

**Sheela Foam Trading L.L.C**

Dubai, United Arab Emirates

Financial Statements and Reports

For the year ended 31 March 2026

**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Financial Statements and Reports**  
For the year ended 31 March 2026

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**Sheela Foam Trading L.L.C**  
**Dubai, United Arab Emirates**  
**Manager's Report**

The Manager has pleasure in presenting this report and the audited financial statements for the year ended 31 March 2026.

**Principal Activities:**

The principal activities of the Company are Home Furniture Trading and Sponge Mattresses Trading.

**Business Operations Review and Future Business Developments:**

The Company continued operations during the year and generated revenue of AED 3,320,020/- (2025: AED 1,814,085) and incurred loss of AED 3,022,248/- (2025: AED 2,028,129/-). The Manager considers this business performance not satisfactory. The Company has strategic plans for the development of its business. The Manager is optimistic about the prospects for the ensuing year and expects to improve the performance of the Company.

**Shareholder:**

The authorized and issued share capital of the Company is AED 676,000/- (2025: AED 594,000) divided into 676 shares (2025: 594 shares) of AED 1,000/-.

The details of shareholder of the Company is as follows:

<u>Name</u>	<u>Domicile</u>	<u>Shares of</u> <u>AED 1,000/- each</u> <u>2025</u>	<u>Shares of</u> <u>AED 1,000/- each</u> <u>2026</u>
Sheela Foam Limited	India	<u>594</u>	<u>676</u>

On 26 June 2025, the Company increased its share capital from AED 594,000 to AED 655,000 through the allotment of 61 additional shares of AED 1,000 each to its existing shareholder, Sheela Foam Limited, India. This capital increase was formalized through an amendment to the Company's Memorandum of Association, which was executed on 25 July 2025.

Further, on 22 December 2025, the Company increased its share capital from AED 655,000 to AED 676,000 through the allotment of 21 additional shares of AED 1,000 each to its existing shareholder, Sheela Foam Limited. This capital increase was formalized through an amendment to the Company's Memorandum of Association, which was executed on 22 January 2026.

**Auditors:**

R.N.G Auditors LLC (RNG) were appointed as external auditors for the year ended 31 March 2026. RNG is eligible for re-appointment and has expressed their willingness to continue in the office. The Board of Manager recommend the reappointment of RNG as auditors for the year ending 31 March 2027.

**Sheela Foam Trading L.L.C**  
**Dubai, United Arab Emirates**  
**Manager's Report** *(continued)*

**Risk Management and Internal Control Systems:**

The Company is committed to the ongoing process of identifying risk factors, analyzing the risks, and deciding upon measures of risk handling and risk control, with a view to achieving sustainability of business operations, employment and surpluses. The Company's risk management framework identifies, assesses, manages and reports risks on a consistent and reliable basis. The Manager considers primarily risk areas to be credit risk, market risk (interest rate, foreign exchange), liquidity risk and operational risks.

The Management recognizes its responsibility to ensure the existence of the system of internal control and review its continued effectiveness. In view of the above, the management has in place a management information system that facilitates financial and other information being periodically reported on a transparent basis to the management, and that in turn helps in initiating action, to mitigate risks to the extent feasible.

**Going Concern:**

The attached financial statements have been prepared on the going concern basis. While preparing the financial statements, the management has made an assessment of the Company's ability to continue as a going concern. The Management has not come across any evidence that causes the Management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Company's ability to continue as a going concern.

**Corporate tax:**

The UAE Corporate Tax ("CT") regime was introduced under Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses and is applicable to tax periods commencing on or after 1 June 2023, in accordance with Article 69 of the Law.

The Company's accounting period runs from 1 April to 31 March. Accordingly, the relevant tax period for the current year is from 1 April 2025 to 31 March 2026. The corresponding Corporate Tax return is required to be filed on or before 31 December 2026.

The Company has incurred a tax loss during the year; accordingly, no Corporate Tax liability arises for the current period in accordance with Article 3 of the Law.

**Subsequent Events – Geopolitical Conflict in the UAE**

Subsequent to the reporting date, the Middle East has experienced an escalation in geopolitical tensions, including military developments involving regional actors. These events have contributed to increased volatility in global financial markets, energy prices, and supply chains.

The United Arab Emirates continues to maintain a stable economic and regulatory environment, and management has assessed the potential implications of the evolving geopolitical situation on the Company's operations, financial position, and performance. As at the date of issuance of these financial statements, the Company's operations remain uninterrupted, and there has been no material impact on the Company's assets, liquidity, or ability to continue as a going concern.

**Sheela Foam Trading L.L.C**  
**Dubai, United Arab Emirates**  
**Manager's Report (continued)**

**Statements of Manager's Responsibility:**

The Federal Decree Law No. (32) of 2021 required the Manager to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the net profit or loss for the financial year.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the requirements of the International Financial Reporting Standards (IFRS), relevant statutory requirements and other governing laws.

The Manager confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company enables them to ensure that the financial statements comply with the requirements of applicable statute.

The Manager also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Company's financial conditions and results of its operations.

**For Sheela Foam Trading L.L.C**



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**Kumar Ghanshyam Brijwani**  
**Manager**



Place: Dubai, United Arab Emirates

Date: 12 May 2026



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SHEELA FOAM TRADING L.L.C

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Sheela Foam Trading L.L.C ("the Company"), which comprises the statement of financial position as at 31 March 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statement, comprising summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

#### Basis for Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountant (the "IESBA code") together with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

This is the first year of our audit. The comparative figures at 31 March 2025 were audited by another firm of auditors, who expressed an unqualified opinion in their report dated 13 May 2025.

#### Other information

Management is responsible for the other information. Other information comprises the information included in Manager's report, which we obtained prior to the date of this auditor's report.

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



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SHEELA FOAM TRADING L.L.C *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### Responsibilities of Management and Those Charged with Governance for preparation of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and in compliance with the Company's Memorandum and Articles of Association and Federal Decree Law No. (32) of 2021, as amended by Federal Decree Law no. 20 of 2025 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SHEELA FOAM TRADING L.L.C *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts 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 auditors' report to related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on other legal and regulatory requirements

As required by the UAE Federal Decree Law No. (32) of 2021, as amended by Federal Decree Law no. 20 of 2025, we report that for the year ended 31 March 2026:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended by Federal Decree Law no. 20 of 2025;
- The Company has maintained proper books of account in accordance with established accounting principles;
- The financial information included in the Managers' report is consistent with the books of account of the Company;
- The Company has not purchased or invested in any shares during the financial year ended 31 March 2026;



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SHEELA FOAM TRADING L.L.C (continued)

### Report on the Audit of the Financial Statements (continued)

### Report on other legal and regulatory requirements (continued)

- Note 17 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2026 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended by Federal Decree Law no. 20 of 2025, or its Articles of Association which would materially affect its activities or its financial position as at 31 March 2026.

*Harikishan Rankawat*

**Harikishan Rankawat**  
RNG Auditors LLC  
Registration No. 5527

Place: Dubai, U.A.E.  
Date: 12 May 2026



**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Financial Position**

As at 31 March 2026

	Note	2026 AED	2025 AED
<b>ASSETS</b>			
<b>Non- current assets:</b>			
Property, plant and equipment	9	<u>383,161</u>	<u>248,601</u>
<b>Current assets:</b>			
Inventories	10	947,660	910,914
Trade and other receivables	11	2,632,744	1,921,163
Bank balances	12	<u>398,934</u>	<u>108</u>
<b>Total current assets</b>		<u>3,979,338</u>	<u>2,832,185</u>
<b>Total Assets</b>		<u>4,362,499</u>	<u>3,080,786</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	13	676,000	594,000
Securities premium account	14	6,940,000	3,572,000
Accumulated losses		<u>(5,790,028)</u>	<u>(2,767,780)</u>
<b>Total equity</b>		<u>1,825,972</u>	<u>1,398,220</u>
<b>Non-current liabilities:</b>			
Employees End of Service Benefit's	15	<u>81,571</u>	<u>-</u>
<b>Current liabilities:</b>			
Trade and other payables	16	913,389	719,785
Amount due to related party	17	<u>1,541,567</u>	<u>962,781</u>
<b>Total current liabilities</b>		<u>2,454,956</u>	<u>1,682,566</u>
<b>Total liabilities</b>		<u>2,536,527</u>	<u>1,682,566</u>
<b>Total equity and liabilities</b>		<u>4,362,499</u>	<u>3,080,786</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Manager on 12 May 2026 and signed on their behalf by:

**For Sheela Foam Trading L.L.C**



**Kumar Ghanshyam Brijwani**  
Manager



The independent auditors' report is set out on pages 4 to 7.

**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 31 March 2026

		2026 AED	2025 AED
Revenue	18	3,320,020	1,814,085
Cost of revenue	19	(2,354,165)	(1,191,342)
<b>Gross profit</b>		<b>965,855</b>	<b>698,185</b>
General and administration expenses	20	(3,852,997)	(2,618,748)
Depreciation	9	(135,106)	(32,124)
<b>Profit for the year before tax</b>		<b>(3,022,248)</b>	<b>(2,028,129)</b>
Corporate tax	21	-	-
<b>Profit for the year</b>		<b>(3,022,248)</b>	<b>(2,028,129)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(3,022,248)</b>	<b>(2,028,129)</b>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Manager on 12 May 2026 and signed on their behalf by:

**For Sheela Foam Trading L.L.C**



**Kumar Ghanshyam Brijwani**  
**Manager**



The independent auditors' report is set out on pages 4 to 7.

**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Changes in Equity**  
For the year ended 31 March 2026

	Share capital AED	Share premium account AED	Accumulated losses AED	Total
At 01 April 2024	500,000	-	-	500,000
Additional Share capital introduced	94,000	-	-	94,000
Loss for the year	-	-	(2,767,780)	(2,767,780)
Net movements during the year	-	3,572,000	-	3,572,000
<b>At 31 March 2025</b>	<b>594,000</b>	<b>3,572,000</b>	<b>(2,767,780)</b>	<b>1,398,220</b>
At 01 April 2025	594,000	3,572,000	(2,767,780)	1,398,220
Additional Share capital introduced	82,000	-	-	82,000
Loss for the year	-	-	(3,022,248)	(3,022,248)
Net movements during the year	-	3,368,000	-	3,368,000
<b>At 31 March 2026</b>	<b>676,000</b>	<b>6,940,000</b>	<b>(5,790,028)</b>	<b>1,825,972</b>

The accompanying notes form an integral part of these financial statements.

The independent auditors' report is set out on pages 4 to 7.



**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Cash Flows**  
For the year ended 31 March 2026

	Note	2026 AED	2025 AED
<b>Cash flows from operating activities:</b>			
Loss before tax for the year		(3,022,248)	(2,028,129)
<b>Adjustments for:</b>			
Gratuity provision	15	81,571	
Depreciation on property, plant & equipment	9	135,106	32,124
<b>Operating profit before changes in working capital</b>		<b>(2,805,571)</b>	<b>(1,996,005)</b>
<b>Changes in working capital:</b>			
Net movement in inventories	10	(36,746)	(65,651)
Net movement in trade and other receivables	11	(711,581)	(1,843,654)
Net movement in trade and other payables	16	193,604	324,143
Net movement in due to related party	17	578,786	-
<b>Net cash used in operating activities</b>		<b>(2,781,508)</b>	<b>(3,581,167)</b>
<b>Cash flows from investing activities:</b>			
Addition to property, plant & equipment	9	(269,666)	(280,725)
<b>Net cash used in investing activities</b>		<b>(269,666)</b>	<b>(280,725)</b>
<b>Cash flows from financing activities:</b>			
Additional share capital introduced	13	82,000	94,000
Net movement in securities premium account	14	3,368,000	3,572,000
<b>Net cash flow from financing activities</b>		<b>3,450,000</b>	<b>3,666,000</b>
<b>Net movement in cash and cash equivalents</b>		<b>398,826</b>	<b>(195,892)</b>
Cash and cash equivalents at beginning of the year	12	108	196,000
<b>Cash and cash equivalents at end of the year</b>		<b>398,934</b>	<b>108</b>

The accompanying notes form an integral part of these financial statements.

The independent auditors' report is set out on pages 4 to 7.



## Sheela Foam Trading L.L.C

Dubai, United Arab Emirates

### Notes to the Financial Statements

For the year ended 31 March 2026

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#### 1. Legal status and principal activities

Sheela Foam Trading L.L.C, ("the Company") was incorporated on 25 September 2023 as a Limited Liability Company – Single Owner (LLC-SO) vide commercial license number 1222867 and operates in the United Arab Emirates under the license's issued by the Dubai Economy and Tourism, Dubai, United Arab Emirates.

The principal activities of the Company are Home Furniture trading and Sponge Mattresses Trading.

The registered office of the Company is located at Office No. 908, The Metropolis, Marasi Drive, Business Bay, Dubai, UAE.

The management and control of the Company is vested with Mr. Kumar Ghanshyam Brijwani and Mr. Ghanshyam Saadhmal Brijwani.

#### 2. Application of new and revised International Financial Reporting Standards ("IFRS Accounting Standards")

##### a. New and revised IFRS Accounting Standards adopted in the financial statement

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### New and revised IFRS Accounting Standards

Amendments to IFRS 21: Lack of exchangeability Sale or Contribution of Assets between Investor and its Associate or Joint Venture

Effective for annual periods beginning on or after

1 January 2025



## Sheela Foam Trading L.L.C

Dubai, United Arab Emirates

### Notes to the Financial Statements

For the year ended 31 March 2026

#### 2. Application of new and revised International Financial Reporting Standards (“IFRS Accounting Standards”) (continued)

##### b. New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

The Establishment has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
IFRS 9 and IFRS 7 – Amendment regarding the classification and measurement of financial instrument	1 January 2026, earlier application is permitted
IFRS 9 and IFRS 7 – Contracts referencing nature – dependent electricity	1 January 2026, earlier application is permitted
Annual improvements of IFRS Accounting Standards	1 January 2026, earlier application is permitted
IFRS 18 – Presentations and Disclosure in Financial Statements	1 January 2027, earlier application is permitted

Management anticipates that amendments to existing standards and new standards will be adopted in the financial statements in the initial year when they become mandatorily effective. The impact of these new standards and amendments to existing standards are currently being assessed by the Management.

#### 3. Basis of preparation

##### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and as per the requirements of the applicable laws of the UAE.

##### Basis of measurement

The financial statements have been prepared under historical cost convention and going concern basis. The accounting policies have been consistently applied throughout the year and remain unchanged from the previous year unless specified separately.

##### Functional and presentation currency

These financial statements are presented in AED, which is the functional currency of the Company.



## **Sheela Foam Trading L.L.C**

Dubai, United Arab Emirates

### **Notes to the Financial Statements**

For the year ended 31 March 2026

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#### **4. Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that may have a material effect on the amounts recognized in the financial statements are described as a separate note subsequently.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### **Depreciation on property, plant and equipment**

Management assigns useful lives and residual value of property, plant and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the netbook value in excess of the residual value is depreciated over the revised remaining useful life.

##### **Impairment of assets**

Assessment of net recoverable amounts of property, plant and equipment and all financial assets other than trade receivables are based on higher of fair value less cost to sale and value in use. Value in use calculation is based on the assumptions regarding future cash flows expected to be received from the related assets.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**4. Use of estimates and judgements (continued)**

**Impairment of trade receivables**

The Management regularly undertakes a review of the recovery status of amounts due from either third parties or related parties. Such review is made based on variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the related party's financial conditions and collateral requirements. Based on the review, assumptions are made regarding the extent of impairment allowance required, if any.

**Tax positions**

The income tax positions taken are considered by the Company to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that these positions are uncertain and include interpretations of complex tax laws which could be disputed by tax authorities. Evolving insights, for example following final tax assessments for prior years, can result in additional tax burdens or benefits, and new tax risks may arise.

The Company judges these positions on their technical merits on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate). A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities, based on all relevant information.

The liability is calculated taking into account the most likely outcome or the expected value, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognized upon examination.

These estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interests arising from tax disputes, if any.

Management has used its best estimate of the correct value of liability to recognize in each case, which includes a judgement on the length of the future time period to use in such assessments.

**5. Material accounting policies**

The Company has consistently applied the accounting policies as provided below to all periods presented in these financial statements, except as stated otherwise.

**a. Financial instruments**

Financial assets and financial liabilities are initially recognized in the financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**a. Financial instruments** *(continued)*

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

All regular way purchase or sale of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety either at amortized cost or fair value, depending on the classification of the financial assets.

**Subsequent measurement**

The Company's financial assets comprise trade and other receivables and bank balances which are measured at amortized cost except investment at fair value through profit or loss which are measured at fair value through profit and loss (FVTPL).

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayment, plus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for any impairment allowance.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any impairment loss allowance. Interest income, foreign exchange gains or losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing the financial assets. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the Management.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**a. Financial instruments** *(continued)*

**Effective Interest Rate Method**

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

**Impairment of financial assets**

IFRS 9: Financial Instruments requires to follow an Expected Credit Loss (“ECL”) model for the impairment of financial assets. The ECL model requires the Company to account for expected credit losses and changes to those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

Expected losses shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 months expected credit loss is provided.

In other cases, lifetime credit losses shall be provided. For receivables without a significant financing component a simplified approach is available, whereby an assessment of increase in credit risk need not be performed at each reporting date. Instead, a Company can choose to provide for expected losses based on lifetime expected losses.

The Company makes use of a simplified approach for accounting for other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instruments.

In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared risk characteristics, they have been grouped based on the number of days past due.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**a. Financial instruments** *(continued)*

**Write off**

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

**Financial liabilities and equity**

**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the asset of the Company after deducting all of its liabilities.

**Financial liabilities - Classification, subsequent measurement and gains or losses**

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is contingent consideration of an acquirer in a business combination or classified as held for trading, or it is a derivative or it is designated as at FVTPL on initial recognition.

Financial liabilities at amortized cost are initially measured at fair value and subsequently measured at amortized cost using effective interest rate method. Interest expenses and foreign exchange gain and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss to the extent that they are part of a designated hedging relationship.

The significant financial liabilities of the Company include trade and other payables; and due to related parties which are initially measured at fair value and subsequently at amortized cost using the effective interest method.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**a. Financial instruments** *(continued)*

**De-recognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the rights to financial assets and substantially all the risks and rewards of ownership of the financial assets to another Company or in which the Company neither transfer nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets.

If the Company neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the assets and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on de-recognition of an interest in a debt instrument classified as fair value through other comprehensive income ("FVTOCI") the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on de-recognition of an investment in equity instruments which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

**De-recognition of financial liabilities**

The Company de-recognizes financial liabilities when and only when its' contractual obligations are discharged or cancelled or have expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

The Company also derecognizes financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms including any fees paid net of any fees received and discounted using the original effective interest rate is at least ten percent different from the discounted present value of the remaining cash flows of the original financial liability. The difference between the carrying amounts of the financial liability extinguishes and the new financial liability with modified terms is recognized in the profit or loss.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**a. Financial instruments** *(continued)*

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when and only when the Company:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis or to realize the asset and settle the liabilities simultaneously.

Income and expenses are not offset in profit or loss unless required or permitted by IFRS.

**b. Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the assets' carrying amount or recognized as separate assets, 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 expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a written down value method at the following rates which reflect the estimated pattern of consumption of economic benefits:

	Years
Furniture and fixtures	18.10%
Office equipment	13.91%
Plant and machinery	13.91%
Showrooms	52.71%

**Change in depreciation methodology**

During the year, the Company revised its depreciation methodology for property, plant and equipment from the written down value to straight line method with following estimated remaining useful lives of the assets:

	Years
Furniture and fixtures	15
Office equipment	20
Plant and machinery	20
Showrooms	3 - 15



**5. Material accounting policies** *(continued)*

**b. Property, plant and equipment** *(continued)*

**Change in depreciation methodology** *(continued)*

The assets' residual values and useful lives are reviewed at the end of the reporting period, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Management believes that the revised method more appropriately reflects the pattern in which the economic benefits of the assets are consumed. This change has been accounted for prospectively as a change in accounting estimate in accordance with IAS 8.

**c. Provision**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; 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 the obligation. The expenses relating to any provision is recognized in the profit or loss, net of any reimbursement.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions are not recognized for future operating losses.

**d. Provision for employees' end of service benefits**

The provision for employees' end-of-service benefits is made in accordance with the UAE Labor laws and is based on the current remuneration and period of service at the end of the reporting period.

Provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employees up to the end of the reporting period. The provision related to annual leave is disclosed as a current liability, while the provision relating to employees' end of service benefits is disclosed as a non-current liability.

**e. Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank and demand deposits and other short-term (generally with original maturity of three months or less from date of deposit) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**f. Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis, and comprises direct material and, where applicable, direct labor cost and those overheads that have been incurred in bringing them to their present location and condition. Net realizable value represents the estimate of the selling price in the ordinary course of business, less all estimated cost to completion and costs necessary to make the sale.

**g. Foreign currency transactions**

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions are recognized in the profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the functional currency at the foreign exchange rate prevailing at the date of the initial transaction. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are re-measured at the rates prevailing at the date when the fair value was 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 the fair value of the item.

**h. Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting year. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**i. Corporate tax**

The Company provides for current tax in accordance with the applicable tax laws and represents the amount of corporate tax payable (or receivable) for the period, based on the taxable income (or loss) of the period, using the tax rates enacted or substantively enacted at the reporting date.

Current corporate tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Any adjustments to prior period current taxes are recorded as part of the current tax expense or income.

**j. Revenue recognition**

The application of IRFS 15 – “Revenue from Contract’s with Customers” requires management to apply the following accounting policy:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding discounts, rebates, customer returns and other sales taxes or duty e.g. VAT. The following specific recognition criteria followed before revenue is recognized.

**Contract revenue and revenue from sale of goods:**

The Company recognizes revenue from contracts with customers based on the five steps model as set out in IFRS-15:

**Step 1** – Identify the contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2** – Identify the performance obligation in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3** – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised good or services to customer, excluding amounts collected on behalf of third parties.

**Step 4** – Allocate the transaction price to the performance obligation in the contract: For a contract that has more than one performance obligations, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**j. Revenue recognition** *(continued)*

**Contract revenue and revenue from sale of goods:** *(continued)*

**Step 5** – Recognize revenue when (or as) the Company satisfies a performance obligation at a point in time or overtime.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhances; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company recognises revenue from the sale of mattresses, foam products and related home furnishing items in accordance with IFRS 15 — Revenue from Contracts with Customers. The Company's contracts with customers are generally short-term in nature, comprising a single performance obligation being the delivery of goods to the customer. Revenue is recognised at a point in time when control of the goods is transferred to the customer, which is upon physical delivery to and acceptance by the customer at the agreed delivery location. The transaction price is the invoiced amount, net of any discounts and rebates, and excludes VAT collected on behalf of the Federal Tax Authority. The Company does not have any variable consideration, financing components, or multiple performance obligations in its contracts. Advance payments received from customers prior to delivery are recognised as contract liabilities (advance from customers) and reclassified to revenue upon satisfaction of the performance obligation. The Company acts as principal in all its sales transactions.

The performance obligation, where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied. The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied overtime or at a point in time in order to determine the appropriate method of recognizing revenue.

When the Company satisfies a performance obligation by delivering the promised goods or service, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to contract liability.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**5. Material accounting policies** *(continued)*

**j. Revenue recognition** *(continued)*

Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excludes taxes and duty. The Company assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognized in the statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and the revenue and costs, if applicable, can be measured reliably.

**6. Financial risk management**

**Risk management overview**

The Company's activities expose it to a variety of financial risks e.g., credit risk, liquidity risk, market risk (currency risk and interest rate risk), price risk and operational risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk. The Manager have overall responsibility for the Company and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products.

**Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligations leading to a financial loss to the Company. The Company is exposed to credit risks from its operating activities (primarily for trade receivables and committed transactions) and from financing activities, foreign exchange transactions and other financial instruments.

The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow-up.



**Sheela Foam Trading L.L.C**  
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**Notes to the Financial Statements**  
For the year ended 31 March 2026

**6. Financial risk management (continued)**

**Credit risk (continued)**

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2026 AED	2025 AED
Trade Receivables	931,702	384,931
Loans and advances	1,553,097	1,466,521
Bank balances	398,934	108
Deposits	10,480	-
	<u>2,894,213</u>	<u>1,851,560</u>

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company manages liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitment for liabilities as they fall due.

Below table shows the maturity profile of financial liabilities based on residual contractual maturity date. The contractual maturity date is based on the earliest date on which the Company may be required to pay.

	<b>Contractual cash flows and maturity analysis</b>			
	Carrying Amount AED	Within 1 year AED	More than 1 Years AED	Undisc- value AED
<b>31 March 2026:</b>				
Trade payables	409,944	409,944	-	409,944
Staff payables	266,242	266,242	-	266,242
Advance from customers	7,299	7,299	-	7,299
VAT Payable	23,784	23,784	-	23,784
Deposits from dealers	75,000	75,000	-	75,000
Due to related parties (Refer note 17)	1,541,567	1,541,567	-	1,541,567
<b>Total</b>	<u>2,323,836</u>	<u>2,323,836</u>	<u>-</u>	<u>2,323,836</u>



## Sheela Foam Trading L.L.C

Dubai, United Arab Emirates

### Notes to the Financial Statements

For the year ended 31 March 2026

#### 6. Financial risk management (continued)

##### Liquidity risk (continued)

##### 31 March 2025:

Trade payables	245,064	245,064	-	245,064
Staff payables	21,770	21,770	-	21,770
Advance from customers	321,302	321,302	-	321,302
Deposits from dealers	131,649	131,649	-	131,649
Due to related parties (Refer note 10)	962,781	962,781	-	962,781
<b>Total</b>	<b>1,682,566</b>	<b>1,682,566</b>	<b>-</b>	<b>1,682,566</b>

##### Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, interest rates and other prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

##### Currency risk

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 and expenses are denominated in a different currency from the Company's functional currency, which is AED.

The Company's transactions are predominantly undertaken in AED and Indian Rupee (INR). Any fluctuation in the exchange rate of INR to USD will give rise to foreign currency risk. As on 31 March 2026, the Company has amount due to related party amounting to at AED 1,541,567 (2024: 962,781), which are exposed to foreign currency risk due to fluctuations in the INR to USD exchange rate. The sensitivity analysis, based on the Company's exposure to currency risks as of the reporting date, indicates that a 1% increase or decrease in currency rates would result in a corresponding increase or decrease of AED 15,416 (2025: AED 9,628/-) in net losses for the year ended 31 March 2026. This fluctuation would arise from changes in the value of currency in the global market.

As at the reporting date, there were no other significant foreign currency-denominated monetary assets or liabilities.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**6. Financial risk management** *(continued)*

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from the Company's operations, coming from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

**7. Determination of fair values**

Certain of the Company's accounting policies and disclosures require the determination of fair value of financial and non-financial assets. Fair values have been determined for measurement and / or disclosure purposes based on the prescribed methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate. At the statement of financial position date, the fair values of financial assets and liabilities approximate their carrying amounts.

**8. Capital Management**

The Company's main objective when managing capital is to safeguard the Company's ability to continue as a going concern. The shareholder of the Company ensures that the Company will be able to continue as a going concern while providing maximum return to the shareholder through the optimization of the debt and equity balance and to maintain an optimal capital structure to reduce the cost of the capital.

The capital structure of the Company consists of capital contribution by the shareholder, security premium account and accumulated losses. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes in the Company's approach to capital management during the year. Capital comprises the share capital, securities premium account and accumulated losses and amounts to AED 1,825,971/- as at 31 March 2026 (31 March 2025: AED 1,398,220/-).



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**Notes to the Financial Statements**  
For the year ended 31 March 2026

**9. Property, plant and equipment**

	<b>Furniture &amp; Fixtures AED</b>	<b>Office equipment AED</b>	<b>Plant &amp; machinery AED</b>	<b>Showroom AED</b>	<b>Total AED</b>
<b>Cost:</b>					
At 1 April 2024	-	-	-	-	-
Additions during the year	-	-	-	280,725	280,725
At 31 March 2025	-	-	-	280,725	280,725
Additions during the year	170,623	3,043	96,000	-	269,666
<b>At 31 March 2026</b>	<b>170,623</b>	<b>3,043</b>	<b>96,000</b>	<b>280,725</b>	<b>550,391</b>
<b>Accumulated depreciation:</b>					
At 1 April 2024	-	-	-	-	-
Depreciation charge for the year	-	-	-	32,124	32,124
At 31 March 2025	-	-	-	32,124	32,124
Depreciation charge for the year	23,944	61	1,341	109,760	135,106
<b>At 31 March 2026</b>	<b>23,944</b>	<b>61</b>	<b>1,341</b>	<b>141,884</b>	<b>167,230</b>
<b>Net Book Value:</b>					
At 31 March 2025	-	-	-	248,601	248,601
<b>At 31 March 2026</b>	<b>146,679</b>	<b>2,982</b>	<b>94,659</b>	<b>138,841</b>	<b>383,161</b>





**Sheela Foam Trading L.L.C**  
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**Notes to the Financial Statements**  
For the year ended 31 March 2026

**13. Share Capital**

The authorized and issued share capital of the Company is AED 676,000/- (2025: AED 594,000/-) divided into 676 shares (2025: 594 shares) of AED 1,000/- each. The shareholder, who served throughout the year and its interest in the share capital of the Company as of 31 March 2026 was as follows:

<u>Name of shareholder</u>	<u>Domicile</u>	<u>No. of shares</u>		<u>31 Mar 2026</u>	<u>31 Mar 2025</u>
		<u>2026</u>	<u>2025</u>	<u>AED</u>	<u>AED</u>
Sheela Foam Limited	India	<u>676</u>	<u>594</u>	<u>676,000</u>	<u>594,000</u>

On 26 June 2025, the Company increased its share capital from AED 594,000 to AED 655,000 through the allotment of 61 additional shares of AED 1,000 each to its existing shareholder, Sheela Foam Limited, India. This capital increase was formalized through an amendment to the Company's Memorandum of Association, which was executed on 25 July 2025.

Further, on 22 December 2025, the Company increased its share capital from AED 655,000 to AED 676,000 through the allotment of 21 additional shares of AED 1,000 each to its existing shareholder, Sheela Foam Limited. This capital increase was formalized through an amendment to the Company's Memorandum of Association, which was executed on 22 January 2026.

**14. Securities premium account**

Shares are issued at par or at a premium, which is recognized as securities premium account within equity.

	<u>2026</u>	<u>2025</u>
	<u>AED</u>	<u>AED</u>
Opening balance	<u>3,572,000</u>	-
Issue of shares at premium	<u>3,368,000</u>	<u>3,572,000</u>
Closing balance	<u>6,940,000</u>	<u>3,572,000</u>

On 26 June 2025, the Company issued 61 additional shares of AED 1,000 each to its existing shareholder, Sheela Foam Limited, India at a premium of AED 38,000 per share.

Further, on 22 December 2025, the Company issued 21 additional shares of AED 1,000 each to its existing shareholder, Sheela Foam Limited at a premium of AED 50,000 per share.



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**Notes to the Financial Statements**  
For the year ended 31 March 2026

**15. Employees End of Service Benefit's**

	2026 AED	2025 AED
Opening balance	-	-
Provision made during the year	<u>81,571</u>	-
Closing balance	<u>81,571</u>	<u>-</u>

**16. Trade and other payables**

	2026 AED	2025 AED
Trade payables	409,944	245,064
Provision for expenses	131,120	-
Staff payables	266,242	21,770
Advance from customers	7,299	321,302
VAT Payable	23,784	-
Deposits from dealers	<u>75,000</u>	<u>131,649</u>
	<u>913,389</u>	<u>719,785</u>

**17. Related parties' balances and transactions**

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosure. Such related parties comprise the shareholder and key management personnel.

The management decides the terms and conditions of the transactions and services received from and rendered to related parties as well as other charges, if applicable. The terms and conditions of transactions with related parties are mutually agreed between the parties.

Detail of related party balances and transactions are provided below:

	2026 AED	2025 AED
<b>(a) Due to a related parties:</b>		
(i) Trade payable: Sheela Foam Limited, India	<u>1,541,567</u>	<u>962,781</u>
<b>b) Significant Transaction during the year</b>		
(i) Purchases Sheela Foam Limited, India	<u>1,372,103</u>	<u>1,520,170</u>



**Sheela Foam Trading L.L.C**

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**Notes to the Financial Statements**

For the year ended 31 March 2026

**17. Related parties' balances and transactions (continued)****b) Significant Transaction during the year (continued)**

The Company has transactions with related parties as disclosed above. As per the requirements of Article 34 of the UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, transactions between related parties are required to be conducted on arm's length basis. The Management is of the view that all related party transactions have been entered into in the normal course of business and on an arm's length basis. However, no formal transfer pricing study or documentation has been prepared to support this position as at the reporting date.

**18. Revenue**

	2026 AED	2025 AED
<b><u>Type of revenue</u></b>		
Sales of mattress	<u>3,320,020</u>	<u>1,814,085</u>
<b><u>Geographical region</u></b>		
United Arab Emirates	3,069,720	1,753,512
Bahrain	605,723	60,573
	<u>3,320,020</u>	<u>1,814,085</u>
<b><u>Timing of revenue recognition</u></b>		
At a point in time	<u>3,320,020</u>	<u>1,814,085</u>

**19. Cost of revenue**

	2026 AED	2025 AED
Opening Stock	910,914	845,263
Purchases	2,119,808	1,181,551
Direct expenses	271,103	75,442
Less: Closing stock	(947,660)	(910,914)
	<u>2,354,165</u>	<u>1,191,342</u>



**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

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**20. General and administration expenses**

	2026 AED	2025 AED
Salaries and other staff benefits	1,719,093	1,133,862
Advertising and selling expenses	996,603	603,658
Bank charges	3,731	7,525
Legal and professional expenses	157,333	52,672
Insurance	8,088	22,703
IT expenses	29,343	-
Travelling expenses	97,328	99,540
Freight outwards	153,875	23,083
Rent and hire expenses	567,709	578,873
Bad debt written off	18,772	-
Other expenses	101,122	96,832
	<u>3,852,997</u>	<u>2,618,748</u>

**21. Corporate Tax**

The UAE Corporate Tax ("CT") regime was introduced under Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses and is applicable to tax periods commencing on or after 1 June 2023, in accordance with Article 69 of the Law.

**Pursuant to Article 3, Corporate Tax is levied at:**

- 0% on taxable income up to AED 375,000 (as specified by the relevant Cabinet Decision); and
- 9% on taxable income exceeding AED 375,000.

Taxable income is determined in accordance with Article 20, based on the accounting profit as reported in the financial statements, adjusted for items prescribed under the Corporate Tax Law.

The Company's accounting period runs from 1 April to 31 March. Accordingly, the relevant tax period for the current year is from 1 April 2025 to 31 March 2026. The corresponding Corporate Tax return is required to be filed on or before 31 December 2026. The Company has incurred a tax loss for the current year; accordingly, no Corporate Tax liability arises for the period in accordance with Article 3 of the Law.

In accordance with Article 24 (Tax Losses), such tax losses may be carried forward and offset against future taxable income, subject to the conditions prescribed under the Corporate Tax Law.



**Notes to the Financial Statements**  
For the year ended 31 March 2026

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**21. Corporate Tax** *(continued)*

In accordance with Article 28 and the requirements of IAS 12 – Income Taxes, deferred tax assets are recognized only to the extent that it is probable that sufficient future taxable profits will be available against which such losses can be utilized. Based on management's assessment and financial forecasts, it is not considered probable that sufficient taxable profits will be generated in the foreseeable future. Accordingly, no deferred tax asset has been recognized in respect of the current year's tax losses.

The Company will reassess the recognition of deferred tax assets in subsequent reporting periods.

**22. Subsequent event**

Subsequent to the reporting date, the Middle East has experienced an escalation in geopolitical tensions, including military developments involving regional actors. These events have contributed to increased volatility in global financial markets, energy prices, and supply chains.

The United Arab Emirates continues to maintain a stable economic and regulatory environment, and management has assessed the potential implications of the evolving geopolitical situation on the Company's operations, financial position, and performance. As at the date of issuance of these financial statements, the Company's operations remain uninterrupted, and there has been no material impact on the Company's assets, liquidity, or ability to continue as a going concern.

This is considered a non-adjusting event under IAS 10. As of the date of approval of these financial statements, no adjustments to the carrying amounts of assets or liabilities are required. However, the conflict may have material effects on future operations, supply chains, and market conditions, which will be monitored and assessed in subsequent reporting periods.

**23. Comparative amounts**

Some of the figures for the previous year have been reclassified and rearranged in order to conform to the presentation for the current year. This has been done to improve the quality of information presented in the financial statements. Such reclassification and rearrangement do not affect previously reported net profit or equity.

