        | 0%  | -             | -1%   | (1.27)        |
| <b>Non-controlling interests in all subsidiaries</b>  |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | 2%   | 60.39           | 1%                                   | 0.61          | 0%  | -             | 1%  | 0.61          |
| Balance as at 31 March, 2024  | 2%   | 60.50           | 1%                                   | 1.49          | 0%  | -             | 1%  | 1.49          |
| <b>House of Kieraya Limited</b>   |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | 0%   | (9.37)          | 1%                                   | 1.17          | 0%  | -             | 1%  | 1.17          |
| Balance as at 31 March, 2024  | 0%   | (10.54)         | -6%                                  | (10.58)       | -1%   | 0.04          | -6%   | (10.54)       |
| <b>Consolidated Adjustments</b>   |  |                 |                                      |               |   |               |   |               |
| Balance as at 31 March, 2025  | -1%  | (21.85)         | -8%                                  | (8.10)        | 0%  | -             | -8%   | (8.10)        |
| Balance as at 31 March, 2024  | 0%   | (5.52)          | -2%                                  | (3.56)        | 0%  | -             | -2%   | (3.56)        |
| <b>Total Balance as at 31 March, 2025</b>   | <b>100%</b>  | <b>3,095.59</b> | <b>100%</b>                          | <b>96.70</b>  | <b>100%</b>                                     | <b>6.50</b>   | <b>100%</b>                                     | <b>103.20</b> |
| <b>Total Balance as at 31 March, 2024</b>   | <b>100%</b>  | <b>2,980.69</b> | <b>100%</b>                          | <b>183.93</b> | <b>100%</b>                                     | <b>(2.74)</b> | <b>100%</b>                                     | <b>181.23</b> |



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 58 : INTEREST IN OTHER ENTITIES

### Subsidiaries

The Group's subsidiaries as at 31 March, 2025 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/<br>Country of Incorporation | Ownership interest held by The Group |                      | Ownership interest held by non-controlling interests |                      | Principal activities  |
|--|--|--------------------------------------|----------------------|--|----------------------|---|
|  |  | As at March 31, 2025                 | As at March 31, 2024 | As at March 31, 2025                                 | As at March 31, 2024 |   |
| Joyce Foam PTY. Limited, Australia   | Australia                                      | 100%                                 | 100%                 | 0%   | 0%                   | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)  |
| Staquo Software Private Limited, India (formerly known as Divya Software Solutions Private Limited), India | India  | 100%                                 | 100%                 | 0%   | 0%                   | Software development and related ancillary activities   |
| Sleepwell Enterprises Private Limited, India   | India  | 100%                                 | 100%                 | 0%   | 0%                   | Providing trademarks, Patents, Logos etc. and earning royalty thereon   |
| International Foam Technologies S.L. Spain   | Spain  | 100%                                 | 100%                 | 0%   | 0%                   | To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam  |
| Staquo World Private Limited, India  | India  | 100%                                 | 100%                 | 0%   | 0%                   | Information technology and related ancillary activities   |
| Interplasp, S.L., Spain, (Subsidiary of International Foam Technologies S.L., 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 Limited, Australia)                                 | Australia                                      | 100%                                 | 100%                 | 0%   | 0%                   | Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)  |
| Staquo World Kft. (Subsidiary of Staquo World Private Limited)   | Hungary  | 100%                                 | 100%                 | 0%   | 0%                   | Information technology and related ancillary activities   |
| Staquo Incorporated (Subsidiary of Staquo World Private Limited)   | U.S.   | 100%                                 | 100%                 | 0%   | 0%                   | Information technology and related ancillary activities   |
| Staquo Technologies L.L.C (Subsidiary of Staquo World Private Limited)                                     | Dubai  | 100%                                 | 100%                 | 0%   | 0%                   | Information technology and related ancillary activities   |
| Sheela Foam Trading L.L.C, Dubai   | Dubai  | 100%                                 | 100%                 | 0%   | 0%                   | Home Furniture and Mattresses trading   |
| Kurlon Enterprise Limited, India   | India  | 97.43%                               | 97.43%               | 2.57%  | 2.57%                | Engaged in the business of manufacturing/trading in rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc. |
| Kurlon Retail Limited (Subsidiary of Kurlon Enterprise Limited, India )                                    | India  | 97.43%                               | 97.43%               | 2.57%  | 2.57%                | Retail Trading of mattresses  |
| Belvedere International Limited (Subsidiary of Kurlon Enterprise Limited, India )                          | India  | 97.43%                               | 97.43%               | 2.57%  | 2.57%                | Trading of mattresses and other related products  |
| Komfort Universe Products & Services Limited (Subsidiary of Kurlon Enterprise Limited, India )             | India  | 97.43%                               | 97.43%               | 2.57%  | 2.57%                | Trading of foam products, RC Pads, EPE Products etc.  |
| Starship Value Chain and Manufacturing Private Limited (Subsidiary of Kurlon Enterprise Limited, India )   | India  | 97.43%                               | 97.43%               | 2.57%  | 2.57%                | Business of logistics   |
| Kanvas Concepts Private Limited (Subsidiary of Kurlon Enterprise Limited, India )                          | India  | 97.43%                               | 97.43%               | 2.57%  | 2.57%                | Business of interiors & exteriors of Homes, stage designer, furnishing, designing, decorating etc.  |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## Joint Venture

| Name of entity                  | Place of business/<br>Country of Incorporation | Ownership interest held by The Group |                         | Principal activities   |
|---------------------------------|--|--------------------------------------|-------------------------|--|
|                                 |  | As at<br>March 31, 2025              | As at<br>March 31, 2024 |  |
| House of Kieraya Limited, India | India  | 43.89%                               | 17.70%                  | Engaged in the business of providing furnishings solutions by purchasing and letting on rent furniture and fixtures, domestic equipments, home appliances, and other electronic equipments and sale of refurbished and new furniture and fixtures and other electronic equipments. |

## NOTE 59 : 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 Holding Company and outstanding as at the end of the financial year is provided below:

(₹ in Crores)

| Particulars   | Financial Assets        |                         | Financial liabilities   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2025 | As at<br>March 31, 2024 | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
| <b>Derivatives designated as Hedging Instruments:</b>     |                         |                         |                         |                         |
| Cross currency interest rate swap                         | -                       | -                       | 9.61                    | 8.38                    |
| Principal and Interest Swap                               | -                       | -                       | (1.16)                  | 0.21                    |
| <b>Derivatives not designated as Hedging Instruments:</b> |                         |                         |                         |                         |
| Principal Only Swap                                       | -                       | -                       | 16.45                   | 13.66                   |

### (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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## (v) Disclosures of effects of Cash Flow Hedge Accounting:

### Hedging instruments

The Holding Company has taken derivatives to hedge the loan given by it to the related party and loan taken by it from Bank.

| (₹ in Crores)                            |                  |             |                   |
|--|------------------|-------------|-------------------|
| Particulars                              | Less than 1 year | 1 to 5 year | More than 5 Years |
| <b>As at March 31, 2025</b>              |                  |             |                   |
| <b>Cross currency interest rate swap</b> |                  |             |                   |
| Nominal Amount (on financial asset)      | -                | 64.17       | -                 |
| <b>Principal and Interest Swap</b>       |                  |             |                   |
| Nominal Amount (on financial liability)  | -                | 72.39       | -                 |
| <b>As at March 31, 2024</b>              |                  |             |                   |
| <b>Cross currency interest rate swap</b> |                  |             |                   |
| Nominal Amount (on financial asset)      | -                | 64.17       | -                 |
| <b>Principal and Interest Swap</b>       |                  |             |                   |
| Nominal Amount (on financial liability)  | -                | 72.39       | -                 |

## (vi) The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

| (₹ in Crores)   |  |                      |
|---|--|----------------------|
| Particulars   | As at March 31, 2025   | As at March 31, 2024 |
| Cash flow Hedge Reserve at the beginning of the year  | (2.26)   | (2.60)               |
| Total hedging gain / (loss) recognised in Other Comprehensive Income                        | 0.56   | 0.45                 |
| Income tax on above   | (0.14)   | (0.11)               |
| Ineffectiveness recognised in statement of profit or loss                                   | (2.78)   | (0.44)               |
| Line item in the statement of profit or loss that includes the recognised ineffectiveness   | Net Loss on Foreign Currency Forward Contracts in "other expenses" |                      |
| Amount reclassified from OCI to profit or loss  | -  | -                    |
| Income tax on above   | -  | -                    |
| Cash flow Hedge Reserve at the end of the year  | (1.84)   | (2.26)               |
| Line item in the statement of profit or loss that includes the reclassification adjustments | Not Applicable   | Not Applicable       |

## (vii) The outstanding position of derivative instrument is as under:

| Nature                            | Currency | Purpose  | As at March 31, 2025             |   | As at March 31, 2024             |   |
|-----------------------------------|----------|--|----------------------------------|---|----------------------------------|---|
|                                   |          |  | (₹ in crores)<br>(nominal value) | Foreign Currency<br>(in crores)<br>(notional value) | (₹ in crores)<br>(nominal value) | Foreign Currency<br>(in crores)<br>(notional value) |
| Cross currency interest rate swap | EURO     | Hedging of Foreign currency loan given                             | 64.17                            | 0.80  | 64.17                            | 0.80  |
| Principal and Interest Swap       | USD      | Hedging of Foreign currency term loan taken (Principal & Interest) | 38.61                            | 0.47  | 57.91                            | 0.71  |
| Principal Only Swap               | EURO     | Hedging of equity investment in foreign subsidiary                 | 93.90                            | 1.20  | 93.90                            | 1.20  |

### Exchange rates used for conversion of foreign currency exposure:

| Currency | As at March 31, 2025 | As at March 31, 2024 |
|----------|----------------------|----------------------|
| EURO     | 92.32                | 90.22                |
| USD      | 85.58                | 83.37                |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## (viii) The impact of the hedging instruments on the statement of financial position is as under:

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025             | As at<br>March 31, 2024 |
|---|-------------------------------------|-------------------------|
| Nominal Amount (on financial asset)   | 64.17                               | 64.17                   |
| Nominal Amount (on financial liability)   | 72.39                               | 72.39                   |
| Carrying Amount (financial asset)   | 73.86                               | 72.17                   |
| Carrying Amount (financial liability)   | 40.43                               | 59.11                   |
| 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) | 0.42                                | 0.34                    |

## (ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

(₹ in Crores)

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax) | (1.84)                  | (2.26)                  |
| Change in value of the hedged item used for measuring ineffectiveness for the year              | 0.42                    | 0.34                    |

## (x) Particulars of unhedged foreign currency exposure as at balance sheet date:

| Particulars               | Currency | As at March 31, 2025 |             | As at March 31, 2024 |             |
|---------------------------|----------|----------------------|-------------|----------------------|-------------|
|                           |          | FC in Crores         | ₹ in Crores | FC in Crores         | ₹ in Crores |
| Trade payables            | USD      | (0.13)               | (11.12)     | (0.15)               | (12.16)     |
|                           | EURO     | (0.00)               | (0.14)      | (0.01)               | (0.60)      |
|                           | GBP      | (0.00)               | (0.32)      | (0.02)               | (2.22)      |
|                           | AED      | -                    | -           | (0.02)               | (0.37)      |
| Trade receivables         | USD      | 0.03                 | 2.56        | 0.03                 | 2.43        |
|                           | AED      | -                    | -           | 0.24                 | 5.51        |
|                           | CNY      | 0.00                 | 0.01        | -                    | -           |
| Cash and cash equivalents | EURO     | 0.00                 | 0.01        | -                    | -           |
|                           | USD      | 0.00                 | 0.01        | -                    | -           |

## NOTE 60 : INCOME TAX RECOGNISED IN PROFIT OR LOSS

(₹ in Crores)

| Particulars   | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax</b>  |                                      |                                      |
| In respect of current year  | 53.07                                | 50.74                                |
| Tax expenses related to earlier years   | (1.07)                               | -                                    |
|   | <b>52.00</b>                         | <b>50.74</b>                         |
| <b>Deferred tax</b>   |                                      |                                      |
| Origination and reversal of temporary differences including Tax impact on Other Comprehensive Income              | (38.48)                              | 10.68                                |
|   | <b>(38.48)</b>                       | <b>10.68</b>                         |
| <b>Total income tax expense recognised in the current year including tax impact on Other Comprehensive Income</b> | <b>13.52</b>                         | <b>61.42</b>                         |

## The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| <b>Profit before tax (Including Other comprehensive income)</b>          | 111.33                               | 243.22                               |
| Income tax expense calculated at 25.168%                                 | 28.02                                | 61.21                                |
| Effect of income that is exempt from taxation                            | (12.66)                              | (2.09)                               |
| Effect of expenses that are not deductible in determining taxable profit | 4.30                                 | 3.78                                 |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Crores)

| Particulars  | For the year ended<br>March 31, 2025 | For the year ended<br>March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Effect of difference in tax rates  | -                                    | (0.97)                               |
| Others   | (5.07)                               | (0.51)                               |
|  | <b>14.59</b>                         | <b>61.42</b>                         |
| Adjustments recognised in the current year in relation to tax of prior years | (1.07)                               | -                                    |
| <b>Income tax expense recognised in the Statement of Profit and Loss</b>     | <b>13.52</b>                         | <b>61.42</b>                         |
| <b>Effective Tax Rate</b>  | 12.14%                               | 25.25%                               |

In line with accounting policy of the Company, 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 carry forward of unabsorbed depreciation and unused tax losses can be utilised and deferred tax asset (net) has been recognised only to the extent of reasonable certainty of available tax profits in future. Accordingly, the Company has not recognised deferred tax assets in respect of carried forward losses and unabsorbed depreciation of ₹39.60 Crores and ₹32.65 Crores as of March 31, 2025 and March 31, 2024, respectively, as it is not probable that relevant taxable profits will be available in future due to uncertainty of outcome of certain tax and regulatory matters, constant capital investments and receipt of dividend from investees etc.

(₹ in Crores)

| Particulars    | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|----------------|-------------------------|-------------------------|
| Within 5 years | 17.71                   | 12.10                   |
| Above 5 years  | 21.89                   | 20.55                   |
| <b>Total</b>   | <b>39.60</b>            | <b>32.65</b>            |

## NOTE 61 : 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 62: UTILISATION OF BORROWED FUNDS

- (i) The Group has not advanced or lend or invested funds to any other persons or entities, 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 persons or entities, 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 63 : EVENTS AFTER THE REPORTING PERIOD

There are no significant adjusting events after the reporting period.

## NOTE 64 : DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY (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 65 : 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).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 66: 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 67: 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 68 : ACQUISITION OF KURLON ENTERPRISE LIMITED

During the previous year, the Holding Company has entered into a business transfer agreement dated July 17, 2023 for the acquisition of the 'Kurlon Enterprise Limited' (KEL). In terms of the business transfer agreement, the business has been acquired by the Holding Company with effect from October 20, 2023 (date of acquisition) and the fair value of assets and liabilities acquired have been determined by the Holding Company and accounted for in accordance with IND AS 103 - "Business Combination". Subsequently, the Holding Company gained control of Kurlon Enterprise Limited ("KEL") as a subsidiary for a consideration of ₹ 1,940.78 Crores. Accordingly, the financial statement for the year ended March 31, 2025 are not comparable to the previous year as presented.

### a. Details of purchase consideration, net assets acquired and goodwill

The purchase price was provisionally accounted and allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill. The Group has completed the purchase price allocation during the current year. Adjustments have been made on the finalisation of purchase price allocation and previous year's number have been restated accordingly. Details of the purchase consideration, the net assets acquired and goodwill are as follows: (₹ in Crores)

| Purchase Consideration                                  | As at<br>March 31, 2025 | As at<br>March 31, 2024 |
|---|-------------------------|-------------------------|
| Cash Paid   | 1,869.78                | 1,869.78                |
| Holdback amount   | 71.00                   | 71.00                   |
| Adjustment on account of finalisation of Purchase price | 30.00                   | -                       |
| <b>Total Purchase Consideration</b>                     | <b>1,970.78</b>         | <b>1,940.78</b>         |

### Goodwill

The goodwill is mainly attributable to the synergies expected to be achieved from integrating the Kurlon Enterprise Limited business into the Group's existing business. The goodwill is not expected to be deductible for tax purposes.

| Particulars   | As at<br>March 31, 2025 | As at<br>March 31, 2024* |
|---|-------------------------|--------------------------|
| Consideration transferred   | 1,970.78                | 1,940.78                 |
| Adjustment subsequent to Business Combination   | 143.53                  | 143.53                   |
| Non-controlled interest in the acquired entity, based on their proportionate interest in the recognised amounts of identifiable net assets of KEL | 109.21                  | 109.21                   |
| Less: Net identifiable assets acquired  | (1,816.72)              | (1,816.72)               |
| <b>Goodwill</b>   | <b>406.80</b>           | <b>376.80</b>            |

\* represents provisional value

The purchase consideration has been finalised at ₹ 1,970.78 Crores (Provisional amount as on March 31, 2024 was ₹ 1,940.78 Crores) within the remeasurement period basis new information obtained about facts and circumstances that existed as on the acquisition date. As a result, allocation of Purchase Price towards Goodwill has increased to ₹ 406.80 Crores from provisional goodwill in previous year ₹ 376.80 Crores.

Further, the Company has recognised an income of ₹ 35.70 Crores as "Money received as Settlement Claim" (refer note 35) from the seller of Kurlon Enterprise Limited i.e. Kanara Consumer Products Limited, towards final settlement of working capital adjustment, post remeasurement period, pursuant to addendum to the aforesaid share purchase agreement effective from March 25, 2025, in accordance with IND AS 103 - "Business Combination"

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## b. Purchase consideration - Cash Flow

(₹ in Crores)

| Particulars  | As at<br>March 31, 2025 | As at<br>March 31, 2024* |
|--|-------------------------|--------------------------|
| <b>Outflow of cash to acquire subsidiaries, net of cash acquired</b> |                         |                          |
| Cash consideration   | 1869.78                 | 1869.78                  |
| Less: Balance acquired (Cash and cash equivalents)                   | (3.62)                  | (3.62)                   |
| Money received as settlement claim under business combination        | (35.70)                 | -                        |
| <b>Net outflow of cash - investing activities</b>                    | <b>1830.46</b>          | <b>1866.16</b>           |

- c. The Scheme of Amalgamation of the subsidiary of the Holding Company, i.e., Kurlon Enterprise Limited ("KEL" 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 Mumbai ("NCLT"). The same will be accounted for in the books of accounts, in accordance with Appendix C to Ind AS-103 on the approval from NCLT.

## NOTE 69: INTEREST IN JOINT VENTURE

During the year ended March 31, 2024, the Holding Company has acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited (Furlenco)'. However, during the year ended March 31, 2025, the equity stake has been increased to 43.89%, pursuant to subscription of additional 53,95,540 equity shares through exercise of share warrants and right issue of House of Kieraya Limited. The country of incorporation or registration is also their principle place of business and the proportion of ownership interest is same as the proportion of voting rights held.

| Name of the entity                        | Place of Business | Relationship  | Accounting method | % of ownership interest |                | Carrying Amount (₹ in Crores) |                |
|---|-------------------|---------------|-------------------|-------------------------|----------------|-------------------------------|----------------|
|   |                   |               |                   | March 31, 2025          | March 31, 2024 | March 31, 2025                | March 31, 2024 |
| House of Kieraya Limited ( "HOK")         | India             | Joint Venture | Equity Method     | 43.89                   | 17.70          | 402.27                        | 350.16         |
| <b>Total equity accounted investments</b> |                   |               |                   |                         |                | <b>402.27</b>                 | <b>350.16</b>  |

- a. Liabilities recognised in respect of Joint Venture pursuant to shareholders agreement, the Company has recognised liability against uncalled capital on share warrants (payable in 12 months from the date of acquisition i.e. August 29, 2023) amounting to ₹ 55.85 crores as at March 31, 2024 which has been subsequently paid off during the year ended March 31, 2025 (Refer note no. 31 )

## b. Summarized information of Joint Venture

The tables below provide summarised financial information. The information disclosed reflects the amounts presented in the financial statements of HOK and not Holding company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies. The entity is considered immaterial to the group.

(₹ in Crores)

| Particulars  | March 31, 2025 | March 31, 2024 |
|--|----------------|----------------|
| <b>Carrying amount of joint venture</b>              | <b>402.27</b>  | <b>350.16</b>  |
| <b>Amount of the group's share of:</b>               |                |                |
| Profit/(loss) from continuing operations             | 1.17           | (10.58)        |
| Post-tax profit or loss from discontinued operations | -              | -              |
| Other comprehensive income                           | -              | 0.04           |
| <b>Total comprehensive income</b>                    | <b>1.17</b>    | <b>(10.54)</b> |

## NOTE 70: EXCEPTIONAL ITEMS

- a. Year ended March 31, 2024 includes loss of inventory and fixed assets amounting to ₹ 10.95 Crores due to fire outbreak at Silvassa location on June 28, 2023. Additionally, certain expenses pertaining to the fire amounting to ₹ 0.61 Crores has been recorded in the quarter ended March 31, 2024. Subsequently, all these amounts has been recovered from the insurance company and consequently, exceptional income has been recorded in the year ended March 31, 2025.
- b. During the year ended March 31, 2024, the Holding Company has executed the sale deeds in respect of certain land and building for a consideration of ₹ 29.90 Crores and has recognised gain of ₹ 29.38 Crores as exceptional item.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

- c. Prior to acquisition, the subsidiary has accounted loss due to assets written off under 'exceptional items' amounting ₹ 25.99 crores. However, post acquisition, the subsidiary company has reclassified the 'loss due to fixed assets written off' amounting ₹ 4.88 crores from exceptional items to 'Other expenses'.
- d. The company has recognized loss due to fire accident occurred at Jhagadia plant in one of the subsidiary amounting to ₹ 18.71 crores in the previous years. Subsequently, the same has been received from insurance company and consequently, the income has been recognised in the year ended March 31, 2025.

## NOTE 71: RECONCILIATION OF QUARTERLY RETURNS OR STATEMENTS OF CURRENT ASSETS FILED WITH BANKS OR FINANCIAL INSTITUTIONS

As at March 31, 2025

### Holding Company - Sheela Foam Limited

| Quarter | Name of bank                              | Particulars of Securities Provided                         | Amount as per books of account (₹ in Crores) | Amount as reported in the quarterly statement (₹ in Crores) | Amount of difference (₹ in Crores) | Reason for material discrepancies  |
|---------|---|--|--|---|------------------------------------|--|
| Jun-24  | CITI BANK, KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 303.24                                       | 302.58  | 0.66                               | Based on internally practices Company decided not to consider some of the amount in the calculation of DP. |
| Sep-24  | CITI BANK, KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 393.00                                       | 390.93  | 2.07                               |  |
| Dec-24  | CITI BANK, KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 349.72                                       | 349.20  | 0.52                               |  |
| Mar-25  | CITI BANK, KOTAK MAHINDRA BANK & YES BANK | Book Debts ( Net of advances from customers) & Inventories | 308.08                                       | 308.05  | 0.03                               |  |

### Subsidiary - Kurlon Enterprise Limited

| Quarter | Name of bank  | Particulars of Securities Provided | Amount as per books of account (₹ in Crores) | Amount as reported in the quarterly statement (₹ in Crores) | Amount of difference (₹ in Crores) | Reason for material discrepancies  |
|---------|---|------------------------------------|--|---|------------------------------------|--|
| Jun-24  | Axis Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited | Book Debts & Inventories           | 139.67                                       | 138.13  | 1.54                               | Based on internally practices Company decided not to consider some of the amount in the calculation of DP. |
| Sep-24  | Axis Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited | Book Debts & Inventories           | 113.44                                       | 91.72   | 21.72                              |  |
| Dec-24  | Axis Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited | Book Debts & Inventories           | 101.03                                       | 96.31   | 4.72                               |  |
| Mar-25  | Axis Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited | Book Debts & Inventories           | 55.61  | 57.73   | (2.12)                             |  |

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

As at March 31, 2024

## Holding Company - Sheela Foam Limited

| Quarter | Name of bank                               | Particulars of Securities Provided                        | Amount as per books of account (₹ in Crores) | Amount as reported in the Quarterly statement (₹ in Crores) | Amount of difference (₹ in Crores) | Reason for material discrepancies |
|---------|--|---|--|---|------------------------------------|-----------------------------------|
| Jun-23  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts (Net of advances from customers) & Inventories | 248.17                                       | 248.17  | -                                  | -                                 |
| Sep-23  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts (Net of advances from customers) & Inventories | 280.58                                       | 280.58  | -                                  | -                                 |
| Dec-23  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts (Net of advances from customers) & Inventories | 234.61                                       | 234.61  | -                                  | -                                 |
| Mar-24  | CITI BANK , KOTAK MAHINDRA BANK & YES BANK | Book Debts (Net of advances from customers) & Inventories | 229.08                                       | 229.08  | -                                  | -                                 |

## Subsidiary - Kurlon Enterprise Limited (w.e.f. 20.10.2023)

| Quarter | Name of bank  | Particulars of Securities Provided                        | Amount as per books of account (₹ in Crores) | Amount as reported in the quarterly statement (₹ in Crores) | Amount of difference (₹ in Crores) | Reason for material discrepancies  |
|---------|---|---|--|---|------------------------------------|--|
| Dec-23  | AXIS BANK LTD., KOTAK MAHINDRA BANK LTD, IDBI BANK LTD. | Book Debts (Net of advances from customers) & Inventories | 168.84                                       | 178.00  | (9.16)                             | The book debts submitted to the bank by the Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances.  |
| Mar-24  | AXIS BANK LTD., KOTAK MAHINDRA BANK LTD, IDBI BANK LTD. | Book Debts (Net of advances from customers) & Inventories | 174.21                                       | 185.69  | (11.48)                            | The book debts submitted to the bank by the Company are on gross basis and advances against book debts is considered as liability. However, the amount recorded in the books of account is net of advances. Additionally, provisional entries passed in books at quarter end not considered in return submitted to bank. |

## NOTE 72 : 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 73

The Group did not have any material foreseeable losses on long term contracts including derivative contracts.

## Note 74

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2025

## NOTE 75: REGROUPING/ RECLASSIFICATION

Previous years figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

### For M S K A & Associates Chartered Accountants

Firm Registration No.: 105047W

### Nipun Gupta

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2025

### For and on behalf of the Board of Directors of Sheela Foam Limited

CIN: L74899MH1971PLC427835

### Rahul Gautam

Executive Chairman

DIN:00192999

Place: Noida

Date: May 14, 2025

### Tushaar Gautam

Managing Director

DIN:01646487

### Davinder Kumar Ahuja

Group Finance Controller

### Amit Kumar Gupta

Group Chief Financial Officer

### Md. Iquebal Ahmad

Company Secretary

Membership No.: A20921





**Registered Office:**

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(CIN: L74899MH1971PLC427835)  
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