



Fully **Integrated**  
Eager to **Serve**



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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.



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# Corporate

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OVERVIEW



# Fully integrated. Eager to serve

From humble beginnings to a presence that spans continents, Sheela Foam's journey is a story of innovation, expansion and comfort that transcends borders.

With excellence in foam manufacturing, we redefine possibilities—we embed comfort into lives, performance into products and reliability into every solution we deliver. From the first idea to the final experience, design, manufacturing, logistics and retail operate as one seamless flow.

The successful integration of Kurlon, supported by aligned systems, data and culture, has strengthened operational efficiency and long-term value creation. By harmonising technology with people and processes, we are

building a resilient and unified organisation.

This is what it means to be fully integrated—an approach that delivers consistency, speed and precision at every step, ensuring that comfort is engineered by choice, not by chance.

Sheela Foam connects innovation, scale and synergy across 12 plants in India and manufacturing capabilities in three continents, producing over 100 foam types for diverse applications.

At the same time, we remain eager to serve—guided by a deep

commitment to our customers, partners and communities. Whether advancing comfort science, expanding our reach, or enhancing everyday living, our purpose remains clear: to make life better.

Our scale reflects this ambition, but our strength lies in synergy. Through thoughtful integration, we have reinforced our foundation for sustainable growth. At Sheela Foam, progress is measured not only in numbers, but in lives improved—because a better future is built together, with purpose, responsibility and an unswerving dedication to serve.



## 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



### FY26 KEY HIGHLIGHTS

India's

**No. 1**

Brand

**50+**

Years of trust

**₹ 3821 crore**

Revenue

**₹ 161 crore**

PAT

**₹ 414 crore\***

CORE EBITDA

\*Excluding mark to market non-cash expenses

### GLOBAL FOOTPRINT

# Serving markets beyond borders

#### SPAIN

1  
Mfg. Unit

22,000MT  
Capacity

#### INDIA

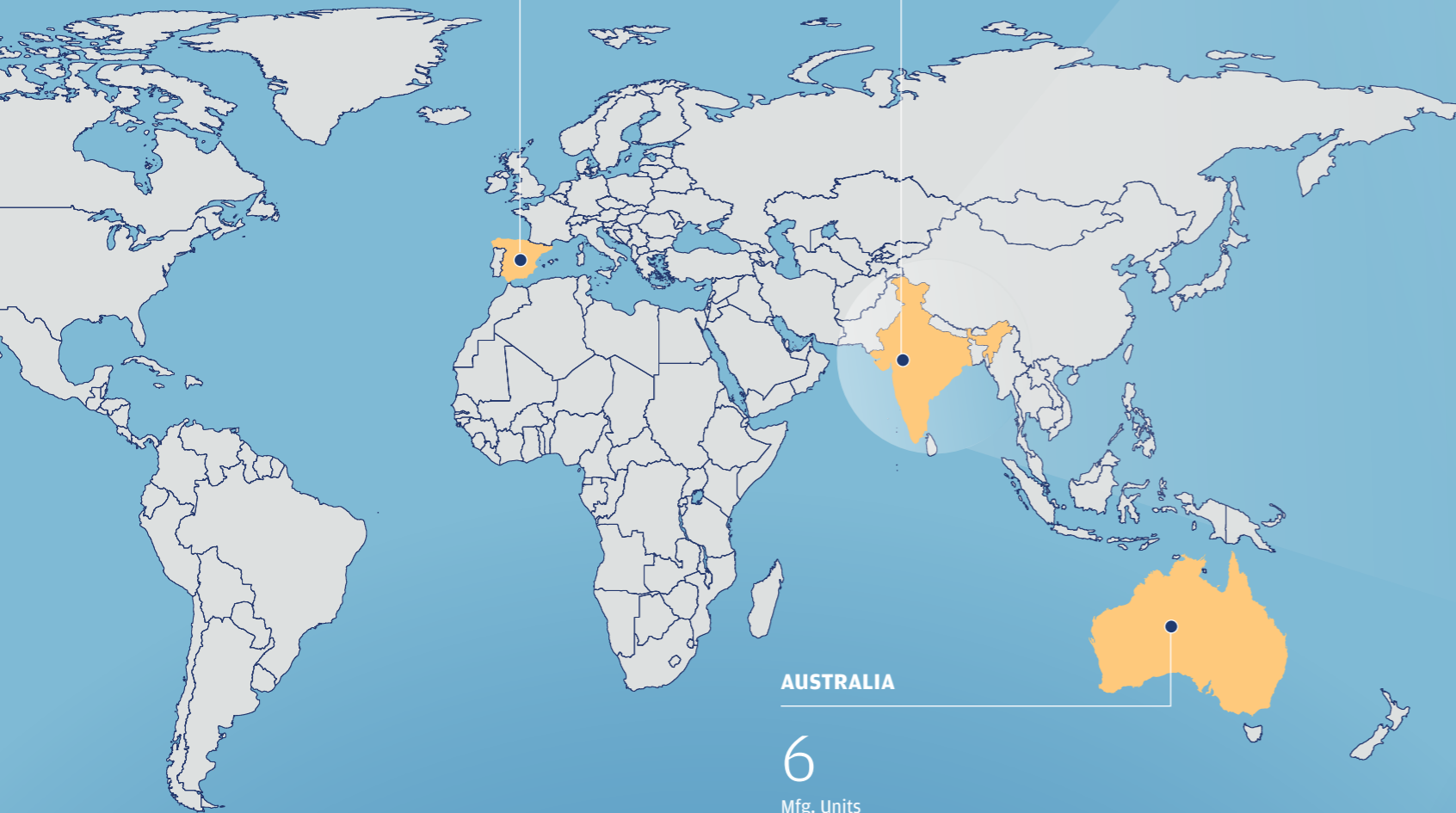
12  
Mfg. Units

1,39,000MT  
Capacity

#### AUSTRALIA

6  
Mfg. Units

17,000MT  
Capacity



- ★ PU Foam Manufacturing
- PU Foam Processing

## CHAIRMAN'S MESSAGE

Bringing Together Strengths,  
Delivering with Purpose

“During FY26, we expanded our presence across consumer segments through our multi-brand portfolio, while extending our reach through a growing retail and distribution network by adding 600 new locations. Innovation remained central to our approach, with launches such as Sleepwell Nexa Plus and FitRest Plus addressing evolving customer expectations around comfort and wellness.”

**DEAR SHAREHOLDERS,**

Great organisations distinguish themselves by how they bring together people, capabilities and purpose to serve their customers and create value. This was our guiding principle and woven into our FY26 theme, ‘Fully Integrated and Eager to Serve’. Post acquisition, it reflects the journey we have undertaken to build a more connected organization, better positioned to anticipate customer needs, respond with agility and create lasting value for all stakeholders.

It is both an honour and a privilege to present the Annual Report for FY26, a year in which Sheela Foam further strengthened its market leadership in a challenging and tumultuous business environment with raw material volatility, supply chain disruptions and uneven consumption patterns across categories.

As the mattress industry evolved in favour of organised and branded players, we utilised our integrated multi-brand platform, extensive distribution network and omnichannel

capabilities to drive growth across markets.

Supported by healthy YoY volume growth of 15% and 11% value growth along with an improved product mix and disciplined execution, we delivered strong operational performance. This culminated FY 2025-26 into a significant year for Sheela Foam laden with milestones of highest annual foam production of over 1 lakh MT, highest revenue and highest EBITDA in our history. With a continued focus on innovation, premiumisation and consumer-centric growth, Sheela Foam is well positioned to unlock the significant opportunities emerging across India's expanding sleep and wellness ecosystem.

**Converting Integration into Performance**

The strength of our integrated platform was reflected in our financial performance during the year. Healthy demand, disciplined execution and the benefits of scale enabled us to deliver volume and value growth across our businesses.

Consolidated operating revenue grew by 11% to ₹ 3,821 crore, supported by robust volume growth of 15% across key product categories. Improved product mix, operating leverage and the successful integration of Kurlon contributed to a 46% increase in Core EBITDA\* to ₹ 414 crore, with margins expanding by 261 basis points to 10.8%. Consolidated PAT stood at ₹161 crore.

Equally encouraging was the progress made during the year in strengthening our financial position. Strong cash generation and prudent capital allocation enabled us to reduce our net debt to ₹ 543 crore – a significant reduction of ₹ 156 crore. This has brought down Net Debt to EBITDA at 1.3x, significantly deleveraging and bolstering our balance sheet and guiding us well on our path to be a net debt free entity. In view of this progress, the Board has recommended a dividend of 20% marking this as another milestone for FY 2025-26.

**Serving Every Customer, Every Channel**

Our U20 platform now spans across 24+ states and supported by 8,400+ touchpoints helping us to connect with customers in both established and emerging markets. This has aided the categories volume & value growth of 65% and 111% YoY respectively in FY2025-26. Strong E-commerce momentum continues with volume & value growth of 49% and 52% YoY respectively, further enhanced accessibility and convenience.

Our foam business also delivered a strong performance with volumes and value growing by 18% and 14% respectively. The growth was evinced across technical foam, comfort foam and furniture cushioning applications.

Our international operations also contributed positively, with Australia and Spain delivering EBITDA margins of 10.0% and 10.4% respectively, supported by improved operating efficiencies. Staqa continued to build scale and profitability, reporting revenue of ₹ 70 crore, a staggering growth of 35% while maintaining EBITDA margin around 28%. Together, these businesses broaden our growth opportunities, diversify our revenue streams and reinforce the strength of our integrated business model.

Furlenco, too, made encouraging progress, strengthening both its scale and operating performance. Improved ecosystem integration and growing customer adoption continued to augment its subscriber base to more than 1.7 lac. During the year, Furlenco witnessed remarkable investor participation in its equity raise of ₹125 crore. Furlenco's omni-channel

\*excluding mark to market non-cash expenses

network and expanding physical presence through Sleepwell and Kurlon stores has been garnering very encouraging response.

**Our People, Culture and Governance**

Our people remain central to Sheela Foam's ability to grow, adapt and lead. As the Company scales across brands, categories and geographies, we continue to nurture a culture built on ownership, capability, collaboration and care. Our focus remains on enabling talent, strengthening leadership depth and building an organisation that is agile, inclusive and aligned to the Company's long-term priorities.

We are also committed to fostering a workplace where diversity, safety and dignity are embedded in the way we operate. Initiatives to enhance female workforce participation, support persons with disabilities and reinforce global safety practices reflect our broader commitment to responsible and sustainable growth.

This people-first approach is supported by a strong governance framework. Guided by an experienced Board and a culture of integrity, transparency and accountability, we remain committed to disciplined risk management, regulatory compliance and responsible decision-making as we create long-term value for all stakeholders.

**Sustainability and Responsible Growth**

The responsibility of building a better business goes hand in hand with the responsibility of building a better future.

Through our Sustainability 2030 roadmap, we continued to advance renewable energy, water stewardship and resource efficiency initiatives, supported by audits, recycling practices, infrastructure upgrades and programmes aimed at improving material recovery and reducing environmental impact.

**Extending Our Impact Beyond Business**

For over 25 years, Sheela Foam's commitment to society has remained deeply embedded in our purpose. Through the Sleepwell Foundation, we continue to support initiatives that create meaningful impact across skill development and emotional well-being.

During the year, the revitalisation of Smt. Sheela Gautam Inter College marked an important step in this journey. With digital enablement and holistic learning initiatives, the institution is being strengthened to offer students a more enriching and future-oriented educational environment.

“One of the defining strengths of Sheela Foam is the breadth of our business portfolio and the many ways in which it enables us to serve customers. These efforts translated into mattress volumes increasing by 12% and 10% in value.”

As we grow as a business, our responsibility towards communities remains equally important. We will continue to contribute to initiatives that expand opportunity, build capability and create lasting social value.

**Looking Ahead**

The opportunities before us are significant. Rising aspirations, increasing awareness of sleep wellness and the ongoing shift towards organised brands are reshaping our industry and expanding the addressable market.

As we move into the coming year, our focus will remain on strengthening customer engagement, advancing innovation and enhancing operational excellence across the business. We will continue to expand our market reach through a deeper physical retail network, including COCO stores, while further strengthening our presence across e-commerce platforms, with a sharper focus on our own brand.com channel.

At the same time, we will pursue growth in select adjacent categories, including premium and luxury mattresses and foam-led solutions. We also remain focused on strengthening our raw material capabilities to improve supply resilience, reduce exposure to external volatility and support sustainable, profitable growth.

The journey ahead is one of growth, but equally one of service. By staying closely connected to our customers, partners, employees and communities, we believe we can create enduring value and contribute meaningfully to the evolving sleep solutions landscape.

Lastly, I would like to express my sincere gratitude to our shareholders, employees, customers and business partners for their trust and support. Your confidence in Sheela Foam inspires us to keep learning, improving and striving for excellence.

Warm regards,  
**RAHUL GAUTAM**

Chairman & Managing Director  
Sheela Foam Limited

## YEAR IN REVIEW

# A year of progress and momentum

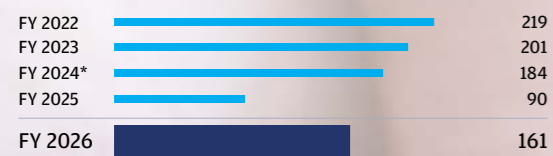
### Revenue from operations (INR crore)



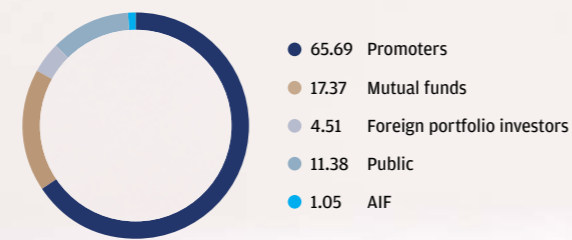
### EBITDA (INR crore)



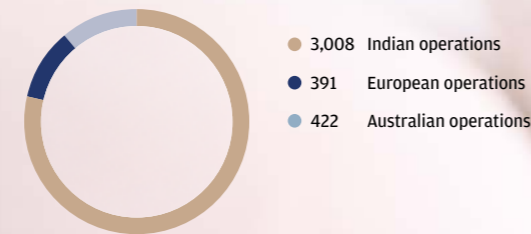
### Profit After Tax (PAT) (INR crore)



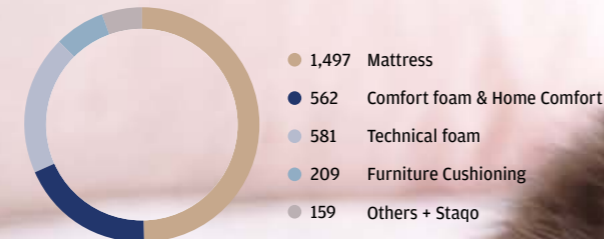
### Shareholding pattern %



### Geography-wise break-up (INR crore)



### Segmentwise breakup - Indian Ops (INR crore)



\*KEL included only for the Period Post Acquisition

CORE EBITDA - Excluding mark to market non-cash expenses

The above figures are consolidated



## BUSINESS SEGMENTS

# Serving people through integrated excellence



### MATTRESS

- Branded consumer sleep solutions across organised, semi-organized and online retail markets.
- Portfolio spanning multiple price tiers and regional markets.

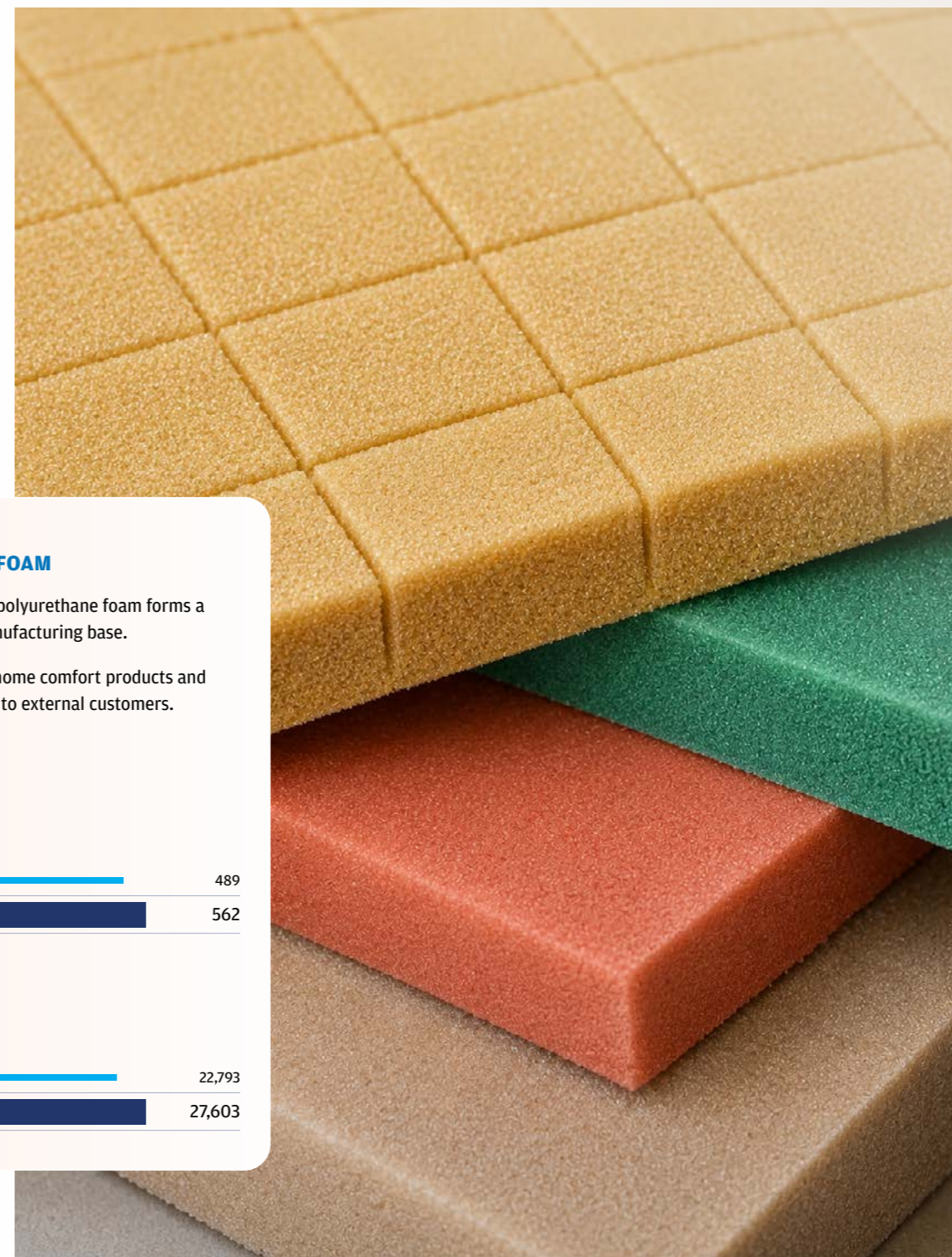
#### Revenue (INR crore)

FY 2025	1,357
FY 2026	1,497

#### Volume (In thousand)

FY 2025	3,309
FY 2026	3,692

## INDUSTRIES WE SERVE



### COMFORT FOAM

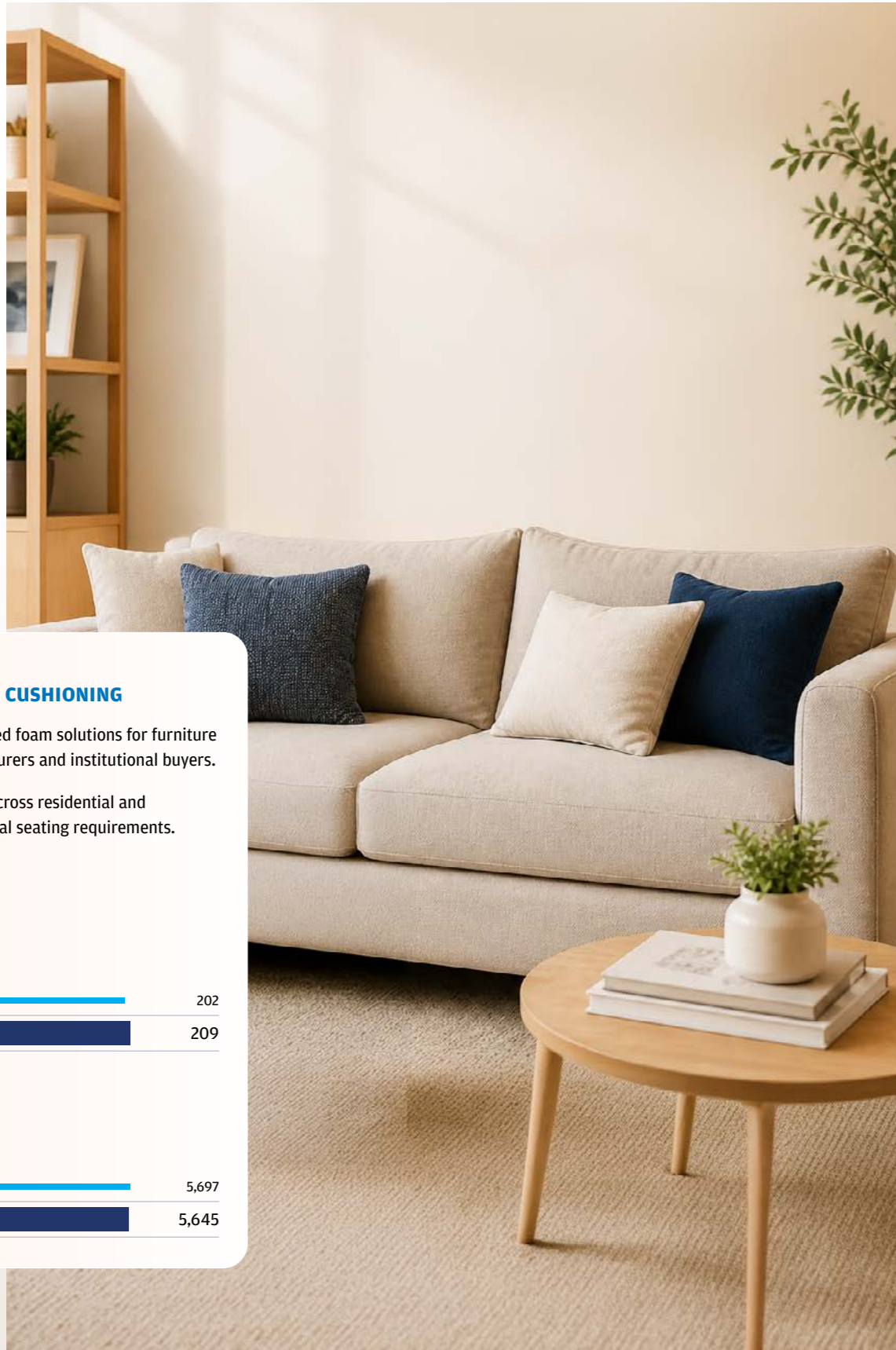
- Flexible polyurethane foam forms a core manufacturing base.
- Used in home comfort products and supplied to external customers.

#### Revenue (INR crore)

FY 2025	489
FY 2026	562

#### Volume (Tons)

FY 2025	22,793
FY 2026	27,603



**FURNITURE CUSHIONING**

- Customised foam solutions for furniture manufacturers and institutional buyers.
- Applied across residential and commercial seating requirements.

**Revenue**  
(INR crore)

FY 2025	<div style="width: 80%;"></div>	202
FY 2026	<div style="width: 90%;"></div>	209

**Volume**  
(Tons)

FY 2025	<div style="width: 80%;"></div>	5,697
FY 2026	<div style="width: 90%;"></div>	5,645

**INDUSTRIES WE SERVE**



Automotive & Mobility



Filtration & Industrial



Custom Industrial Applications



**TECHNICAL FOAM**

- Engineered polyurethane foam for industrial applications.
- Used in automotive, acoustic and other performance-driven segments.

**Revenue**  
(INR crore)

FY 2025	<div style="width: 80%;"></div>	498
FY 2026	<div style="width: 90%;"></div>	581

**Volume**  
(Tons)

FY 2025	<div style="width: 80%;"></div>	17,498
FY 2026	<div style="width: 90%;"></div>	20,840

### MARKET LEADERSHIP BUILT ON STRONG BRANDS

# Winning consumer confidence across categories



#### INDIA BUSINESS

Mattress & foam business



Furniture rental business



IT business



#### INTERNATIONAL BUSINESS

International subsidiaries



## OUR NEW AGE BUSINESSES

# The next frontier of growth

Our new age businesses expand our presence beyond core manufacturing into digital and platform-led models. Through Furlenco and Staqo, we are building capabilities that complement our core operations while opening new avenues for growth.

### FURLENCO

#### FURLENCO

Furlenco represents our presence in the organised furniture rental and subscription-based home solutions segment. The platform operates as a full-stack model, integrating furniture design, sourcing, rental and sale across an asset-backed operating framework. It addresses evolving urban consumer preferences for flexibility, affordability and convenience.

The business has moved into a self-sustaining phase and continues to scale its footprint while benefiting from omni channel integration opportunities within the Group.

### 30+ cities

Operating across

#### STRATEGIC POSITIONING

- 1 Early presence in organised rental segment
- 2 Supported by robust investor backing
- 3 Leveraging SFL and KEL retail networks for expansion



#### STAQO

Staqo's Presence360 is our Made-in-India integrated enterprise platform designed to help organizations manage multiple business functions through one unified digital ecosystem. Through 30+ integrated modules across HCM, Finance, SCM, Manufacturing, CRM, Sales and other functions, we enable businesses to enhance visibility, improve operational efficiency and support better decision-making. Built on a modular and scalable architecture, Presence360 supports enterprises, government organizations and SMEs in their digital transformation journey through seamless process integration, scalability and flexible adoption.

### 570+ clients

Govt. + Enterprise

### 200+

Projects delivered

### 3

Offices (India, UAE & USA)

### ₹ 70 crore

Revenue in FY26

### 27.8%

EBITDA Margin



**One platform.**  
Complete visibility. Smarter decisions.  
Sustainable growth.

HCM | SCM | CRM | ERP | Sales & Distribution | Financials

INDIA BUSINESS

Our Mattress and Foam Business, led by the Sleepwell and Kurlon brands, serves diverse customer segments through a strong portfolio of comfort and sleep solutions supported by an extensive distribution network across India. We continue to strengthen our market presence through our focus on quality, comfort and innovation.



Broad portfolio across mattresses, cushioning and specialised foam solutions backed by technological innovation.

~5,500\*

Brand outlets  
\*SFL+KEL

~11,000

Dealers' touchpoints



Acquired by Sheela Foam in 2023, the brand holds a strong presence in Southern and Eastern India, with a primary focus on rubberized coir mattresses.

60+

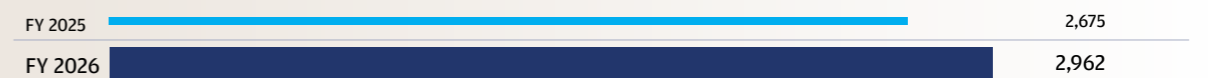
Years of healthy sleep

10 Million+

Trusted families in India



Standalone revenue  
(INR crore)



INTERNATIONAL BUSINESS



100% owned Australian subsidiary, with state-of-the-art production centres across Adelaide, Melbourne, Brisbane, Perth and Sydney. Manufactures high-quality foam for leading branded comfort product makers.



**Revenue**  
(INR crore)

FY 2025	396
FY 2026	422

**55.3%**  
Gross margin

AWARDS & CERTIFICATIONS



Global GreenTag Level A



OEKO TEX  
STANDARD  
100



Spanish subsidiary acquired in 2019, serving demand across Europe as a technology-driven, flexible polyurethane foam manufacturer.



**Revenue**  
(INR crore)

FY 2025	341
FY 2026	391

**32.1%**  
Gross margin

OPERATIONAL EXCELLENCE

# Advancing performance through continuous improvement

During the year, we focused on growing volumes while strengthening margins, deepening distribution and improving plant-level efficiencies. Execution remained centred on integration stability, cost discipline and profitable growth across categories and geographies.

**DRIVING PROFITABLE VOLUME GROWTH**

We delivered steady growth across our core categories during the year, supported by improved operating leverage, disciplined cost management and a stronger product mix.

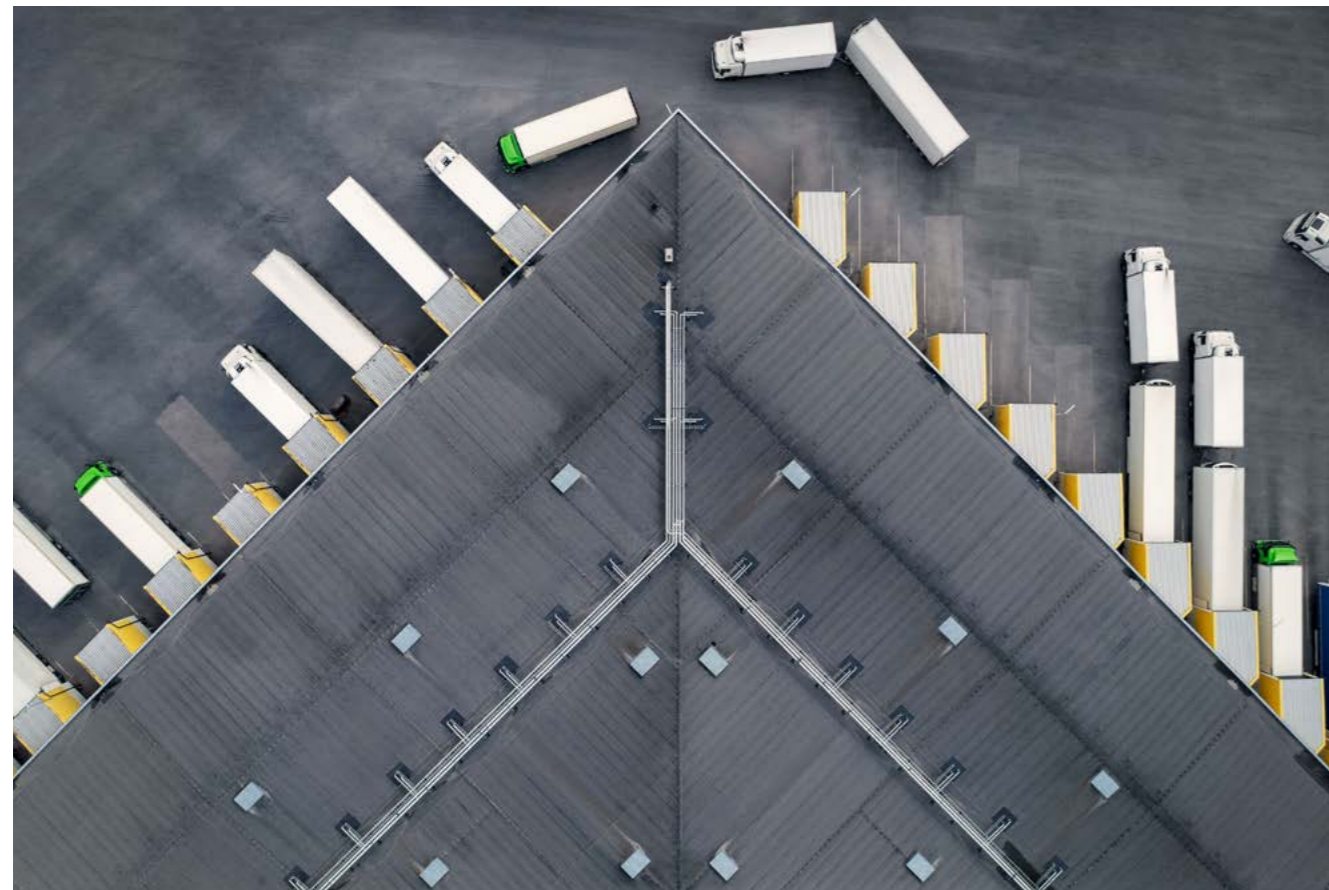
**IN FY26**

Mattress volumes grew by **12%**

Core EBITDA\* margin improved to **10.8%**

Foam volumes grew by **18%**

Core EBITDA expanded by **46%** year-on-year



\*Core EBITDA (excluding MTMs)

**INTERNATIONAL OPERATIONS**

Focused operational interventions in Australia and Spain improved profitability through cost optimisation, sourcing efficiencies and tighter overhead control.

- Raw materials increasingly sourced from cost-efficient markets
- Fixed overhead structures rationalised in Australia
- Waste reduction initiatives implemented across facilities
- Improved realisations in Spain supported margin recovery

**MANUFACTURING DISCIPLINE**

Manufacturing consistency across facilities globally was strengthened through yield optimisation, process control and structured performance reviews.

- Yield optimisation and improved material utilisation across plants
- Strengthened scrap recovery and waste monetisation practices
- Adoption of advanced foaming technologies for process consistency
- Structured plant-level monitoring to enhance operating discipline

## A YEAR OF STRONG GROWTH. A milestone achieved

Proud To Have Crossed  
**100,000 MT**  
Foam production  
Globally across India, Australia  
and Spain in FY 2025-26.

## GROWING ACROSS CHANNELS

# Wider reach, deeper consumer connect

Expanding distribution depth and strengthening omni-channel coordination remained central to our market development strategy. During the year, we focused on enhancing reach across organised retail while accelerating digital engagement. Our investments in backend systems, demand visibility and channel coordination improved responsiveness across markets.

### DEEPENING ORGANISED REACH

We continued to expand our distribution footprint with our U20 initiative across semi-urban and rural markets to support long-term demand creation.

- Distribution network comprising over 8,400+ dealers
- Presence across more than 5,500+ towns
- Over 230+ distributors supporting channel execution
- Network spanning more than 24 states

### E-COMMERCE MOMENTUM

Strengthened our digital presence through focused investments in owned platforms and marketplace expansion.

- Brand.com sales grew 136% year-on-year
- Marketplace platforms recorded 39% growth
- Backend integration and catalogue optimisation initiatives improved fulfilment efficiency

### STRENGTHENING RETAIL NETWORK

Retail network engagement and premiumisation initiatives supported improved realisations and enhanced in-store visibility.

- Structured dealer engagement programmes to enhance retail execution
- Premiumisation initiatives across portfolio to improve average realisations
- Improved retail visibility and in-store presence across key markets
- Increased COCO store count

We strengthened our pan India distribution network during the year through deeper dealer engagement, channel expansion and focused supply chain integration initiatives. Structured dealer programmes improved retail execution, responsiveness and servicing efficiency, while premiumisation across our portfolio supported better realisations and enhanced in store visibility. We also expanded our COCO store network, strengthening our direct retail presence and improving last mile connectivity across key markets.

The integration of Kurlon enabled us to align procurement systems, vendor networks and logistics infrastructure, resulting in streamlined sourcing, optimised inventory management and improved fulfilment timelines. In parallel, we adopted a calibrated channel mix spanning COCO stores, exclusive brand outlets, multi brand outlets and e commerce platforms, enhancing market coverage and delivery agility, supporting faster turnaround and a more consistent customer experience.



## MARKETING AND BRANDING

# Shaping impact through purposeful engagement

Our branding and marketing efforts are centred around building stronger consumer connections, enhancing experience and driving meaningful engagement. During the year, we strengthened our approach across both digital ecosystems and retail touchpoints, enabling us to connect with consumers seamlessly across their journey.

### ONLINE BRANDING INITIATIVES

#### DIGITAL BRAND ENGAGEMENT

We focused on building a robust digital presence by integrating content, search visibility, performance marketing and influencer collaborations, ensuring our brands remain relevant, discoverable and engaging across platforms.

#### SLEEPWELL

We continued to strengthen Sleepwell's digital presence through integrated campaigns and always-on engagement strategies.

Our flagship campaign, Great Sleep, Great Celebrations, delivered over 50M+ views, positioning sleep as a key enabler of better living, creativity and everyday experiences. The campaign was executed across digital platforms, retail environments, social media and print, ensuring consistency and strong recall.

We enhanced our search visibility and consumer discovery, generating 30,000+ monthly dealer profile views, improving accessibility and supporting store-level conversions.

Our performance marketing initiatives improved targeting efficiency and conversion outcomes, while our social media ecosystem expanded significantly, driven by influencer collaborations and engaging content formats. These efforts delivered strong video viewership, supported by robust engagement levels, strengthening our connect with digital-first audiences.

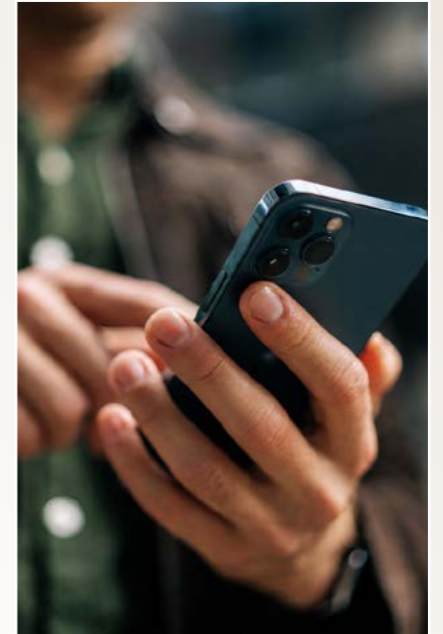
#### KURLON

Since 1962, Kurlon has been synonymous with quality sleep and premium mattresses across India. As the brand evolves, its renewed positioning brings a modern, consumer-centric identity to the forefront while preserving the trust, craftsmanship, and heritage that have defined Kurlon for over six decades.

#### MEANINGFUL ENGAGEMENT

During the year, Kurlon significantly strengthened its digital presence through integrated, high-impact marketing initiatives designed to drive consumer engagement and brand visibility. A comprehensive media strategy spanning television, print, digital platforms, and contextual integrations

supported flagship product campaigns, enabling the brand to expand its reach and deepen consumer connections across key markets. The Company also leveraged strategic partnerships and influencer-led content to amplify engagement, leading to collaborations with over 250 influencers, delivering strong audience interaction and reinforcing brand relevance among digital-first consumers. Further strengthening its communication efforts, Kurlon launched the 'Pick Your Perfect Beginnings' campaign. Built around the insight that quality sleep plays a vital role in overall wellbeing, the campaign drove strong awareness and engagement through a combination of influencer collaborations, digital activations, and targeted media outreach.



## OFFLINE BRANDING INITIATIVES

### RETAIL BRANDING AND CONSULTATIVE SELLING

We strengthened our offline presence by focusing on enhancing retail environments and improving consumer experience at the point of sale, supported by better store design and trained retail teams.

### SLEEPWELL

We enhanced our retail experience through improved showroom layouts, informative displays and consultative selling approaches.

Our initiatives focused on creating more engaging and immersive store environments, enabling consumers to better understand product features and benefits, while strengthening brand perception and aiding conversion.

### KURLON

We continued to drive hyperlocal activation strategies to improve visibility and store footfall.

Our initiatives included localized print campaigns, in-store festive branding, van-based promotions and targeted digital campaigns, enabling strong last-mile connectivity and improved dealer-level engagement.

These efforts contributed to increased store footfall and stronger retail traction, supported by consistent on-ground execution.

We also enhanced in-store brand presentation, focusing on showcasing technology, product features and material quality, improving the overall consumer experience.



#### IMPACT

Our integrated branding and marketing initiatives delivered strong outcomes across both brands

- 100 million+ digital touchpoints across campaigns
- 100 million+ video views across digital platforms
- Strong influencer-led engagement with 4% engagement rate
- Enhanced brand visibility through cultural and topical campaigns
- Improved store footfall and dealer-level engagement through hyperlocal activation

DRIVING SUSTAINABLE AND RESPONSIBLE GROWTH

# Towards a greener tomorrow

**ENVIRONMENTAL STEWARDSHIP**

Responsible manufacturing remains integral to how we operate and grow. As our footprint expands, we continue to focus on reducing environmental intensity across energy, water and waste. Our Sustainability 2030 roadmap defines measurable goals and guides plant-level execution across locations.

**FY2026 HIGHLIGHTS**

**3.7 MW**  
From solar energy

**44.5 KL/per person**  
Water consumption intensity

**14.5%**  
Waste Reduction

**TARGETS BY FY2030**

**5.4MW**  
Solar energy contribution

**39 KL/per person**  
Reduced water consumption intensity

**13%**  
100% Waste monetisation  
Target to reduce waste to 13% while achieving full waste value recovery

**Alignment with UNSDGs**



**KEY INITIATIVES**



**ENERGY TRANSITION**

- Operationalised a 500 kWp solar power plant at our Jabalpur facility
- Initiated additional 1,000+ kWp solar capacity across Erode, Talwada and Nandigram in FY27 & FY28
- Undertook tree plantation initiatives across locations as part of carbon reduction efforts, with ~1500+ trees already planted in FY26.



**WATER STEWARDSHIP**

- Improved water consumption intensity from 44.5 KL/per person in FY25 to 39 KL/per person in FY30
- Conducted internal plant-level audits to monitor usage and efficiency
- Commissioned a Sewage Treatment Plant (STP) at the Nandigram facility



**WASTE MANAGEMENT**

- Implemented Kaizens focused on value recovery across plants
- Reduced and redesigned one-way packaging to minimise waste generation
- Ensured safe disposal and hazardous waste neutralisation in compliance with regulatory requirements

**SOCIAL**

Our social priorities focus on building an inclusive and safe workplace with defined efforts to enhance gender diversity, create structured employment opportunities across our locations and strengthen safety standards across our operations.

**FY2026 HIGHLIGHTS**

**8%**  
Female workforce participation

**7**  
Persons with disabilities employed

**Safety Audits**  
To ensure safety

**TARGETS BY FY2030**

**10%**  
Female workforce participation

**11**  
Employment of persons with disabilities

**ISO 45001**  
Safety certification  
Transitioning from internal audits to ISO standards

**Alignment with UNSDGs**



**EMPOWERING PEOPLE**

We strengthened our leadership depth, workforce capability and organisational effectiveness through a continued focus on a performance-driven culture, supported by refined performance management, sharper goal-setting and stronger linkage between outcomes and rewards. Capability development was advanced through internal talent progression, structured succession planning and targeted, increasingly digital learning interventions across critical roles.

Structures were streamlined and role clarity enhanced to improve decision-making speed, cross-functional alignment and overall workforce productivity, while maintaining focus on cost discipline and efficient resource utilisation. Sustained emphasis on compliance, workplace safety and employee well-being enabled a cohesive culture and stable industrial relations.



KEY INITIATIVES



GENDER DIVERSITY

- Women sales intern programme for entry-level roles
- Ringfencing high-potential women colleagues through structured development initiatives
- Identifying roles across business streams and verticals to enhance gender participation
- Increasing female workforce representation in line with FY30 targets
- Focused hiring and upskilling initiatives across plants, sales and corporate functions



EMPLOYMENT OF PERSONS WITH DISABILITIES

- Identifying suitable roles across manufacturing facilities and corporate office
- Providing structured recruitment opportunities in selected positions



SAFETY

- Incorporating global safety standards
- Upgrading electronic surveillance systems
- Strengthening fire safety preparedness through training and field-level assessments
- Continued focus on workplace safety and well-being across operations

Total Employee Strength

4628

FY25

5854

FY26



COMMUNITY DEVELOPMENT

Sleepwell Foundation is the CSR arm of Sheela Foam Limited, responsible for its CSR initiatives.

25 YEARS OF PURPOSE IN ACTION

Sleepwell Foundation marks 25 years of sustained commitment to social impact. What began as an intent to give back has evolved into a structured, policy-led institution delivering measurable outcomes and sustained social impact.

The Foundation's programmes are guided by clarity of purpose, operational discipline, and long-term vision. Today it stands as a strong, credible platform focussed on scalable and enduring impact.



EXPANDING INFLUENCE WITH FOCUSED IMPACT

Sleepwell Foundation continues to strengthen its CSR approach through a balanced model that integrates digital reach, disciplined execution, strong internal alignment, and the trust of its stakeholders.

Its efforts are concentrated on two priority areas—Emotional Wellness and Skill Development—with a clear focus on expanding access while strengthening quality, relevance, and scalability.

STRENGTHENING EMOTIONAL WELLNESS AT SCALE

Sleepwell Foundation continues to build mass awareness of Proactive Emotional Wellness through structured, expert-led programmes designed for lasting relevance and accessibility.

This year, we introduced a Proactive Emotional Wellness Workshop package, consolidating 10 of the most urgent and relevant topics into a focused communication module. This approach allows us to address key Emotional Wellness challenges with clarity and precision, making our workshops more effective and impactful.



During the year, over 271 workshops engaged diverse groups—from students and teachers to frontline workers and professionals—impacting 17,440 individuals with practical tools to build resilience and create Emotional Wellness in their lives.

For building mass awareness, we produced and released Season 4 of our web series Baatein Dil Ki, comprising 10 episodes. In parallel, our collaboration with highly influential media personality Richa Anirudh continued with Season 9 of Sleepwell Foundation Presents Zindagi with Richa, comprising 13 episodes.

Both these content assets were amplified across our social media platforms throughout the year, reaching 31.6+ million people. The initiative is designed to foster resilience in individuals, address misconceptions and stigma around mental health, and make Emotional Wellness accessible, and widely understood.



**SLEEPWELL FOUNDATION SKILL DEVELOPMENT CENTRE, KHURJA**

At SDC, Sleepwell Foundation continues to create pathways for economic independence in rural communities, with a strong focus on young women.



By equipping youth with livelihood-oriented skills, the Foundation is bridging the gap between aspiration and opportunity. In rural areas, a university degree is often seen as a major milestone, with youth attaching very high value to it. This year marks an important step forward with the introduction of a **Bachelor of Vocation (B.Voc.)** programme in paramedical courses, in collaboration with UGC-recognised **Mangalayatan University** and **Bir Tikendrajit University**—bringing accessible, university-level education closer to rural youth.

Supported by collaborations with industry experts, academic institutions, and community stakeholders, our initiatives at SDC Khurja are enabling more individuals to access sustainable career opportunities and build stronger futures.



This year, we successfully trained **956 youth**, with over **51%** securing gainful employment.



Additionally, **48** trainees from Col Gautam Academy of Armed Forces achieved outstanding success in the AGNIVEER selection—the highest in any financial year since the academy's inception. In the **UP Police Sub Inspector (UPSI)** selections, **39 out of 43** candidates were girls, achieving an impressive conversion rate of over **80%**.

**BRIDGING LEARNING AND LIVELIHOODS**

Skill development remains central to Sleepwell Foundation's mission to foster long-term self-reliance. In 2025-26, the Foundation strengthened its impact through targeted workshops that bridged learning and employability. A three-day online workshop on "Build Your Professional Effectiveness" equipped **141 B.Tech students of GIET, Bhubaneswar**, with key employability skills, preparing them to navigate the competitive professional landscape with greater confidence.



Complementing this, the flagship Train the Teacher initiative continued its nationwide outreach through a series of five-day functional skills online workshops benefiting over **1,252 teachers across India**. Together, these initiatives demonstrate the Foundation's commitment to building both educator capacity and student preparedness through scalable, skill-based interventions.



**PROMOTING CLEANLINESS AND RESPONSIBILITY**

Sleepwell Foundation continues to promote cleanliness and social responsibility through its Act Clean initiative, reinforcing the importance of hygiene in line with the Swachh Bharat mission. By engaging students from an early age, the programme encourages practical habits that extend beyond classrooms into homes and communities, fostering a sense of responsibility and collective care.



As part of this effort, a workshop conducted at Akshay Pratishthan, Vasant Kunj, New Delhi, engaged **61** students from Classes 3 to 5, nurturing lifelong habits of discipline, pride, and community consciousness.

**CSR NEAR OUR PLANTS**

Sleepwell Foundation focuses on creating meaningful impact in communities around its manufacturing locations by improving infrastructure, access to resources, and overall quality of life.

Near our Perundurai plant in Tamil Nadu, a dining hall was constructed at Panchayat Union Primary School, Ingur, to provide greater convenience for mid-day meals.



Near our Jalpaiguri plant in West Bengal, infrastructure at Jhanjupara Primary School was upgraded with a RO water cooler, ceiling fans, repaired toilets, and painted classrooms.

Near our Bhubaneswar plant, **30** dual desks were provided to Saraswati Sishu Vidya Mandir to strengthen classroom facilities.



Near our Kala Amb plant in Himachal Pradesh, the mid-day meal kitchen at Government Girls Senior Secondary School, Nahan, was repaired to ensure a safer and more hygienic environment.

Children's Day was also celebrated across multiple schools near Sheela Foam plants, fostering joy and engagement among students.



**CONNECTING WITH YOUTH THROUGH INSTAGRAM**

To engage younger audiences, Sleepwell Foundation reformatted its Baatein Dil Ki web series for Instagram, adapting the content into short, visually engaging reels suited to the platform. These reels alone reached over **9.26** million viewers, demonstrating how platform-specific storytelling can effectively connect with youth where they are most active.

The Foundation is also taking these campaigns to high-pressure academic hubs like Kota, addressing emotional challenges in a relatable and accessible way.



**TRACKING IMPACT WITH CLARITY**

As Sleepwell Foundation marks 25 years of its journey, its approach to impact remains firmly focused on outcomes and real-world change.

We follow a comprehensive evaluation framework that combines digital analytics with on-ground assessments—capturing reach, engagement, participation, and indirect beneficiaries. This integrated method enables continuous refinement of both awareness-driven campaigns and on-ground interventions, ensuring greater effectiveness and sustained results.



**EMBEDDING CSR INTO ORGANIZATIONAL CULTURE**

At Sleepwell Foundation, CSR is deeply integrated into the organization rather than functioning as a separate initiative. Strong internal alignment ensures that the purpose and impact of our work are understood and supported across all levels.

Employees actively engage in Emotional Wellness workshops and participate in visits to the Skill Development Centre, gaining first-hand exposure to our initiatives. It further builds awareness, strengthens belief, and encourages greater involvement—fostering a shared sense of responsibility toward the Foundation’s mission.



**RECOGNITION FOR OUR EFFORTS**

For our impactful contribution towards driving social change through skill development, we were honoured with the Best Project - Community and Skill Development (Large Category) at the Rotary India National CSR Awards 2025 - Northern Region.



**CELEBRATING THE 100TH BIRTH ANNIVERSARY OF COL. HARI SHANKAR GAUTAM**



Year 2025 marked the 100th Birth Anniversary of Late Col. Hari Shankar Gautam, after whom the Col. Gautam Academy for Armed Forces is named. The occasion was commemorated at the Skill Development Centre in Khurja through a series of activities, paying tribute to his legacy and inspiring values.

**SLEEPWELL FOUNDATION ADOPTS SMT. SHEELA GAUTAM INTER COLLEGE, VEERPURA, ALIGARH (U.P.)**



The school has been adopted with a long-term vision to develop it into a model school over the next 5 years. The initiative focuses on strengthening teacher capabilities, upgrading infrastructure, integrating digital learning, and enhancing academic outcomes—aimed at establishing a scalable benchmark for quality rural education.

**LOOKING AHEAD**

Sleepwell Foundation enters its 26th year with sharper focus and intent. The emphasis remains on delivering stronger outcomes through well-executed initiatives across digital platforms, on-ground programmes, and community interventions.

The Foundation will continue to build awareness of Proactive Emotional Wellness across diverse audience groups, with a clear focus on children and adolescent issues.

It will also expand its skill development efforts by introducing additional training programmes aimed at generating employment and encouraging entrepreneurship—contributing, in its humble measure, to the vision of a Viksit Bharat.

**BOARD OF DIRECTORS**



**RAHUL GAUTAM**  
**CHAIRMAN & MANAGING DIRECTOR**

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



**RAKESH CHAHAR**  
**DEPUTY MANAGING DIRECTOR (WHOLETIME 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 35 years of experience in the business of selling and marketing bedding products and polyurethane foam. He heads the Operation.

**TUSHAAR GAUTAM**  
**VICE CHAIRMAN & JOINT MD**



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 24 years of experience in heading Production, Research and Development.



**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 - world's leading search firm before taking her role as an Independent Advisor.

**SOM MITTAL**  
**INDEPENDENT DIRECTOR**

<sup>\*</sup>(Tenure completed on June 06, 2026)

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 postgraduate diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He has several years of experience in manufacturing and information technology sectors.



**RAVINDRA DHARIWAL**  
**INDEPENDENT DIRECTOR**

<sup>\*</sup>(Tenure completed on June 06, 2026)

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**

<sup>\*</sup>(Tenure completed on June 06, 2026)

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**

<sup>\*</sup>(Tenure completed on March 04, 2026)

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.



**NEERAJ JAIN\***  
**INDEPENDENT DIRECTOR**

Mr. Neeraj Jain is a rank-holder Chartered Accountant and Company Secretary with over 35 years of experience in finance, governance, strategy, and business management. He began his career with A.F. Ferguson & Associates and held senior leadership positions, including Chief Financial Officer at Johnson & Johnson Medical India and General Manager at Hindustan Unilever Limited. He possesses extensive expertise in financial management, corporate governance, risk oversight, mergers and acquisitions, business restructuring, and compliance. Mr. Jain has successfully led finance transformation initiatives, ERP implementations, operational excellence programs, and organizational change across India and the Asia-Pacific region.



<sup>\*</sup>APPOINTED EFFECTIVE MAY 14, 2026

**HIROO MIRCHANDANI\*\*****INDEPENDENT DIRECTOR**

Ms. Mirchandani holds a bachelor's degree in commerce from Shri Ram College of Commerce and an MBA from the Faculty of Management Studies, University of Delhi. She is a Chevening Gurukul scholar from the London School of Economics and Political Science and holds certifications in ESG and Sustainability.

She brings three decades of operational experience in customer-facing businesses and over a decade of board experience as an Independent Director of diverse companies in consumer goods, healthcare, telecom, financial services and hospitality. Her board work is anchored in corporate governance, strategic thinking, financial oversight, analytical rigour and customer insights.

Prior to her board career, she has held roles in Sales, Marketing and P&L management at Asian Paints, Dabur, World Gold Council and Pfizer where she led brand and business transformations to successfully deliver revenue and profit targets.

**RAJIV SRIVASTAVA \*\*****INDEPENDENT DIRECTOR**

Rajiv Srivastava is a seasoned business leader with over 35 years of experience spanning the technology, logistics, and energy sectors. He has extensive expertise across diverse markets, including India, Asia Pacific & Japan, the Middle East, Africa, Turkey, and the CIS region. Mr. Srivastava has held several prominent leadership positions, including Managing Director at Redington Group, Managing Director & CEO at Indian Energy Exchange Limited, and Chief Operating Officer - Asia Pacific & Japan at HP Inc. He is also the Founder and Mentor of CoreOps.AI, a deep-tech start-up focused on artificial intelligence, machine learning, and advanced digital solutions. He brings extensive experience in business transformation, growth strategy, digital innovation, mergers and acquisitions, stakeholder management, and corporate governance. He holds a Bachelor's degree in Mechanical Engineering from BITS Pilani and a Graduate Diploma in International Business from Helsinki School of Economics.

**SUDHIR GANPATHY SHENOY\*\*****INDEPENDENT DIRECTOR**

Mr. Sudhir Shenoy has 35 years of experience in the chemicals and materials science industry, including a long and distinguished career with Dow, a global leader in materials science. He has held several senior leadership roles across India, Europe, Asia, and the Middle East, including serving as Country President & CEO of Dow India. He served as Senior Vice President at EQUATE Petrochemical Company, a global petrochemical joint venture of Dow, based in Kuwait.

Mr. Shenoy has deep expertise in business leadership, commercial strategy, global operations, and industry development, having managed diverse portfolios across commodity and specialty businesses. He has also contributed to industry bodies, serving as Chair of the American Chamber of Commerce (Western Region) and Co-Chair of the National Chemical Council of CII. He holds a Bachelor's degree in Chemical Engineering and a Master's degree in Marketing Management

\*\*APPOINTED EFFECTIVE JUNE 06, 2026

**CORPORATE INFORMATION****BOARD OF DIRECTORS****EXECUTIVE DIRECTORS**

Rahul Gautam  
 Namita Gautam  
 Tushaar Gautam  
 Rakesh Chahar

**NON-EXECUTIVE INDEPENDENT DIRECTORS**

Meena Jagtiani	Som Mittal*
Neeraj Jain**	Ravindra Dhariwal*
Hiroo Mirchandani**	Anil Tandon*
Rajiv Srivastava**	Lt Gen (Dr.) V K Ahluwalia*
Sudhir Shenoy**	

\*\*Appointed effective May 14, 2026

\*\*Appointed effective June 06, 2026

\*Tenure completed on June 06, 2026

\*Tenure completed on March 04, 2026

**GROUP CFO**

Amit Kumar Gupta

**COMPANY SECRETARY**

Md Iqbal Ahmad

**AUDITORS**

M S K A & Associates LLP (Formerly known as M S K A & Associates), Gurugram

**BANKERS**

State Bank of India  
 HDFC Bank  
 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**

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**REGISTRAR OF THE COMPANY**

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 Website - [www.linkintime.co.in](http://www.linkintime.co.in)

# Statutory Reports

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# Management Discussion and Analysis

## Economic Overview

### Indian Economy<sup>1</sup>

India has reinforced its position as one of the fastest-growing major economies, with GDP growth of 7.7% in FY 2025-26, compared with 7.1% in FY 2024-25. This momentum is supported by steady rural demand and a gradual recovery in industrial activity. Government-led initiatives, including the Production Linked Incentive (PLI) schemes, have provided impetus to the manufacturing sector, while services continue to register robust growth. Sustained public investment in infrastructure has further underpinned overall economic expansion.

Inflation has remained contained, with the Consumer Price Index (CPI) at approximately 3.2% under the revised 2024 base year.<sup>2</sup> A lower inflation environment has enhanced real purchasing power, thereby sustaining consumption across both rural and urban segments.

India is accelerating its integration with global value chains, supported by the signing of multiple Free Trade Agreements with key economies. The concluded agreement with the European Union in January 2026 is expected to provide Indian exporters access to a USD 24 trillion market, significantly enhancing export competitiveness and investment flows.<sup>3</sup> This is complemented by agreements with the United Kingdom (CETA) and the European Free Trade Association (TEPA), which includes a USD 100 billion long-term investment commitment. Additionally, operational agreements with countries such as Australia (ECTA) and the United Arab Emirates (CEPA), along with the recently signed CEPA with Oman, are strengthening market access, improving supply chain integration and supporting export-led growth.

At the same time, global uncertainties, including geopolitical tensions in the Middle East and volatility in crude oil prices, remain key risks. However, proactive measures such as diversified energy sourcing, strategic trade partnerships and supply chain realignment have helped strengthen economic resilience and mitigate external vulnerabilities.

### Outlook

India is expected to remain the fastest-growing major economy over the near term. Growth is likely to be supported by continued government capital expenditure and a recovery in private consumption. Private Final Consumption Expenditure is projected to grow at approximately 7.0% in FY 2025-26, reflecting improving consumer demand.<sup>4</sup>

Ongoing structural reforms are poised to strengthen long-term growth prospects. These include further rationalisation of the Goods and Services Tax (GST), progress in free trade agreements and continued improvements in the ease of doing business. With inflation expected to remain moderate under the revised base year, the Reserve Bank of India (RBI) is likely to retain a supportive monetary policy stance, supporting credit growth and investment activity. Despite ongoing global challenges such as trade disruptions, geopolitical developments and tighter financial conditions, India's domestic demand-driven growth model and improving manufacturing competitiveness position it well to sustain stable growth momentum.

### Indian GDP Growth Trend

in (%)

FY 2024-25		7.1
FY 2025-26		7.7
FY 2026-27 (P)		6.8-7.2 <sup>5</sup>

P - Projected

Source: MOSPI

### Global Economy<sup>6</sup>

In Calendar Year (CY) 2025, the global economy demonstrated resilience despite persistent geopolitical tensions, evolving trade dynamics and intermittent financial market volatility. Global GDP growth remained steady at approximately 3.4%, supported by stable consumer demand, improving supply chain conditions and continued investment in technology and digital infrastructure. Global consumer price inflation stood at approximately 4.1% in CY 2025 and is expected to increase marginally to around 4.4% in CY 2026, reflecting the lagged impact of monetary tightening by major central banks and ongoing supply-side pressures.

Growth trends remained uneven across regions, with advanced economies recording modest expansion of 1.9% in CY 2025. This was led by the United States at 2.1%, supported by resilient investor sentiment and stable policy conditions, although employment growth showed signs of moderation. Europe expanded by 1.4%, demonstrating stability despite ongoing trade related pressures. In contrast, emerging and developing economies outperformed, registering growth of 4.4% in CY 2025. China remained a key contributor, with growth of 5% driven by public spending and export activity, while several smaller economies continued to face constraints arising from currency pressures, limited fiscal capacity and elevated debt levels.

<sup>1</sup>[https://www.mospi.gov.in/uploads/latestReleases/latest\\_release\\_1772189865181\\_f040336d-bc57-4aed-b80f-586d9ccb279e\\_Press\\_Note\\_on\\_New\\_Series\\_of\\_GDP\\_Estimates\\_with\\_Base\\_Year\\_2022-23\\_27022026.pdf](https://www.mospi.gov.in/uploads/latestReleases/latest_release_1772189865181_f040336d-bc57-4aed-b80f-586d9ccb279e_Press_Note_on_New_Series_of_GDP_Estimates_with_Base_Year_2022-23_27022026.pdf)

<sup>2</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=2238889&reg=3&lang=2>

<sup>3</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219146&reg=3&lang=1#>

<sup>4</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219907&reg=3&lang=2>

<sup>5</sup><https://www.pib.gov.in/PressNoteDetails.aspx?ModuleId=3&Noteld=157124&reg=3&lang=2>

<sup>6</sup><https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>

## Regional Focus

### Australia<sup>7</sup>

Australia's economy remained stable, supported by moderating inflation and resilient domestic demand, even as growth is expected to ease over the medium term. Inflation declined significantly, with headline inflation at 2.8% and underlying inflation at 3.5%. This has allowed policymakers to balance inflation management with broader economic stability despite relatively tight financial conditions.

The labour market is gradually normalising, with unemployment projected to stabilise at approximately 4.5%, indicating steady employment conditions. Additionally, household consumption and business activity continue to provide underlying support to the economy.

GDP growth is anticipated to moderate from 2.3% in CY 2025 to 1.8% by CY 2026, reflecting a measured slowdown as policy tightening and global uncertainties weigh on expansion. Notwithstanding external risks, Australia's economic fundamentals remain sound, supported by stable demand, easing inflation and a balanced policy environment.

### Spain<sup>8</sup>

Spain's economy sustained its momentum in CY 2025 amid a relatively subdued economic environment across Europe, with GDP growth moderating to approximately 2.9%, while remaining among the stronger performers within advanced economies. Growth was anchored in resilient domestic demand, supported by employment gains, rising real wages and steady household consumption. Investment activity benefitted from improved financial conditions and continued deployment of European recovery funds.

Inflation eased to nearly 2.5% during the year, reflecting moderation in energy and food prices, thereby supporting purchasing power and macroeconomic stability.

Looking ahead to CY 2026, growth is anticipated to moderate to approximately 2.2% as the economy transitions towards a more stable trajectory. Domestic demand is expected to remain supportive, even as export momentum softens. Inflation is projected to decline further towards 2.3%, indicating improving price stability, while unemployment is expected to gradually ease, supported by structural labour market improvements. While fiscal pressures and external uncertainties remain areas of caution, the overall outlook points to a balanced expansion, underpinned by consumption resilience, easing inflation and sustained investment activity.

### Outlook




Global economic growth is expected to remain moderate at around 3.1% in CY2026, supported by continued investments in technology, particularly artificial intelligence, along with relatively accommodative financial conditions across major economies. However, geopolitical developments, especially in the Middle East and the Strait of Hormuz, have disrupted key shipping routes, leading to re-routing of trade flows,

longer transit times and elevated freight costs. These developments, coupled with fluctuations in crude oil markets, have introduced uncertainty in input costs, although overall prices are expected to remain relatively stable due to adequate supply conditions. Global trade growth is projected to moderate, reflecting evolving tariff structures and increasing protectionist policies. Inflation is expected to remain moderate, with energy markets continuing to experience supply-side pressures. Overall, while stable growth provides some support to demand, geopolitical risks and policy uncertainty are likely to weigh on global momentum, resulting in cautious business sentiment and uneven growth across regions.

## Global GDP Growth Trend

in (%)

### Global Economy

CY 2025		3.4
CY 2026 (P)		3.1
CY 2027 (P)		3.2

### Advanced Economies

CY 2025		1.9
CY 2026 (P)		1.8
CY 2027 (P)		1.7

### Emerging Market and Developing Economies

CY 2025		4.4
CY 2026 (P)		3.9
CY 2027 (P)		4.2

P - Projection  
Source - IMF

## Industry Overview

### Health and Wellness Industry

#### Global<sup>9</sup>

The global health and wellness industry has evolved beyond the confines of traditional healthcare into a broad, lifestyle-oriented economic segment. Individuals are increasingly allocating resources towards physical, mental and emotional well-being, reflecting a structural shift in consumption patterns. The industry was valued at USD 6.87 trillion in CY 2025 and is estimated to progress to USD 7.19 trillion in CY 2026, indicating steady expansion supported by rising disposable incomes, urbanisation and heightened awareness of holistic health.

Growth has been spread across segments such as fitness, nutrition, personal care, mental wellness and wellness tourism, creating a more integrated and interdependent ecosystem. This shift has been further driven by the rising incidence of chronic illnesses and stress-related concerns. At the same time, advancements in healthcare infrastructure and improved access to wellness services have supported the sector's expansion, making wellness an essential part of everyday lifestyles.

<sup>7</sup><https://www.rba.gov.au/publications/smp/2026/feb/pdf/statement-on-monetary-policy-2026-02.pdf>

<sup>8</sup>[https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/oecd-economic-surveys-spain-2025\\_cd5c7d04/abc5c435-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/oecd-economic-surveys-spain-2025_cd5c7d04/abc5c435-en.pdf)

<sup>9</sup><https://www.precedenceresearch.com/health-and-wellness-market>

## Outlook

Looking ahead, the industry is expected to sustain its upward trajectory, with the global market projected to grow at a CAGR of around 5.3% over the next decade. Sustained demand across segments is likely to support continued value creation, with the market expected to cross successive multi-trillion-dollar thresholds.

Future growth will be driven by deeper consumer engagement, with increasing focus on personalised health solutions, preventive care and integrated wellness offerings. Emerging markets, particularly in Asia-Pacific, are projected to contribute significantly, supported by rising middle-class populations and rising health consciousness. Additionally, segments such as corporate wellness, digital health platforms and wellness technologies are anticipated to gain prominence, reflecting a shift towards convenience-led and continuous health monitoring.

## Global Health and Wellness Market Size

(USD trillion)

2025		6.87
2026		7.19

Source: Precedence Research

## Indian<sup>10</sup>

The Indian health and wellness industry continues to exhibit steady expansion, supported by increasing consumer awareness and a gradual shift towards preventive healthcare. The market was valued at USD 164.35 billion in 2025 and is projected to reach USD 257.94 billion by 2034, reflecting a CAGR in the range of 5.1%. Growth is being driven by evolving consumer preferences, including a heightened focus on fitness, nutrition and overall well-being, alongside a rising prevalence of lifestyle-related conditions associated with urbanisation and sedentary habits.

Higher disposable incomes and improved access to wellness products through organised retail and digital channels have further strengthened market expansion.

## Outlook

The industry is expected to maintain a stable growth trajectory over the forecast period, supported by continued consumer preference for preventive healthcare and wellness-oriented lifestyles. The industry is likely to benefit from ongoing product innovation, increasing integration of digital health solutions and expanding reach across urban and semi-urban markets. At the same time, the sector continues to address structural challenges, including improving accessibility, responding to lifestyle-related health concerns and strengthening consumer confidence in an increasingly diverse range of offerings. Overall, demand is expected to remain consistent across key segments, supported by long-term structural drivers and increasing consumer engagement with health and wellness solutions.

## India Health and Wellness Market Size

(USD billion)

2025		164.35
2034		257.94

Source: Imarc

<sup>10</sup><https://www.imarcgroup.com/india-health-wellness-market>

<sup>11</sup><https://www.imarcgroup.com/mattress-market>

<sup>12</sup>[https://www.researchandmarkets.com/report/india-mattresses-market#:~:text=The%20India%20Mattress%20Market%20size,period%20\(2025%202030\).](https://www.researchandmarkets.com/report/india-mattresses-market#:~:text=The%20India%20Mattress%20Market%20size,period%20(2025%202030).)

## Mattress Industry

### Global<sup>11</sup>

The global mattress industry continues to exhibit steady expansion, supported by resilient demand fundamentals across residential and institutional segments. The market was valued at USD 43.4 billion in CY 2025 and is projected to reach USD 70.8 billion by CY 2034, growing at a CAGR of approximately 5.3% during 2026-2034. Demand is anchored by replacement cycles in developed regions and first-time purchases in emerging economies.

Asia-Pacific accounts for the largest share of the global market, backed by rapid urbanisation, population growth and increasing household formation. Additionally, the continued expansion of hospitality sector, including hotels and serviced accommodations, contributes meaningfully to overall demand. The interplay of these factors has enabled sustained volume growth across regions.



### Outlook

The industry is poised to sustain a steady growth trajectory, underpinned by supportive macroeconomic and demographic factors. Expanding urbanisation, along with increased residential construction, is expected to generate additional demand. At the same time, a revival in institutional demand, particularly from the hospitality and healthcare sectors, is likely to provide further impetus to growth.

Technological advancements, including the increasing adoption of smart and technology-enabled mattresses, along with ongoing premiumisation, are expected to improve value realisation. Overall, the industry is well positioned to sustain consistent growth, supported by innovation, expanding distribution channels and evolving consumer preferences.

## Global Mattress Industry Market Size

(USD Billion)

2025		43.4
2034		70.8

Source: Imarc

## Indian

The Indian mattress industry is at an inflection point, supported by evolving consumer preferences, increasing formalisation and a gradual shift towards value-driven consumption. Historically characterised by unorganised and price-led offerings, the industry is transitioning towards a more organised and branded ecosystem, with rising preference for quality, durability and standardised products. The market was valued at approximately USD 2.31 billion in FY 2025 and is expected to reach around USD 3.48 billion by FY 2030, reflecting steady expansion supported by improving demand fundamentals.<sup>12</sup> This transition is further reinforced by increasing awareness of sleep health and wellness, resulting in mattresses being viewed not merely as functional products but as an integral part of lifestyle and long-term well-being.

The current phase of growth is also underpinned by structural consumption dynamics, where category adoption tends to accelerate as income levels rise and discretionary spending increases. India is witnessing a gradual improvement in mattress penetration alongside rising income levels, supported by urbanisation, expansion of organised retail, improved access to consumer financing and growing health awareness. In addition, favourable macroeconomic conditions, including rising disposable incomes, increasing urbanisation and the expansion of nuclear households, are driving demand for home comfort products. Consumers are increasingly upgrading from traditional bedding solutions to more advanced and ergonomically designed mattresses, contributing to improved product mix and value realisation. Organised players continue to gain share through brand-led offerings, wider distribution reach and enhanced customer experience, while the growing adoption of e-commerce and direct-to-consumer channels is improving accessibility and reshaping purchase behaviour.

**Indian Mattress Industry Growth**

(In USD Billion)

2025		2.31
2030		3.48

Source : Research and Market

**Outlook**

The Indian mattress industry is expected to sustain its growth trajectory, supported by continued premiumisation, increasing formalisation and expanding digital adoption. The structural drivers underpinning the industry indicate a favourable outlook, with improving product mix, deeper market penetration and evolving consumer preferences towards higher-quality offerings. The expansion of organised distribution networks and omni-channel presence is expected to enhance accessibility and engagement, positioning the industry for sustained and value-accretive growth over the medium term.

Growth Drivers for the Mattress Industry		
Growth Driver		Explanation
<b>Rising Disposable Incomes and Lifestyle Upgradation</b>		Growth in disposable incomes, particularly across urban and semi-urban regions, is enabling higher discretionary spending on comfort-oriented products. Consumers are increasingly transitioning from basic bedding solutions to customised mattresses.
<b>Growing Health and Sleep Awareness</b>		Heightened awareness regarding the importance of quality sleep and spinal health is driving demand for advanced mattresses. Consumers are actively opting for products that improve posture, reduce back pain and enhance overall well-being.
<b>Shift Towards Branded and Premium Products</b>		There is a gradual transition from traditional cotton-based or locally manufactured mattresses to branded offerings that provide greater quality assurance and warranty-backed reliability. This transition is driven by increasing trust in organised players, improved product awareness and a desire for enhanced comfort.
<b>Favourable demographics</b>		Young population and rising working population are contributing to higher consumption of lifestyle and comfort products.
<b>Product Innovation and Technological Advancements</b>		Continuous innovation, including memory foam, hybrid models and technology-enabled mattresses, is supporting replacement demand. Advancements are enhancing product durability, support and overall consumer appeal.
<b>E-commerce Expansion and Direct-to-Consumer Models</b>		The rapid growth of online retail platforms and D2C brands has improved product accessibility and price transparency. Features such as trial periods, simplified returns and competitive pricing are accelerating mattress adoption across regions.

Opportunities in the Indian Mattress Market		
Opportunity		Description
<b>Expanding Consumer Base</b>		Increasing urbanisation and rising income levels are steadily expanding the addressable market. Demand is extending beyond metropolitan areas into tier II and III cities, supported by improving retail reach and sustained housing growth.
<b>Shift Towards Sleep Wellness</b>		Growing consumer focus on sleep quality is driving a transition from basic bedding to scientifically designed, health-oriented mattresses. This is creating demand for differentiated products centred on comfort, ergonomic support and long-term wellness.
<b>Organised Retail Expansion</b>		Expansion of organised retail formats, including exclusive brand outlets and multi-brand stores, along with direct-to-consumer channels, is enhancing accessibility and strengthening brand visibility across regions.
<b>Institutional Demand Growth</b>		Expansion in real estate, hospitality and healthcare sectors is generating steady bulk demand. Increased construction activity and capacity additions across hotels and hospitals are supporting a stable institutional demand base.
<b>Sustainability-led Innovation</b>		Rising environmental awareness is encouraging demand for eco-friendly materials and recyclable products. This is encouraging innovation in product design and enabling premium positioning for sustainable offerings.
<b>Digital and E-commerce Penetration</b>		Rapid growth in online channels is reshaping distribution and customer engagement. E-commerce platforms and digital-first brands are enabling wider market reach and more efficient go-to-market strategies.

### Challenges in the Indian Mattress Market

Challenge	Description
<b>Unorganised Market Dominance</b>	The industry remains significantly influenced by unorganised players competing primarily on price, resulting in margin pressures for organised manufacturers and limiting scope for differentiation.
<b>Intense Competition</b>	Low entry barriers and the presence of numerous regional and local players have intensified competition. These constraints pricing power and necessitates sustained investment in branding and product innovation.
<b>Raw Material Volatility</b>	Prices fluctuations in key inputs such as polyurethane foam and related chemicals can impact cost structures and profitability. Managing input cost variability remains a critical operational priority.
<b>Distribution and Logistics Costs</b>	The bulky nature of mattresses results in elevated transportation and warehousing costs. Expanding distribution across geographically diverse markets increases operational complexity and cost pressures.
<b>Low Awareness in Rural Markets</b>	Awareness of advanced and health-oriented mattress solutions remains limited in rural and semi-urban regions, limiting penetration of premium and specialised products.

### Polyurethane (PU) Foam Industry

#### Global<sup>13</sup>

As of CY 2025, the global PU Foam industry continued to register steady expansion, supported by its extensive application across end-use sectors such as bedding, furniture, insulation and automotive interiors. The market was valued at USD 55.18 billion in CY 2025, reflecting strong underlying demand and a consistent growth trajectory, with a CAGR of 8%.

The industry's strength lies in its wide-ranging utility across both comfort and efficiency. Flexible foam remains integral to bedding and seating solutions, while rigid foam plays a critical role in insulation for buildings and appliances. Asia-Pacific accounted for the largest share of the market, driven by rising housing activity, improving income levels and expanding manufacturing capabilities. In parallel, demand from construction and automotive sectors continued to support growth, with increasing emphasis on lightweight, energy-efficient and durable materials.



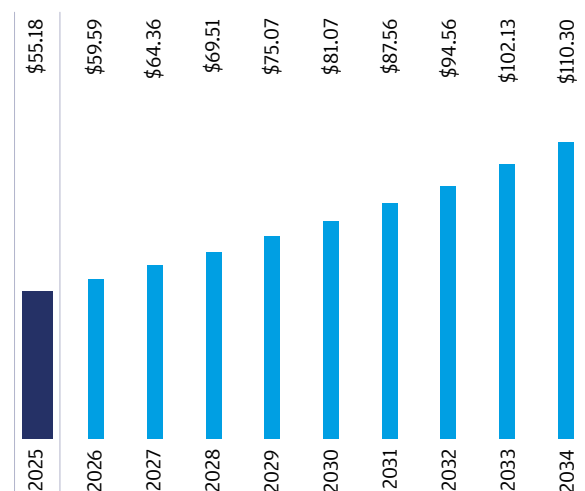
#### Outlook

The industry is anticipated to maintain its growth momentum over the medium term, with a gradually transition from volume-driven growth to value-led expansion. The market is projected to reach approximately USD 64.36 billion by CY 2027, supported by ongoing urbanisation, infrastructure development and evolving consumption patterns.

A structural transition towards sustainable and high-performance materials is underway, as manufacturers increasingly incorporate eco-friendly inputs and advanced foam technologies. Emerging demand from electric vehicles, green buildings and cold-chain logistics is likely to redefine application dynamics, while innovation in insulation and comfort solutions will remain central to growth. At the same time, the industry is expected to balance efficiency with environmental responsibility, positioning itself as a material provider and enabler of energy savings and improved living standards across global markets.

#### Polyurethane Foam Market Size

(In USD Billion)



Source: Precedence Research

<sup>13</sup><https://www.precedenceresearch.com/polyurethane-foam-market>

**Indian<sup>15</sup>**

The Indian Polyurethane (PU) foam industry continues to build on strong structural momentum, supported by its widespread application across consumption and industrial segments. The market reached approximately USD 4.2 billion in FY 2025 and is progressing at a steady CAGR of around 5.9%, reflecting both volume growth and value accretion across end-use categories.

PU foam’s significance lies in its versatility and performance characteristics, enabling its use in comfort products like bedding and upholstery, as well as in automotive interiors and insulation solutions that enhance energy efficiency. Increasing urbanisation, improving income levels, and evolving consumer preferences have accelerated the shift toward higher-quality and branded home comfort products. At the same time, growth in the automotive and real estate sectors continues to support demand, while the expansion of e-commerce and logistics has led to incremental usage in protective and industrial packaging applications. The combination of cost efficiency, adaptability, and wide applicability positions PU foam as a critical material within India’s evolving consumption ecosystem.

**Outlook**

Looking ahead, the industry is expected to enter a more value-oriented phase of growth, supported by sustained structural drivers

and cyclical recovery across key sectors. The market is projected to approach USD 7.2 billion by FY 2034, indicating continued expansion and premiumisation in bedding and furniture, increasing adoption of energy-efficient insulation solutions, and the growing need for lightweight materials in mobility and industrial applications. These trends are expected to drive both volume growth and value realisation over the medium term.

In parallel, the industry is gradually transitioning toward a more innovation-led and sustainability-focused framework. The increasing emphasis on bio-based raw materials, recyclable foam solutions, and low-emission formulations, along with tighter regulatory norms around energy efficiency and environmental compliance, is expected to reshape product development and manufacturing practices. As a result, the market is likely to evolve from a largely commodity-driven structure to a more differentiated and value-accretive landscape, with greater focus on quality, technology and organised scale players.

**Polyurethane (PU) Foam Growth**

(In Billion)

2025		4.2
2034		7.2

Source: IMARC

Growth Drivers of PU Foam Industry		
Growth Driver		Industry Impact
<b>Rising Demand from Furniture and Bedding</b>		The steady rise in disposable incomes, increasing urbanisation and evolving consumer preferences for comfort-oriented products are significantly driving demand for mattresses, sofas and home furnishings. Organised players are gaining share, supported by brand awareness and replacement cycles, leading to sustained consumption of flexible PU foam across residential and hospitality segments.
<b>Expansion of E-commerce &amp; Packaging</b>		Growth in e-commerce and organised logistics has increased the requirement for reliable packaging solutions. PU foam is widely used for protective packaging of electronics and appliances due to its cushioning and shock absorbing properties, expanding its application scope.
<b>Increasing Demand for Insulation Solutions</b>		Rising awareness around energy efficiency, temperature control and sustainable construction practices is driving the adoption of rigid PU foam in insulation applications. Growth in cold chain infrastructure, refrigeration and HVAC systems is further supporting demand, given its superior thermal insulation properties.
<b>Technological Advancements</b>		Advancements in manufacturing processes, material formulations and application techniques are enhancing durability, flexibility and performance. These developments are enabling wider adoption across industries while improving cost efficiency and scalability.

**Company Overview**

Incorporated in 1971, Sheela Foam Limited has evolved into one of India’s leading integrated comfort solutions companies, with a diversified presence across mattresses, polyurethane (PU) foam and allied home comfort categories. Over the decades, the Company has built a strong foundation anchored in manufacturing excellence, brand leadership and deep distribution reach, enabling it to serve a wide spectrum of retail and institutional customers.

Today, Sheela Foam operates through a fully integrated business model spanning across foam manufacturing, product design, branding, distribution and digital engagement. This integrated platform enables the Company to respond with agility to evolving consumer preferences while driving operational efficiencies and consistent product quality across markets.

The Company’s portfolio covers a comprehensive range of applications, including comfort foam, technical foam and furniture cushioning, catering to both consumer and industrial segments such as automotive, furniture, packaging and infrastructure. Its flagship brands, Sleepwell and Kurlon, are among the most recognised names in the Indian mattress industry, supported by a growing presence across premium, mid and value segments. In addition, the Company is expanding into adjacent and emerging platforms, including furniture solutions and digital-first businesses, further strengthening its engagement across the consumer lifecycle.

A defining milestone in the Company’s journey has been the successful integration of the Kurlon business, which has significantly enhanced scale, expanded its multi-brand portfolio and strengthened its pan-India distribution network. This integration has enabled deeper market penetration, improved channel productivity and the ability to leverage synergies across sourcing, manufacturing and go-to-market strategies.



In line with its strategic focus on building an integrated ecosystem around comfort and lifestyle solutions, the Company has also expanded into adjacent and digital-first platforms. Through Furlenco, its furniture solutions business, the Company is strengthening its presence in the fast-growing furniture and rental ecosystem, enabling deeper consumer engagement beyond mattresses. In parallel, Staqa, the Company's digital and technology arm, is focused on enabling data-driven decision-making, enhancing digital capabilities across the value chain and supporting scalability through technology-led interventions. These platforms complement the core business by extending the Company's reach across the broader home and lifestyle ecosystem while reinforcing its omni-channel strategy.

With a widespread manufacturing footprint across India and international operations in markets such as Australia and Spain, Sheela Foam combines global capabilities with strong local execution. Its continued focus on innovation, premiumisation and disciplined capital allocation positions the Company to drive sustainable growth while improving value realisation.

Guided by its philosophy of being **“Fully Integrated, Eager to Serve,”** Sheela Foam remains focused on strengthening customer centricity, enhancing omni-channel reach and delivering differentiated comfort solutions, while consistently creating long-term value for all stakeholders.

The Company has developed a robust multi-channel distribution network, comprising over 11,000+ touch points complemented by a growing presence in retail, online and COCO formats. It also maintains an established international presence across Australia, Spain and the GCC region, enabled by localised operations and supply chain initiatives. With a share of ~30% in the Indian branded mattress segment and ~40% in Australia, the Company continues to consolidate its positioning through premiumisation, network expansion and disciplined execution.

**12 units**

Manufacturing units

**1,39,000 MT**

Total Production Capacity

## Product Portfolio

**Technical Foam**  
Automotive foams, reticulated foams, sound absorption foam, visco-elastic foam, high resilience foams, specialty foams, ultraviolet stable foams, and Silentech foams






**Furniture Foam**  
Prosofa Jumpz, Sleepwell Resitec, Sleepwell Cool Gel, Primo

### Mattresses

PU Foam, Rubberized Coir, Latex, Ortho, Spring, Custom Cell Range, Back Support, Flexi PUF etc.

### Comfort Foam and Home Care Products

Foam Sheets, Foam Blocks, Comfort Range Accessories, Foam Cores, Furniture Cushions, Pillows, Bed sheets, etc.

Key Strengths	
Key Strength	Explanation
<b>U2O Distribution</b>	 The Company's ability to scale the Unorganized to Organized (U2O) segment through a deep distribution network and targeted product offerings enables strong penetration across semi-urban and rural markets.
<b>Strong Omni-Channel Execution</b>	 A well-balanced presence across offline retail, e-commerce and emerging channels supports demand creation and brand visibility. The addition of 600 net new showrooms, along with growth in e-commerce revenues, has contributed to incremental traction across customer segments.
<b>Integrated Multi-Brand Leadership</b>	 The Company operates a comprehensive brand portfolio across price points, enabling it to address demand from value to premium categories. The integration of Kurlon has enhanced market positioning, supported by margin improvement and broadened reach across diverse consumer cohorts.
<b>Technology-Led Operational Enablement</b>	 The Company leverages its digital arm to enhance enterprise capabilities, including analytics, process automation and decision support systems, improving efficiency and scalability across operations.
<b>Diversified and Improving International Business</b>	 Presence across key international markets such as Australia, Spain and the GCC region, is showing improvement, supported by tighter cost management, sourcing efficiencies and greater pricing discipline.

## Financial Overview

In FY26, the Company reported standalone net revenue from operations of ₹ 2,962 crore, compared with ₹2,675 crore in FY 25, while profit after tax stood at ₹131 crore, against ₹93 crore in FY 25.

In Australia, net revenue from operations was AUD 71.08 million, compared with AUD 73.09 million in FY 25, with loss after tax at AUD 1.90 million, as against AUD 2.71 million in FY 25. The Spain business recorded net revenue of EUR 38.15 million, compared with EUR 37.62 million in FY 25, while profit after tax stood at EUR 1.38 million, versus EUR 0.64 million in FY 25.

On a consolidated basis, net revenue from operations stood at ₹3,821 crore, compared with ₹3,439 crore in FY 25, with profit after tax at ₹161 crore, against ₹90 crore in FY 25.

## Key Financial Ratios

Particulars	FY 2026	FY 2025	% Change
Interest Service Ratio (Earnings before interest, tax and expectational items /Finance cost)	3.21	1.82	76
Current Ratio	0.73	0.98	-25
Debt Equity Ratio	0.16	0.34	-52
Operating Profit Margin (%)	39.09	36.74	6
Net Profit Margin (%)	4.41	3.47	27
Return on Net Worth (%)	4.48	3.34	34
Debtors Turnover Ratio	11.80	11.40	4
Inventory Turnover Ratio	6.86	6.97	-2

Interest service ratio improved due to decrease in finance cost and an increase in earning before interest, tax and exceptional item in current year. Current ratio decreased due to sale of investments in current year. Debt equity ratio decreased due to decrease in debts in current year. Both Net profit margin as well as Return on net worth improved due to increase in profit after tax in current year.

## Growth Strategy



### Driving Growth through Integrated Multi-Channel Expansion

The Company continued to scale its growth operations through an integrated multi-channel approach spanning retail, e-commerce and emerging distribution formats. Mattress volumes grew by 12% during the year, supported by sustained traction across channels. Retail expansion remained a priority, with the addition of 600 net new showrooms, strengthening reach and improving market penetration across regions.



### Scaling the Unorganized to Organized(U2O) Opportunity

The U2O segment expanded its footprint during FY 2025-26 across 24 states through a network of over 230+ distributors, covering more than 5,500 towns, thereby strengthening presence in markets largely served by unorganised players. During the year, demand for value-oriented products was also observed in urban markets, driven by migration from smaller towns, leading to expansion through multi-brand outlets (MBOs). The product portfolio was aligned with market requirements, with the launch of orthopaedic range alongside the introduction of pillows, supporting business scale-up and improved product mix.

The Company's focus during the year remained on strengthening distribution, implementing key policy changes, expanding product assortment, improving field execution and enhancing distributor and dealer engagement, resulting in improved counter share at dealer outlets. Going forward, the Company will focus on expanding distribution depth and width, strengthening dealer engagement through various initiatives, introducing new products, enhancing go-to-market effectiveness through field force automation, leveraging pillows as a category and undertaking calendarised market activations



### Premiumisation and Value Realisation

The Company continued to strengthen premiumisation across offline, online and U2O channels. A richer product mix, sharper portfolio positioning and rising consumer preference for higher-comfort, higher-value offerings supported improvement in average selling prices across channels. Importantly, this was achieved alongside healthy volume growth, reflecting the Company's ability to upgrade consumer choices while sustaining market reach and demand momentum.



### Strengthening Brand Portfolio and Retail Execution

Post integration, the Company's multi-brand architecture has strengthened its ability to address varied consumer segments, price points and regional markets with sharper relevance. Kurlon has continued to build traction, particularly in northern markets, supported by calibrated showroom expansion, improved channel execution and deeper coordination across the distribution network. This has enhanced the Company's overall market presence while creating a broader platform for sustainable growth.



### Expanding Product Categories and Consumer Engagement

The Company continued to build adjacent home comfort categories, including pillows, as a natural extension of its core portfolio. This was supported by sustained brand investments across festive and wedding campaigns, digital outreach and influencer-led engagement. These initiatives strengthened consumer recall, enhanced brand visibility and deepened engagement across both traditional and digital touchpoints.



### International Expansion with Localised Approach

International operations continue to be an important pillar of the Company's growth strategy, with a focused approach towards building scalable and locally relevant business models across key geographies. In the GCC region, the Company is strengthening its presence through a combination of local manufacturing partnerships and strategic collaborations with leading retail chains, enabling it to enhance market access while ensuring proximity to end customers.

These initiatives are aimed at creating a more responsive and integrated supply chain, reducing lead times, optimising logistics costs and improving service levels across markets. By leveraging localised sourcing and distribution capabilities, the Company is better positioned to address region-specific demand dynamics and product preferences, while maintaining consistent quality standards.

In parallel, the Company is expanding its omni-channel footprint across international markets, with a calibrated focus on strengthening offline retail presence alongside scaling digital and marketplace-led channels. This integrated approach is enabling wider consumer reach, improved channel efficiency and stronger brand visibility in global markets.

### B2B Business Overview

The B2B segment delivered a resilient performance during FY 2025-26, supported by sustained demand across key end-use industries and a diversified customer base. Growth was driven by steady traction across automotive, furniture and footwear segments, along with expansion into emerging sectors such as railways and aviation. The segment recorded healthy volume growth during the year, supported by improved demand conditions and deeper engagement with OEM customers, while an improved product mix with higher contribution from value-added and application-specific solutions supported overall performance.

### Expansion in High-Performance and Value-Added Segments

The Company strengthened its presence in high-performance applications, including automotive comfort systems, NVH (Noise, Vibration, Harshness) solutions and certified foams for railways and aerospace. In parallel, progress in import substitution enabled successful commercialisation of indigenously developed products, supporting localisation efforts and reducing reliance on imports. The focus on specialised and specification-driven segments has enhanced positioning in higher-value applications.

### Operational Efficiency and Capability Enhancement

Operational focus remained on optimising capacity utilisation, improving manufacturing efficiencies and maintaining cost discipline despite volatility in raw material prices. Continued investments in research and development and technical capabilities enabled faster product development cycles and improved alignment with evolving customer requirements, strengthening long-term business relationships.

### Outlook

The B2B segment is expected to maintain a steady growth trajectory, supported by expansion in high-value applications across automotive and packaging, increasing participation in certified segments such as railways, buses and aviation, and strengthening presence in acoustic and other value-added solutions. Growth is also expected to be supported by continued focus on specialty and performance-driven foams, ongoing import substitution initiatives aligned with localisation priorities, and development of eco-friendly, low-emission and recyclable solutions in line with evolving regulatory and customer requirements. The Company will continue to prioritise deepening customer relationships, expanding into new applications and geographies, and improving operational efficiency through process optimisation and digital enablement, with a focus on enhancing profitability through product mix, cost discipline and scale efficiencies.

### E-Commerce Growth Trajectory

The Company's e-commerce business continued to scale strongly during FY 2025-26, building on the momentum established in the previous year, where revenues had doubled. This sustained growth reflects a structural shift in consumer behaviour towards digital-first discovery and purchase journeys, as well as the Company's focused execution in strengthening its omni-channel capabilities.

At the beginning of the year, the Company had outlined a clear strategy to drive disproportionate growth through its direct-to-consumer

(D2C) platform, while simultaneously enhancing the visibility and performance of the Kurlon brand across marketplace channels. During the year, the brand-owned platform delivered robust growth of approximately **136% year-on-year**, while the Kurlon portfolio on third-party platforms grew by nearly **70%**, indicating strong traction across both owned and partner ecosystems.

This performance was underpinned by a series of targeted interventions across the value chain, including optimisation of the product portfolio, sharper performance marketing, improved fulfilment timelines and continuous enhancements in user interface, content and overall customer experience. These initiatives have contributed to higher visibility, improved conversion rates and stronger customer engagement across digital channels.

E-commerce continues to be a key strategic priority for the Company. The focus remains on improving channel efficiency through reduction in return rates, tighter assortment planning and expansion into adjacent product categories, alongside continued premiumisation. In parallel, the Company is investing in strengthening its D2C ecosystem through improvements in content, funnel efficiency and customer retention metrics.

Aligned with its philosophy of being **“Fully Integrated, Eager to Serve,”** the Company’s digital strategy is centred on creating a seamless and integrated consumer journey across online and offline touchpoints. The continued integration of e-commerce within the broader omni-channel framework is expected to drive market share gains, enhance customer lifetime value and support sustained, profitable growth in the online segment.

### Marketing and Branding Strategy

The Company’s marketing and branding strategy is centred on strengthening presence across channels, expanding consumer reach and enhancing brand positioning across price segments. It follows an integrated approach where physical retail, digital platforms and distribution networks collectively influence purchase decisions. With consumers increasingly initiating their journey online and completing transactions offline, the Company has established a cohesive omni-channel presence, ensuring consistency in brand communication across touchpoints.

The dual-brand strategy remains a core pillar, with Sleepwell positioned as a premium and aspirational brand driven by innovation and consumer experience, while Kurlon addresses value-driven and

mass segments, particularly in high-growth regions. This balanced portfolio across premium, mid and economy categories supports both volume growth and value realisation.

The Company has also strengthened its retail footprint through significant showroom additions and a focused expansion of COCO stores to enhance in-store experience. Its e-commerce business continues to scale, supported by targeted campaigns, improved visibility and a gradual shift towards higher-value products.

Growth has been further supported by deeper market penetration through the U20 segment, enabled by an extensive dealer network across towns and states, along with targeted digital campaigns and direct consumer engagement initiatives. Product innovation remains integral, with portfolio expansion across adjacent categories including pillows.

Internationally, the Company continues to scale its presence in the GCC region through e-commerce platforms, retail expansion and local partnerships. The integration of Kurlon and expansion of Furlenco are enabling synergies across distribution and brand reach, supporting a more cohesive and scalable business model.

### Company Outlook

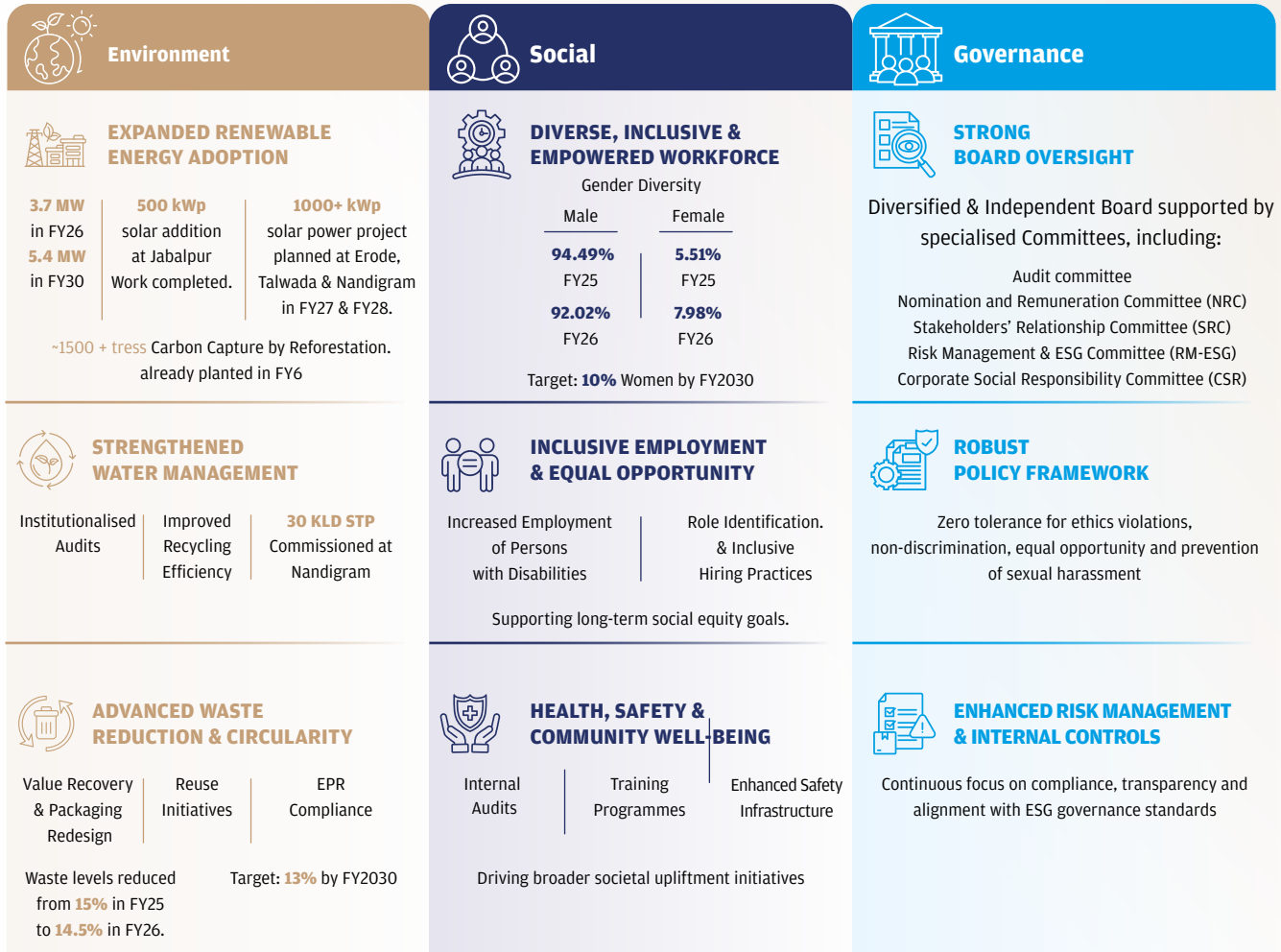
The Company is well positioned to capitalise on opportunities arising from increasing awareness of sleep wellness, evolving consumer preferences and the continued shift towards organised and branded offerings. Growth is expected to be supported by stronger customer engagement initiatives, continued product innovation and the expansion of its integrated multi-brand platform across retail channels, including COCO stores, e-commerce and omnichannel formats. These efforts are further complemented by a deeper distribution network and broader market penetration across existing and emerging markets.

The Company will continue to focus on premiumisation, with emphasis on premium and luxury mattresses, foam-based solutions and select adjacent categories to enhance value-led growth, while strengthening its presence across key domestic and international markets. Simultaneously, investments in raw material capabilities, supply-chain resilience and operational excellence are expected to improve efficiency, strengthen competitiveness and support sustainable profitability. Supported by its established market position, diversified portfolio and disciplined execution capabilities, the Company remains well placed to deliver long-term value creation for stakeholders.



## Environmental, Social, and Governance (ESG)

The Company has embedded ESG principles into its core strategy, aligning its sustainability roadmap with clearly defined targets for 2030 across energy, water, waste and social inclusion.



### Risk Management

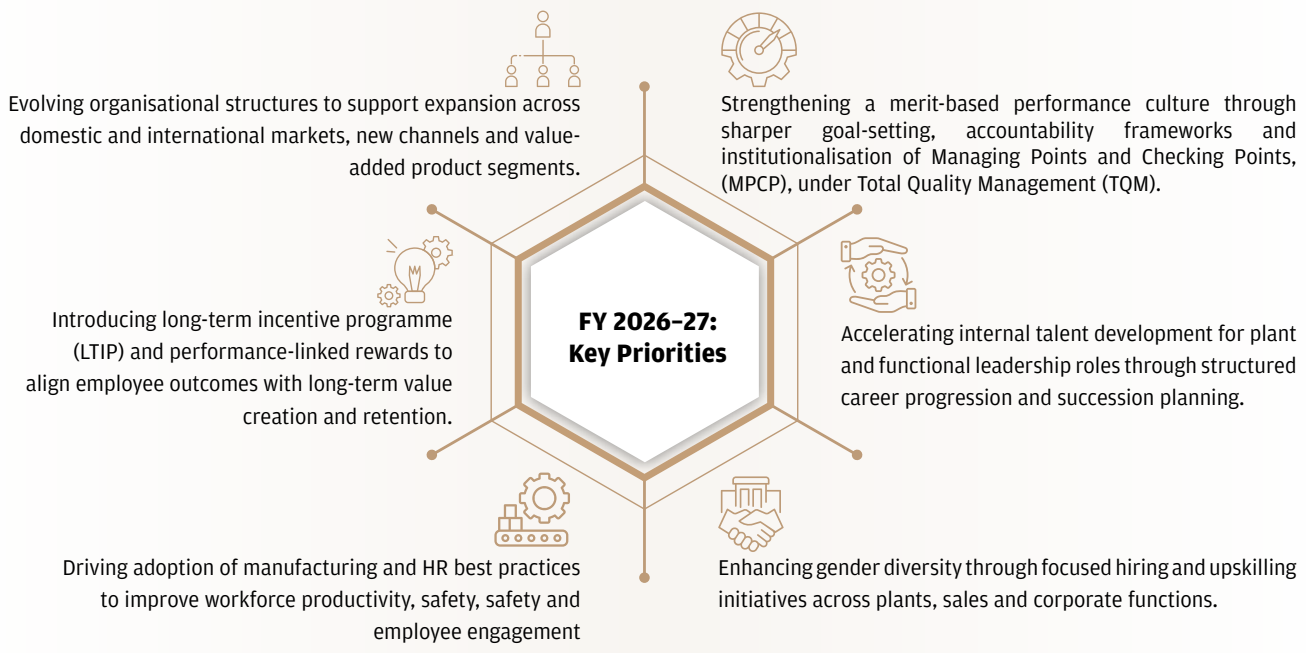
The Company operates in a dynamic business environment where macroeconomic factors such as inflation, interest rate movements and economic slowdown may impact consumer demand and input costs, while fluctuations in raw material availability and supply chain disruptions can affect production efficiency and product quality. Inventory management remains critical, as excess stock could lead to higher carrying costs and potential obsolescence. The industry also continues to witness intense competition from both organised and unorganised players, exerting pressure on pricing and margins, while evolving regulatory requirements and the presence of counterfeit products pose risks to compliance and brand integrity. In addition, changing consumer preferences towards innovative, sustainable and digitally enabled products, along with a growing shift towards online purchasing, are reshaping demand patterns.

To address these challenges, the Company follows a balanced approach through strategic sourcing, bulk procurement and supplier diversification to manage input risks, supported by continuous supply chain optimisation. Inventory levels are closely monitored through demand planning and a strong distribution network, while ongoing investments in product innovation, brand strengthening and operational efficiency help maintain competitive positioning. The Company ensures compliance through robust quality processes and product authentication measures, along with active market surveillance. It also continues to strengthen its digital capabilities and omni-channel presence to remain aligned with evolving consumer behaviour.

### Human Resources

The Company recognises its workforce as a critical enabler of operational performance and long-term value creation. During FY 2025-26, the Company continued to align its human resources framework with business priorities, with a focus on strengthening organisational effectiveness, leadership depth and performance orientation. The performance management system was further refined to enable sharper goal-setting, clearer differentiation and stronger linkage between performance outcomes and rewards, supporting a more accountable and merit-driven culture. Organisational capability development remained a key focus area, with emphasis on internal talent progression, structured succession planning and deployment of talent across critical roles, supported by targeted learning and development interventions with increasing adoption of outcome-based and digitally enabled capability-building programmes.

At the same time, organisational structures were streamlined and role clarity enhanced to improve cross-functional alignment, decision-making speed and overall workforce productivity, alongside a continued focus on cost discipline and efficient resource utilisation. The Company continued to maintain its commitment to responsible employment practices, with sustained emphasis on statutory compliance, workplace safety and employee well-being, while progressing towards alignment with evolving labour codes. Employee engagement remained an area of focus through leadership connect and reinforcement of organisational values, supporting a cohesive culture and stable industrial relations through proactive and transparent communication.



**Total Employee Strength**

2025		4,628
2026		5,854

**Internal Controls**

The Company maintains a robust and integrated internal control framework designed to ensure the integrity of financial reporting, safeguarding of assets and adherence to applicable laws and regulations. This framework is supported by clearly defined policies, standard operating procedures and a strong governance structure, enabling effective oversight across all business functions.

Risk assessment remains an integral part of the control environment, with a structured approach to identifying, evaluating and mitigating key business risks. These insights are embedded into the Company's strategic and operational decision-making processes, ensuring alignment between risk management and business objectives.

The Audit Committee plays a central role in overseeing the effectiveness of internal controls, supported by independent internal audits and periodic external assessments. Observations and recommendations

arising from these reviews are systematically tracked and addressed, with a focus on continuous improvement and control strengthening.

The Company leverages advanced digital systems and enterprise-wide MIS to enable real-time monitoring, improve transparency and enhance decision-making. These systems support tighter control over financial processes, including budgeting, expense management and variance tracking, ensuring timely identification and resolution of deviations.

Sheela Foam continues to strengthen its control environment through the integration of processes, data and systems across functions. This integrated approach enhances operational discipline, improves responsiveness and supports the delivery of consistent and reliable outcomes across the organisation.

**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,

The Board of Directors is pleased to present the 54<sup>th</sup> Annual Report of Sheela Foam Limited ("the Company"), together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2026.

## FINANCIAL INFORMATION

The Company's financial performance for the year ended 31<sup>st</sup> March, 2026 is summarised below:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2025-26	2024-25	2025-26	2024-25
Revenue from operations	3,820.84	3,439.20	2,962.27	2,675.25
Profit before Finance Cost, Depreciation & Tax	447.64	375.90	337.92	306.87
Less: Finance Cost	95.15	120.55	70.98	97.08
Cash Profit	352.49	255.35	266.94	209.79
Less: Depreciation	178.58	182.61	110.20	129.86
Profit before Tax and exceptional items	173.91	72.74	156.74	79.93
Gain on Exceptional Items	7.93	30.59	7.93	30.59
Profit before tax	181.84	103.33	164.67	110.52
Add/(Less): Income Tax	(2.31)	4.57	(9.44)	(0.99)
Add/(Less): Deferred Tax	44.69	9.84	43.54	18.81
Profit after Tax before share of profit/(loss) of joint venture	139.46	88.92	130.57	92.70
Share of profit/(loss) of joint venture	21.39	1.17	-	-
Profit for the year	160.85	90.09	130.57	92.70
Other Comprehensive Income	67.92	7.24	(2.09)	2.95
Total Comprehensive Income for the year	228.77	97.33	128.48	95.65

The Board of Directors of the Company at its meeting held on March 28, 2024, has approved the Scheme of Amalgamation of subsidiary of the Company, i.e., Kurlon Enterprise Limited along with its subsidiaries ("KEL" or "Amalgamating Company") with Sheela Foam Limited ("SFL" or "Amalgamated Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 from Appointed date of October 20, 2023. Accordingly, the aforesaid scheme of arrangement has been approved by National Company Law Tribunal, Bench at Mumbai ("NCLT") vide order dated September 17, 2025 and the same has been accounted as required under Appendix C (Business Combinations of Entities under Common Control) of Ind AS 103, the comparative accounting periods presented above have been reinstated by including the accounting effects of the acquisition of the business, as stated above, as if the purchase had occurred from the beginning of the comparative period in the financial statements, i.e. April 01, 2024.

During the current year, Revenue of the Company, on a standalone basis, is ₹ 2,962.27 Crores and Profit for the year is ₹ 130.57 Crores. On a consolidated basis, the overall Revenue increased from ₹ 3439.20 crores to ₹ 3820.84 Crores. The consolidated profit for the year increased from ₹ 90.09 Crores to ₹ 160.85 Crores.

### MATERIAL CHANGES AND COMMITMENTS:

No material changes or commitments have occurred between the end of the financial year to which the financial statements relate and the date of this Report, affecting the financial position of the Company.

### DIVIDEND

The Board of Directors of the Company recommended dividend of ₹ 1/- per equity share for the year ended 31<sup>st</sup> March 2026 amounting to ₹10,92,03,314. In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy is available on the Company's website at <http://www.sheelafoam.com>.

### CHANGE IN SHARE CAPITAL

During the year under review, the paid-up equity share capital of the Company increased from ₹ 54,35,29,980, comprising 10,87,05,996 equity shares of ₹ 5 each, to ₹ 54,35,53,890, comprising 10,87,10,778 equity shares of ₹ 5 each, pursuant to the allotment of 4,782 equity shares under the Employee Stock Option Plans (ESOPs) of the Company. Accordingly, the paid-up equity share capital of the Company as at 31 March 2026 stood at ₹54,35,53,890, comprising 10,87,10,778 equity shares of ₹ 5 each.

Subsequently, the Company allotted 4,88,146 equity shares of ₹5 each to the shareholders of Kurlon Enterprise Limited in accordance with the Composite Scheme of Arrangement of Kurlon Enterprise Limited and its subsidiaries with and into the Company. Further, the Company allotted 4,390 equity shares under the Employee Stock Option Plans (ESOPs). Consequently, the paid-up equity share capital of the Company increased to ₹54,60,16,570, comprising 10,92,03,314 equity shares of ₹ 5 each.

During the year under review, the Company did not issue any equity shares with differential voting rights, sweat equity shares, or bonus shares.

## SUBSIDIARIES

As on 31<sup>st</sup> March, 2026 the Company has five wholly owned subsidiaries and four 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), Joyce Foam Pty. Ltd (Joyce Foam) Australia is material non-listed foreign subsidiaries of the Company. The Company has formulated a policy for determining material subsidiaries. The policy has been uploaded on the website of the Company at <http://www.sheelafoam.com>.

## MERGER OF SUBSIDIARIES / STEP-DOWN SUBSIDIARIES

During the year under review, the Composite Scheme of Arrangement for 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, and thereafter the amalgamation of Kurlon Enterprise Limited with Sheela Foam Limited, was approved by the Hon'ble National Company Law Tribunal vide its order dated September 17, 2025.

Further, the Scheme of Merger of Staqa World Private Limited, a wholly owned subsidiary of the Company, with Staqa Software Private Limited, another wholly owned subsidiary of the Company, was also approved by the Hon'ble NCLT, New Delhi Bench, vide its order dated November 21, 2025.

Consequent to the above Schemes becoming effective, the aforesaid entities ceased to be subsidiaries / step-down subsidiaries of the Company.

## INVESTMENT MADE BY THE COMPANY IN SHARE CAPITAL

The Company has acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited (Furlenco)' which has been increased to 43.89% during the year ended March 31, 2025. Subsequently, during the year ended March 31, 2026, the company's equity stake got reduced to 34.53% on issuance of fresh issue of 83,72,392 equity shares by House of Kieraya Limited out of which the company subscribed 20,09,377 equity shares.

The company has invested amounting ₹ 8,23,19,445 in the Equity shares of wholly owned subsidiary 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.sheelafoam.com](http://www.sheelafoam.com)

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## CORPORATE GOVERNANCE

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

## RELATED PARTIES TRANSACTIONS

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

## RISK MANAGEMENT

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

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate Internal Financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design

or operations were observed. The report on the Internal Financial Control issued by M S K A & Associates LLP (Formerly known as M S K A & Associates), Chartered Accountants, Statutory Auditors of the Company in view of the provisions under the Companies Act, 2013 is given in their audit report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

Appointment of directors on the Board of the Company, is based on the recommendations of the Nomination & Remuneration Committee ('NRC'). 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 Board of Directors, based on the recommendation of the Nomination and Remuneration Committee (NRC), has adopted a Remuneration Policy in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder. The Remuneration Policy is available on the Company's website at [www.sheelafoam.com](http://www.sheelafoam.com).

### **CHANGES IN DIRECTORS OR KMPs**

#### **Retire by Rotation:**

In accordance with the provisions of the Companies Act, 2013, Namita Gautam (DIN 00190463) is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and, being eligible, has offered herself for re-appointment. The Board of Directors has recommended her re-appointment.

#### **Change in designation:**

The Board of Directors of the Company, at its meeting held on November 4, 2025, after considering the recommendations of the Nomination & Remuneration Committee, approved the change in designation of Rahul Gautam from Executive Chairman to Chairman and Managing Director of the Company, and the change in designation of Tushaar Gautam from Managing Director to Vice Chairman and Joint Managing Director.

Further, based on the recommendations of the Nomination & Remuneration Committee, the Board approved the change in designation of Rakesh Chahar from Whole-time Director to

Deputy Managing Director (Whole Time Director) with effect from August 5, 2025.

#### **Cessation:**

Nilesh Sevabrata Mazumdar has been relieved from the post of Chief Executive Officer of the Company with effect from July 01, 2025.

Lt. Gen. (Dr.) Vijay Kumar Ahluwalia, Independent Director of the Company, retired from the Board upon completion of his second term as an Independent Director, with effect from the close of business hours on March 04, 2026.

Som Mittal, Ravindra Dhariwal and Anil Tandon Independent Directors of the Company, will retire from the Board upon completion of their second term as Independent Directors, with effect from the close of business hours on June 6, 2026.

#### **Appointment/ Re-appointment**

The present term of Rahul Gautam, Chairman and Managing Director, Namita Gautam, Whole-time Director, Tushaar Gautam, Vice Chairman and Joint Managing Director, and Rakesh Chahar, Deputy Managing Director (Whole-time Director) will be completed on March 31, 2027.

Based on their performance and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board has approved their re-appointment for a further term of five years with effect from April 1, 2027, subject to the approval of the shareholders at the ensuing AGM. Necessary resolutions in this regard have been included in the Notice convening the AGM.

The Nomination and Remuneration Committee has recommended the appointment of Neeraj Jain, Hiroo Mirchandani, Rajiv Shrivastava, and Sudhir Ganpathy Shenoy as Independent Directors on the Board of the Company.

The aforesaid appointments will be placed for approval of the shareholders at the ensuing Annual General Meeting.

### **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 K A & Associates LLP (Formerly known as M S K A & Associates), Chartered Accountants (Firm Registration No. 105047W/W101187), 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.

As per Section 139 of the Act, a firm of auditors can be appointed as Statutory Auditors for two terms of five years each. Accordingly, a proposal for reappointment of M S K A & Associates LLP (Formerly known as M S K A & Associates), Chartered Accountants is being placed before the shareholders for their reappointment for another term of five years from the conclusion of the ensuing AGM till the conclusion of the AGM in the year 2031.

Details of material Subsidiary including the date and place of incorporation and the name and date of appointment of the statutory auditor:

Sl. No.	Name and Place of Material Subsidiaries	Date of Incorporation	Name of Statutory Auditors	Appointment Date
1	Joyce Foam Pty Ltd (Australia)	03.10.2005	NEC Accountants Pty Ltd	30.09.2016

## 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	₹ in Lakhs)	
	Year ended 31 March, 2026	Year ended 31 March, 2025
Audit Fees	81	79
Certification Work	02	03
Reimbursement of expenses	07	05
<b>Total</b>	<b>90</b>	<b>87</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.: 000150) was appointed, to conduct the cost records of the Company for the Financial Year 2025-26, 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 2026-27. A resolution for ratification of their remuneration for the year 2026-27, 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

M/s AVA Associates, Company Secretaries, New Delhi (P2007DE001600) appointed as Secretarial Auditor of the Company for the five consecutive financial years from 2025-26 to 2029-30. 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.

## 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 the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An appropriate internal mechanism has been established to receive, address, and redress complaints relating to sexual harassment at the workplace.

During the financial year 2025-26, one complaint was received under the said Act. Accordingly, the details are as follows:

- Number of complaints pending at the beginning of the financial year : NIL
- Number of complaints filed during the financial year: 01
- Number of complaints disposed of during the financial year: 01
- Number of complaints pending as at the end of the financial year: Nil

### DISCLOSURE UNDER MATERNITY BENEFIT ACT, 1961

The Company is in compliance of the provision of Maternity Benefit Act, 1961 to the extent applicable.

### MEETINGS OF THE BOARD

During the year, 5 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 25-26:

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 ₹ 19.73 Crore (Previous Year ₹ 12.45 crores) and payments in foreign exchange were ₹ 304.58 Crore (Previous Year ₹ 156.83 crores).

### LISTING AGREEMENTS

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

### PARTICULARS OF EMPLOYEES

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

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### PUBLIC DEPOSITS

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

### SIGNIFICANT AND MATERIAL ORDERS

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

### 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 did not issue 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 <http://www.sheelafoam.com>

### 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.

India Ratings and Research a credit rating agency has given rating to the Company, Bank Loan Facilities and debenture of the Company on September 09, 2025, further CRISIL has given rating to Bank Loan Facilities of the Company on April 24, 2026 same are available on <http://www.sheelafoam.com>.

## 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 2024-25 is uploaded on the website of the Company and the same is available on <http://www.sheelafoam.com>

## ACKNOWLEDGEMENT

Your Directors wish to express and place on record their thanks to the Company's Distributors, Dealers and Business Associates for their

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

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

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

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

**(Rahul Gautam)**

Chairman & Managing Director  
DIN: 00192999

Place: Noida

Date: May 14, 2026

## Annexure-A

## FORM NO. AOC -1

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

Name of the subsidiary	Joyce Foam Pty Ltd	Staqa Software Pvt Ltd	Sleepwell Enterprises Pvt Ltd	International Foam Technologies Spain S.L.	Sheela Foam Trading LLC
Place of incorporation	Australia	India	India	Spain	Dubai, UAE
Date of incorporation / acquisition	03-10-2005	19-04-2010	07-10-1994	12-06-2019	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.
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	AUD AUD= INR 64.65	N.A.	N.A.	EURO EURO= INR 102.4479	AED AED=INR 25.6748
Share capital (₹ in Crore)	23.73	0.11	0.01	94.28	1.56
Reserves & surplus including NCI (₹ in Crore)	134.16	85.66	4.11	190.72	3.13
Total assets (₹ in Crore)	479.24	98.99	4.32	684.26	11.20
Total Liabilities (₹ in Crore)	321.35	13.21	0.20	399.26	6.51
Investments (₹ in Crore)	-	3.06	-	0.33	-
Total Income (₹ in Crore)	438.30	68.21	0.65	391.85	8.13
Profit/(Loss) before taxation (₹ in Crore)	(10.60)	16.14	0.46	17.65	(7.40)
Tax Expenses (₹ in Crore)	0.67	4.05	0.12	3.52	-
Profit/(Loss) after taxation (₹ in Crore)	(11.27)	12.09	0.34	14.13	(7.40)
Proposed Dividend	NIL	NIL	NIL	NIL	NIL
% of shareholding	100%	100%	100%	100%	100%

**Note-**

- Joyce Foam Pty Ltd, Staqa Software Private Limited, Sleepwell Enterprises Private Limited, International Foam Technologies Spain S.L. and Sheela Foam Trading LLC are wholly owned subsidiary of the Company.
- House of Kieraya Limited is jointly controlled Company.
- The financial information of the step-down subsidiaries, namely, Joyce W C NSW Pty Ltd (Australia), Interplasp SLU (Spain), Staqa Inc. (USA), and Staqa Technologies LLP (UAE), form part of the consolidated financial statements of their respective holding companies, as provided above.

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

As on March 31, 2026 the Board comprises of 8 (Eight) Directors, which include 4 (Four) 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 five times during the financial year ended on March 31, 2026. Board Meetings were held on May 14,

2025, August 05, 2025, November 04, 2025, February 03, 2026 and March 02, 2026.

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

## Independent Directors

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

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

Regulation 25(3) of Listing Regulations read with Schedule IV of the Companies Act, 2013 and the rules under it mandate that the Independent Directors of the Company hold at least one meeting in a year without the attendance of Non-Independent Directors and members of the management. During the year, separate meeting of the Independent Directors was held on August 05, 2025 and February 03, 2026 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.sheelafoam.com>.

## Composition of Board

The composition of the Board of Directors at the end of Financial Year i.e. 31<sup>st</sup> March, 2026, 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 meetings attended	Attendance in Last AGM held on 17 <sup>th</sup> July, 2025	No. of other Directorship listed company including our company	No. of Committee positions held including other Companies##	
					Chairman	Member
Rahul Gautam# 00192999	Promoter & Executive Director	5	Yes	1	0	0
Namita Gautam# 00190463	Executive Director	5	Yes	1	0	0

Name of the Director and DIN	Category	Number of meetings attended	Attendance in Last AGM held on 17 <sup>th</sup> July, 2025	No. of other Directorship listed company including our company	No. of Committee positions held including other Companies##	
					Chairman	Member
Rakesh Chahar 00180587	Executive Director	5	Yes	1	0	1
Tushaar Gautam# 01646487	Executive Director	4	Yes	1	0	1
Som Mittal 00074842	Independent Director	5	Yes	3	1	2
Ravindra Dhariwal 00003922	Independent Director	5	Yes	3	1	2
Anil Tandon 00089404	Independent Director	5	Yes	1	0	1
Vijay Kumar Ahluwalia### 08078092	Independent Director	5	Yes	1	0	1
Meena Jagtiani 08396893	Independent Director	5	Yes	2	1	4

#Rahul Gautam, 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.

###Tenure completed on March 04, 2026.

#### 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 Sasken Technologies Ltd.	Independent Director Independent Director
Ravindra Dhariwal	TBO Tek Ltd IRB Infrastructure Developers Ltd	Independent Director Nominee Director
Anil Tandon	-	-
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;
- 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;
- Materially important show cause, demand, prosecution and penalty notices report;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed structures 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/Operational Experience	CSR, ESG and Risk	Strategic Planning	Sector/Industry Knowledge & Experience, R&D Innovation	Technology/e-commerce	Financial, Regulatory/Legal
Rahul Gautam	☑	☑	☑	☑	☑	☑
Namita Gautam	☑	☑	☑	☑		☑
Rakesh Chahar	☑	☑	☑	☑	☑	
Tushaar Gautam	☑	☑	☑	☑	☑	☑
Som Mittal	☑	☑	☑	☑	☑	☑
Ravindra Dhariwal	☑		☑	☑	☑	☑
Anil Tandon	☑	☑	☑	☑		☑
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
Amit Kumar Gupta	Group Chief Financial Officer
Pertisth Mankotia	Chief Information Officer
Shaili Tyagi	Chief Human Resource Officer
Md. Iqbal Ahmad	Company Secretary

Nilesh Sevabrata Mazumdar tendered his resignation from the position of Chief Executive Officer (India Business) on March 31, 2025, and was relieved from his duties with effect from July 1, 2025.

### 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 Som Mittal a Non-Executive Independent Director, Ravindra Dhariwal and 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 4 (four) times during financial year 2025-26 ended on 31<sup>st</sup> March, 2026 on May 14, 2025, August 05, 2025, November 04, 2025 and February 03, 2026.

The maximum gap between any two meetings was less than one hundreds twenty days. The attendance of each Committee Member is as under:

Name of the Members	No. of meetings	
	Held	Attended
Som Mittal (Chairperson)	4	4
Ravindra Dhariwal	4	4
Tushaar Gautam	4	2

Som Mittal, Chairperson of the Audit Committee attended the 53<sup>rd</sup> 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.
- (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.

### 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- Independent Director (Chairperson)
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 5 (five) times during financial year 2025-26 ended on 31 March, 2026 on April 29, 2025, July 15, 2025, November 04, 2025, January 15, 2026 and March 02, 2026.

Name of the Members	No. of meetings	
	Held	Attended
Ravindra Dhariwal (Chairperson)	5	5
Meena Jagtiani	5	5
Som Mittal	5	5

### 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;

### 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
4. Rakesh Chahar\*\* - Executive Director

\*Tenure has completed on March 04, 2026.

\*\* Appointed on March 05, 2026

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 2025-26 ended on 31 March, 2026 on August 04, 2025.

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, 2026, 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	2	2	Nil

### Corporate Social Responsibility Committee

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

\*Tenure has completed on March 04, 2026.

### Meetings and Attendance

Corporate Social Responsibility Committee met 1 (One) time during financial year 2025-26 ended on 31 March, 2026 on May 14, 2025.

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

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

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

### Risk Management & ESG Committee

The Chairperson of the Risk Management & ESG Committee is Som Mittal a Non-Executive Independent Director. The Committee comprises following:

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

\*Tenure has completed on March 04, 2026.

\*\*Appointed as chairperson from March 05, 2026

### Meetings and Attendance

Risk Management Committee met 2 (Two) times during financial year 2025-26 ended on 31 March, 2026 on May 13, 2025 and November 03, 2025.

Name of the Members	No. of meetings	
	Held	Attended
Lt Gen (Dr.) Vijay Kumar Ahluwalia	2	2
Rakesh Chahar	2	2
Tushaar Gautam	2	1
Som Mittal	2	2

### Committee Responsibilities and Authority

- The committee shall evaluate significant risk exposures of the company and assess management's actions to mitigate the exposures in a timely manner.
- 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).
- The committee shall make reports to the board, including with respect to risk management and minimization procedures.
- The board shall review the performance of the committee.
- 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.
- 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;
- 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.
- The committee shall advise the Board on stakeholder proposals and other significant stakeholder concerns relating to ESG Matters.
- 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

- 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.

- 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.
  - 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 Rs. 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.
  - Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.
  - Reimbursement of expenses:** An Independent Director may receive reimbursement of expenses for participation in the Board and other meetings of the Company.
- Disclosure with respect to remuneration:

Name	(Amount in ₹)		
	Commission	Sitting Fees	Total
Som Mittal	18,00,000	14,50,000	32,50,000
Ravindra Dhariwal	18,00,000	13,75,000	31,75,000
Anil Tandon	18,00,000	8,25,000	26,25,000
Vijay Kumar Ahluwalia	18,00,000	9,50,000	27,50,000
Meena Jagtiani	18,00,000	10,75,000	28,75,000

### Executive Directors

Disclosure with respect to remuneration:

Name	(Amount in ₹)		
	Salary	Incentives	Total Remuneration
Rahul Gautam	42,24,480	2,35,00,000	2,77,24,480
Namita Gautam	38,17,116	1,17,50,000	1,55,67,116
Rakesh Chahar	1,28,77,356	1,17,50,000	2,46,27,356
Tushhar Gautam	47,76,756	2,35,00,000	2,82,76,756

### General Body Meetings

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

#### Court convened Meeting

Year	Date & Day	Location	Time	Special Resolution
2025-26	28 <sup>th</sup> April, 2025 Monday	Through Video Conference ("VC") / Other Audio Visual Means ("OAVM")	04:00 PM	Approval of Draft Composite Scheme of Arrangement

## Annual General Meeting

Year	Date & Day	Location	Time	Special Resolution
2025-26	17 <sup>th</sup> July, 2025 Thursday	Through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”)	10:00 AM	No Special Resolution
2024 -25	17 <sup>th</sup> July, 2024, Wednesday	Through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”)	10:00AM	No Special Resolution
2023-24	18 <sup>th</sup> July 2023, Tuesday	Through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”)	10.00 AM	No Special Resolution

## Postal Ballot

Year	Date & Day	Resolution
2025-26	29/01/2026	1. Approval for change in designation of Mr. Rahul Gautam (DIN: 00192999) as Chairman and Managing Director
2024 -25	27/03/2025	No Special Resolution
	19/05/2024	No Special Resolution
2023-24	26/12/2023	1. Appointment of Rahul Gautam as Whole-Time Director 2. Shifting of Registered Office of the Company from the “State of Delhi” to “State of Maharashtra”
	02/08/2023	1. Amendments in Article 12 of AOA of the Company and add Article 37A of AOA of the Company 2. Raising of Funds through issuance of Equity Shares of the company by way of Qualified Institutions Placements

## 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 and also communicated through email. The results are published in ‘Financial Express’ in English and ‘Navakal’ 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: 16<sup>th</sup> July, 2026, Thursday

Time: 10:00 AM

Mode: E-meeting, through video conference (“VC”)/other Audio-visual means (“OAVM”)

Venue: 1002 to 1006 The Avenue, International Airport Road, Opp. Hotel Leela Sahar, Andheri East, Mumbai-400059 (Maharashtra)

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

### (c) Dividend Payment Date: On or before August 14, 2026

### (d) Listing on Stock Exchange

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

Name and Address of Stock Exchanges	Stock Code
BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.	540203
National Stock Exchange of India Ltd. Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, 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 MUFG Intime 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, 2026

Group of Shares	Number of Shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	65,653	96.2979	3490488	3.2108
501-1000	1293	1.8965	953449	0.8771
1001-2000	644	0.9446	913439	0.8402
2001-3000	193	0.2831	480618	0.4421
3001-4000	84	0.1232	298219	0.2743
4001-5000	69	0.1012	323242	0.2973
5001- 10000	95	0.1393	681496	0.6269
10001 & above	146	0.2141	101569828	93.4312
<b>Total</b>	<b>68177</b>	<b>100.0000</b>	<b>108710778</b>	<b>100.0000</b>

**Note:** The Company issued 4,88,146 equity shares on February 03, 2026, pursuant to the Scheme of Arrangement between Kurlon Enterprise Limited (Transferor Company) and Sheela Foam Limited (Transferee Company). However, the credit of such shares to the shareholders' accounts was effected after the completion of FY 2025-26.

### Shareholding Pattern as on March 31, 2026

Category	Number of Shares held	%-Issued Capital
Promoter and Prompter Group	7,14,09,463	65.69
Mutual Funds	1,88,80,059	17.37
Insurance Companies	23,20,520	2.13
Foreign Portfolio Investors (Corporate)	45,14,435	4.15
Non Resident Indians	2,44,284	0.22
Non Resident (Non Repatriable)	1,46,434	0.13
Clearing Members	2,89,443	0.27
Other Bodies Corporate	20,14,908	1.85
Body corp LLP	74,300	0.07
Hindu Undivided Family	3,16,765	0.29
Alternate Investment Funds	11,45,378	1.05
Individual	73,54,789	6.78
<b>TOTAL :</b>	<b>108710778</b>	<b>100</b>

**Note:** The Company issued 4,88,146 equity shares on February 03, 2026, pursuant to the Scheme of Arrangement between Kurlon Enterprise Limited (Transferor Company) and Sheela Foam Limited (Transferee Company). However, the credit of such shares to the shareholders' accounts was effected after the completion of FY 2025-26.

### Unpaid/Unclaimed Dividends

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends which remain unpaid or unclaimed for a period of seven consecutive years from the date of declaration are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. The details of unclaimed dividend available of the website of the company.

Further, in accordance with the IEPF Rules, shares in respect of which dividend has remained unpaid or unclaimed for seven consecutive years are also required to be transferred by the Company to the demat account of the IEPF Authority. Members whose dividends and/or shares are transferred to the IEPF Authority may claim the same by making an application to the IEPF Authority in the prescribed manner.

During the financial year 2025-26, an amount of ₹30,633 pertaining to unpaid/unclaimed dividend for the financial year 2017-18 of Kurlon

Enterprise Limited (since amalgamated with the Company) was transferred to the Investor Education and Protection Fund in compliance The details of Unclaimed Dividend is provided on the website of the Company at [www.sheelafoam.com](http://www.sheelafoam.com)

### Dematerialisation of Shares & Liquidity

As on March 31, 2026, 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.

The Company does not have any GDR's/ADR's/Warrants or any Convertible instruments having any impact on equity.

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](mailto:delhi@linkintime.co.in)

Website : [www.linkintime.co.in](http://www.linkintime.co.in)

## Plant Locations

Plot No-51A, Udyog Vihar, Greater Noida, Dist. Gautam Budh Nagar 201306 (Uttar Pradesh)	N.H 8, Near Bhilad Check Post Village- Talwada-Taluka Umergoan Dist: Valsad - 396105 (Gujarat)	Plot No-1, Udyog Vihar, EcoTech - II, Greater Noida, Dist. Gautam Budh Nagar 201306 (Uttar Pradesh)
Survey No.-852, Medchal Industrial Area R.R.District-501401, Hyderabad (Telagana)	Mainthapal, Nahan Road Kalaamb, Dist. Sirmour, Himachal Pradesh-173030	MM-3, Phase-4, Sipcot Industrial Growth Centre, P.O. Palayam, Village:Perundurai, Erode- 638052 Tamilnadu
Plot No. 96-97, Hosahalli Village, Sompura Hobli, Nelamangala Taluka, Bangaluru Rural District Bangalore, Karnataka -562111	Kanchanjanga Integrated Hub P.O. Fatapukur, P.S.Rajganj, Dist. Jalpaiguri.Pin-735134(West Bengal)	Industrial Shed No - Unit III A, Nandigram Realtors, Survey No - 224, N.H.No - 8, Nandigram, Umbergaon Valsad - 396105
Plot No - 77, Sector F - II, Industrial Growth Centre, Maneri, Medhi Niwas, Mandla 481885	Plot No. 3 - 9, Industrial Estate, Anlapatna, Chandaka, District- Khordha, BHUBANESHWAR - 750005, Orissa	Plot No.4 Part of GAE-1, Malanpur Indl Area, Gohad Tahsil, Bhind Dist Gwalior, Madhya Pradesh - 477116

## Credit Rating

The credit ratings assigned by the Credit Rating Agencies during the financial year have already been disclosed in the Board's Report and are therefore not reproduced herein to avoid duplication.

## Commodity price risk or foreign exchange risk and hedging activities

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2026.

## Investor Correspondence

Md. Iquebal Ahmad  
Company Secretary and Compliance Officer  
investorrelation@gmail.com

## Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

The details of the same have been already disclosed in the Board's Report and are therefore not reproduced herein to avoid duplication.

## Fees to Statutory Auditor

The details of the same have been already disclosed in the Board's Report and are therefore not reproduced herein to avoid duplication.

## Disclosure of Loans and advances

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2026.

## Details of Material Subsidiaries

The details of the same have been already disclosed in the Board's Report and are therefore not reproduced herein to avoid duplication.

## 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, 2026, 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.sheelafaam.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, 2026. 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, 2026.

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

**(Rahul Gautam)**

Place: Noida  
Date : May 14, 2026

Chairman & Managing Director  
DIN: 00192999

### **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, 2026 is unmodified.

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

The certificate dated May 14, 2026 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, 2026.

# MD/CFO Certification

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

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

We, Rahul 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, 2026 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) That there were no significant changes in internal control over financial reporting during the year;
  - (ii) That there were no significant changes in accounting policies during the year and
  - (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rahul Gautam**  
Chairman & Managing Director

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Noida  
Date: May 14, 2026

# 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, 2026 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	Meena Jagtiani	08396893	08/04/2019
9	Vijay Kumar Ahluwalia	08078092	04.03.2026 (Cessation)

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  
CP: 5500

Place: Delhi  
Date: 14.05.2026

UDIN: A014190H000365860  
PR No. 1478/2021

# Certificate on Compliance with the Regulations of Corporate Governance

To 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, 2026 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, 2026, 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: A014190H000365882

PR No. 1478/2021

Place: Delhi

Date: 14.05.2026

# 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, 2026 are as follows;

Name of related party	Nature of relationship	Natures of Transactions	Duration of Contracts	Salient terms	Date of Board Approval	₹ In Cr
NIL						

**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 26.

## Annexure-D

**SECRETARIAL AUDIT REPORT**

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

**For the financial year ended on 31<sup>st</sup> March 2026**

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 mentioned herein 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 ending on 31<sup>st</sup> March 2026, complied with the laws listed hereunder and also that the Company has proper Board Processes and Compliance Mechanisms 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 2026 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;
- Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008;
- 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, 2025;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

- f. Other sector specific laws like the Petroleum Act, 1934 ("Petroleum Act") and the Petroleum (Amendment) Rules, 2024 ("Petroleum Rules"); the Bureau of Indian Standards (BIS) Act, 2016; the Consumer Protection Act, 2019; the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 under the Environment Protection Act 1986, the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974, the new Labour Codes i.e. - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 with effect from 21<sup>st</sup> November 2025, and the previous labour laws as applicable till the enforcement of the new labour codes and other laws applicable to the company.

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. The term of Mr. Vijay Kumar Ahluwalia, the Non- Executive Independent Director of the company, completed on 04.03.2026.

Notices for the board meetings were given properly, including the meetings called on an 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.

The decisions of the Board were carried out properly, and the 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. At the end of the review period, the Company has Four Independent Directors on the Board, of whom one is a woman.
2. The Board of the company had five meetings during the review period. The Committees of the Board met to transact business during the year, as given below:
  - a) Audit Committee - 4 times;
  - b) Corporate Social Responsibility Committee-1 time;
  - c) Nomination and Remuneration Committee - 5 times;
  - d) Stakeholders Relationship Committee- 1 time;
  - e) Risk Management and ESG Committee - 2 times;
  - f) Banking Committee - 1 time;
  - 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), was done regularly.

4. We further report that during the reporting period, the company has
  - i. allotted 4782 equity shares to the eligible persons under the Employees Stock Option Plan 2022,
  - ii. allotted and issued 4,88,146 equity shares pursuant to the Order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench, sanctioning the Composite Scheme of Arrangement ("Scheme").
  - iii. the Composite Scheme under sections 230 to 232 of the Companies Act, 2013 ("Scheme") of Arrangement of Belvedere International Limited ("BIL" or "Transferor Company 1"), Kanvas Concepts Private Limited ("KCPL" or "Transferor Company 2"), Kurlon Retail Limited ("KRL" or "Transferor Company 3"), Komfort Universe Products And Services Limited ("KUPSL" or "Transferor Company 4"), Starship Value Chain and Manufacturing Private Limited ("SVC MPL" or "Transferor Company 5") into Kurlon Enterprise Limited ("KEL" or "Transferee Company" or "Amalgamating Company") and further into Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Company") and their respective shareholders and creditors has been approved by the National Company Law Tribunal, Mumbai Bench.
  - iv. Filed application for waiver of fines imposed by the Bombay Stock Exchange, which was not accepted therefor the company paid the fine to the stock exchange.
  - v. merged Staqa World Private Limited, a wholly owned subsidiary of Sheela Foam Limited ("the Company"), with Staqa Software Private Limited, another wholly owned subsidiary of the Company.

Our report is to be read alongside the Responsibility Statement in **Annexure A**.

For **AVA Associates**  
Company Secretaries

**(Amitabh)**  
Partner  
CP: 5500

Place: Delhi  
Date: 14.05.2026

UDIN: A014190H00365904  
PR No: 1478/2021

## Annexure A- 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:

1. 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.
2. We have followed the audit practices and processes that 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 the correct facts are reflected in secretarial records. We believe that the processes and practices we follow provide a responsible basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and the happening of events, etc.
5. 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.
6. 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: A014190H00365904

PR No: 1478/2021

Place: Delhi

Date: 14.05.2026

## Annexure-E

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES FOR THE YEAR 2025-26

### 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	1	1
2	Lt. Gen (Dr.) Vijay Kumar Ahluwalia*	Member	1	1
3	Namita Gautam	Member	1	1
4	Meena Jagtiani	Member	1	1

\*Tenure Completed on March 04, 2026

3. Provide the web-link where Composition of CSR committee and CSR Policy 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

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

₹ 169.91 crores

7. (a) Two percent of average net profit of the company as per section 135(5) ₹ **3.40 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: ₹ **0.24 crores**

(Set off amount carry forward from Kurlon Enterprise Limited merged with the Company)

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ **3.16 crores**

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

Total Amount Spent for the Financial Year (₹ in Crores)	Amount Unspent (₹ in Crores)				
	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
5.37	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 Crores)	Amount spent in the current financial Year (₹ in Crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Crores)	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

(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	Creating Awareness about pro-active emotional wellness among the society, especially those living on the margin, through workshops, seminars, conclaves & digital media	No	PAN India		2,05,51,158	No	Through Sleepwell Foundation	CSR00010890
						37,45,234	Yes	NA	NA
2.	Skill Development	Running Vocational Courses for the underprivileged rural youth thereby enhancing their employment and livelihood	No	PAN India		1,77,38,854	No	Through Sleepwell Foundation	CSR00010890
						44,740	Yes	NA	NA
3.	Armed Forces Veterans	Benefit of armed forces veterans	No	PAN India		13,21,500	Yes	NA	NA
4.	Other CSR Activities	For improvement in infrastructure, facilities, and resources in schools thereby improving quality of education	No	PAN India		1,02,09,988	No	Through Sleepwell Foundation	CSR00010890
<b>Total</b>						<b>5,36,11,474</b>			

(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): **₹ 5.37 Crores** (Figures Rounded Off)

(g) Excess amount for set off:

Sl. No.	Particular	Amount (₹ in Crores)
(i)	Two percent of average net profit of the company as per section 135(5)	3.40
(ii)	Amount required to be set off for the financial year	0.24
(iii)	Total amount spent for the Financial Year	5.37
(iv)	Excess amount spent for the financial year	1.96
(v)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(vi)	Amount available for set off in succeeding financial years	2.21

**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.	2025-26	NIL	NIL	NA	NA	NA	NIL
2.	2024-25	NIL	0.29	NA	NA	NA	NIL
3.	2023-24	0.29	NIL	NA	NA	NA	NIL
4.	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):**

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

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

**(Asset-wise details)**

- Date of creation or acquisition of the capital asset(s). NA
- Amount of CSR spent for creation or acquisition of capital asset. NA
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
- 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)**

**(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 Group Chief Financial Officer and the Company Secretary during the Financial Year 2026, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2026.

Name and Designation	% increase/ (Decrease) of remuneration in the Financial Year 2026	Ratio of remuneration to Median Remuneration
<b>Executive Director</b>		
Rahul Gautam, Chairman & Managing Director	15	64
Namita Gautam, Wholetime Director	15	36
Tushaar Gautam, Vice Chairman & Joint Managing Director	15	57
Rakesh Chahar, Deputy Managing Director (Wholetime Director)	86	66
<b>Key Managerial Personnel</b>		
Amit Kumar Gupta, Group Chief Financial Officer	-1.89	35
Md. Iquebal Ahmad, Company Secretary	20	7

**Note:**

- (i) The remuneration of the non-executive Independent directors includes sitting fees for attending Board/Committee meetings.
- (ii) The employee and the salary details hereinafter provided are for employees excluding trainees.
- (iii) The median remuneration of employees during the financial year was ₹ 4,30,758
- (iv) In the financial year, there was an increase of 18.34 % in the median remuneration of employees.
- (v) Number of permanent employees on the role of the Company as on 31.03.2026 is 3300
- (vi) The remuneration or change in remuneration is as per the remuneration policy of the Company or approved by the Board.
- (vii) The managerial personnel include MD, Joint MD and 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 25-26 (₹ in Lakhs)	Age (Years)	Experience (in years)	Educational Qualification	Previous Employment and Designation
Amit Kumar Gupta (Group CFO)	17/05/2023	148.90	52	27	PGDBM	Samvardhana Motherson Group - Vice President (Strategy and M&A)
Manoj Sharma (CSO)	09/04/2009	165.90	56	31	MBA Marketing	Mountain Valley Spring Pvt. Ltd. - Head Sales and Marketing
Shaili Tyagi (CHRO)	01/05/2024	152.95	52	26	Post Graduation in HR & Master in Botany	DCM Shriram Limited as SVPM & CHRO
Anand Chandak	24/08/2023	124.99	42	17	PGDBM	Arzoo (India) Pvt Ltd, Vice President
Pertishth Mankotia (CIO)	21/09/1995	126.48	52	32	B.SC COMPUTER SC.	Not Applicable
Puneet Gulati (CMO)	11/09/2024	211.97	52	21	B.E in Computer Science	Unilever - Global Brand Director
Nilesh Sevabrata Mazumdar (CEO)*	17/05/2023	0.86	57	32	BE Electronic, MBA and diploma in Business Finance	Pidilite Industries LTD - Chief Business Officer

\* Relived from July 01, 2025.

## Annexure-H

## Details of Stock Options as on March 31, 2026

Statement as on March 31, 2026 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

Sl. 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	3,56,900
	Number of options granted during the year	0
	Number of options forfeited/lapsed during the year	16,838
	Number of options vested during the year	50,004
	Number of options exercised during the year	4,782
	Number of shares arising as a result of exercise of options	4,782
	Money realised by exercise of options (₹), if scheme is implemented directly by the Company	23,910
	Number of options outstanding at the end of the year	3,35,280
	Number of options exercisable at the end of the year	1,16,894
9.	Employee-wise details of options granted during FY26	
	Number of options granted to Senior Managerial Personnel*	NONE
	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	11.93
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. Weighted Average exercise price (per option) Weighted Average Fair value (per option)	: ₹ 5 : ₹ 977.76
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.

# 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>	<a href="mailto:investorrelation@sheelafoam.com">investorrelation@sheelafoam.com</a>
7	<b>Telephone</b>	+91-120-4868400
8	<b>Website</b>	<a href="http://www.sheelafoam.com/">http://www.sheelafoam.com/</a>
9	<b>Financial year for which reporting is being done</b>	1 <sup>st</sup> April 2025 to 31 <sup>st</sup> March 2026
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>	INR 54,59,94,620
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. Iquebal Ahmad (Company Secretary)
	<b>Telephone</b>	+91-120-4868400
	<b>Email address</b>	<a href="mailto:iquebal.ahmad@sheelafoam.com">iquebal.ahmad@sheelafoam.com</a>
	<b>Reporting Boundary</b>	
13	<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	100 %

**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	100 %

**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	12	2	14
International	-	-	-

**19. Markets served by the entity:**

Market served by the entity	Locations	Numbers
a. No. of Locations	National (No. of States) International (No. of Countries)	28 States (Pan-India) 11 (Australia, Bhutan, Brazil, Nepal, Saudi Africa, Spain, Sri Lanka, UAE, USA, Fiji, Kazakistan)
b. What is the contribution of exports as a percentage of the total turnover of the entity?	0.68 %	
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 2025-26:**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>a. Employees (including differently abled)</b>						
<b>Employees</b>						
1	Permanent (A)	1479	1381	93%	98	7%
2	Other than Permanent (B)	251	230	91%	21	9%
<b>3</b>	<b>Total (A+B)</b>	<b>1730</b>	<b>1611</b>	<b>93%</b>	<b>119</b>	<b>7%</b>
<b>b. Workers (including differently abled):</b>						
<b>Workers</b>						
1	Permanent (E)	1821	1730	95%	91	5%
2	Other than Permanent (F)	2303	2087	91%	216	9%
<b>3</b>	<b>Total (E+F)</b>	<b>4124</b>	<b>3817</b>	<b>93%</b>	<b>307</b>	<b>7%</b>
<b>c. Differently abled Employees</b>						
<b>Employees</b>						
1	Permanent	1	1	100%	0	0%
2	Other than Permanent	0	0	0%	0	0%
<b>3</b>	<b>Total</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>0</b>	<b>0%</b>
<b>d. Differently abled Workers:</b>						
<b>Workers</b>						
1	Permanent	2	2	100%	0	0%
2	Other than Permanent	0	0	0	0	0%
<b>3</b>	<b>Total</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

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

S. No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B/A)
1	Board of Directors	8	2	25%
2	Key Management Personnel	6	1	17%

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

Category	FY 2025-26			FY 2024-25			FY 2023-24		
	(Turnover rate in current FY)			(Turnover rate in previous FY)			(Turnover rate in previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13%	10%	12%	16%	9%	15%	16%	9%	15%
Permanent Workers	6%	2%	4%	5%	3%	5%	5%	3%	5%

## 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.	Staqa Software Private Limited, India	Wholly owned Subsidiary	100%	No
3.	Joyce Foam Pty, Australia	Wholly owned Subsidiary	100%	No
4.	International Foam Technologies SL, Spain	Wholly owned Subsidiary	100%	No
5.	House of Kieraya Limited, India*	Joint Venture	-	No
6.	Sheela Foam Trading LLC, Dubai	Wholly owned Subsidiary	100%	No
7.	Interplasp, SL, Spain	Subsidiary	93.66%	No
8.	Joyce WC NSW PTY Ltd., Australia	Subsidiary	100%	No
9.	Staqa Incorporated, USA	Subsidiary	100%	No
10.	Staqa Technologies, LLC, Dubai	Subsidiary	100%	No

\*As per Accounting Standard Jointly Controlled Entity

## VI. CSR Details:

24.	Whether CSR is applicable as per the provision of Section 135 of Companies Act, 2013:	Yes
	Turnover (in INR crore)	2,587.51
	Net worth (in INR crore)	2,793.73

## 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 2025-26 Current Financial Year			FY 2024-25 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> . Additionally, grievances can be raised through the 'SEBI Scores' portal through BSE/NSE websites.	Nil	Nil	NA	Nil	Nil	NA

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) If yes, then provide web-link for grievance redress policy	FY 2025-26 Current Financial Year			FY 2024-25 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
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 handled at a centralized customer care center and resolved promptly. Once a complaint is raised, its authenticity is verified, and it is addressed—either through product replacement or upgrade—according to the customer’s request, within 15 days. Toll-free number: 18001036664 (Sleepwell), 8150000103 (Kurlon) E-mail id: <a href="mailto:care@mysleepwell.com">care@mysleepwell.com</a> ; <a href="mailto:customercare@kurlon.com">customercare@kurlon.com</a>	34459	246	Response / action awaited from customer	19130	439	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

## 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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Change	Risk	The operations and business of 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 mitigate effects of climate change would result in associated Government policies and regulations and	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: 1. SFLhasadoptedVariablePressure Foaming (VPF) technology, which is the most sustainable foam processing technique.	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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			<p>changing consumer preferences, leading to increased product costs, and compliance needs.</p>	<p>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.</p> <ol style="list-style-type: none"> <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>	

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Energy Management	Opportunity	Energy management presents a strategic opportunity for 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, being an 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 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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
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, being an 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.
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, being an 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>2a. 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>2b. As per the requirement of system safety training conducted by involving external faculty.</li> <li>3. All employees at the manufacturing plants are equipped with Personal Protective Equipment in designated high risk areas and tasks.</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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				<p>4a. 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.</p> <p>4b. Company also involves internal auditors to seek out the gaps in OHS management system and the compliance of the same is also ensured.</p> <p>4c. External safety audits are also conducted so as to minimise the gaps if any and compliance of the same is also ensured by the units.</p> <p>4d. The company has a KPI based modules for capturing and subsequent closures of the unsafe observations under this targets are given to each unit and follow ups weekly are ensured.</p> <p>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.</p> <p>5a. In accordance with the reqmt and advisory of the districe adm, off site emergency mock drills are also conducted by involving the DA &amp; NDRF.</p>	
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.	<p>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.</p> <p>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,</p>	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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				<p>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.</p> <p>3. Special Foams are produced to meet all additional safety requirements like, fire retardance and Noise absorption, as desired by the clients</p>	
8	Water Management	Opportunity	Manufacturing 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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12	Consumer Relationship management	Risk	Managing good relationship 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.
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 programmes, while enabling us to fulfil 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 a 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.

Sr. No.	Material Issue Identified (High priority material issues are listed below)	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
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.
17	Sustainable raw materials	Opportunity	Global consumer-facing brands are aggressively pivoting toward sustainable sourcing to meet net-zero commitments. SFL is uniquely positioned to capture this growing market share by leveraging our advanced R&D capabilities to develop high-performance, eco-friendly alternatives that meet stringent brand specifications.	Not Applicable, being an opportunity	Positive. Scaling our sustainable material portfolio is expected to drive top-line growth, secure long-term business opportunities with premium global brands, and enhance margin resilience through value-added, sustainable product offerings.

**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 Whistleblower Policy	CSR Policy;	Human Rights Policy; Anti Discrimination Policy; DEI Policy, Vigil Mechanism and Whistleblower 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://www.sheelafoam.com/corporate-governance#policies">https://www.sheelafoam.com/corporate-governance#policies</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><b>Commitments and goals.</b></p> <p>The targets set by SFL are as follows:</p> <ol style="list-style-type: none"> <li>Solar energy generation by setup 1.5MW solar capacity by 2030.</li> <li>The Company will reduce waste generation specially plastic waste through concerted efforts to reduce, reuse and recycle plastic packaging. Reduce process waste to 13% by 2030.</li> <li>Reduce water intensity by 2% in FY27 and reach 10% reduction by 2030.</li> <li>Plant 500 trees for next year and set up rain water harvesting where feasible</li> <li>Obtain ISO 45001 for OHS by 2030.</li> <li>Increase Female workforce Participation from 6% (FY25 )to 10%(FY30)</li> <li>We will increase water recycling through addition and augmentation of Sewage Treatment Plants</li> </ol>								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<p><b>Targets of 2025-26.</b> Following was achieved</p> <p>(a) A 500 kWh Solar Power Project has been completed and working properly.</p> <p>(b) Approx 1500 saplings were planted during this year. We achieved reduction of 2% water intensity from 0.85KL/MT. New STP is operationalise of 30KLD in NGM unit. Ground water recharge was done through new rain water harvesting system at GNA.</p> <p><b>Note:</b> 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.</p>								

### Governance, Leadership and Oversight

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

Mr. Tushaar Gautam (Vice Chairman & Joint Managing Director):

Sheela Foam's commitment to responsible business conduct and sustainability continues to be rooted in the Company's vision and core values. Over more than five decades, we have focused on developing products that provide comfort and support to our customers while steadily improving their durability, safety and environmental performance through greener raw materials, cleaner technologies and better manufacturing processes. In the year under review, our sustainability journey progressed further as we deepened integration of ESG considerations into operations, supply chains and product development.

During the year, we strengthened our environmental performance on multiple fronts. We scaled up production on our Variable Pressure Foaming technology, increasing the share of this cleaner and more efficient process in our overall output. Our greening efforts were reinforced through plantation of more than sixteen hundred (1600) saplings across our locations, and the successful completion and operation of a five hundred (500) kilowatt peak solar power project at our Jabalpur plant has added to the share of renewable energy in our power mix.

Our focus on circularity and resource efficiency continued to deepen. We increased the use of sustainable materials such as recycled coir, bio-based polyols, recycled foam and natural latex in our products, while reducing process and plastic waste. Through our Extended Producer Responsibility initiatives, around 1,006 metric tonnes of plastic waste was collected and recycled during the year. Water conservation also remained a priority, supported by optimisation of sewage treatment facilities and commissioning of an additional plant at Nandigram to improve treated water reuse.

On the social front, we strengthened people processes and robust future leadership pipeline. Manual processes were increasingly transitioned to digital platforms, especially in talent identification, while succession planning was reinforced through cadre-building programmes and focused recruitment from leading management colleges. Following the implementation of the New Labour Code, the Company also remained proactive in adopting the required changes in a timely manner. Female representation in our workforce increased materially compared to the previous year.

Through the Sleepwell Foundation, our community development initiatives continued to be impactful. During the year, 19,239 participants, including a higher share of women, benefited from Wellness Workshops and Professional Skill programmes. Wellness awareness programmes through social media also expanded, with 23 video reels reaching 31.6 million viewers. In addition, the Foundation trained 847 men and women through courses such as Armed Forces Training, coding and web designing, IT skills, fashion designing and paramedical programmes, and 423 trainees secured placements or employment.

We also continued to strengthen stakeholder engagement by encouraging vendors and distributors to advance their ESG journeys alongside us. At the same time, customer service levels improved further, with complaint resolution timelines reducing significantly.

Our Board is committed to high level of governance and compliance. To continue our ESG journey in the coming years, our Company is well aligned with the global Sustainable Development Goals and the National Guidelines on Responsible Business Conduct. Enhancement of renewable energy, further reduction of waste and water intensity, development of sustainable products, deeper community engagement through the Sleepwell Foundation, and stronger collaboration with our value chain partners.

8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Tushaar Gautam, Vice Chairman & Joint 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>Chairperson: Mr. Som Mittal#, Independent Director</p> <p>Member : Mr. Rakesh Chahar, Deputy Managing Director (Whole-Time Director)</p> <p>Member : Mr. Tushaar Gautam, Vice-Chairman &amp; Joint Managing Director</p> <p>Mr. Santosh Madhusudhan Khatelsal is the ESG controller</p>								

\*Ceased to serve as a Director upon completion of tenure on 4 March 2026.

#Current Chairperson of the ESG Committee

**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	All Policies have been approved by the Board / functional heads, depending on the nature of the policy. Polices are reviewed as and when required to accommodate relevant feedback from our stakeholders and any new laws and regulations promulgated by the Government. During the year, Whistleblower Policy and the Leave policy were reviewed by the Management.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all relevant statutory laws and regulations and compliance monitoring is done regularly through a third party along with review by the Audit Committee on a quarterly basis.																	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency	No, however, the Managing Director, in conjunction with the Board, oversees the implementation of policies. These policies undergo regular review, either in accordance with statutory mandates or as deemed necessary based on organizational needs. However policies or documents which needed vetting in line with new Labor codes were evaluated by an external Agency (Willis Tower Watson) to ensure compliance.								

**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	- Driving the Culture of High Performance - Gen AI Training - TOC	100%
Employees other than BODs and KMPs	77	Demystifying Performance Management; Culture Sensitization and Team Building; SFL Values Workshop for Kurlon Team; MYR Workshop for Managers; Learning Journey for the COCO Store Executives; Operational Excellence ( 5S, TQM, Safety, Kaizen); Emotional Wellbeing; RISE: "Mid Career" Women Development Program; Unleashing Growth Potential - B2B Business; Managerial Orientation Program; Customer Experience Mastery; HR Skill Enhancement; Gen AI Training; Intermediate & Advance WPS Training	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

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

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

b. non-Monetary				
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment 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 company has anti-corruption(including anti bribery)policies which is accessible to all the stakeholders on the company website. Weblink is <https://www.sheelafaam.com/corporate-governance#policies>. 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.

This policy is also allign with Code of Conduct signed by all employees and permanent workers annually. The company has zero tolerance towards bribery and corruptions.

**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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Directors	Nil	Nil
KMPs		
Employees		
Workers		

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

Topic	FY 2025-26 (Current Financial Year)		FY 2024-25 (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}**

	Current Financial Year	Previous Financial Year
Number of days of accounts payable	71	57

**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	Current Financial Year	Previous Financial Year
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	6.4%	10%
	b. Number of trading houses where purchases are made from	6	9
	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	83%	75%
	b. Number of dealers/ distributors to whom sales are made	108	110
	c. Sales to top 10 dealers/ distributors as a % of total sales to dealers/ distributors	29%	28%
Share of RPT's in	a. Purchases (Purchases with related parties/ Total purchases)	0.00%	0.01%
	b. Sales (Sales with related parties/ Total Sales)	0.83%	0.82%
	c. Loans & Advances (Loans & Advances given to related parties/ Total loans & advances)	95.89%	96.52%
	d. Investments (Investments in related parties/ Total Investments made)	83.68%	57.08%

## 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)	<p>Topics: Significance of ESG for business, Major aspects under each of the three pillars of ESG, Data on Salient Energy and Water conservation measures</p> <p>Impact: A sense of willingness amongst value chain partners to work together towards sustainability</p>	<p>Upstream: 18.1 % of suppliers</p> <p>Downstream: 100% of Distributors,</p>

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

Type	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)	Details of Improvement in Social and Environmental aspects
Research & Development (R&D)	~₹ 14 Lacs	~₹ 17 Lacs	<ul style="list-style-type: none"> <li>Bio based Foam development for shoe Industry</li> <li>Recycle polyol based development for shoes Industry</li> <li>Recycle content based development for shoe industry</li> <li>Machine trial for GRS Audit 20% Recycle content grade</li> <li>External Testing lab Expenses Aviation, Acoustics, Lamination, Railway</li> <li>External Test expense for Australia Plant Chemical development</li> </ul>
Capital Expenditure (CAPEX)	~ ₹ 0.12 Lacs	~ ₹ 10 Lacs	<ul style="list-style-type: none"> <li>Instrument purchase for Glow Tech project</li> <li>Hand mixer for viscous liquid or mixture for lab.</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 solvent less 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. In the current year, we have further strengthened sustainable sourcing by reducing water usage in coir processing through sprinkling systems, utilizing coir dust in compressed briquettes for brick kilns, shifting to low-ammonia latex (0.2%) and insisting on ETP compliance at latex plants, promoting EPE made with recycled LDPE, preferring fabrics with less colour and non-printed designs to avoid dyeing and printing, encouraging vendors located closer to our plants, supporting conversion of fossil fuel-based processes to LPG/PNG, and asking suppliers to use recycled master batch plastic in place of virgin plastic for woven bags

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

90 % of raw and packaging materials were sourced sustainably. A 5% increase from 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 wastepaper 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 1006 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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Recycled Fiber Pillows	100%	100%
Re-bonded Foam	91%	91%
Rubberised Coir Sheet	98%	98%
Reinforced Bonded Sheet	98%	98%
Extended Polyethylene Sheet	99%	98%

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 2025-26 (Current Financial Year)			FY 2024-25 (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*	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent</b>									
Male	1381	1381	100%	NA	NA	Nil	Nil	Nil	Nil
Female	98	98	100%	98	100%	NA	NA	Nil	Nil
<b>Total</b>	<b>1479</b>	<b>1479</b>	<b>100%</b>	<b>98</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Other than Permanent (Contractual)</b>									
Male	230	230	100%	NA	NA	Nil	Nil	Nil	Nil
Female	21	21	100%	21	100%	NA	NA	Nil	Nil
<b>Total</b>	<b>251</b>	<b>21</b>	<b>100%</b>	<b>21</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

\*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*	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number	%	Number (B)	% (B / A)
<b>Permanent</b>									
Male	1730	1730	100%	NA	NA	Nil	Nil	Nil	Nil
Female	91	91	100%	91	100%	NA	NA	Nil	Nil
<b>Total</b>	<b>1821</b>	<b>1821</b>	<b>100%</b>	<b>91</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Other than Permanent (Contractual)</b>									
Male	2087	2087	100%	NA	NA	Nil	Nil	Nil	Nil
Female	216	216	100%	216	100%	NA	NA	Nil	Nil
<b>Total</b>	<b>2303</b>	<b>2303</b>	<b>100%</b>	<b>216</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	10.9 %	10.5 %

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

Sr. No.	Benefits	FY 2025-26 (Current FY)			FY 2024-25 (Previous FY)		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	100%	100%	Y	100%	100%	Y
2	Gratuity	100%	100%	NA	100%	100%	NA
3	ESI	100%	100%	Y	100%	100%	Y
4	Others - please specify	-	-	-	-	-	-

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

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://www.sheelafoam.com/corporate-governance#policies>

**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 2025-26 (Current FY)			FY 2024-25 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	%(D/C)
<b>Permanent Employees</b>						
Male	Nil			Nil		
Female						
Others						
<b>Total</b>						
<b>Permanent Workers</b>						
Male	1730	284	16%	1734	197	11%
Female	91	31	34%	85	29	34%
Others	-	-	-	-	-	-
<b>Total</b>	<b>1821</b>	<b>315</b>	<b>17%</b>	<b>1819</b>	<b>226</b>	<b>12%</b>

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

Category	FY 2025-26 (Current FY)					FY 2024-25 (Previous FY)				
	Total (A)	On Health & Safety measures		On Skill Upgradation		Total (D)	On Health & Safety measures		On Skill Upgradation	
		No. (B)	% (B / A)	No. (C)	%(C/A)		No. (E)	% (B / A)	No.(F)	%(F/D)
<b>Employees</b>										
Male	1381	1381	100%	1381	100%	1309	1309	100%	1309	100%
Female	98	98	100%	98	100%	91	91	100%	91	100%
<b>Total</b>	<b>1479</b>	<b>1479</b>	<b>100%</b>	<b>1479</b>	<b>100%</b>	<b>1400</b>	<b>1400</b>	<b>100%</b>	<b>1400</b>	<b>100%</b>
<b>Workers</b>										
Male	1730	1730	100%	1730	100%	1734	1734	100%	1734	100%
Female	91	91	100%	91	100%	85	85	100%	85	100%
<b>Total</b>	<b>1821</b>	<b>1821</b>	<b>100%</b>	<b>1821</b>	<b>100%</b>	<b>1819</b>	<b>1819</b>	<b>100%</b>	<b>1819</b>	<b>100%</b>

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

Category	FY 2025-26 (Current FY)			FY 2024-25 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	%(D/C)
<b>Employees</b>						
Male	1381	1381	100%	1309	1309	100%
Female	98	98	100%	91	91	100%
<b>Total</b>	<b>1479</b>	<b>1479</b>	<b>100%</b>	<b>1400</b>	<b>1400</b>	<b>100%</b>
<b>Workers</b>						
Male	1730	1730	100%	1734	1734	100%
Female	91	91	100%	85	85	100%
<b>Total</b>	<b>1821</b>	<b>1821</b>	<b>100%</b>	<b>1819</b>	<b>1819</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. 1What is the coverage of such system?	All employees and workers including contractual 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, ERP-based hazard reporting and closure, surveillance-based monitoring, checklists, SOPs, work permit systems, regular safety committee meetings, and suggestion boxes. The Company also conducts physical internal safety audits, external safety audits, and KPI-based tracking of unsafe observations and closures.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)	Workers can report work-related hazards through safety committees, ERP-based systems, and suggestion boxes, and worker participation is ensured through the safety committees.
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 including company and contractual workforce.

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

Safety Incident/Number	Category	FY 2025-26 (Current FY)	FY 2024-25 (Previous FY)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Man Power	1.06	0.38
Total recordable work-related injuries	Employees	6	1
	Workers	97	67
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NA	NA
	Workers	NA	NA

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

The Company maintains a robust safety management framework across all manufacturing units. Daily toolbox talks, fortnightly on-the-job trainings, and a structured monthly safety training calendar are conducted to build awareness on workplace hazards and preventive measures. Behavioural safety programs further reinforce a safety-first culture.

All facilities are equipped with adequate fire protection systems and operate under a documented On-site Emergency Control Plan, supported by periodic mock drills to assess preparedness.

Mandatory use of Personal Protective Equipment (PPE) is enforced, and clear demarcation of pathways ensures safe movement within plant premises. A centralized surveillance system with CCTV monitoring enables continuous oversight of compliance with safety, fire, and security protocols, supplemented by regular audits.

Safety protocols extend to contractors, value chain partners, and visitors within Company premises.

The Company remains committed to fostering a proactive and sustainable culture of safety and well-being across its operations.

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

Topic	FY 2025-26 (Current FY)			FY 2024-25 (Previous FY)		
	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 assessed 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 Factories 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 2025-26 (Current FY)	FY 2024-25 (Previous FY)	FY 2025-26 (Current FY)	FY 2024-25 (Previous FY)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

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

The Company currently does not have a formal transition assistance program in place to facilitate continued employability or career transition post-retirement or termination, unless the contract is extended for a certain tenure. However, employees are supported through standard HR processes, including notice period management and relevant documentation, to ensure a smooth separation.

**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	75%
Working Conditions	Vendor visits are done and assessed the compliance related to health and safety practices

**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.**

Based on assessments of health and safety practices and working conditions of key value chain partners, the Company has advised and is facilitating corrective actions such as installation and upgradation of fire-fighting systems, improvement of shop-floor working conditions (ventilation, lighting, housekeeping and welfare facilities), pursuing relevant ISO standards and closing statutory compliance gaps, shifting operations to compliant premises where required, adoption of energy-efficient and safety sensors in plants, and strengthening pollution-control systems at fabric manufacturers to meet applicable environmental norms.

**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	1. Awareness (Q&A) session on performance and results of the company 2. Annual General Meeting
Investor	No	Email, Website, SMS, Newspaper, Notice, Virtual and Physical Meetings, Stock Exchange	Regularly	1. Financial Results 2. Business Outlook 3. Annual General Meeting 4. Key Risks 5. Resolve queries received from investors.
Employees and workers	No	ERP, Email, SMS, Telephone, Virtual calls, In-person meetings, internal events, Townhall Meetings and Notice Board.	Ongoing Basis	1. Relevant business communications 2. Career, learning and growth 3. HR Policies & Practices, health and safety, skill upgradation 4. Grievances and remunerations
Customers	No	Stores, Experience, Advertising, Newspaper, pamphlets, Hoarding/banner, SMS, website, phone	As and when required	1. Brand Awareness 2. Offers 3. New Product Developments 4. Addressing Customer Queries and Grievances 5. Feedback on Products and services
Community organizations / NGOs	Yes	Need assessments for CSR projects through surveys and focused group discussions	As and when required	1. Assessment of community needs 2. Selection of new projects based on needs 3. Monitoring and evaluation of on-going projects

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Vendors / Suppliers / Contractors of goods and services	No	Physical meetings, Emails, Telephone	Frequent and as may be required	<ol style="list-style-type: none"> <li>1. New business opportunities</li> <li>2. Query Resolution &amp; Grievance Redressal.</li> <li>3. Supplier performance assessment.</li> <li>4. Addressing non-compliance issues</li> <li>5. Signing / breach of contract.</li> </ol>
Distributors and dealers	No	Physical meetings, Emails, Telephone, conferences	Frequent and as may be required	<ol style="list-style-type: none"> <li>1. Query Resolution &amp; Grievance Redressal.</li> <li>2. Distributor's performance assessment.</li> <li>3. Addressing non-compliance issues.</li> </ol>
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>1. Sales and Marketing Plans</li> <li>2. Distributors performance assessment</li> <li>3. Addressing noncompliance issue</li> <li>4. Supply Chain</li> <li>5. 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>1. Compliance with National and Local regulations</li> <li>2. Permissions/ Approvals on various regulatory requirements</li> <li>3. Seeking clarifications and relaxations</li> <li>4. 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.
- The Board & the CSR Committee engages with stakeholders through structured reporting from the ESG (Environmental, Social, and Governance) Committee and regular stakeholder forums. When consultation is delegated to management, feedback is synthesized into quarterly briefing reports or dedicated board agenda items to ensure direct oversight of material issues.

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.
- Value Chain Partners may register their complaints / grievances / concerns directly with the head of the concerned department of the Company.
- All employees of the Company have direct access to the 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.**

The ESG champions and the environment committee set up could be included. Any regular meetings, public forums, surveys and other forms of communication with distributors and suppliers may be added.

Materiality assessment through consultation with vendors. May include regular consultation amongst environment committee and Kaizens in consultation to reduce waste. Compliances in consultation with the PCBs.

**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 and Act Clean.

Conducted 272 workshops, directly benefiting 17,501 people.

**(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", 23 episodes in 2025-26 on relevant topics. "Baatein Dil Ki" 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 2025-26 : 31.6+ Millions

**SKILL DEVELOPMENT CENTRE IN KHURJA :**

Established in Village Mirpur, on the outskirts of Khurja (UP), the Centre serves as a vital hub for vocational empowerment. By aligning its curriculum with the National Skill Development Corporation (NSDC) and Vocation Degree Programmes of UGC recognised Universities like Mangalayatan and Bir Tikendrajit Universities, the Skill Development Centre programmes directly address regional skill gaps and advances the 'Skilled India' vision.

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.

In 2025-26, we successfully trained 956 rural youth with over 423 securing gainful employment / self-employment.

**EDUCATION :**

Adopted Smt Sheela Gautam Intercollege in Aligarh with a long term vision to develop it into a model school over a few years. The initiative focuses on strengthening teachers capabilities, upgrading infrastructure, integrating digital learning and enhancing academic outcomes. The school has 520 boys & girls in 1<sup>st</sup> to 12<sup>th</sup> class.

CSR Activities near Sheela Foam Plants We have been conducting CSR activities in schools near our manufacturing plants. We have been consistently implementing Corporate Social Responsibility (CSR) initiatives in schools located near our manufacturing facilities. We aim to create long-term impact through sustained interventions over a period of 3-5 years, ultimately transforming these institutions into model schools.

During the financial year 2025-26, the following key initiatives were undertaken:

- Donated 30 dual desks to Saraswati Sishu Vidya Mandir, Bhubaneswar, Odisha, to improve classroom infrastructure.
- Constructed a multi purpose hall at Panchayat Union Primary School, Ingur, Tamil Nadu, enhancing the mid-day meal & other activities for students.
- Upgraded infrastructure at Jhanjupara Primary School, Jalpaiguri, West Bengal, by installing an RO water cooler and ceiling fans and electrical repair.
- Repaired the mid-day meal kitchen at Government Girls Senior Secondary School, Nahan, Himachal Pradesh, ensuring a safer and more hygienic cooking environment.
- Celebrated Children's Day across multiple schools near Sheela Foam plants, fostering joy and engagement among students.

#### 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 2025-26 (Current Financial Year)			FY 2024-25 (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	1479	1479	100%	1400	1400	100%
Other than permanent	251	251	100%	90	90	100%
<b>Total Employees</b>	<b>1730</b>	<b>1730</b>	<b>100%</b>	<b>1490</b>	<b>1490</b>	<b>100%</b>
<b>Workers</b>						
Permanent	1821	1821	100%	1819	1819	100%
Other than permanent	2303	2303	100%	2746	2746	100%
<b>Total Workers</b>	<b>4124</b>	<b>4124</b>	<b>100%</b>	<b>4565</b>	<b>4565</b>	<b>100%</b>

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

Category	FY 2025-26 (Current Financial Year)					FY 2024-25 (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	1381	-	-	1381	100%	1757	-	-	1757	100%
Female	98	-	-	98	100%	91	-	-	91	100%
<b>Other than permanent</b>										
Male	230	-	-	230	100%	82	-	-	82	100%
Female	21	-	-	21	100%	08	-	-	08	100%
<b>Workers</b>										
<b>Permanent</b>										
Male	1730	-	-	1730	100%	1734	-	-	1734	100%
Female	91	-	-	91	100%	85	-	-	85	100%
<b>Other than Permanent</b>										
Male	2087	-	-	2087	100%	2619	-	-	2619	100%
Female	216	-	-	216	100%	127	-	-	127	100%

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

	Male		Female	
	No.	Median remuneration/ salary/ wages of respective category (INR)	No.	Median remuneration/ salary/ wages of respective category (INR)
Board of Directors	6	1,39,38,678	2	92,21,058
Key Managerial Personnel (1)	5	1,48,90,081	1	1,52,94,878
Employees other than BoD and KMP	1376	6,83,880	97	8,61,012
Workers	1730	3,08,628	91	3,21,312

**Note:** \*BODs include Executive Directors and Independent directors

\*KMPs definition as per Companies Act, 2013

**Note:** The remuneration of Directors does not include the remuneration of Vijay Kumar Ahluwalia, as he ceased to be a Director with effect from 04 March 2026.

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

Particulars	Current FY2025-26	Previous FY2024-25
Gross wages paid to females as % of total wages.	7.75 %	8.88 %

**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.

Internal mechanisms to redress grievances related to human rights issues

The Company has established a structured and transparent grievance redressal mechanism to address concerns related to human rights, including discrimination, harassment, unfair treatment, and workplace conduct. These mechanisms are anchored in the Company's Code of Conduct (CoC), Whistleblower Policy, Anti-Discrimination Policy, and POSH framework.

Employees and stakeholders can raise concerns through multiple channels, including reporting to their immediate manager, HR Business Partner, designated ethics/whistleblower channels (including email/portal), or directly to the Internal Complaints Committee (ICC) in cases of sexual harassment.

The grievance redressal process follows a defined four-level escalation framework:

**Level 1 - Immediate Supervisor/Manager:**

Concerns are first encouraged to be raised with the reporting manager for prompt resolution at the local level.

**Level 2 - HR Business Partner/Functional HR:**

If unresolved or where escalation is required, the matter can be taken up with HR, who facilitates impartial review and resolution.

**Level 3 - Ethics/Whistleblower Committee or ICC (as applicable):**

Sensitive matters, including human rights violations, discrimination, or harassment, can be escalated through formal whistleblower channels or to the ICC (for POSH-related complaints). These are handled with confidentiality, independence, and due process.

**Level 4 - Senior Management/Board-level Oversight:**

Cases of significant impact or unresolved matters are escalated to senior leadership or the designated Board-level committee for final review and direction.

All complaints are handled in a time-bound manner, ensuring confidentiality and protection against retaliation. Appropriate corrective and disciplinary actions are taken based on the findings, in line with Company policies and applicable laws.

Through this multi-channel and multi-level framework, the Company ensures accessible, fair, and effective redressal of human rights-related grievances.

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

Category	FY 2025-26 (Current Financial Year)			FY 2024-25 (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	1	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	Current FY	Previous FY
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH).	1	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 in place an Anti-Sexual Harassment Policy aligned with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act), reinforcing its commitment to a safe and respectful workplace.

An Internal Complaints Committee (ICC) has been constituted to address complaints in a fair, timely, and confidential manner. The Company maintains a zero-tolerance approach towards retaliation; any adverse action against individuals reporting concerns or participating in investigations in good faith will invite strict disciplinary action.

Confidentiality is upheld at all stages. Identities of the complainant, respondent, and witnesses, as well as case details, are shared strictly on a need-to-know basis, including during implementation of actions.

To drive awareness and compliance, mandatory POSH and Code of Conduct (CoC) modules are deployed through the LMS platform for all employees. The CoC also integrates the Whistleblower and Anti-Discrimination policies, providing a comprehensive framework for ethical conduct.

The policy outlines disciplinary action against proven misconduct and also provides for action in cases of false or malicious complaints, following due process. Both parties have the right to appeal against the ICC decision as per applicable provisions.

The Company remains committed to fostering a culture of dignity, respect, and accountability.

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

Yes. 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 Government authorities. The establishments of these suppliers, being located in notified industrial areas, are subject to fire and safety compliances and pollution-control compliances, ensuring safety and well-being of employees and workers. We insist that vendors comply with all applicable laws of the land, implement appropriate human-rights measures (fair wages, working hours, non-discrimination, no harassment) and provide basic welfare facilities such as canteens for workers, and these expectations are reflected in our business agreements and contracts.

**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%

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
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:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual harassment	No Child labour or involuntary labour.
Discrimination at workplace	
Child labour	Nearly 80% of the suppliers (by business value) were covered through desktop reviews and/or vendor-specific audits during the year. These suppliers are largely of global repute or operate in designated industrial areas where aspects such as child labour, forced labour and minimum wage compliance are monitored by the concerned Government authorities. SFL encourages suppliers to provide an inclusive and supportive working environment, exercise diversity in employment and comply with all applicable labour laws. The Company conducts vendor-specific audits to ensure compliance towards Sexual Harassment, Child Labour, Forced Labour and Wages.
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 or concern was found in our assessment. In a few cases, wage increases and alignment with applicable minimum-wage notifications were discussed with suppliers and have been approved/implemented as part of continuous improvement.

**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 2025-26	FY 2024-25
<b>From renewable sources</b>		
Total electricity consumption (A)	12832 GJ	13371 GJ
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources [C]	Nil	Nil
<b>Total energy consumption (A+B+C)</b>	<b>12832 GJ</b>	<b>13371 GJ</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	52309.62 GJ	40511.91 GJ
Total fuel consumption (E)	9284.45 GJ	9210 GJ
Energy consumption through other sources [F]	NIL	Nil
<b>Total energy consumption (D+E+F)</b>	<b>61594 GJ</b>	<b>49721 GJ</b>
<b>Total energy consumption (A+B+C+D+E+F)</b>	<b>74426 GJ</b>	<b>63091 GJ</b>
Energy intensity per crore of turnover (Total energy consumption/ turnover in rupees) *Revenue in crores	25 GJ/Cr	23.5 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)	519 GJ/\$Cr	486 GJ/\$Cr
Energy intensity in terms of physical output (GJ/MT of foam production)	0.90 GJ/MT	0.939 GJ/MT
Energy intensity in terms of physical output (GJ/ mattress)	0.030	0.031

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yeas, name of the external agency - No

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, none of the sites/facilities of the company are identified as designated consumers (DCs) under the Perform, Achieve and Trade (PAT) scheme of the Govt of India.

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	57729.09 KL	10796 KL
(ii) Groundwater	130751.4 KL	105900.81 KL
(iii) Third party water	2628.5 KL	50309.08 KL
(iv) Seawater / desalinated water	0 KL	0 KL
(v) Others	14606 KL	18668 KL
<b>Total volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)</b>	<b>205714.99 KL</b>	<b>185674 KL</b>
<b>Total volume of water consumption (In kilolitres)</b>	<b>181577 KL</b>	<b>142639 KL</b>
Water intensity per rupee of turnover (Water consumed in kilolitres / turnover in crores)	69.4 KL/Cr	69.4 KL/Cr
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP in crores)	1434 KL/\$Cr	1434 KL/\$Cr
Water intensity in terms of physical output (KL/Person)	-	-
Water Intensity (optional) - In terms of man power	44.72	44.3
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?	No	No

**4. Provide the following details related to water discharged:**

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	Nil	Nil
- No treatment	Nil	Nil
- With treatment - please specify level of treatment	Nil	Nil
(ii) To Groundwater	Nil	Nil
- No treatment	650	21642
- With treatment - please specify level of treatment	931	362
(iii) To Seawater	Nil	Nil
- No treatment	Nil	Nil
- With treatment - please specify level of treatment	Nil	Nil
(iv) Sent to third parties	Nil	Nil
- No treatment	Nil	Nil
- With treatment - please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
- No treatment	973	1095
- With treatment - please specify level of treatment (Secondary Treatment at STPs)	21485	19936
	KL STP treatment	KL STP treatment
<b>Total water discharged (in kiloliters)</b>	<b>24038.075 KL</b>	<b>43035 KL</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

**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. Our goal to reach ZLD by 2030.

**6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	FY 2025-26 (Current Financial Year)		FY 2024-25 (Previous Financial Year)	
	unit	value	unit	value
NOx	kg	282.5	kg	225.2
SOx	kg	81.2	kg	73.8
Particulate matter (PM)	kg	133.2	kg	100.4
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:** SFL monitors its air emissions from DG Sets through NABL accredited Labs and Pollution Control Board approved agencies.

The Company is compliant with the industrial air quality norms recommended by State Pollution Control Boards at all locations.

**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 2025-26 (Current Financial Year)	FY 2024-25 (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	619	614
<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	10564	8181
<b>Total Scope 1 and Scope 2 emissions intensity- (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)</b>	Metric tonnes of CO <sub>2</sub> equivalent / crore of turnover	3.78	3.29
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)</b>	(Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	78	67.92
<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	0.136	0.131
<b>Total Scope 1 and Scope 2 emission intensity</b>	Metric tonnes of CO <sub>2</sub> equivalent /mattress production	0.0045	0.0043

**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 Solar Power Project is identified at other Plant. The Company is planning to install additional 1 MW SPP in year 2026-27
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 will replace the Diesel run forklifts with battery operated forklifts as and when they become due for replacement
6. Installation of approx 850 kWp in TLD and NGM units
7. Installation of scrubber in all DG exhaust
8. VFD installed on compressors.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste <b>(A)</b>	539.2672 MT	206.256 MT
E-waste <b>(B)</b>	0.10 MT	0.72 MT
Bio-medical waste <b>(C)</b>	Nil	Nil
Construction and demolition waste <b>(D)</b>	Nil	Nil
Battery waste <b>(E)</b>	0.09	0.02
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)	74. 432 MT	73.5MT
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)	1768. 1216 MT	1737.36 MT
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>2382.01 MT</b>	<b>2017.86 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	16.11

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
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	2381.93 MT (Authorised/ Licensed Vendors)	2017.86 MT (Authorised vendor)
<b>Total</b>	<b>2381.93 MT</b>	<b>2017.86 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 in our establishment are based on the principal of 'reduce, reuse and recycle'.

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
5. Coir waste along with foam is recycled as RFB. Which is used for making mattresses.

**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:

- Name of the area - Jalpaiguri, Greater Noida, Jabalpur, Hyderabad, Bangalore.
- Nature of operations - Manufacturing of Foam
- Water withdrawal, consumption, and discharge in the following format:

Parameter	Current FY	Previous FY
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	Nil	Nil
(ii) Groundwater	53764. 4 KL	21944.61 KL
(iii) Third party water	236.5 KL	21050 KL
(iv) Seawater / desalinated water	0	Nil
(v) Others	14606	Nil
Total volume of water withdrawal (in kilolitres)	68606.9 KL	42. 994.61 KL
Total volume of water consumption (in kilolitres)	56747	34746.49
Water intensity per crore of turnover (Water consumed / turnover)	19.16	13
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 Groundwater	Nil	Nil
No treatment	288	Nil
With treatment - please specify level of treatment	748	Nil
(iii) To Seawater	Nil	Nil
No treatment	Nil	Nil
With treatment - please specify level of treatment	Nil	Nil
(iv) Sent to Third parties	Nil	Nil
No treatment	Nil	Nil
With treatment - please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
No treatment	218	973
With treatment - please specify level of treatment	10606 KL	8248 KL
	STP Treatment	STP Treatment
Total water discharged (in kilolitres)	11860 KL	8248.12 KL
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?	NA	

**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 2025-26 (Current Financial Year)	FY 2024-25 (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	Not Measured	Not Measured
<b>Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity</b>	-	Not Measured	Not Measured

**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.**

Through its extensively tree plantation the company is making a positive impact to preserve biodiversity in all its unit areas.

**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:**

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Switching to renewable source of energy	A new 500 Kwh Solar Power Project has completed & continue use the generated energy at Jabalpur Plant.	Lower GHG emissions.
2	Saving Energy	Continue Installation of Variable Frequency Drives in place of Star Delta Starter in Compressors at our plant.	Lower Energy consumption. Extend equipment Life.
3	Waste Reduction	HM polythene removed for HDPE-HM double packing of inter-unit supplies.	Reduction in plastic waste. Lower GHG emissions.
4	Water Conservation	A new 30KLD STP Plant was setup at Nandigram Plant	Treated Water used for Gardening & other purpose. Avoiding water waste.
5	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.
6	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.
7	Emissions Reduction	Production of foam using VPF technology was increased with the operationalisation of Jabalpur plant by 2.5 times compared to last year.	Reduced fumes and GHG emissions
8	Energy Conservation	Additional Occupancy sensors and LED lights installed in offices and plants	Saving electricity
9	Water Conservation	Additional Sensor operated/Push type water taps with auto switch off installed in Plants.	Saving Water
10	Reducing GHG Emissions	Solar energy exported to the Grid through net metered connections when not utilised for own operations.	Achieving Carbon offset. Reduction in GHG emissions.
11	Reducing plastic waste	A sustained drive undertaken in plants to reduce plastic packaging and reusing incoming packaging a number of times.	Plastic waste reduced
12	Sustainable Packaging	Packaging and branding material used for packing pillows and mattress are environmentally friendly in nature as either it is recycled or reused.	Circularity
		Transition towards environmentally friendly packaging material (LDEP Grade 7) which is recyclable and reusable	

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
14	Promotion of CNG vehicles in primary transportation	Promoting conversion of primary transport to CNG; currently about 7% of total volumes are transported in CNG vehicles in the North region and fleet mix is being shifted so that 40% of total freight is moved on CNG at group level.	Reduced diesel consumption, lower GHG emissions from primary transportation.
15	Deployment of Electric Vehicles (EVs) in logistics	Introduction of EV small commercial vehicles (SCVs) in primary and secondary transportation; 9 EV SCVs are already operating and 5 additional EV SCVs are planned, with further expansion in last mile delivery	Zero tail pipe emissions on EV routes, lower GHG emissions and promotion of greener supply chain.
16	Milk runs and multi loading for route optimization	Implementation of milk runs and multi loading on feasible lanes across India to improve vehicle utilization and consolidate deliveries.	Reduced number of trips, lower fuel consumption per unit shipped, lower freight cost and associated emissions.
17	Fleet upsizing to 32 ft trucks	Ongoing project to upsize logistics fleet from 19/22/24 ft trucks to 32 ft trucks; 32 ft share has increased to about 33% with a target of 35% in the overall fleet mix.	Fewer trips for the same volume, improved load efficiency, reduced freight percentage and lower GHG emissions per unit transported.

**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.

**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 2026 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 6 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.**

Sr. 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://www.sheelafom.com/corporate-governance#policies>

Sr. 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	FY2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Directly sourced from MSMEs/ Small producers	26%	23%
Sourced directly from within India	74%	68%

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	FY2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Rural	-	-
Semi-urban	17.24 %	15%
Urban	27.16 %	33%
Metropolitan	55.60 %	52%

## 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 benefiting people in every nook 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 marginalized/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.**

Sr. No.	CSR Project	No of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized group
1	Skill Development Training Programmes at Skill Development Centre in Khurja	Male - 615 Female - 341	100%
2	Employment generation	Male - 250 Female - 225 Number of trainees placed in Armed/ Police Forces or Self employed Male - 136 Female - 48	100%

**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 handled through a centralized customer care center and resolved promptly. Customers can register complaints via toll-free number, email, website, dealer, or sales team across both brands.

Once logged, complaints are verified by the field inspection team through physical or digital inspection. Based on the findings, the claims and warranty team processes genuine cases through replacement or upgrade.

The end-to-end resolution, including delivery to the customer, is completed within approximately 15 days.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

CSR Project	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:**

Category	FY 2025-26 (Current Financial Year)			FY 2024-25 (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	34459	246	Data is inclusive Sleepwell and Kurlon	19130	439	-

**4. Details of instances of product recalls on account of safety issues**

	Number	Reason for recall
Voluntary recalls	0	Not Applicable
Forced recalls	0	Not Applicable

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes. The company has framed its cyber security & data privacy policy under its IT policies which is applicable to all the Employees (Full Time, Part Time, Contractual, Consultants, Auditors, etc.) and stakeholders (in some cases Customers & Vendors) of SFL. It considers customer information safety as a critical aspect. This policy is available on the intranet portal.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Mattress movement process has been changed to reduce resolution time for consumer complaints related to products, which are now resolved in 13-15days as against 15-17 days in 24-25

**7. Provide the following information relating to data breaches:**

- a. Number of instances of data breaches - **Nil**
- b. Percentage of data breaches involving personally identifiable information of customers - **Not Applicable**
- c. Impact, if any, of the data breaches - **Not Applicable**

**LEADERSHIP INDICATORS**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Corporate Website at <https://www.sheelafoam.com/home-comfort-porducts.html> and <https://mysleepwell.com/>

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

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 friendly/hygiene 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.**

As a B2B provider, our output is characterized by derived demand and does not fall under the category of essential services. However, to ensure supply chain resilience, we maintain robust communication protocols that provide direct customers with proactive notifications regarding potential disruptions. This transparent approach allows our partners to mitigate operational risks and adjust their downstream requirements effectively.

**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.

For **Sheela Foam Limited**

**(Rahul Gautam)**

Chairman & Managing Director

Date:

Place:

# Standalone

## **Financial Statements**

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# 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 comprises the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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, 2026, and its 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 SAs are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 of the current period. 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.

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
1	<p>Revenue recognition - Discounts and rebates</p> <p>Refer note 2 and 31 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).</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 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.</p>	<p>Our audit procedures include the following:</p> <ol style="list-style-type: none"> <li>1. 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>2. 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>3. Verified on a test check basis, key customer contracts to identify the relevant terms and conditions related to discounts and rebates.</li> <li>4. 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>5. 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, 2026.</li> <li>6. Verified completeness and accuracy of the data used by the Company for accrual of discounts and rebates through test of controls.</li> </ol>

Sr. No	Key Audit Matters	How the Key Audit Matters was addressed in our audit
	<p>Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.</p> <p>In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter.</p>	<ol style="list-style-type: none"> <li>7. 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>8. Verified payments made/credit notes issued after reporting/year end date and where relevant, comparing the payment to the related rebate accrual.</li> <li>9. Verified manual journal entries posted to revenue, on a test check basis, to identify unusual items and examining the underlying documentation.</li> <li>10. Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.</li> </ol>
2	<p>Impairment of intangible assets with indefinite life</p> <p>Refer note 2.1(d)(vii) to the standalone financial statements.</p> <p>The Company has significant intangible assets i.e. Goodwill and Brand on account of acquisition of an entity amounting ₹ 1,291.03 crores as on March 31, 2026. In determining the value in use, the Company has applied judgment in estimating future revenues, operating profit margins, long-term growth rate and discount rates.</p> <p>The carrying value of these intangible assets is tested annually for impairment.</p> <p>The Company performed its annual impairment test of these intangible assets and determined that there was no impairment.</p> <p>Due to the significance of the carrying value of these intangible assets and judgment involved in performing impairment test, we have identified this as a key audit matter.</p>	<p>Our audit procedures include the following:</p> <ol style="list-style-type: none"> <li>1. Obtained an understanding from the management with respect to process and controls followed by the Company and tested the design, implementation and operating effectiveness of controls over the process of impairment assessment to perform annual impairment test related to these intangible assets.</li> <li>2. Obtained the impairment analysis model from the management and reviewed their conclusions.</li> <li>3. 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>4. 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>5. Reconciled the future operating cash flow forecasts with the business plan approved by the Company's board of directors.</li> <li>6. Evaluated the appropriateness of the disclosures made in the financial statement in relation to the above as required under applicable accounting standards.</li> <li>7. Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.</li> </ol>

### 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 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 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 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 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.

### Responsibilities of Management and Board of Directors for the Standalone Financial Statements

The Company's Management and Board of Directors are 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 Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting

records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors of the Company 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 is 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 of the aforesaid standalone financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements 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 Flows dealt

with by this Report are in agreement with the books of account maintained for the purpose of preparation of the standalone financial statements.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The modification 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 has been no delay in transferring amounts, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2026.
  - (iv) a. To the best of our knowledge and belief, as disclosed in the note 43 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.
  - b. To the best of our knowledge and belief, as disclosed in the note 43 to the standalone financial statements, no funds have been

received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

- c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- (v) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. (Refer Note 67 to the Standalone financial statements)
- (vi) In regard to the accounting software 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 audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention as explained in Note 42 to the standalone financial statements.

In regard to the Payroll software

Based on our examination which included test checks, the Company has used an additional software w.e.f. April 01, 2025 for maintaining its payroll (managed and maintained by a third-party software service provider) which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all the relevant transactions recorded in the software as explained in Note 42 to the financial statements. Further, during the course of our audit and considering SOC report, we did not come across any instance of audit trail feature being tampered with.

The company used a different payroll software before April 01, 2025 and in the absence of sufficient and appropriate audit evidence, we are unable to comment on whether the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention prescribed under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

3. In our opinion, according to information, explanations given to us, the remuneration paid or provided by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act.

**For M S K A & Associates LLP**  
**(Formerly known as M S K A & Associates)**

Chartered Accountants  
ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**  
Partner

Place: Gurugram  
Date: May 14, 2026

Membership No.: 502896  
UDIN: 26502896PMVLBC1942

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF 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 of current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For M S K A & Associates LLP**  
**(Formerly known as M S K A & Associates)**

Chartered Accountants  
 ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**  
 Partner

Place: Gurugram  
 Date: May 14, 2026

Membership No.: 502896  
 UDIN: 26502896PMVLBC1942

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHEELA FOAM LIMITED FOR THE YEAR ENDED MARCH 31, 2026

[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.
- (a) B. The Company has maintained proper records showing full particulars of intangible assets.
- (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, 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, except for those as mentioned below:

Description of Property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held - Indicate range, where appropriate	Reason for not being held in name of Company (also indicate if in dispute)
Leasehold Land - Bhubaneshwar	₹ 28.57 crores	Kanara Consumer Products Limited	No	Since October 20, 2023	The lease is in the name of the erstwhile holding, Kanara Consumer Products Limited of Kurlon Enterprise Limited and the later company got merged with Sheela Foam Limited during the FY 2025-26. Post change in ownership during the year (on October 20, 2023), the company is in the process of transferring the lease in its name.
Freehold Land - Gandarajpulle, Andhra Pradesh	₹ 11.13 crores	Kurlon Enterprise Limited	No	Since October 20, 2023	The title deed of the land is in the name of the Kurlon Enterprise Limited and the later company got merged with Sheela Foam Limited during the FY 2025-26. Consequent to this merger, the company is in the process of transferring the title deed in its name.
Leasehold Land - Assam	₹ 3.03 crores	Kurlon Enterprise Limited	No	Since October 20, 2023	The lease is in the name of Kurlon Enterprise Limited and the later company got merged with Sheela Foam Limited during the FY 2025-26. Consequent to this merger, the company is in the process of transferring the lease in its name.
Leasehold Land - Gwalior	₹ 8.72 crores	Kurlon Enterprise Limited	No	Since October 20, 2023	The lease is in the name of Kurlon Enterprise Limited and the later company got merged with Sheela Foam Limited during the FY 2025-26. Consequent to this merger, the company is in the process of transferring the lease in its name.

- (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) and intangible assets during the year. 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.
- ii. (b) During any point of time of the year, the Company has not been sanctioned working capital limits from Banks on the basis of security of current assets. Accordingly, the provisions stated under clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. (a) According to the information and explanations provided to us, the Company has made investment in, provided loans, advances in the nature of loans, stood guarantee, and/or provided securities to other entities. The details of such investments, loans, advances, guarantee or securities to subsidiaries, joint ventures and others are as follows:

(All amount in ₹ Crores)

Particulars	Guarantees	Security	Loans (excluding interest)	Advances in the nature of loans	Investments
Aggregate amount granted/provided during the year					
- Subsidiaries	-	-	19.08	-	8.24
- Joint Ventures	-	-	-	-	30.00
- Others	-	-	2.69	-	1,855.97
Balance Outstanding as at balance sheet date in respect of above cases					
- Subsidiaries	144.93	-	113.37	-	214.33
- Joint Ventures	-	-	-	-	441.64
- Others	-	-	4.19	-	127.92

- (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, guarantees provided, 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 and explanations 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 and explanations provided to us, the Company has not any granted loans and / or advances in the nature of loans, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the requirement to report under clause 3(iii)(f) of the Order is not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees and security made.
- 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(v) 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, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year. No undisputed amounts payable in respect of these statutory dues were outstanding as at March 31, 2026, for a period of more than six months from the date they became payable.

- vii. (b) According to the information and explanations 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, 2026, 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
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
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	0.15	2017-18 to 2022-23	Commissioner Appeals
The West Bengal Goods & Service Tax Act, 2017	Goods and Service Tax	0.19	0.01	2019-20	Commissioner Appeals
Income Tax Act, 1961	Income Tax	12.13	-	2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3.20	-	2021-22	Commissioner of Income Tax (Appeals)
Sales Tax	Sales tax	0.78	0.10	2015-16	The Joint Commissioner, Commercial taxes
Value added Tax	Value added tax	1.29	0.23	2014-15	The Joint Commissioner, Commercial taxes
Goods and Service Tax Act 2017	Goods and Service Tax	31.90	1.12	2017-18	Office of Deputy Commissioners of State Tax Jurisdiction
Goods and Service Tax Act 2017	Goods and Service Tax	0.80	0.08	2017-18, 2018-19	Office of Deputy Commissioners of State Tax Jurisdiction
Goods and Service Tax Act 2017	Goods and Service Tax	1.49	0.09	2017-18, 2018-19, 2019-20	Office of Deputy Commissioners of State Tax Jurisdiction
Goods and Service Tax Act 2017	Goods and Service Tax	6.19	0.32	2018-19	Office of Deputy Commissioners of State Tax Jurisdiction
Goods and Service Tax Act 2017	Goods and Service Tax	1.91	0.11	2018-19	Office of Joint & Deputy commissioner of Appeals
Goods and Service Tax Act 2017	Goods and Service Tax	3.82	0.28	2019-20	Office of Joint & Deputy commissioner of Appeals
Goods and Service Tax Act 2017	Goods and Service Tax	0.07	0.07	2020-21	Office of Deputy Commissioners of State Tax Jurisdiction
Goods and Service Tax Act 2017	Goods and Service Tax	0.09	0.01	2020-21	Superintendent of CGST
Goods and Service Tax Act 2017	Goods and Service Tax	0.62	0.03	2020-21	Office of Joint & Deputy commissioner of Appeals
Goods and Service Tax Act 2017	Goods and Service Tax	0.66	0.32	2020-21	State Tax Officer
Goods and Service Tax Act 2017	Goods and Service Tax	0.27	0.27	2022-23	Office of Deputy Commissioners of State Tax Jurisdiction

(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
Goods and Service Tax Act 2017	Goods and Service Tax	0.52	0.03	2017-18 2018-19	First Appellate Authority
Goods and Service Tax Act 2017	Goods and Service Tax	1.24	0.06	2017-18 to 2022-23	First Appellate Authority
Goods and Service Tax Act 2017	Goods and Service Tax	0.61	1.58	2022-23	First Appellate Authority
Goods and Service Tax Act 2017	Goods and Service Tax	0.02	-	2018-19	First Appellate Authority
Goods and Service Tax Act 2017	Goods and Service Tax	0.20	-	2023-24	First Appellate Authority

- viii. According to the information and explanations given to us, there are no transactions 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 and explanations 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 any entity or person on account of or to meet the obligations of its subsidiaries or jointly controlled entity.
- (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 ventures. 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 and explanations 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) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- 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 Companies Act, 2013, 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 comprising 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 more than one Core Investment Company as a part of its group. Accordingly, the reporting 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 Companies Act, 2013 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 Companies Act, 2013 as disclosed in note 58 to the standalone financial statements.
- xxi. The reporting under clause 3(xxii) 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 LLP**  
**(Formerly known as M S K A & Associates)**

Chartered Accountants  
 ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**

Partner

Place: Gurugram  
 Date: May 14, 2026

Membership No.: 502896  
 UDIN: 26502896PMVLBC1942

## **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 Auditor's Report of even date to the Members of Sheela Foam Limited on the Standalone Financial Statements for the year ended March 31, 2026]**

### **Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Sheela Foam Limited ("the Company") as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, and to the best of our information and according to the explanations given to us, 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, 2026, based on the internal financial controls 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 financial controls 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 the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the

Guidance Note issued by 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 with reference to standalone financial statements. 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 Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

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

### **Inherent Limitations of Internal Financial Controls 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 LLP**  
**(Formerly known as M S K A & Associates)**  
Chartered Accountants  
ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**

Partner

Place: Gurugram  
Date: May 14, 2026

Membership No.: 502896  
UDIN: 26502896PMVLBC1942

# Standalone Balance Sheet

as at March 31, 2026

(₹ in Crores)

Particulars	Note no.	As at March 31, 2026	As at March 31, 2025
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	754.06	724.97
Right-of-use assets	4	92.53	106.79
Capital work-in-progress	3A	25.20	54.06
Investment property	5A	2.70	2.81
Intangible assets	5B	1,430.16	1,435.86
Investments in Subsidiaries and Joint venture	6	655.97	617.73
Financial assets			
(i) Loans	7	113.79	79.67
(ii) Other financial assets	8	48.19	46.81
Non current tax assets (net)	9	113.23	81.79
Deferred Tax Assets	10	96.93	140.47
Other non-current assets	11	7.64	7.14
<b>Total non current assets</b>		<b>3,340.40</b>	<b>3,298.10</b>
<b>Current assets</b>			
Inventories	12	279.71	246.36
Financial assets			
(i) Investments	13	127.92	464.52
(ii) Trade receivables	14	283.36	218.91
(iii) Cash and cash equivalents	15	9.34	28.49
(iv) Bank balances other than cash and cash equivalents	16	2.31	2.23
(v) Loans	17	1.71	1.04
(vi) Other financial assets	18	24.62	18.18
Other current assets	19	82.42	134.23
<b>Total current assets</b>		<b>811.39</b>	<b>1,113.96</b>
Assets held for sale/Assets included in disposal group held for sale	3B	9.94	58.22
<b>Total assets</b>		<b>4,161.73</b>	<b>4,470.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	20	54.60	54.59
Other equity	21	2,857.58	2,721.82
<b>Total equity</b>		<b>2,912.18</b>	<b>2,776.41</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	22	-	395.00
(ii) Lease liabilities	23	46.58	45.17
(iii) Other financial liabilities	24	48.77	66.88
Provisions	25	3.51	12.78
Other non current liabilities	26	43.73	33.52
<b>Total non current liabilities</b>		<b>142.59</b>	<b>553.35</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	27	411.29	500.40
(ii) Lease liabilities	23	17.14	15.38
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	28	77.83	30.47
- Total outstanding dues of creditors other than micro enterprises and small enterprises	28	249.04	214.54
(iv) Other financial liabilities	29	212.60	229.69
Provisions	25	35.64	30.79
Other current liabilities	30	103.42	119.25
<b>Total current liabilities</b>		<b>1,106.96</b>	<b>1,140.52</b>
<b>Total liabilities</b>		<b>1,249.55</b>	<b>1,693.87</b>
<b>Total equity and liabilities</b>		<b>4,161.73</b>	<b>4,470.28</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 LLP**

(Formerly known as MSKA & Associates)

**Chartered Accountants**

Firm Registration No.: 105047W / W101187

**Nipun Gupta**

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

**For and on behalf of the Board of Directors of**

**Sheela Foam Limited**

CIN: L74899MH1971PLC427835

**Rahul Gautam**

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

**Tushaar Gautam**

Vice Chairman

DIN:01646487

**Davinder Kumar Ahuja**

Group Finance Controller

**Amit Kumar Gupta**

Group Chief Financial Officer

**Md. Iqbal Ahmad**

Company Secretary

Membership No.: A20921

# Standalone Statement of Profit and Loss

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Note no.	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Income</b>			
Revenue from operations	31	2,962.27	2,675.25
Other income	32	40.32	127.42
<b>Total Income</b>		<b>3,002.59</b>	<b>2,802.67</b>
<b>Expenses</b>			
Cost of materials consumed	33	1,598.62	1,504.29
Purchase of stock-in-trade	34	100.31	81.52
Changes in inventories of finished goods, stock-in-trade and work-in-progress	35	(7.73)	(14.58)
Other manufacturing expenses	36	113.04	121.19
Employee benefits expense	37	322.58	282.01
Finance costs	38	70.98	97.08
Depreciation and amortisation expense	39	110.20	129.86
Other expenses	40	537.85	521.37
<b>Total Expenses</b>		<b>2,845.85</b>	<b>2,722.74</b>
<b>Profit before tax and Exceptional Items</b>		<b>156.74</b>	<b>79.93</b>
Exceptional items	66	(7.93)	(30.59)
<b>Profit before tax</b>		<b>164.67</b>	<b>110.52</b>
<b>Income Tax expense</b>	60		
Current tax		-	-
Tax expenses related to earlier years		(9.44)	(0.99)
Deferred tax (net)		43.54	18.81
<b>Total Income tax expense</b>		<b>34.10</b>	<b>17.82</b>
<b>Profit for the year</b>		<b>130.57</b>	<b>92.70</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		(1.29)	2.39
Income tax on above item		-	-
Items that will be reclassified to profit or loss			
Fair value gain / (loss) on investments and other financial instruments		(0.80)	0.56
Income tax on above item		-	-
<b>Total Other Comprehensive Income/ (Loss) (net of tax)</b>		<b>(2.09)</b>	<b>2.95</b>
<b>Total Comprehensive Income for the year</b>		<b>128.48</b>	<b>95.65</b>
<b>Earnings per equity share (Nominal value of shares of ₹ 5/- each (March 31, 2025 : ₹ 5/- each))</b>	41		
Basic (₹)		11.96	8.49
Diluted (₹)		11.93	8.48

Material Accounting Policies

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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 LLP**  
(Formerly known as MSKA & Associates)  
**Chartered Accountants**  
Firm Registration No.: 105047W / W101187

**For and on behalf of the Board of Directors of  
Sheela Foam Limited**  
CIN: L74899MH1971PLC427835

**Nipun Gupta**  
Partner  
Membership No.: 502896

**Rahul Gautam**  
Managing Director  
DIN:00192999

**Tushaar Gautam**  
Vice Chairman  
DIN:01646487

**Amit Kumar Gupta**  
Group Chief Financial Officer

Place: Gurugram  
Date: May 14, 2026

Place: Noida  
Date: May 14, 2026

**Davinder Kumar Ahuja**  
Group Finance Controller

**Md. Iqbal Ahmad**  
Company Secretary  
Membership No.: A20921

# Standalone Statement of Changes in Equity

for the year ended March 31, 2026

## A. EQUITY SHARE CAPITAL

Particulars	₹ in Crores
<b>Balance as at April 01, 2024</b>	<b>54.59</b>
Add: Equity shares issued during the year	0.00
<b>Balance as at March 31, 2025</b>	<b>54.59</b>
Add: Equity shares issued during the year	0.01
<b>Balance as at March 31, 2026</b>	<b>54.60</b>

## B. OTHER EQUITY

Particulars	Reserves and surplus				Items of Other Comprehensive Income	Total
	Retained earnings	Capital Reserve	Securities Premium	Share based payment reserve	Cash flow Hedge reserve through OCI	
<b>Balance as at April 1, 2024</b>	<b>1,497.26</b>	<b>(67.38)</b>	<b>1,188.31</b>	<b>2.42</b>	<b>(2.26)</b>	<b>2,618.35</b>
Profit for the year	92.70	-	-	-	-	92.70
Remeasurements of the net defined benefit plans (net of tax)	2.39	-	-	-	-	2.39
Gain / (Loss) on Cash flow hedge reserve (net of tax)	-	-	-	-	0.56	0.56
Employees share based payment expenses	-	-	-	7.42	-	7.42
Transfer due to exercise of Employee share option scheme	-	-	0.93	(0.93)	-	-
Other Adjustments	0.40	-	-	-	-	0.40
<b>Total comprehensive income for the year</b>	<b>95.49</b>	<b>-</b>	<b>0.93</b>	<b>6.49</b>	<b>0.56</b>	<b>103.47</b>
<b>Balance as at March 31, 2025</b>	<b>1,592.75</b>	<b>(67.38)</b>	<b>1,189.24</b>	<b>8.91</b>	<b>(1.70)</b>	<b>2,721.82</b>
Profit for the year	130.57	-	-	-	-	130.57
Remeasurements of the net defined benefit plans (net of tax)	(1.29)	-	-	-	-	(1.29)
Gain / (Loss) on Cash flow hedge reserve (net of tax)	-	-	-	-	(0.80)	(0.80)
Employees share based payment expenses	-	-	-	6.32	-	6.32
Transfer due to exercise of Employee share option scheme	-	-	0.52	(0.52)	-	-
Other Adjustments	-	-	-	-	0.96	0.96
<b>Total comprehensive income for the year</b>	<b>129.28</b>	<b>-</b>	<b>0.52</b>	<b>5.80</b>	<b>0.16</b>	<b>135.76</b>
<b>Balance as at March 31, 2026</b>	<b>1,722.03</b>	<b>(67.38)</b>	<b>1,189.76</b>	<b>14.71</b>	<b>(1.54)</b>	<b>2,857.58</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 LLP

(Formerly known as MSKA & Associates)

### Chartered Accountants

Firm Registration No.: 105047W / W101187

### Nipun Gupta

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

### For and on behalf of the Board of Directors of

### Sheela Foam Limited

CIN: L74899MH1971PLC427835

### Rahul Gautam

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

### Tushaar Gautam

Vice Chairman

DIN:01646487

### Davinder Kumar Ahuja

Group Finance Controller

### Amit Kumar Gupta

Group Chief Financial Officer

### Md. Iqebal Ahmad

Company Secretary

Membership No.: A20921

# Standalone Statement of Cash Flows

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax and exceptional items</b>	156.74	79.93
<b>Adjustments for:</b>		
Depreciation and amortisation expense	110.20	129.86
Finance costs	70.98	97.08
Gain on termination of Lease	(0.32)	(5.43)
Liabilities/provisions no longer required written back	(0.69)	(0.31)
Provision for doubtful receivables	1.71	2.74
Provision for warranty	8.04	21.12
Expenses on employees stock option schemes	6.32	7.42
Amortisation of Government grants	(4.96)	(7.24)
Advances / balances written off	0.04	0.09
Fair value Loss/ (Gain) on investments (net)	0.94	(14.14)
(Profit) on sale of investments (net)	(4.96)	(41.48)
Loss on sale of property, plant and equipment (net)	1.93	7.33
Net loss on foreign currency forward contracts	20.61	2.78
Money received as settlement claim under Business Combination	-	(35.70)
Unrealised foreign exchange (Gain)/Loss (net)	(3.93)	0.20
Rental Income (Short term lease)	(1.77)	(2.45)
Interest income	(15.00)	(12.23)
<b>Operating profit before working capital changes</b>	<b>345.88</b>	<b>229.57</b>
<b>Changes in working capital:</b>		
(Increase) / Decrease in Inventories	(33.48)	20.50
(Increase) / Decrease in loans and trade receivables	(66.95)	27.91
(Increase) / Decrease in other financial and non-financial assets	(1.21)	33.50
Increase / (Decrease) in trade payables	81.13	(27.73)
(Decrease) in other financial liabilities, non-financial liabilities and provisions	(44.74)	(51.16)
<b>Cash generated from operations</b>	<b>280.63</b>	<b>232.59</b>
Income tax paid (net of refunds)	(22.00)	(0.38)
<b>Net cash flow from operating activities (A)</b>	<b>258.63</b>	<b>232.21</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and change in capital work in progress	(111.81)	(124.47)
Proceeds from Sale of property, plant and equipment	98.23	41.95
Expenditure on Intangible assets acquired	-	(30.08)
(Decrease) / Increase in creditors for capital goods (net of capital advances)	(2.13)	2.60
Advance received against sale of property	14.49	-
Investment in shares of Subsidiary Companies	(8.24)	(8.37)
Investment made in Joint venture	(30.00)	(50.94)
Proceeds from debentures and mutual funds (net)	340.62	111.38
Loans given to Subsidiary Company	(19.08)	(5.59)
Investment in Bank deposits	(0.08)	(0.10)
Rental income (short term lease)	1.77	2.45
Interest income received	8.18	14.99
<b>Net cash from/ (used in) investing activities (B)</b>	<b>291.95</b>	<b>(46.18)</b>
<b>C. Cash flow from financing activities</b>		
Net Proceeds from issuance of equity share capital including securities premium (net of expenses)	0.01	0.00
Repayment of Non-convertible debentures (including interest and net of expenses)	(416.00)	(61.27)
Repayment of long term borrowings	(46.46)	(32.89)
Repayment of short term borrowings (including working capital loan)	(63.00)	(31.36)
Payment of lease liabilities (principal and interest)	(20.99)	(20.89)
Finance costs	(23.29)	(26.55)
<b>Net cash flow used in Financing Activities (C)</b>	<b>(569.73)</b>	<b>(172.96)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(19.15)</b>	<b>13.07</b>
Cash and cash equivalents at the beginning of the year	28.49	15.42
<b>Cash and cash equivalents at the end of the year</b>	<b>9.34</b>	<b>28.49</b>

# Standalone Statement of Cash Flows

for the year ended March 31, 2026

## 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:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
<b>Cash and cash equivalents</b>		
Cash on hand	0.21	0.41
Deposits having original maturity of less than 3 months	0.01	0.01
Balance with banks in current accounts	9.12	28.07
<b>Balance as per Statement of Cash Flows</b>	<b>9.34</b>	<b>28.49</b>

- Changes in liabilities arising from financing activities

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Lease liabilities</b>		
Lease liabilities at the beginning of the year	60.55	85.68
Addition during the year	23.19	29.01
Accretion of interest	5.17	6.42
Payment of lease liabilities	(20.99)	(20.89)
Cancellation / adjustments	(4.20)	(39.67)
<b>Lease liabilities as at year end</b>	<b>63.72</b>	<b>60.55</b>

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Borrowings</b>		
Borrowings at the beginning of the year	895.40	956.57
Interest charged on Non-convertible debentures	40.04	63.61
Repayment of Non-convertible debentures (Including interest)	(416.00)	(61.27)
Repayment of borrowings	(109.46)	(64.25)
Foreign exchange loss (net)	1.31	0.74
<b>Borrowings as at year end</b>	<b>411.29</b>	<b>895.40</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 LLP

(Formerly known as MSKA & Associates)

### Chartered Accountants

Firm Registration No.: 105047W / W101187

### Nipun Gupta

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

### For and on behalf of the Board of Directors of

### Sheela Foam Limited

CIN: L74899MH1971PLC427835

### Rahul Gautam

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

### Tushaar Gautam

Vice Chairman

DIN:01646487

### Davinder Kumar Ahuja

Group Finance Controller

### Amit Kumar Gupta

Group Chief Financial Officer

### Md. Iqbal Ahmad

Company Secretary

Membership No.: A20921

# Material Accounting Policies

for the year ended March 31, 2026

## 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 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, 2026 were approved by Board of Directors and authorized for issue on May 14, 2026.

## 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. Amounts less than ₹ 50,000 have been presented as "0.00".

#### 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.

# Material Accounting Policies

for the year ended March 31, 2026

These estimates and assumptions are based on the facts and events, that existed as at the date of Balance Sheet, or that occurred after that date but provide additional evidence about conditions existing as at the Balance Sheet date.

Refer below for detailed discussion on estimates and judgments:

## i. Useful lives of Property Plant and Equipment

The Property, Plant and Equipment are depreciated on a pro-rata basis on written down value basis over their respective useful lives upto December 31, 2025. With effect from January 01, 2026, the Company has changed its method of depreciation from WDV to Straight Line Method ("SLM") based on the internal technical assessment of the expected pattern of consumption of future economic benefits embodied in the assets as per Ind AS 16.

In addition, the Company has reassessed the useful life of certain plant and machinery from 20 years to 40 years based upon the technical assessment carried out by an independent chartered engineer considering the expected pattern of consumption of the future economic benefits embodied in the assets.

As per Ind AS 8, the effect of change in accounting estimate has to be given prospectively in the financial statements, accordingly, the Company has changed the method of depreciation w.e.f January 01, 2026. Due to this change in accounting estimate, the depreciation expense is lower and the profit before tax is higher by ₹14.24 crores for the year ended March 31, 2026. Refer note 3A(h) for change in accounting estimate.

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

# Material Accounting Policies

for the year ended March 31, 2026

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 34.53% of the voting rights as on reporting date.

## vii. Impairment of Goodwill

Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization 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 the company as the cash generating unit for the purposes of determining the recoverable value.

(₹ in Crores)

Particular	March 31, 2026	March 31, 2025
Amount of Goodwill	406.80	406.80
Amount of Brand	884.23	884.23

Following key assumptions were considered while performing impairment testing :

Particular	March 31, 2026	March 31, 2025
Average sales growth rate for 5 years	8%	13.60%
Margin	13.32%	17.00%
Average terminal growth rate	6.00%	6.00%
Weighted average cost capital % (WACC) post tax (Discount rate)	12.26%	11.90%

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 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.

# Material Accounting Policies

for the year ended March 31, 2026

## 2.2 Property, Plant & Equipment

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till the date of commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs 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 Straight Line Method 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 Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed / estimated by the Company (No. of Years)
Building		
- Factory (including roads and lanes)	30	29
- Office	60	4-59
- Residential	60	59
Plant & Equipment	20	20-40
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 Intangible Asset

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.

### Externally acquired 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 programmes 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

# Material Accounting Policies

for the year ended March 31, 2026

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 years

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.

## 2.4 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.

## 2.5 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.

## 2.6 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:

- at amortized cost;
- at fair value through other comprehensive income (FVTOCI); and
- 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).

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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.

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 are recorded in Statement of Profit and Loss. This category comprises of investments in mutual funds and bonds/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

# Material Accounting Policies

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- full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

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

- Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with banks, security deposits, employee loans, etc.
- Financial assets that are debt instruments and are measured at FVTOCI.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

## (d) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when:

- a. The rights to receive cash flows from the asset have been expired/transferred; or

- b. The Company retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## (ii) Financial Liabilities

### Initial recognition and measurement

All financial liabilities are recognized initially at fair value and in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, borrowings, security deposits and other payables.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### 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 rate 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

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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 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 Company uses derivative financial instruments to hedge its foreign currency risk and interest rate risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of Profit or Loss and Other Comprehensive Income. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### Hedge Accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

There is an economic relationship between the hedged items and the hedging instruments,

- the effect of credit risk does not dominate the value changes that result from that economic relationship,
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk.

#### Cash flow hedges

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit or Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit or Loss upon the occurrence of the underlying transaction.

### (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.

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## 2.7 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.

## 2.8 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.

## 2.9 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.

## 2.10 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.

## 2.11 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.

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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.

## 2.12 Employee Benefits

### a. Short Term Employee Benefits

All Employee benefits payable within twelve months of rendering the services are classified as short-term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/pay etc, are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### b. Post-Employment Benefits

#### i. Defined contribution plan:

##### (A) Provident fund:

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further

obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

#### (B) Employee's State Insurance Scheme:

Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

#### ii. Defined benefit plan

##### Gratuity:

The company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Other Comprehensive Income in the year in which they arise. Liability is funded through a separate Gratuity Trust. The short/ excess of gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ asset as at the Balance Sheet date.

#### 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.

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## 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.

## 2.13 Leases

### As a Lessee

The Company's lease assets classes primarily consist of leases for Land & Buildings. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense in the statement of profit and loss.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company separately recognizes the interest expense on the lease liability as finance cost and the depreciation expense on the right-of-use asset.

Payments associated with short-term leases of warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Company has applied the practical expedient wherein it relied on its assessment of whether leases are onerous immediately before the date of initial application.

### As a Lessor

Lease income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as lease income.

## 2.14 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

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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.

## 2.15 Earnings per Share:

Basic earnings per share is calculated by dividing net profit/loss of the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding without a corresponding change in the resources.

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

## 2.16 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.

## 2.17 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.

## 2.18 Standards (including amendments) issued but not yet effective.

Amendment to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants:

The amendment includes specific provisions that will take effect for reporting periods beginning on or after 1 April 2026, retrospectively, as outlined below:

- a) Breach of material covenant for long-term loan arrangement on or before end of reporting period with effect that liability becomes payable on demand as on reporting date, then it shall be classified as current liability, if lender agreed after reporting period and before approval of financial statements to not demand payment as a consequence of breach.
- b) Classify as non-current liability, if lender agreed by end of reporting period to provide grace period ending at least 12 months after reporting period within which entity

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can rectify the breach provided lender does not demand immediate repayment.

- c) Disclose information about the timing of settlement to understand the impact of the liability on the financial statements.

The Company does not expect this amendment to have an impact on its operations or standalone financial statements.

## 2.19 Standards that became effective during the year

The Ministry of corporate Affairs ("MCA") notified amendments on 7 May 2025 and 13 August 2025 under the Companies (Indian Accounting Standards) Amendment Rules, 2025 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2025, respectively, which is effective from annual reporting periods beginning on or after 1 April 2025.

### (a) Amendment to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangement:

The amendments to Ind AS 7 Statement of Cash Flows' and Ind AS 107 'Financial Instruments: Disclosures' clarify the characteristics of supplier finance arrangements and require additional disclosures for such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Refer Note 28 and Note 50.

### (b) Amendment to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants:

The amendment specifies the requirements for classifying liabilities as current or non-current in the balance sheet, and clarifies the following:

- i) An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. The classification of a liability

as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.

- ii) If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

- iii) In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the standalone financial statements of the Company. The Company did not make retrospective adjustments as a result of adopting the amendments to Ind AS 1.

### (c) Amendment to Ind AS 12 - Pillar-Two Tax Reforms

The Company is not within the scope of the OECD Pillar Two Model Rules, as Pillar Two legislation has not yet been enacted in any of the jurisdiction in which the Company operates.

### (d) Amendment to Ind AS 21 - Lack of exchangeability

The Amendments introduces requirement to assess when a currency is exchangeable into another currency and when it is not. The amendment requires an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. These amendments had no effect on the standalone financial statements of the Company.

## 2.20 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 3A : PROPERTY, PLANT AND EQUIPMENT / CAPITAL WORK-IN-PROGRESS

Particulars	(₹ in Crores)									
	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	
<b>At cost or deemed cost</b>										
<b>As at April 1, 2024</b>	<b>126.86</b>	<b>417.42</b>	<b>473.88</b>	<b>47.53</b>	<b>21.31</b>	<b>49.20</b>	<b>33.77</b>	<b>1,169.97</b>	<b>80.77</b>	
Additions	1.29	25.26	106.62	3.56	8.77	3.56	0.86	149.92	43.65	
Disposals/transfer	(12.90)	(5.69)	(51.53)	(14.27)	(3.06)	1.30	7.16	(78.99)	(70.36)	
Transferred assets to held for sale	(21.81)	(44.86)	(6.07)	(0.09)	(0.55)	(0.40)	(2.65)	(76.43)	-	
<b>As at March 31, 2025</b>	<b>93.44</b>	<b>392.13</b>	<b>522.90</b>	<b>36.73</b>	<b>26.47</b>	<b>53.66</b>	<b>39.14</b>	<b>1,164.47</b>	<b>54.06</b>	
Additions	0.44	38.67	38.34	48.39	5.47	4.19	5.85	141.35	25.20	
Disposals/transfer	(7.56)	(4.95)	(47.01)	(1.14)	(3.83)	(3.83)	(0.01)	(68.33)	(54.06)	
Transferred assets to held for sale	-	-	-	-	-	-	-	-	-	
<b>As at March 31, 2026</b>	<b>86.32</b>	<b>425.85</b>	<b>514.23</b>	<b>83.98</b>	<b>28.11</b>	<b>54.02</b>	<b>44.98</b>	<b>1,237.49</b>	<b>25.20</b>	
<b>Accumulated depreciation</b>										
<b>As at April 1, 2024</b>	-	<b>106.19</b>	<b>221.70</b>	<b>23.97</b>	<b>10.57</b>	<b>24.04</b>	<b>7.18</b>	<b>393.65</b>	-	
Charge for the year	-	41.59	43.07	3.78	3.67	6.48	4.34	102.93	-	
Disposals/adjustments	-	(0.06)	(32.87)	(7.69)	(2.21)	0.81	3.15	(38.87)	-	
Transferred assets to held for sale	-	(11.34)	(4.46)	(0.05)	(0.14)	(0.31)	(1.91)	(18.21)	-	
<b>As at March 31, 2025</b>	-	<b>136.38</b>	<b>227.44</b>	<b>20.01</b>	<b>11.89</b>	<b>31.02</b>	<b>12.76</b>	<b>439.50</b>	-	
Charge for the year	-	33.25	32.35	6.03	3.51	4.88	3.29	83.31	-	
Disposals/adjustments	-	0.68	(33.16)	(0.90)	(2.81)	(3.09)	(0.10)	(39.38)	-	
Transferred assets to held for sale	-	-	-	-	-	-	-	-	-	
<b>As at March 31, 2026</b>	-	<b>170.31</b>	<b>226.63</b>	<b>25.14</b>	<b>12.59</b>	<b>32.81</b>	<b>15.95</b>	<b>483.43</b>	-	
<b>Net carrying amount</b>										
<b>As at March 31, 2025</b>	<b>93.44</b>	<b>255.75</b>	<b>295.46</b>	<b>16.72</b>	<b>14.58</b>	<b>22.64</b>	<b>26.38</b>	<b>724.97</b>	<b>54.06</b>	
<b>As at March 31, 2026</b>	<b>86.32</b>	<b>255.54</b>	<b>287.60</b>	<b>58.84</b>	<b>15.52</b>	<b>21.21</b>	<b>29.03</b>	<b>754.06</b>	<b>25.20</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 ₹ 266.06 Crores (Previous Year ₹ 286.92 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 property not held in the name of the Company.

## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

e. Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

Particulars	March 31, 2026				March 31, 2025					
	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	Total
Projects in progress	25.12	0.08	-	-	25.20	42.85	10.90	0.31	-	54.06

(₹ in Crores)

f. Schedule for Capital work-in-progress whose completion is overdue compared to its original plan:-

Particulars	March 31, 2026				March 31, 2025					
	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	Total
S.G Learning Centre (Alligarh)	-	-	-	-	-	25.96	-	-	-	25.96

(₹ in Crores)

g. The Company does not have any project temporary suspended.

h. The Depreciation on Property, plant and equipment was charged based on Written Down Value (“WDV”) method upto December 31, 2025. With effect from January 1, 2026, the depreciation method is changed to Straight Line Method (SLM) based upon the internal technical assessment of expected pattern of consumption of the future economic benefits embodied in the assets.

In addition, the Company has reassessed the useful life of certain machinery from 20 years to 40 years based upon the technical assessment done by an independent chartered engineer over the expected pattern of consumption of the future economic benefits embodied in the assets.

Hence the carrying value of the assets as on December 31, 2025 has been depreciated as per SLM over the remaining useful lives of the assets. Due to this change in accounting estimate, the depreciation expense is lower and the profit before tax is higher by ₹14.24 crores for the year ended March 31, 2026.

The impact on account of this change in method of depreciation on the future periods is given below:

Particulars	For the year ended		For the year ended		Later Years
	March 31, 2026	March 31, 2027	March 31, 2027	March 31, 2028	
(Decrease)/ Increase in depreciation expense	(14.24)	(47.06)	(36.73)		98.03

(₹ in Crores)

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 3B : ASSETS HELD FOR SALE/ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE

The Company has decided to close some plants and dispose off their land & buildings, the aggregate value of assets held for sale are as follows :-  
(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Property, Plant and Equipment	9.94	58.22

During the year ended March 31, 2026, the Company decided to sell certain land and building with expected completion of sale before the end of June 30, 2026 having fair value of ₹ 14.29 Crores (March 31, 2025 : ₹ 90.48 Crores).

Assets classified as 'Held for sale' were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the Property, plant and equipment was determined using the sales comparison approach. This is a level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures (refer note no 49).

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in Crores)

Particulars	Leasehold land	Buildings	Total
<b>Cost</b>			
<b>As at April 1, 2024</b>	<b>77.30</b>	<b>93.03</b>	<b>170.33</b>
Additions	-	30.11	30.11
Disposal/transfer	-	(63.54)	(63.54)
<b>As at March 31, 2025</b>	<b>77.30</b>	<b>59.60</b>	<b>136.90</b>
Additions	11.49	20.65	32.14
Disposal/transfer	(22.06)	(10.02)	(32.08)
<b>As at March 31, 2026</b>	<b>66.73</b>	<b>70.23</b>	<b>136.96</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2024</b>	<b>5.83</b>	<b>34.67</b>	<b>40.50</b>
Charge for the year	4.77	14.69	19.46
Disposal/transfer	-	(29.85)	(29.85)
<b>As at March 31, 2025</b>	<b>10.60</b>	<b>19.51</b>	<b>30.11</b>
Charge for the year	6.41	13.47	19.88
Disposal/transfer	(0.50)	(5.06)	(5.56)
<b>As at March 31, 2026</b>	<b>16.51</b>	<b>27.92</b>	<b>44.43</b>
<b>Net carrying amount</b>			
<b>As at March 31, 2025</b>	<b>66.70</b>	<b>40.09</b>	<b>106.79</b>
<b>As at March 31, 2026</b>	<b>50.22</b>	<b>42.31</b>	<b>92.53</b>

- (i) Refer note no. 47 for detailed disclosures as per IND AS 116 "Leases".
- (ii) Leasehold land has been pledged as security ₹ 10.35 Crores (March 31, 2025 : ₹ 10.57 Crores) and for detailed disclosure of charge created on aforesaid assets, refer note no. 65.

## NOTE 5A : INVESTMENT PROPERTY

(₹ in Crores)

Particulars	Leasehold land	Buildings	Total
<b>Cost</b>			
<b>As at April 1, 2024</b>	<b>0.68</b>	<b>3.85</b>	<b>4.53</b>
Additions	-	-	-
Disposal/Transfer	-	-	-
<b>As at March 31, 2025</b>	<b>0.68</b>	<b>3.85</b>	<b>4.53</b>
Additions	-	-	-
Disposal/Transfer	-	-	-
<b>As at March 31, 2026</b>	<b>0.68</b>	<b>3.85</b>	<b>4.53</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Leasehold land	Buildings	Total
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2024</b>	<b>0.07</b>	<b>1.51</b>	<b>1.58</b>
Charge for the year	0.01	0.13	0.14
Disposal/transfer	-	-	-
<b>As at March 31, 2025</b>	<b>0.08</b>	<b>1.64</b>	<b>1.72</b>
Charge for the year	0.01	0.10	0.11
Disposal/transfer	-	-	-
<b>As at March 31, 2026</b>	<b>0.09</b>	<b>1.74</b>	<b>1.83</b>
<b>Net carrying amount</b>			
<b>As at March 31, 2025</b>	<b>0.60</b>	<b>2.21</b>	<b>2.81</b>
<b>As at March 31, 2026</b>	<b>0.59</b>	<b>2.11</b>	<b>2.70</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.
- Depreciation on investment property, is provided on a pro-rata basis on the Straight Line Method (SLM), over the useful life of the property estimated by management, in the manner prescribed in Schedule II of the Act. The property's residual value, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Act:

Asset	Useful life as per Schedule II of the Companies Act, 2013	Useful life as assessed / estimated 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. .

- The leasehold land has been amortised during the year by ₹ 0.01 Crores (March 31, 2025: ₹ 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 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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

e. Income from investment property

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Rental Income derived from investment property	1.77	1.83
Profit arising from investment property before depreciation	1.77	1.83
(Less): Depreciation for the year (refer note no 39)	(0.11)	(0.14)
<b>Net Profit arising from investment property</b>	<b>1.66</b>	<b>1.69</b>

- f. The Company has obtained independent valuation for its investment properties at ₹ 22.28 Crores as on March 31, 2026 and ₹ 17.28 Crores as on March 31, 2025. 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.

## NOTE 5B : INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Goodwill	Other Intangible Assets	Total
<b>Cost</b>			
<b>As at April 1, 2024</b>	<b>376.80</b>	<b>1,049.37</b>	<b>1,426.17</b>
Additions (refer note below)	30.00	-	30.00
Disposal/Trasfer	-	(0.14)	(0.14)
<b>As at March 31, 2025</b>	<b>406.80</b>	<b>1,049.23</b>	<b>1,456.03</b>
Additions	-	1.20	1.20
Disposal/Trasfer	-	-	-
<b>As at March 31, 2026</b>	<b>406.80</b>	<b>1,050.43</b>	<b>1,457.23</b>
<b>Accumulated Amortisation</b>			
<b>As at April 1, 2024</b>	-	<b>13.06</b>	<b>13.06</b>
Charge for the year	-	7.33	7.33
Disposal/Trasfer	-	(0.22)	(0.22)
<b>As at March 31, 2025</b>	-	<b>20.17</b>	<b>20.17</b>
Charge for the year	-	6.90	6.90
Disposal/Trasfer	-	-	-
<b>As at March 31, 2026</b>	-	<b>27.07</b>	<b>27.07</b>
<b>Net carrying amount</b>			
<b>As at March 31, 2025</b>	<b>406.80</b>	<b>1,029.06</b>	<b>1,435.86</b>
<b>As at March 31, 2026</b>	<b>406.80</b>	<b>1,023.36</b>	<b>1,430.16</b>

The company has acquired Kurlon Enterprise Limited on October 20, 2023 and initially accounted for the same based on provisional amounts. In accordance with Ind AS 103 "Business Combinations", during the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities may be recognised, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognised at that date, had they been known. The measurement period did not exceed twelve months from the date of acquisition. Accordingly, during the measurement period, the company has remeasured purchase consideration which has resulted in increase in the liability with the corresponding adjustment to Goodwill by ₹ 30 Crores. As a result, allocation of Purchase Price towards Goodwill has increased to ₹ 406.80 Crores (provisional goodwill in previous year ₹ 376.80 Crores). Further, NCLT has issued the merger order dated September 17, 2025 of KEL along with its subsidiaries in the Company. For details refer note no 63.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 6 : INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

Particulars	As at March 31, 2026		As at March 31, 2025	
	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 - Face value per share of AUD 10/- each	6,58,500	23.07	6,58,500	23.07
Staqa Software Private Limited - Face value per share of ₹ 10/- each (refer note (b) below)	1,10,633	76.03	94,633	76.02
Sleepwell Enterprises Private Limited- Face value per share of ₹ 10/- each	10,500	1.09	10,500	1.09
International Foam Technologies SL, Spain - Face value per share of Euro 1/-each	1,20,03,000	96.39	1,20,03,000	96.39
Staqa World Private Limited - Face value per share of ₹ 10/- each (refer note (b) below)	-	-	10,000	0.01
Sheela Foam Trading LLC - Face value per share of AED 1000/- each	676	17.75	594	9.51
	<b>1,27,83,309</b>	<b>214.33</b>	<b>1,27,77,227</b>	<b>206.09</b>
<b>Joint Venture</b>				
House of Kieraya Limited (Formerly known as House of Kieraya Private Limited)- (refer note (a) below)				
Investment in Compulsory Convertible Preference Shares - Face value per share of ₹ 10/- each	2,36,53,754	335.10	2,36,53,754	335.10
Investment in Equity shares - Face value per share of ₹ 1/- each	92,62,417	106.54	72,53,040	76.54
<b>Total</b>	<b>3,29,16,171</b>	<b>441.64</b>	<b>3,09,06,794</b>	<b>411.64</b>
Aggregate amount of Unquoted Investments		<b>655.97</b>		<b>617.73</b>
Aggregate amount of impairment in value of investments		-		-

### Notes :-

- (a) The Company has acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited (Furlenco)' which has been increased to 43.89% during the year ended March 31, 2025. Subsequently, during the year ended March 31, 2026, the company's equity stake got reduced to 34.53% on issuance of fresh issue of 83,72,392 equity shares by House of Kieraya Limited out of which the company subscribed 20,09,377 equity shares.
- (b) Pursuant to approval of the Scheme of Amalgamation by National Company Law Tribunal, Bench at New Delhi ("NCLT") vide order dated November 21, 2025 between two wholly owned subsidiaries of the Company, i.e., Staqa World Private Limited ("SWPL" or "Transferor Company" or "Amalgamating Company") with Staqa Software Private Limited ("SSPL" or "Transferee Company" or "Amalgamated Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 from Appointed date of April 01, 2024 (the "Appointed date"), the investment in 10,000 equity shares of SWPL with face value of ₹ 10/- each have been adjusted to 16,000 equity shares in accordance with the share exchange ratio of 1.6:1 approved under the scheme of amalgamation which has been merged with the above mentioned investment in SSPL for the year ended March 31, 2026.
- (c) Refer note no. 63 for merger of Kurlon Enterprise Limited along with its subsidiaries with the Company.

## NOTE 6.1 : INFORMATION ABOUT SUBSIDIARIES

Name of the Company and Country of Incorporation	Principal Activities	(% of Shareholding	
		As at March 31, 2026	As at March 31, 2025
Joyce Foam PTY. Limited, Australia	Manufacturer of technical foam supplied to Business customers (mattress and furniture manufacturers).	100	100
Staqa Software Private Limited, India	Software development, Information technology and related ancillary activities.	100	100

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Name of the Company and Country of Incorporation	Principal Activities	(% of Shareholding)	
		As at March 31, 2026	As at March 31, 2025
Staqa World Private Limited, India (refer note (b) above)	Information technology and related ancillary activities.	-	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
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, 2026	As at March 31, 2025
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.	34.53	43.89

The country of incorporation or registration for above subsidiaries and joint venture is also their principal place of business.

## NOTE 7 : LOANS (NON CURRENT)

Particulars	(` in Crores)	
	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
<b>At amortised cost</b>		
Loans to employees	0.42	0.27
Loan to Subsidiary Company (refer note no. 46 & 68)	113.37	79.40
<b>Total</b>	<b>113.79</b>	<b>79.67</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.

## NOTE 8 : OTHER FINANCIAL ASSETS (NON CURRENT)

Particulars	(` in Crores)	
	As at March 31, 2026	As at March 31, 2025
(Unsecured, considered good)		
Security deposits	15.54	14.10
Capital Subsidy Receivable (refer note no. 31)	32.65	32.65
Deposits with banks:		
- held as margin money	-	0.06
<b>Total</b>	<b>48.19</b>	<b>46.81</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 9 : NON CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance income tax (Net of provisions of ₹ 61.77 Crores (March 31, 2025 : ₹ 183.23 Crores))	113.23	81.79
<b>Total</b>	<b>113.23</b>	<b>81.79</b>

## NOTE 10 : DEFERRED TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred Tax Assets (refer note no 60)	96.93	140.47
<b>Total</b>	<b>96.93</b>	<b>140.47</b>

## NOTE 11 : OTHER NON CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
Capital advances*	5.20	6.57
Prepaid rent	0.38	0.38
Loan & advances	2.06	0.19
<b>Total</b>	<b>7.64</b>	<b>7.14</b>

\*For value of Contracts in capital account remaining to be executed (refer note no. 52)

## NOTE 12 : INVENTORIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Valued at lower of cost and net realisable value unless otherwise stated)</b>		
Raw materials	88.40	79.14
Raw materials (In transit)	28.88	12.64
Work-in-progress	92.56	75.67
Finished goods	31.41	38.55
Stock-in-trade	6.46	10.14
Packing materials	10.73	9.96
Packing materials (In transit)	0.69	0.23
Stores and spares	20.29	20.02
Stores & spares (In transit)	0.29	0.01
<b>Total</b>	<b>279.71</b>	<b>246.36</b>

### Notes:

- Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to ₹ 0.08 Crores (March 31, 2025: ₹ 1.04 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 term loan obtained by the Company (refer note no. 65).

## NOTE 13 : INVESTMENTS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>In Mutual Funds - fully paid up</b>		
Carried at fair value through profit and loss- Quoted	25.23	464.52
<b>In Bonds/Debentures - fully paid up</b>		
Carried at fair value through profit and loss -Quoted	102.69	-
<b>Total Investments</b>	<b>127.92</b>	<b>464.52</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Aggregate amount of Quoted Investments	127.92	464.52
Aggregate market value of Quoted Investments	127.92	464.52

## NOTE 14 : TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(At amortised cost)</b>		
<b>Unsecured</b>		
Trade receivables - considered good (refer note below)	283.36	218.91
Trade receivables - considered doubtful	19.12	17.50
<b>Trade receivables (gross)</b>	<b>302.48</b>	<b>236.41</b>
Less: Impairment allowance for trade receivables considered doubtful	(19.12)	(17.50)
<b>Total</b>	<b>283.36</b>	<b>218.91</b>
<b>Further classified as</b>		
Receivable from related parties (refer note no. 46)	13.57	11.55
Receivable from others	269.79	207.36
	<b>283.36</b>	<b>218.91</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 March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	17.50	14.91
Charge / (reversal) in allowance during the year (net)	1.62	2.59
<b>Balance at the end of the year</b>	<b>19.12</b>	<b>17.50</b>

- Refer note no. 50 for information about credit and market risk of trade receivables.
- Realization from trade receivables held by Company are subject to hypothecation by bankers towards term loan obtained by the Company.
- There are no unbilled receivables, hence the same is not disclosed in the ageing schedules.
- Below is the ageing analysis of trade receivables :

### As on March 31, 2026

(₹ 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	238.39	31.79	4.75	5.41	0.08	2.94	283.36
- which have significant increase in credit risk	-	-	-	0.09	-	-	0.09
- credit impaired	-	-	-	-	-	-	-
(ii) Disputed trade receivables							

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ 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	
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	2.01	1.17	2.13	2.02	11.70	19.03
- credit impaired	-	-	-	-	-	-	-
(iii) Impairment allowance for trade receivables considered doubtful (Disputed and Non Disputed)	-	(2.01)	(1.17)	(2.22)	(2.02)	(11.70)	(19.12)
<b>Total</b>	<b>238.39</b>	<b>31.79</b>	<b>4.75</b>	<b>5.41</b>	<b>0.08</b>	<b>2.94</b>	<b>283.36</b>

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	128.25	74.29	9.44	0.46	3.12	3.35	218.91
- which have significant increase in credit risk	-	1.59	0.11	1.45	0.49	0.06	3.70
- credit impaired	-	-	-	-	-	-	-
(ii) Disputed trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	0.04	0.40	0.12	1.26	3.61	8.37	13.80
- credit impaired	-	-	-	-	-	-	-
(iii) Impairment allowance for trade receivables considered doubtful (Disputed and Non Disputed)	(0.04)	(1.99)	(0.23)	(2.71)	(4.10)	(8.43)	(17.50)
<b>Total</b>	<b>128.25</b>	<b>74.29</b>	<b>9.44</b>	<b>0.46</b>	<b>3.12</b>	<b>3.35</b>	<b>218.91</b>

## NOTE 15 : CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance with banks :		
Current accounts	9.12	28.07
Fixed deposits account with an original maturity of less than three months	0.01	0.01
Cash on hand	0.21	0.41
<b>Total</b>	<b>9.34</b>	<b>28.49</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

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 16 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Bank Deposits having original maturity more than 3 months but less than 12 months	1.79	1.39
Margin money deposits (refer note (a) and (b) below)	0.35	0.66
Unclaimed Dividend Account	0.17	0.18
<b>Total</b>	<b>2.31</b>	<b>2.23</b>

- a) Margin money deposits represents amount given as collateral for legal cases and / or bank guarantees for disputed matters.
- b) These balances are exclusive of disputed claimed dividend and are not available for use by Company. The corresponding balance is disclosed as liability for unclaimed dividend in note no. 29.

## NOTE 17 : LOANS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
<b>At amortised cost</b>		
Loans to employees	1.71	1.04
<b>Total</b>	<b>1.71</b>	<b>1.04</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 March 31, 2026	As at March 31, 2025
<b>Unsecured, considered good</b>		
Security Deposits	1.04	0.99
Interest accrued but not due on deposits with Banks and debentures	0.20	0.20
Interest accrued on loan given to subsidiary companies*	4.20	0.76
Insurance claim receivable	0.13	-
Capital Subsidy Receivable	13.06	13.06
Assets against foreign currency swap contracts	2.93	1.16
Other Receivables*	2.39	0.65
Other loans & advances	0.67	1.36
<b>Total</b>	<b>24.62</b>	<b>18.18</b>

### Note:

\* For transaction with related parties, refer note no. 46.

## NOTE 19 : OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Unsecured, considered good</b>		
Advance to contractors/suppliers	7.47	12.52
Balances with Statutory/Government authorities:		
- Excise & Custom	3.78	1.56
- GST	46.59	43.48
- VAT/Sales Tax	7.65	7.65
Prepaid expenses (refer note b below)	9.49	15.21

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at	As at
	March 31, 2026	March 31, 2025
Lease equalisation	0.28	0.42
Right to recover return goods (refer note (a))	3.92	2.26
Other Receivables	3.24	51.13
<b>Total</b>	<b>82.42</b>	<b>134.23</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).
- (b) Prepaid expenses includes amount of ₹ 2.21 Crores (March 31, 2025 : ₹ 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. Refer note no 58 for details.

## NOTE 20 : EQUITY SHARE CAPITAL

(₹ in Crores)

Particulars	As at	As at
	March 31, 2026	March 31, 2025
<b>(a) Authorised share capital:</b>		
45,11,10,000 fully paid equity shares of ₹ 5/- each	225.56	225.56
(March 31, 2025 : 45,11,10,000 fully paid equity shares of ₹ 5/- each)		
	<b>225.56</b>	<b>225.56</b>
<b>Issued, subscribed &amp; paid up share capital:</b>		
10,91,98,924 fully paid equity shares of ₹ 5/- each	54.60	54.59
(March 31, 2025 : 10,91,94,142 equity shares of ₹ 5/- each)		
<b>Total</b>	<b>54.60</b>	<b>54.59</b>

### (b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	₹ in Crores	Number of shares	₹ in Crores
At the beginning of the year	10,91,94,142	54.59	10,91,85,487	54.59
Issue of shares on exercise of employee share options	4,782	0.01	8,655	0.00
<b>Outstanding at the end of the year</b>	<b>10,91,98,924</b>	<b>54.60</b>	<b>10,91,94,142</b>	<b>54.59</b>

### (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, 2026

## (d) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2026		As at March 31, 2025	
	Number of shares	% of holding	Number of shares	% of holding
Sh. Rahul Gautam	5,16,98,785	47.34%	1,25,90,759	11.53%
Sh. Tushaar Gautam	21,74,120	1.99%	3,41,98,628	31.32%
Rangoli Resorts Private Limited	1,31,88,318	12.08%	1,31,88,318	12.08%
Smt. Namita Gautam	21,74,120	1.99%	1,14,31,758	10.47%
SBI Elss Tax Saver Fund	99,96,748	9.15%	-	-
SBI Magnum Midcap Fund	-	-	1,06,27,158	9.73%

## (e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares

During the year ended March 31, 2026 and March 31, 2025, 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 Company in ratio of 1:1.

## (f) Shareholding of promoters & promoter group

Promoter name	As at March 31, 2026			As at March 31, 2025		
	Number of shares	% of holding	% Change during the year	Number of shares	% of holding	% Change during the year
Sh. Rahul Gautam	5,16,98,785	47.34%	35.81%	1,25,90,759	11.53%	0.15%
Smt. Namita Gautam	21,74,120	1.99%	-8.48%	1,14,31,758	10.47%	0.00%
Sh. Tushaar Gautam	21,74,120	1.99%	-29.33%	3,41,98,628	31.32%	0.02%
Smt. Avantika Singh	21,74,120	1.99%	1.99%	-	-	-
Rangoli Resorts Private Limited	1,31,88,318	12.08%	0.00%	1,31,88,318	12.08%	0.04%
<b>Total</b>		<b>65.39%</b>			<b>65.40%</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 note (e) above.

## NOTE 21 : OTHER EQUITY

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities Premium (refer note (a) below)	1,189.76	1,189.24
Retained earnings (refer note (b) below)	1,722.03	1,592.75
Share based payment reserve (refer note (c) below)	14.71	8.91
Cash flow hedge reserve (refer note (d) below)	(1.54)	(1.70)
Capital Reserve (refer note (e) below)	(67.38)	(67.38)
<b>Total</b>	<b>2,857.58</b>	<b>2,721.82</b>

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Securities Premium</b>		
Opening balance	1,189.24	1,188.31
Transferred from Share based payment reserve due to exercise of Employee share options	0.52	0.93
<b>Closing balance</b>	<b>1,189.76</b>	<b>1,189.24</b>
<b>Retained earnings</b>		
Opening balance	1,592.75	1,497.26
Net profit for the year	130.57	92.70

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Other Adjustments	-	0.40
Remeasurements of the net defined benefit plans (net of tax)	(1.29)	2.39
<b>Closing balance</b>	<b>1,722.03</b>	<b>1,592.75</b>
<b>Share based payment reserve</b>		
Opening balance	8.91	2.42
Employees share based payment expenses	6.32	7.42
Transferred to Securities Premium due to exercise of Employee share options	(0.52)	(0.93)
<b>Closing balance</b>	<b>14.71</b>	<b>8.91</b>
<b>Cash flow hedge reserve</b>		
Opening balance	(1.70)	(2.26)
Gain / (Loss) on Cash flow hedge reserve (net of tax)	(0.80)	0.56
Reclassified to Profit & Loss	0.96	-
<b>Closing balance</b>	<b>(1.54)</b>	<b>(1.70)</b>
<b>Capital Reserve</b>		
Opening balance	(67.38)	(67.38)
<b>Closing balance</b>	<b>(67.38)</b>	<b>(67.38)</b>

## Notes:

### (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.

### (e) Capital Reserve

Pursuant to The Scheme of Amalgamation, the difference between the carrying value of Investments in the books of Account of Transferee company and amount of Net assets of Transferror company has been adjusted in capital reserves as stipulated in the scheme. (Refer Note 63)

## NOTE 22 : BORROWINGS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Secured</b>		
Term Loans from Banks (refer note (A) below)		
- ₹ Bank Loan	-	13.58
- \$ Bank Loan	-	20.13
<b>Unsecured</b>		
Non-convertible Debentures (refer note (B) below)	-	361.29
<b>Total</b>	<b>-</b>	<b>395.00</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<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	(0.25)	(1.56)
Add: Interest accrued on Non- Convertible Debentures	14.77	29.54
Less : Repayment of Non- Convertible Debentures	(362.50)	-
<b>Total</b>	<b>377.02</b>	<b>752.98</b>
Current	377.02	391.69
Non current	-	361.29

## Notes:

### 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. The term loan with JP Morgan Chase Bank, N.A. has been paid in full by the Company during the year ended March 31, 2026.
- ₹ 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 fixed assets (Movable fixed assets and immovable fixed assets). (refer note no. 65)
- \$ Term loan are secured by second pari passu charge on the current asset of the company. (refer note 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, Gujarat.	Yes	Not Applicable

- Repayment schedule for secured loan outstanding:-

Particulars	As at March 31, 2026		As at March 31, 2025	
	JP Morgan	Kotak Mahindra	JP Morgan	Kotak Mahindra
Currency of Loan	₹	\$	₹	\$
Number of installments (Remaining)	-	4	8	8
Frequency of installments	Quarterly	Quarterly	Quarterly	Quarterly
Rate of Interest (%)	1.37% over 3M T- Bill rates	2.25%	1.37% over 3M T- Bill rates	2.25%

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Particulars	As at March 31, 2026		As at March 31, 2025	
	JP Morgan	Kotak Mahindra	JP Morgan	Kotak Mahindra
Borrowings (Current) :-				
Due within one year (refer note no. 27) (₹ in crores)	-	22.27	13.58	20.13
Borrowings (Non Current):-				
Due after one year but not more than 5 years (refer note no. 22) (₹ in crores)	-	-	13.58	20.13
Due more than 5 years (₹ in crores)	-	-	-	-
	-	22.27	27.16	40.26

- h. 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:- Tangible net worth shall remain positive

As at the end of the financial year, the above financial covenants has been complied with.

## B. Non-Convertible Debentures

- a. Rated, Listed, Unsecured, 8.45% Coupon, Non-Convertible Debentures amounting to ₹ 377.02 crores (March 31, 2025: ₹ 391.69 Crores) included within Current maturities of Non-Convertible Debentures in note no. 27 and ₹ Nil Crores (March 31, 2025: ₹ 361.29 Crores) included within Non-current maturities 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, 2023
As at 31 <sup>st</sup> March, 2026 (₹ in Crores)	-	-	188.63	188.39
As at 31 <sup>st</sup> March, 2025 (₹ in Crores)	188.62	188.29	188.10	187.97
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 06, 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 financial year, the above financial covenants has been complied with. There are no indications that the company would have difficulties complying with the covenants when they will be next tested as at the June 30, 2026 interim reporting date.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 23 : LEASE LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Lease liabilities (refer note no. 47A)	63.72	60.55
<b>Total</b>	<b>63.72</b>	<b>60.55</b>
Current	17.14	15.38
Non current	46.58	45.17

## NOTE 24 : OTHER FINANCIAL LIABILITIES (NON CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits from dealers and others	42.65	64.77
Unearned Interest Income on deposits from dealers	6.12	2.05
Unearned Rent Income	-	0.06
<b>Total</b>	<b>48.77</b>	<b>66.88</b>

## NOTE 25 : PROVISIONS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Long-term provisions:</b>		
Provision for employee benefits:		
- Gratuity (refer note no 45)	-	2.30
Other provisions:		
- Provision for warranty (refer note below)	3.51	10.48
<b>Total</b>	<b>3.51</b>	<b>12.78</b>
<b>Short-term provisions:</b>		
Provision for employee benefits:		
- Compensated absences	11.46	11.42
- Gratuity (refer note no 45)	14.94	5.27
Other provisions:		
- Provision for warranty (refer note below)	9.24	14.10
<b>Total</b>	<b>35.64</b>	<b>30.79</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 March 31, 2026	As at March 31, 2025
At the beginning of the year	24.58	17.53
Add : Created during the year (Refer note 40)	8.04	21.12
(Less) : Utilised during the year	(19.87)	(14.07)
<b>At the end of the year</b>	<b>12.75</b>	<b>24.58</b>

## NOTE 26 : OTHER NON CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred capital grant	29.24	33.52
Advance received against sale of property	14.49	-
<b>Total</b>	<b>43.73</b>	<b>33.52</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

The table below gives information about movement in deferred capital grant :

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
At the beginning of the year	38.47	0.20
Liability recognised during the year	-	45.71
(Less) : Adjustment	-	(0.20)
(Less) : Released to statement of profit and loss (Refer note 31)	(4.96)	(7.24)
<b>At the end of the year</b>	<b>33.51</b>	<b>38.47</b>
Non Current	29.24	33.52
Current	4.27	4.95

## NOTE 27 : BORROWINGS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Secured</b>		
Term Loans from Banks		
- ₹ Bank Loan	-	13.58
- \$ Bank Loan	22.27	20.13
<b>Unsecured</b>		
Working Capital Loan	12.00	75.00
Current Maturities of Non-Convertible Debentures (Including Interest)	377.02	391.69
<b>Total</b>	<b>411.29</b>	<b>500.40</b>

### Note:

- Working capital facility has been taken to meet day to day funds requirement with interest rate for this facilities ranging from 6.00% to 9.00% (March 31, 2025 : 7.40% to 7.90%).
- Refer note no. 22 for the purpose, interest rate and repayment term for Term Loans from Banks.
- \$ Term loan are secured by second pari passu charge on the current asset of the company (refer note 65).
- 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 Debt / Tangible net worth less than 2 times

As at the end of the financial year, the above financial covenants has been complied with.

## NOTE 28 : TRADE PAYABLES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
- Trade payables other than acceptances:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note no. 57)	77.83	30.47
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	229.68	148.26
- Acceptances (refer note (d) below)	19.36	66.28
<b>Total</b>	<b>326.87</b>	<b>245.01</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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

- d. 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 and those opting into this arrangement are eligible to receive early payment for invoices issued to the Company through a third party financial institution. To authorise early payments, the 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 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.
- e. There were no significant non-cash changes on account of material business combinations or foreign exchange differences or other non-cash transfers in the carrying amount of liabilities subject to supplier finance arrangements.

The trade payables subject to the supplier financing program described above are included in trade payables in the standalone balance sheet:  
(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying amount of trade payables that are part of a supplier finance arrangement	19.36	66.28
Carrying amounts of trade payables for which the suppliers have already received payment	19.36	66.28

- f. Ageing Analysis for Trade payables:

## As on March 31, 2026

(₹ 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	-	77.83	-	-	-	-	77.83
(ii) Others	3.08	237.76	7.76	0.26	0.08	0.10	249.04
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>3.08</b>	<b>315.59</b>	<b>7.76</b>	<b>0.26</b>	<b>0.08</b>	<b>0.10</b>	<b>326.87</b>

## 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	22.52	-	-	-	-	30.47
(ii) Others	18.16	138.01	49.87	2.37	5.91	0.22	214.54
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>26.11</b>	<b>160.53</b>	<b>49.87</b>	<b>2.37</b>	<b>5.91</b>	<b>0.22</b>	<b>245.01</b>

## NOTE 29 : OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Creditors for capital goods	6.74	10.24
Deposits from dealers and others	91.13	70.99
Employee related liabilities	29.31	26.31
Other financial liabilities	46.00	95.34
Liability against foreign currency swap contracts	36.05	26.06
Interest accrued but not due on borrowings	0.14	0.50

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Unclaimed Dividend Account (refer note (a) below)	0.17	0.18
Unearned Interest Income on deposits from dealers	3.00	-
Unearned rent Income	0.06	0.07
<b>Total</b>	<b>212.60</b>	<b>229.69</b>

a) Not due for deposit to Investor Education and Protection Fund (refer note no.16).

## NOTE 30 : OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Refund liabilities	6.65	3.79
Deferred capital grant (refer note (a))	4.27	4.95
Contract liabilities (refer note (b))	59.68	83.39
Statutory dues (Including provident fund, tax deducted at source, Goods and Service Tax and others)	25.05	24.08
Other Liabilities	7.77	3.04
<b>Total</b>	<b>103.42</b>	<b>119.25</b>

### Notes:

- a) Refer note no. 26 for the movement in deferred capital grant.
- b) Consists of advances received from customers towards supply of products.

## NOTE 31 : REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale of products (refer note below)	2,951.45	2,658.72
Sale of services	2.91	2.02
	<b>2,954.36</b>	<b>2,660.74</b>
Other operating revenue		
- Income from sale of processed scrap	2.87	7.19
- Amortisation of Government grants	4.96	7.24
- Other Operating Revenue	0.08	0.08
<b>Total</b>	<b>2,962.27</b>	<b>2,675.25</b>

### Notes:

a) Includes sale of finished goods and semi-finished goods and services to related parties (refer note no. 46).

### b) Government Grants / Subsidy :

During the previous year ended March 31, 2025, the Company had 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 ₹33.51 crores (March 31, 2025 : ₹ 38.47 Crores) are shown as deferred income and ₹ 4.96 Crores (March 31, 2025 : ₹ 7.24 Crores) 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, 2026

## Note 31.1 : 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 March 31, 2026	For the year ended March 31, 2025
<b>Geographical Revenue</b>		
<b>Type of goods</b>		
Revenue from external customers	2,951.45	2,658.72
<b>Total revenue from contracts with customers</b>		
India	2,931.32	2,643.80
Outside India	20.13	14.92
	<b>2,951.45</b>	<b>2,658.72</b>
<b>Type of services ( IT Support Services)</b>		
Revenue from external customers	2.91	2.02
<b>Total revenue from contracts with customers</b>		
India	2.91	2.02
Outside India	-	-
	<b>2.91</b>	<b>2.02</b>
<b>Total revenue from contracts with customers</b>	<b>2,954.36</b>	<b>2,660.74</b>

## Note 31.2 : Contract balances

The following table provides information about receivables and contract liabilities from contract with customers.

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Contract Liabilities</b>		
Advance from customers (refer note no. 30)	59.68	83.39
<b>Receivables</b>		
Trade Receivables (refer note no.14)	283.36	218.91

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 31.3 : Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue as per contracted price (goods and services)	3,361.01	3,011.61
Less: Adjustments:		
Sales return	(58.38)	(44.80)
Rebate and discount	(348.27)	(306.07)
<b>Revenue from contracts with customers</b>	<b>2,954.36</b>	<b>2,660.74</b>

## Note 31.4 : 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, 2026

## NOTE 32 : OTHER INCOME

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Interest income from:</b>		
Financial assets at amortised cost		
Bank deposits	0.05	0.13
Loan given to subsidiary companies (refer note no. 46)	3.18	3.44
Others	0.55	3.01
Financial assets at fair value		
Currency swap forward contract	5.22	5.07
Bonds (refer note (a) below)	2.36	-
Unwinding of discount of deposits & lease receivable	3.64	0.58
On income tax refund	-	1.38
<b>Other non operating income</b>		
Gain on Termination of Lease	0.32	5.43
Guarantee commission (refer note (b) below & note no. 46)	1.73	1.42
Rental income (refer note (c) below)	1.77	2.45
Liabilities/provisions no longer required written back	0.69	0.31
Gain from sale of Mutual fund & Bonds/Debentures - designated at fair value through profit and loss (refer note (d) below) *	4.02	41.48
Fair valuation adjustments of Investments through profit and loss (refer note (e) below)	-	14.14
Sale of non-processed scrap	5.64	7.90
Net gain on foreign currency transactions and translations (refer note (f) below)	8.85	3.29
Money received as settlement claim	-	35.70
Other miscellaneous income	2.30	1.69
<b>Total</b>	<b>40.32</b>	<b>127.42</b>

\* The net gain on fair value changes is given as under :-

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Realised gain on Investments in Mutual fund and Bonds classified at FVTPL	4.97	-
Less : Realised loss on sale of above investments	(0.95)	-
<b>Total net gain on fair value changes</b>	<b>4.02</b>	<b>-</b>

### Notes:

#### a) Interest income from Bonds/ Debentures

Interest income from bonds/debentures at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

#### b) Guarantee Commission

The Company earns guarantee commission on the guarantee given to Bank for the credit facility availed by its foreign subsidiaries.

#### c) 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 ₹ 1.77 Crores (March 31, 2025: ₹ 1.83 Crores) from Investment property (refer note no. 5).

#### d) Income from sale of investments

The Company earns profit/loss on sale of mutual funds and bonds/debentures. 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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## e) Fair valuation adjustments of Investments

Fair value through profit and loss of Investments represent fair valuation changes in mutual funds and bonds/debentures which includes dividend declared and not distributed (distributed based on record dates) as at reporting dates which have not been recognised in financial statements.

## f) 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).

## g) Money received as settlement claim

The Company has recognised income of ₹ 35.70 Crores as "Money received as settlement claim" from the erstwhile promoters of Kurlon Enterprise Limited (which has now been merged with the company, refer note 63 for details) towards final settlement of working capital adjustment post remeasurement period, pursuant to the addendum to the share purchase agreement in accordance with Ind AS 103 - "Business Combinations". Based on the independent opinion obtained and the management's assessment, the same has been treated in the nature of "Capital receipts".

## NOTE 33 : COST OF MATERIALS CONSUMED

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Raw material</b>		
Opening inventory	91.79	99.11
Add: Purchases	1,584.32	1,460.60
(Less): Sales/adjustments/return	(36.40)	(47.34)
(Less): Closing inventory (including goods in transit of ₹ 28.88 Crores (March 31, 2025: ₹ 12.64 Crores))	(117.28)	(91.78)
<b>Raw materials consumed</b>	<b>1,522.43</b>	<b>1,420.59</b>
<b>Packing Material</b>		
Opening inventory	10.19	12.49
Add: Purchases	87.40	88.36
(Less): Sales/adjustments/return	(9.98)	(6.96)
(Less): Closing inventory (including goods in transit of ₹ 0.69 Crores (March 31, 2025: ₹ 0.23 Crores))	(11.42)	(10.19)
<b>Packing materials consumed</b>	<b>76.19</b>	<b>83.70</b>
<b>Cost of materials consumed</b>	<b>1,598.62</b>	<b>1,504.29</b>

## NOTE 34 : PURCHASE OF STOCK-IN-TRADE

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses	100.31	81.52
<b>Total</b>	<b>100.31</b>	<b>81.52</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 35 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Opening stock:</b>		
Finished goods	38.55	40.40
Stock in trade	10.14	11.57
Work-in-progress	75.67	57.67
Right to recover return goods	2.26	2.40
<b>Total (A)</b>	<b>126.62</b>	<b>112.04</b>
<b>Closing stock:</b>		
Finished goods	31.41	38.55
Stock in trade	6.46	10.14
Work-in-progress	92.56	75.67
Right to recover return goods	3.92	2.26
<b>Total (B)</b>	<b>134.35</b>	<b>126.62</b>
<b>Changes in Inventories of finished goods, stock-in-trade and work-in-progress (A-B)</b>	<b>(7.73)</b>	<b>(14.58)</b>

## NOTE 36 : OTHER MANUFACTURING EXPENSES

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Power and fuel</b>	17.35	14.57
Repair and maintenance:		
- Buildings	2.63	2.61
- Plant and equipment	39.20	34.12
Processing and other charges	53.86	69.96
<b>Total</b>	<b>113.04</b>	<b>121.26</b>
(Less): Transfer to Capital work-in-progress	-	(0.07)
<b>Total</b>	<b>113.04</b>	<b>121.19</b>

## NOTE 37 : EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages, allowance, and other benefits	266.56	238.16
Contribution to gratuity (refer note no. 45)	13.76	4.70
Contribution to provident and other funds (refer note no. 45)	13.58	12.93
Employees share based payment expenses (refer note no. 45)	6.32	7.42
Workmen and staff welfare	22.36	18.85
<b>Total</b>	<b>322.58</b>	<b>282.06</b>
(Less): Transfer to Capital work-in-progress	-	(0.05)
<b>Total</b>	<b>322.58</b>	<b>282.01</b>

## NOTE 38 : FINANCE COSTS

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expense (on financial liabilities measured at amortised cost) :		
- On Security deposits	7.71	3.78
- On non-convertible debentures	40.04	63.61
- On borrowings from banks	16.11	20.50
- On lease liabilities	5.17	6.42
- Others	1.45	2.56
Bank Charges	0.50	0.68
<b>Total</b>	<b>70.98</b>	<b>97.55</b>
(Less): Transfer to Capital work-in-progress	-	(0.47)
<b>Total</b>	<b>70.98</b>	<b>97.08</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 39 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of property, plant and equipment (refer note no. 3A)	83.31	102.93
Amortisation of intangible assets (refer note no. 5B)	6.90	7.33
Depreciation on right-of-use assets (refer note no. 4)	19.88	19.46
Depreciation on investment property (refer note no. 5A)	0.11	0.14
<b>Total</b>	<b>110.20</b>	<b>129.86</b>

## NOTE 40 : OTHER EXPENSES

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
IT Support services	19.97	20.39
Freight and forwarding	161.91	151.72
Rent and hire	5.60	6.63
Insurance	14.55	15.57
Rates and taxes	2.20	3.14
Legal and professional	28.51	20.18
Other Maintenance	17.04	14.68
Selling and promotion	73.99	71.91
Travelling and conveyance	31.53	32.21
Loss on sale/disposal of fixed assets	1.93	7.33
Warranty (refer note (a))	8.04	21.12
Advertisement	112.97	111.82
Net Loss on Foreign Currency Forward Contracts	20.61	2.78
Advances/Balances written off	0.04	0.09
Provision for Doubtful debts	1.71	2.74
Contributions towards CSR (refer note no. 58)	3.40	4.34
Miscellaneous	33.85	34.93
<b>Total</b>	<b>537.85</b>	<b>521.58</b>
(Less): Transfer to Capital work-in-progress	-	(0.21)
<b>Total</b>	<b>537.85</b>	<b>521.37</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 40.1 : Auditor's remuneration included in legal and professional (excluding GST)

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Statutory audit (including limited review)	0.57	0.55
Certification	0.02	0.03
Out of pocket expenses	0.07	0.05
<b>Total</b>	<b>0.66</b>	<b>0.63</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 41 : EARNINGS PER SHARE

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit for the year attributable to Equity shareholders	130.57	92.70
Earnings used in the calculation of basic earnings per share	130.57	92.70
Earnings used in the calculation of diluted earnings per share	130.57	92.70

Particulars	For the year ended March 31, 2026 ( In Numbers)	For the year ended March 31, 2025 ( In Numbers)
Weighted average number of equity shares for the purposes of basic earnings per share	10,91,98,894	10,91,86,345
Weighted average number of equity shares for the purposes of diluted earnings per share	10,94,08,019	10,93,69,882

Particulars	For the year ended March 31, 2026 (₹ per share)	For the year ended March 31, 2025 (₹ per share)
Basic earnings per share	11.96	8.49
Diluted earnings per share	11.93	8.48

## NOTE 42 : WILLFUL DEFAULTER

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

## NOTE 43: 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,

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 44 : TITLE DEEDS NOT IN THE NAME OF THE COMPANY

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (₹ in Crores)	Title Deeds in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Period Held	Property held since which date
Property Plant & Equipment	Freehold Land - Gandrajupalle, Andhra Pradesh	11.13	Kurlon Enterprise Limited	No	Since Acquisition	Title transfer is under process pursuant to merger of Kurlon Enterprise Limited with the company
Property Plant & Equipment	Bhubaneshwar	28.57	Kanara Consumer Products Limited	No	October 20, 2023	The lease is in the name of the erstwhile holding, Kanara Consumer Products Limited of Kurlon Enterprise Limited and the later company got merged with Sheela Foam Limited during the FY 2025-26. Post change in ownership during the year (on October 20, 2023), the company is in the process of transferring the lease in its name.
Right of Use Assets	Assam Leasehold land	3.03	Kurlon Enterprise Limited	No	Since Acquisition	Title transfer is under process pursuant to merger of Kurlon Enterprise Limited with the company
Right of Use Assets	Gwalior Leasehold Land	8.72	Kurlon Enterprise Limited	No	Since Acquisition	Title transfer is under process pursuant to merger of Kurlon Enterprise Limited with 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 ₹ 13.58 Crores (March 31, 2025: ₹ 12.93 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 March 31, 2026	For the year ended March 31, 2025
Employer's contribution towards Provident Fund (PF)	12.03	11.39
Employer's contribution towards Employees State Insurance (ESI)	0.69	0.74
Employer's contribution towards Labour welfare fund (LWF)	0.01	0.00
Employer's contribution towards National Pension Scheme (NPS)	0.85	0.80
<b>Total (Refer note no. 37)</b>	<b>13.58</b>	<b>12.93</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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

This plan is governed by the Payment of Gratuity Act 1972, which requires that each employee who has completed 5 years of service shall be entitled to gratuity which is equal to salary of 15 days for each completed year of service.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	7.60%	6.81%
Future salary increase/salary escalation	7.00%	7.00%
Retirement age (years)	60	60
Mortality Tables		
Employee turnover		
18 to 30 years	4.20%	4.20%
From 31 to 45 years	5.00%	5.00%
Above 45 years	0.83%	0.83%

## 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, 2026 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.

Particulars	₹ in Crores	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Increase / (decrease) on present value of defined benefits obligations at the end of the year		
<b>Discount rate</b>		
Increase by 1.00%	(5.11)	(4.28)
Decrease by 1.00%	5.94	4.85
<b>Salary increase</b>		
Increase by 1.00%	5.91	4.66
Decrease by 1.00%	(5.18)	(4.23)

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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Service cost:</b>		
Current service cost	4.86	4.14
Past service cost and (gain)/loss from settlements	8.61	-
Net interest expense	0.29	0.25
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>13.76</b>	<b>4.39</b>
Reimbursement of gratuity expense to Related parties	-	0.31
<b>Total</b>	<b>13.76</b>	<b>4.70</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Actuarial gains and losses arising from changes in demographic assumptions	-	(0.00)
Actuarial (gains) / losses arising from changes in financial assumptions	(4.61)	1.33
Actuarial (gains) / losses arising from experience adjustments	3.81	(2.72)
Return on Plan Asset (Excluding Interest)	2.09	(1.00)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>1.29</b>	<b>(2.39)</b>
<b>Total</b>	<b>15.05</b>	<b>2.31</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:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of funded defined benefit obligation	56.83	47.29
Fair value of plan assets	(41.89)	(39.72)
<b>Net deficit in funded plan (refer note no. 25)</b>	<b>14.94</b>	<b>7.57</b>

## Movements in the present value of the defined benefit obligation are as follows:

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening defined benefit obligation	47.29	44.80
Defined benefit obligation on acquisition		
Current service cost	4.86	4.14
Past Service Cost	8.61	-
Interest cost	2.62	2.74
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	(4.61)	1.33
Actuarial gains and losses arising from experience adjustments	3.81	(2.72)
Actuarial gains and losses arising from curtailments/settlements	-	-
Benefits paid	(5.75)	(3.00)
<b>Closing defined benefit obligation</b>	<b>56.83</b>	<b>47.29</b>

## Change in plan assets are as follows:

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening fair value of plan assets	39.72	35.44
Fair value of plan assets on acquisition		
Return on plan assets	2.34	2.49

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Employer contribution	7.41	4.02
Actuarial gain/(loss) on Asset	(2.09)	1.00
Benefits paid	(5.49)	(3.23)
<b>Closing fair value of plan assets</b>	<b>41.89</b>	<b>39.72</b>

## The major categories of plan assets:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Insurance products	41.89	39.72
<b>Total</b>	<b>41.89</b>	<b>39.72</b>

## Maturity profile of gratuity liability is as follows:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
0 to 1 year	3.11	3.34
1 to 2 Year	2.65	2.84
2 to 3 Year	1.90	2.04
3 to 4 Year	3.03	2.18
4 to 5 Year	5.84	2.91
5 Year onwards	40.30	33.98
<b>Expected contribution to the fund in next year ( ₹ In Crores)</b>	<b>20.71</b>	<b>8.51</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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

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 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.

Particulars	As at March 31, 2026		As at March 31, 2025	
	Average exercise price per share option (₹)	Number of options	Average exercise price per share option (₹)	Number of options
Opening balance	5	3,56,900	5	2,59,852
Granted during the year	5	-	5	1,49,994
Exercised during the year	5	(4,782)	5	(8,655)
Forfeited/Lapsed during the year	5	(16,838)	5	(44,291)
<b>Closing balance</b>	<b>5</b>	<b>3,35,280</b>	<b>5</b>	<b>3,56,900</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, 2026	As at March 31, 2025
02-11-2023	01-11-2027	4,390	9,172
02-11-2023	01-11-2029	59,918	69,606
06-02-2024	05-02-2030	6,456	7,260
06-02-2024	06-12-2028	1,50,000	1,50,000
21-05-2024	20-05-2030	2,640	2,640
16-10-2024	15-10-2030	1,08,114	1,14,460
10-03-2025	16-10-2030	3,762	3,762
<b>Total</b>		<b>3,35,280</b>	<b>3,56,900</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. No options were granted during the year ended March 31, 2026.

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 forming part of the Standalone Financial Statements

for the year ended March 31, 2026

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 (%)	7.31	6.68	6.68	6.60	7.29	7.31	7.31
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.

## (ii) Fair value of options granted basis satisfaction of market conditions

No options were granted during the year ended March 31, 2026 and 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 for the options granted during the year ended March 31, 2024. Further no options were granted during the year ended March 31, 2026 and March 31, 2025.

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 March 31, 2026	For the year ended March 31, 2025
Employee Option Plan (Refer note no. 37)	6.32	7.42
<b>Total</b>	<b>6.32</b>	<b>7.42</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## 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 exits 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 World Private Limited, India (merged with Staquo Software Private Limited w.e.f. 01-04-2024)* Staquo Software Private Limited, India (Staquo World Private Limited merged w.e.f. 01-04-2024)* Sleepwell Enterprises Private Limited, India International Foam Technologies S.L, Spain Sheela Foam Trading L.L.C, Dubai
B.	Entities in which Key Management Personnel or their Relatives have significance influence	Rangoli Resorts Private Limited SFL Employee Gratuity Trust Sleepwell Foundation (Trust)
C.	Key management personnel	Mr. Rahul Gautam (Managing Director w.e.f. 03-11-2025) Mrs. Namita Gautam (Whole time Director) Mr. Tushaar Gautam (Vice Chairman w.e.f. 03-11-2025) Mr. Rakesh Chahar (Deputy Managing Director w.e.f. 03-11-2025) Mr Nilesh Sevabrata Mazumdar (Chief Executive Officer upto 31-03-2025) Mr. Amit Kumar Gupta (Chief Financial Officer) Md. Iqbal Ahmad (Company Secretary)
D.	Step-down Subsidiary:	Interplasp, S.L, Spain, (Subsidiary of International Foam Technologies SL) Joyce WC NSW PTY Limited (Subsidiary of Joyce Foam PTY Limited) Staquo World Kft. (Subsidiary of Staquo Software Private Limited) up to 05-06-2025 Staquo Incorporated. (Subsidiary of Staquo Software Private Limited) Staquo Technologies L.L.C (Subsidiary of Staquo Software Private Limited)
E.	Joint Venture	House of Kieraya Limited (formerly known as House of Kieraya Private Limited )

\* Pursuant to approval of the Scheme of Amalgamation by National Company Law Tribunal, Bench at New Delhi ("NCLT") vide order dated November 21, 2025 between two wholly owned subsidiaries of the Company, i.e., Staquo World Private Limited ("SWPL" or "Transferor Company" or "Amalgamating Company") with Staquo Software Private Limited ("SSPL" or "Transferee Company" or "Amalgamated Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 from Appointed date of April 01, 2024 (the "Appointed date"), SWPL has been merged with SSPL.

### (B) Disclosure of transactions (excluding reimbursement) between the Company and related parties during the year :

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>(i) Purchase of material / capital goods</b>		
Subsidiaries/step down Subsidiaries		
Joyce Foam PTY Limited, Australia	0.00	0.01
Interplasp, SL, Spain	-	0.18
	<b>0.00</b>	<b>0.19</b>
<b>(ii) Sale of material/ capital goods</b>		
Subsidiaries/step down Subsidiaries		
Joyce Foam PTY Limited, Australia	0.18	0.53
Sheela Foam Trading LLC, Dubai	3.92	2.34
Interplasp, SL, Spain	0.10	2.28
	<b>4.20</b>	<b>5.15</b>
Joint Venture		
House of Kieraya Limited, India	20.39	16.76
Related entities		
Sleepwell Foundation (Trust)	0.00	0.00
	<b>24.59</b>	<b>21.91</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>(iii) Purchase of IT Support Services</b>		
Subsidiary		
Staqa Software Private Limited, India	19.97	20.25
	<b>19.97</b>	<b>20.25</b>
<b>(iv) Royalty paid</b>		
Subsidiary		
Sleepwell Enterprises Private Limited, India	0.10	0.10
	<b>0.10</b>	<b>0.10</b>
<b>(v) Commission received</b>		
Joint Venture		
House of Kieraya Limited, India	0.17	-
	<b>0.17</b>	<b>-</b>
<b>(vi) Investment made</b>		
Joint venture		
House of Kieraya Limited, India	30.00	50.94
Subsidiary		
Sheela Foam Trading LLC, Dubai	8.24	8.37
	<b>38.23</b>	<b>59.31</b>
<b>(vii) Key management personnel</b>		
Compensation of Key management personnel		
Short-term Employee Benefits	11.72	14.74
Post Employment Benefits	0.39	0.44
	<b>12.11</b>	<b>15.18</b>
<b>(viii) Rent paid</b>		
Subsidiaries		
Staqa Software Private Limited, India	2.48	2.20
Sleepwell Enterprises Private Limited, India	0.33	0.33
	<b>2.81</b>	<b>2.53</b>
<b>(ix) Contributions for CSR expenses</b>		
Related entities		
Sleepwell Foundation (Trust)	4.85	4.53
	<b>4.85</b>	<b>4.53</b>
<b>(x) Interest on loan given to subsidiary companies</b>		
Subsidiary		
International Foam Technologies S.L, Spain	3.18	3.44
	<b>3.18</b>	<b>3.44</b>
<b>(xi) Guarantee Commission received</b>		
Subsidiary		
Joyce Foam PTY Limited, Australia	1.73	1.42
	<b>1.73</b>	<b>1.42</b>
<b>(xii) Corporate guarantee utilised (net)</b>		
Subsidiaries		
Joyce Foam PTY Limited, Australia	(10.55)	16.14
International Foam Technologies S.L, Spain	(11.71)	(23.73)
	<b>(22.26)</b>	<b>(7.59)</b>
<b>(xiii) Rent Received</b>		
Joint venture		
House of Kieraya Limited, India	-	0.04
	<b>-</b>	<b>0.04</b>
<b>(xiv) Loan to Subsidiary</b>		
Staqa Software Private Limited, India	-	9.45
International Foam Technologies S. L., Spain	19.08	5.59
	<b>19.08</b>	<b>15.04</b>
<b>(xv) Repayment of loan by subsidiary</b>		
Staqa Software Private Limited, India	-	9.45
	<b>-</b>	<b>9.45</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## (C) Disclosure of balances outstanding at the end of the reporting year

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Trade receivables</b>		
Subsidiaries		
Joyce Foam PTY Limited, Australia	1.33	0.87
Sheela Foam Trading LLC, Dubai	3.84	2.24
Interplasp, S.L, Spain	2.41	2.28
Joint venture		
House of Kieraya Limited, India	5.99	6.16
	<b>13.57</b>	<b>11.55</b>
<b>Trade Payables</b>		
Subsidiaries		
Staqo Software Private Limited, India	0.25	2.19
Sleepwell Enterprises Private Limited, India	0.00	-
	<b>0.25</b>	<b>2.19</b>
<b>Other receivables</b>		
Subsidiary		
Joyce Foam PTY Limited, Australia	2.33	0.67
	<b>2.33</b>	<b>0.67</b>
<b>Investments</b>		
Subsidiary		
Joyce Foam PTY Limited, Australia	23.07	23.07
Staqo Software Private Limited., India	76.03	76.02
Staqo World Private Limited., India	-	0.01
Sleepwell Enterprises Pvt. Ltd., India	1.09	1.09
International Foam Technologies SL, Spain	96.39	96.39
Sheela Foam Trading LLC, Dubai	17.75	9.51
Joint Venture		
House of Kieraya Limited, India	441.64	411.64
	<b>655.97</b>	<b>617.73</b>
<b>Loan to subsidiary companies (refer note no. a below)</b>		
International Foam Technologies SL, Spain	113.37	79.40
	<b>113.37</b>	<b>79.40</b>
<b>Interest accrued on loan given to subsidiary Company</b>		
International Foam Technologies SL, Spain	4.20	0.76
	<b>4.20</b>	<b>0.76</b>
<b>Financial /Corporate guarantees (refer note no. b below)</b>		
Joyce Foam PTY Limited, Australia	92.53	103.08
International Foam Technologies SL, Spain	52.40	64.11
	<b>144.93</b>	<b>167.19</b>
<b>Post employee benefit plan for the benefitted employees</b>		
SFL Employee Gratuity Trust	14.94	7.57
Payable to key managerial personnel	4.93	6.71

### 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, 2026, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- b) Details of financial/Corporate guarantees given are as below:
  - (i) Company has given a Corporate guarantee of AUD 20 million on April 09, 2021 and an additional guarantee on dated December 20, 2022 of AUD 5 Million 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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

- (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 the same was further reduced to EURO 8.6 Million and EURO 5.91 Million at the year ended ended March 31, 2025 and March 31, 2026 respectively.

## 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:

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Opening Liabilities</b>	60.55	85.68
Additions	23.19	29.01
Accretion of interest	5.17	6.42
Repayment of Lease liabilities	(20.99)	(20.89)
Cancellation / adjustments	(4.20)	(39.67)
<b>Closing liabilities</b>	<b>63.72</b>	<b>60.55</b>
Current	17.14	15.38
Non current	46.58	45.17
	<b>63.72</b>	<b>60.55</b>

- (iii) Maturity analysis of the lease liabilities:

Contractual undiscounted cash flows	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
3 months or less	5.64	5.06
3-12 months	16.24	14.89
1-2 years	19.16	18.80
2-5 years	21.63	28.93
More than 5 years	39.43	24.62
<b>Total undiscounted lease liability</b>	<b>102.10</b>	<b>92.30</b>
Less: Impact of discounting and other adjustments	38.38	31.75
<b>Lease liabilities at the year end</b>	<b>63.72</b>	<b>60.55</b>

- (iv) The following are the amounts recognised in the Statement of Profit and Loss:

Contractual undiscounted cash flows	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Finance cost	5.17	6.42
Depreciation and amortisation expense	19.88	19.46
Expenses relating to short term leases	5.60	6.63

- (v) The following are the amounts disclosed in the Statement of Cash Flows:

Contractual undiscounted cash flows	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash outflow from leases	20.99	20.89

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

- (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 ₹ 1.77 Crores (March 31, 2025: ₹ 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 subsequently terminated after the expiry of 11 months. No rent recognised as income during the year (March 31, 2025: ₹ 0.09 Crores).

## 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.

## 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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2026:

### 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, 2026	127.92	127.92	-	-
<b>Financial Assets measured at amortized cost</b>					
Loans	March 31, 2026	115.50	-	-	115.50
Trade receivables	March 31, 2026	283.36	-	-	283.36
Cash and cash equivalents	March 31, 2026	9.34	-	-	9.34
Bank balances other than cash and cash equivalents	March 31, 2026	2.31	-	-	2.31
Other financial assets	March 31, 2026	72.81	-	-	72.81

(₹ in Crores)

Assets for which Fair Values are disclosed:	March 31, 2026	March 31, 2025
Investment Property	22.28	17.28
Asset held for sale	14.29	90.48

### 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, 2026	411.29	-	-	411.29
Lease liabilities	March 31, 2026	63.72	-	-	63.72
Trade payables	March 31, 2026	326.87	-	-	326.87
Other financial liabilities	March 31, 2026	261.37	-	-	261.37

## 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	218.91	-	-	218.91
Cash and cash equivalents	March 31, 2025	28.49	-	-	28.49
Bank balances other than cash and cash equivalents	March 31, 2025	2.23	-	-	2.23
Other financial assets	March 31, 2025	64.99	-	-	64.99

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## 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	60.55	-	-	60.55
Trade payables	March 31, 2025	245.01	-	-	245.01
Other financial liabilities	March 31, 2025	296.57	-	-	296.57

## 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, 2026 and March 31, 2025.

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, 2026 and 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".

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

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 March 31, 2026	As at March 31, 2025
Trade payables	USD	(35.93)	(11.12)
	EURO	(1.04)	(0.14)
	GBP	(0.49)	(0.32)
Trade receivables	USD	2.39	2.43
	AUD	1.33	0.87
	AED	3.97	2.24
	EURO	2.41	2.28
Other Receivable	AUD	2.33	0.67
Interest Accrued	EURO	4.20	0.76
Loan to Subsidiary Company	EURO	113.37	79.40
Term Loan (including interest accrued)	USD	(22.36)	(40.43)

## 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 March 31, 2026	%	As at March 31, 2025
USD	2%	(1.12)	2%	(0.98)
USD	-2%	1.12	-2%	0.98
EURO	3%	3.57	3%	2.47
EURO	-3%	(3.57)	-3%	(2.47)
GBP	2%	(0.01)	2%	(0.01)
GBP	-2%	0.01	-2%	0.01
AUD	4%	0.15	4%	0.06
AUD	-4%	(0.15)	-4%	(0.06)
AED	2%	0.08	2%	0.04
AED	-2%	(0.08)	-2%	(0.04)

## (ii) Interest risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises mainly of interest-bearing deposits with dealers, however, these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

## (iii) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Company increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## 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.

### (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, 2026 and March 31, 2025 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Non-current assets</b>		
- Other Investments	0.00	-
- Loans	113.79	79.67
- Other non-current financial assets	48.19	46.81
<b>Current assets</b>		
- Other Investments	127.92	464.52
- Trade receivables	283.36	218.91
- Cash and cash equivalents	9.34	28.49
- Bank balances other than cash and cash equivalents	2.31	2.23
- Loans	1.71	1.04
- Other current financial asset	24.62	18.18
<b>Total</b>	<b>611.24</b>	<b>859.85</b>

## (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, 2026</b>			
Trade payables	326.87	-	326.87
Other financial liabilities	212.60	48.77	261.37
Lease Liabilities	17.14	46.58	63.72
Borrowings	411.29	-	411.29
	<b>967.90</b>	<b>95.35</b>	<b>1,063.25</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Less than 1 Year	More than 1 Year	Total
<b>As at March 31, 2025</b>			
Trade payables	245.01	-	245.01
Other financial liabilities	229.69	66.88	296.57
Lease Liabilities	15.38	45.17	60.55
Borrowings	500.40	395.00	895.40
	<b>990.48</b>	<b>507.05</b>	<b>1,497.53</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. 28 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, 2026			As at March 31, 2025		
	Floating Rate	Fixed Rate	Total	Floating Rate	Fixed Rate	Total
Expiry within one year	-	19.36	19.36	-	66.28	66.28
Expiry within one and two years	-	-	-	-	-	-
Expiry in more than two years	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>19.36</b>	<b>19.36</b>	<b>-</b>	<b>66.28</b>	<b>66.28</b>

**Note :-** The facilities expiring within one year are annual facilities subject to renewal at various dates.

## NOTE 51: CAPITAL MANAGEMENT

### a) Risk Management

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The Company considers the following components of its Balance Sheet to be managed capital:

- 1) Share Capital, and
- 2) Other Reserves comprising of General Reserve and Retained Earnings.

The Company's capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities.

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Equity	54.60	54.59
Other Equity	2,857.58	2,721.82
<b>Total equity</b> (i)	<b>2,912.18</b>	<b>2,776.41</b>
Borrowings (including lease liabilities)	475.01	955.95
Less: cash and cash equivalents	9.34	28.49
<b>Total debt</b> (ii)	<b>465.67</b>	<b>927.46</b>
Overall financing (iii) = (i) + (ii)	<b>3,377.85</b>	<b>3,703.87</b>
Gearing ratio (in %) (ii)/ (iii)	<b>14%</b>	<b>25%</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

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, 2026 and March 31, 2025.

## b) Loans covenants

In order to achieve this overall objective, the Company's capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There were no covenant breaches during the year ended March 31, 2026 and year ended March 31, 2025.

## NOTE 52 : COMMITMENTS FOR EXPENDITURE

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹ 5.20 Crores ( March 31, 2025: ₹ 6.57 Crores))	18.94	14.27
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)	144.93	167.19
	<b>163.87</b>	<b>181.46</b>

## NOTE 53 : CONTINGENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<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	3.96	4.97
Entry tax	0.58	1.94
Income tax	13.78	13.78
Excise Duty	2.90	2.90
Goods and Service Tax	34.78	33.79

### 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, 2026

## NOTE 54 : DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013.

(₹ in Crores)

Name of the Investee	Nature of Transaction	Purpose for which it is utilized	2025-2026		2024-2025	
			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 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.	(10.55)	92.53	16.14	103.08
Staqa Software Private Limited, India	Investment in equity shares	Engaged in Software development and related ancillary activities.	0.01	76.03	-	76.02
Staqa World Private Limited, India	Investment in equity shares	To carry on business of information technology and related ancillary services.	(0.01)	-	-	0.01
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.	(11.71)	52.40	(23.73)	64.11
	Loans	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers) Interest charged - 4.24 % to 5.22% (1.25 % to 3.34% in March 31, 2023) 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.)	33.97	113.37	7.23	79.40
Sheela Foam Trading LLC, India	Investment in equity shares	Home Furniture and Mattresses trading	8.24	17.75	8.37	9.51
<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	30.00	441.64	50.94	411.64

For above investment in equity shares and preference shares, refer note no. 6.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## 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 March 31, 2026	For the year ended March 31, 2025
<b>Revenue from external customers</b>		
Within India	2,942.14	2,660.33
Outside India	20.13	14.92
<b>Total revenue</b>	<b>2,962.27</b>	<b>2,675.25</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, 2026 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, 2025 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 March 31, 2026	As at March 31, 2025
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:	77.83	30.06
Interest:	-	0.41
	<b>77.83</b>	<b>30.47</b>
(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.	-	0.41

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, 2026 and March 31, 2025.

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, 2026

## 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	For the year ended
	March 31, 2026	March 31, 2025
a) <b>Gross amount required to be spent as per section 135 of the Act</b>	3.40	4.34
Add: Amount Unspent/ (Excess) from previous years	(0.24)	0.05
<b>Total Gross amount required to be spent during the year</b>	<b>3.16</b>	<b>4.39</b>
b) <b>Amount approved by the Board to be spent during the year</b>	<b>5.37</b>	<b>4.63</b>
c) <b>Amount spent during the year on</b>		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	5.37	4.63
d) <b>Details related to amount spent .</b>		
Contribution to Sleepwell Foundation Trust	4.85	4.53
Spent for the benefit of soldiers, their family, veterans, family of martyrs and for other releif/ aid purpose	0.13	-
Spent on Health Support , Promoting education including employment enhancing vocational skills.	0.39	0.10
	<b>5.37</b>	<b>4.63</b>
e) <b>Details of CSR expenditure in respect of ongoing projects</b>		
Balance (Short) / Excess as at opening	0.24	(0.05)
Balance acquired during acquisition	-	-
Amount required to be spent during the year	(3.40)	(4.34)
Expense provided prior to acquisition of subsidiary but contributed post acquisition	-	-
Amount spent during the year	5.37	4.63
<b>Balance (Short) / Excess Spent at end of the year</b>	<b>2.21</b>	<b>0.24</b>

f) Corporate social responsibility expenses of Company are managed by related entity -Sleepwell foundation (refer note no. 46).

## 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	As at	As at	As at
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
<b>Derivatives designated as Hedging Instruments:</b>				
Cross currency interest rate swap	-	-	-	9.61
Principal and Interest Swap	2.93	1.16	-	-
<b>Derivatives not designated as Hedging Instruments:</b>				
Principal Only Swap	-	-	36.05	16.45

### (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, 2026

## (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 1 year	1 to 5 year	More than 5 Years
<b>As at March 31, 2026</b>			
<b>Cross currency interest rate swap</b>			
Nominal Amount (on financial asset)	-	-	-
<b>Principal and Interest Swap</b>			
Nominal Amount (on financial liability)	-	72.39	-
<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	-

## (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, 2026	As at March 31, 2025
Cash flow Hedge Reserve at the beginning of the year	(1.70)	(2.26)
Total hedging gain / (loss) recognised in Other Comprehensive Income	(0.80)	0.56
Income tax on above	-	-
Ineffectiveness recognised in statement of profit or loss*	(19.60)	(2.78)
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	0.96	-
Income tax on above	-	-
Cash flow Hedge Reserve at the end of the year	(1.54)	(1.70)
Line item in the statement of profit or loss that includes the reclassification adjustments	Net Loss on Foreign Currency Forward Contracts in "other expenses"	Not Applicable

\* The hedge contract has been subsequently terminated on April 08, 2026 resulting in gain of ₹ 0.24 crores. Since, the event is a non-adjusting subsequent event as per Ind AS 10 "Events after the reporting period", the same has been adequately disclosed.

## (vii) The outstanding position of derivative instrument is as under:

Nature	Currency	Purpose	As at March 31, 2026		As at March 31, 2025	
			(₹ in crores) (nominal value)	Foreign Currency (in crores) (notional value)	(₹ in crores) (nominal value)	Foreign Currency (in crores) (notional value)
Cross currency interest rate swap	EUR	Hedging of Foreign Currency Loan given	-	-	64.17	0.80

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Nature	Currency	Purpose	As at March 31, 2026		As at March 31, 2025	
			(₹ in crores) (nominal value)	Foreign Currency (in crores) (notional value)	(₹ in crores) (nominal value)	Foreign Currency (in crores) (notional value)
Principal and Interest Swap	USD	Hedging of Foreign Currency term loan taken (Principal & Interest)	22.27	0.24	38.61	0.47
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:

Currency	As at March 31, 2026	As at March 31, 2025
EUR	109.01	92.32
USD	94.65	85.58

## (viii) The impact of the hedging instruments on the statement of financial position is as under:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Nominal Amount (on financial asset)	-	64.17
Nominal Amount (on financials liability)	72.39	72.39
Carrying Amount (financial Asset)	-	73.86
Carrying Amount (financial Liability)	22.36	40.43
Line item in the statement of financial position that's includes Hedging Instruments	Other current financial liabilities and Other current financial assets	
Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the year - gain / (loss)	(0.80)	0.56

## (ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax)	(1.54)	(1.70)
Change in value of the hedged item used for measuring ineffectiveness for the year	(0.80)	0.56

## (x) Particulars of unhedged foreign currency (FC) exposure as at balance sheet date:

Particulars	Currency	As at March 31, 2026		As at March 31, 2025	
		FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Trade payables	USD	(0.38)	(35.93)	(0.13)	(11.12)
	EURO	(0.01)	(1.04)	(0.00)	(0.14)
	GBP	(0.00)	(0.49)	(0.00)	(0.32)
Trade receivables	USD	0.03	2.39	0.03	2.43
	AUD	0.02	1.33	0.02	0.87
	AED	0.15	3.97	0.10	2.24
	EURO	0.02	2.41	0.02	2.28
Loan to Subsidiary Company	EURO	1.04	113.37	0.06	5.54
Other Receivable	AUD	0.04	2.33	0.01	0.67
Interest Accrued	EURO	0.04	4.20	0.01	0.76

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 60 : INCOME TAX RECOGNISED IN PROFIT OR LOSS

### (A) Deferred tax asset and liabilities attributable to following :-

(₹ in Crores)

Particulars	As at March 31, 2026	(Charge)/ Benefit for the year	As at March 31, 2025
<b>Deferred tax assets on</b>			
Provision for Employee benefits	2.88	0.01	2.87
Provision for Doubtful debts	4.81	0.41	4.40
Unabsorbed Depreciation	6.51	(18.90)	25.41
Lease Liabilities	16.04	0.80	15.24
MTM loss	9.07	4.93	4.14
Intangible assets - Brand	109.53	(36.51)	146.04
	<b>148.84</b>	<b>(49.26)</b>	<b>198.10</b>
<b>Deferred tax liabilities on</b>			
Right-of-Use Assets	(14.66)	(0.31)	(14.35)
Property, plant and equipment	(18.62)	8.45	(27.07)
Intangible assets - Others	(15.80)	(4.97)	(10.83)
Investment in mutual funds carried at fair value	0.24	3.80	(3.56)
Capital grant income	(3.07)	(1.25)	(1.82)
	<b>(51.91)</b>	<b>5.72</b>	<b>(57.63)</b>
<b>Deferred tax assets (net)</b>	<b>96.93</b>	<b>(43.54)</b>	<b>140.47</b>

(₹ in Crores)

Particulars	As at March 31, 2025	(Charge)/ Benefit for the year	As at March 31, 2024
<b>Deferred tax assets on</b>			
Provision for Employee benefits	2.87	0.21	2.66
Provision for Doubtful debts	4.40	0.65	3.75
Unabsorbed Depreciation	25.41	25.41	-
Lease Liabilities	15.24	(6.32)	21.56
MTM loss	4.14	0.70	3.44
Intangible assets - Brand	146.04	(48.69)	194.73
	<b>198.10</b>	<b>(28.04)</b>	<b>226.14</b>
<b>Deferred tax liabilities on</b>			
Right-of-Use Assets	(14.35)	5.68	(20.03)
Property, plant and equipment	(27.07)	6.12	(33.19)
Intangible assets - Others	(10.83)	(6.71)	(4.12)
Investment in mutual funds carried at fair value	(3.56)	5.97	(9.53)
Capital grant income	(1.82)	(1.82)	-
	<b>(57.63)</b>	<b>9.24</b>	<b>(66.87)</b>
<b>Deferred tax assets (net)</b>	<b>140.47</b>	<b>(18.80)</b>	<b>159.27</b>

### (B) Income tax recognised in Profit & Loss :

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Current tax</b>		
In respect of current year	-	-
Tax expenses related to earlier years	(9.44)	(0.99)
	<b>(9.44)</b>	<b>(0.99)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences Including Tax impact on other comprehensive income	43.54	18.81
	<b>43.54</b>	<b>18.81</b>
Total income tax expense recognised in the current year including tax impact on other comprehensive income	<b>34.10</b>	<b>17.82</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## (C) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate is as under:

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profits before tax (including Other comprehensive income)	162.58	113.47
Income tax expense calculated at 25.168%	40.92	28.56
Effect of income that is exempt from taxation	-	(8.98)
Effect of expenses that are not deductible in determining taxable profit	3.22	(0.07)
Effect of difference in tax rates	-	-
Others	(0.60)	(0.69)
	<b>43.54</b>	<b>18.82</b>
Adjustments recognised in the current year in relation to tax of prior years	(9.44)	(0.99)
Income tax expense recognised in the Statement of Profit & Loss	34.10	17.82
Effective tax rate	21%	16%

The Company has recognised deferred tax assets on carried forward unabsorbed depreciation. The management has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The unabsorbed depreciation can be carried forward indefinitely as per local tax regulations.

### NOTE 61 : THE CODE ON SOCIAL SECURITY 2020

On 21 November 2025, the Government of India notified the four new Labour Codes namely the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020. Provisions of the previous labour Acts and their rules, notifications, etc. continue to remain in force till final notification of new Rules, etc. under the Code, to the extent these are in line with the Codes.

The Ministry of Labour & Employment published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. Accordingly, the company has recognised incremental impact pertaining to past service cost of gratuity and long-term absences aggregating amounting ₹ 4.86 crores under ""Employee Benefits Expense"" in the Statement of Profit and Loss as per the applicable requirements of Ind AS 19 and the guidance provided by the Institute of Chartered Accountants of India during the quarter and year ended December 31, 2025 and March 31, 2026 respectively.

The Company is in the process of assessing the impact of Central and State Rules, as well as Government clarifications on other aspects of the Labour Codes.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 62 : DISCLOSURE FOR SPECIFIC RATIOS

Particulars	Formula	Numerator	Denominator	For the year ended March 31, 2026	For the year ended March 31, 2025	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	0.73	0.98	-25%	Due to decrease in Investments
Debt equity Ratio	Debt / Equity	Debts : Borrowings + Lease Liabilities	Equity : Equity share capital + Other Equity	0.16	0.34	-52%	Due to decrease in Debt
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	6.59	6.77	-3%	-
Net capital turnover Ratio	Revenue / Working Capital	Revenue : Revenue from operations	Working Capital: Current assets - Current Liabilities	(10.02)	(100.72)	-90%	Due to decrease in Current Assets
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	0.68	0.50	35%	Due to decrease in Finance cost and Borrowings
Net Profit Ratio	Net Profit / Net Sales	Net Profit : Profit for the year (after exceptional items)	Net Sales : Revenue from operations	0.04	0.03	47%	Due to increase in PAT
Return on Equity Ratio	Total comprehensive income / Shareholder's Equity	Total comprehensive income for the year	Shareholders Equity : Total Equity	0.04	0.03	49%	Due to increase in PAT
Return on capital employed	EBIT / Capital Employed	EBIT : Profit before tax + Finance costs	Capital Employed : Total assets - current liabilities	0.07	0.05	49%	Due to decrease in Total Assets
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	6.86	6.97	-2%	-
Return on investment	Net Profit / Net Investment	Net Profit : Profit before tax + Finance costs	Net Investment: Total Equity	0.08	0.06	30%	Due to increase in PBT
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	11.80	11.40	3%	-

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 63 : SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND KURLON ENTERPRISE LIMITED (KEL)

The Board of Directors of the Company at its meeting held on March 28, 2024 have considered and approved the Scheme of Amalgamation with its subsidiary, Kurlon Enterprise Limited alongwith it's subsidiaries ("KEL" or "Amalgamating Company" or "Transferor Company") with Sheela Foam Limited ("SFL" or "Amalgamated Company" or "Transferee Company"), subject to all the necessary statutory / regulatory approvals. As per the said scheme, the undertaking of the transferor company shall stand transferred and vested in the Company (transferee company) on a going concern basis without and further act, deed of matter. As a result, the transaction has been accounted in accordance with "Pooling of Interest Method" laid down by Appendix C (Business Combinations of Entities under Common Control) of Indian Accounting Standard 103 (Ind AS 103), notified under the Companies' Act, 2013.

The scheme envisages transfer of all properties, rights, assets, interests and claim of the Transferor Company to the Transferee Company. Pursuant to the scheme coming into effect, all the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled automatically. Hon'ble National Company Law Tribunal (NCLT), Mumbai bench vide its order dated September 17, 2025 approved the Scheme of Amalgamation of KEL with the Company under Section 230 and 232 of Companies Act, 2013. The Scheme became effective upon filing of the aforesaid order with Registrar of Companies (ROC) on January 31, 2026. The amalgamation has been accounted for under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) rules, 2014.

In accordance with Appendix C of Ind AS 103, the difference between the carrying value of the Investment in the books of transferee company and the amount of net assets of the transferor company has been adjusted in capital reserves as per the scheme. The current accounting period and comparative accounting period presented in the financial statements of the Company and accompanying Notes have been prepared by including the accounting effects of the acquisition of the business, as stated above, as if the purchase had occurred from the beginning of the comparative period in the financial statements, i.e. April 01, 2024.

### Following are the assets & liabilities taken over by the Company on April 01, 2024:

Particulars	Amount
(₹ in Crores)	
<b>Assets</b>	
Property Plant & equipment	343.23
Right to use assets	62.02
Capital Work in progress	0.55
Intangible Assets	1,413.10
Other financial assets	12.66
Deferred tax assets(Net)	159.28
Non current tax assets (net)	36.74
Other non current assets	0.27
<b>Total Non-current assets - (a)</b>	<b>2,027.85</b>
Inventories	90.01
Financials asset	
(i) Investments	10.28
(ii) Trade receivables	68.89
(iii) Cash and Cash equivalents	2.81
(iv) Other bank balances	2.25
(v) Other financial assets	0.68
Other current assets	29.78
<b>Total Current assets - (b)</b>	<b>204.70</b>
<b>Total Assets (a)+(b) = (A)</b>	<b>2,232.55</b>
<b>Liabilities</b>	
<b>Non current liabilities</b>	
Financial liabilities	
(i) Borrowings	-
(ii) Lease liabilities	31.36
(iii) Other financial liabilities	54.85
Provisions	7.24
Deferred tax liabilities (net)	(11.70)
<b>Non-Current Liabilities (c)</b>	<b>81.75</b>
<b>Current Liabilities</b>	
Financial liabilities	
(i) Borrowings	0.14
(ii) Lease liabilities	10.49
(iii) Trade payables	

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Particulars	Amount
- MSME	1.00
- Other than MSME	117.58
(iv) Other financial liabilities	6.48
Provisions	8.63
Current tax liabilities (net)	-
Other current liabilities	7.49
<b>Current Liabilities (d)</b>	<b>151.81</b>
<b>Total Liabilities (c)+(d) = (B)</b>	<b>233.56</b>
<b>Net assets taken over (C = A - B)</b>	<b>1,998.99</b>
Reserves of KEL vested in SFL	
Other equity	13.31
<b>Total Reserves (D)</b>	<b>13.31</b>
Cancellation of Investments in equity of KEL held by the Company (E)	2,000.03
Non-controlling interest (F)	53.03
<b>Capital reserve on amalgamation (C - D - E - F)</b>	<b>(67.38)</b>

(₹ in Crores)

## Restated Balance sheet as at March 31, 2025

Particulars	Before effect of Business combination	Effect of Business combination	Revised balance post effect of Business combination
(₹ in Crores)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	482.83	242.14	724.97
Right-of-use assets	75.28	31.51	106.79
Capital work-in-progress	39.36	14.70	54.06
Intangible Assets	-	1,435.86	1,435.86
Investment property	2.81	-	2.81
Investments in Subsidiaries and Joint venture	2,647.76	(2,030.03)	617.73
Financial assets			
(i) Other investments	-	-	-
(ii) Loans	79.67	-	79.67
(iii) Other financial assets	41.42	5.39	46.81
Non current tax assets (net)	16.56	65.23	81.79
Deferred tax assets	-	140.47	140.47
Other non-current assets	5.23	1.91	7.14
<b>Total non current assets</b>	<b>3,390.92</b>	<b>(92.82)</b>	<b>3,298.10</b>
<b>Current assets</b>			
Inventories	197.29	49.07	246.36
Financial assets			
(i) Investments	464.52	-	464.52
(ii) Trade receivables	239.14	(20.23)	218.91
(iii) Cash and cash equivalents	22.64	5.85	28.49
(iv) Bank balances other than cash and cash equivalents	0.31	1.92	2.23
(v) Loans	1.04	-	1.04
(vi) Other financial assets	14.99	3.19	18.18
Other current assets	57.53	76.70	134.23
<b>Total current assets</b>	<b>997.46</b>	<b>116.50</b>	<b>1,113.96</b>
Assets held for sale/ Asset included in disposal(s) held for sale	1.27	56.95	58.22
<b>Total assets</b>	<b>4,389.65</b>	<b>80.63</b>	<b>4,470.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	54.35	0.24	54.59
Other equity	2,739.38	(17.56)	2,721.82
<b>Total equity</b>	<b>2,793.73</b>	<b>(17.32)</b>	<b>2,776.41</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Before effect of Business combination	Effect of Business combination	Revised balance post effect of Business combination
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	395.00	-	395.00
(ii) Lease liabilities	40.44	4.73	45.17
(iii) Others financial liabilities	18.85	48.03	66.88
Provisions	13.20	(0.42)	12.78
Other non current liabilities	33.52	-	33.52
Deferred tax liabilities (net)	1.25	(1.25)	-
<b>Total non current liabilities</b>	<b>502.26</b>	<b>51.09</b>	<b>553.35</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	500.40	-	500.40
(ii) Lease liabilities	12.83	2.55	15.38
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	26.66	3.81	30.47
- Total outstanding dues of creditors other than micro enterprises and small enterprises	198.78	15.76	214.54
(iii) Other financial liabilities	220.06	9.63	229.69
Provisions	12.73	18.06	30.79
Current tax liabilities (net)	20.95	(20.95)	-
Other current liabilities	101.25	18.00	119.25
<b>Total current liabilities</b>	<b>1,093.66</b>	<b>46.86</b>	<b>1,140.52</b>
<b>Total liabilities</b>	<b>1,595.92</b>	<b>97.95</b>	<b>1,693.87</b>
<b>Total equity and liabilities</b>	<b>4,389.65</b>	<b>80.63</b>	<b>4,470.28</b>

## Restated Statement of Profit & Loss for the year ended March 31, 2025

(₹ in Crores)

Particulars	Before effect of Business combination	Effect of Business combination	Revised amount post effect of Business combination
<b>Income</b>			
Revenue from operations	2,587.51	87.74	2,675.25
Other income	83.14	44.28	127.42
<b>Total Income</b>	<b>2,670.65</b>	<b>132.02</b>	<b>2,802.67</b>
<b>Expenses</b>			
Cost of materials consumed	1,375.44	128.85	1,504.29
Purchase of stock-in-trade	336.04	(254.52)	81.52
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(39.50)	24.92	(14.58)
Other manufacturing expenses	72.52	48.67	121.19
Employee benefits expense	221.99	60.02	282.01
Finance costs	94.45	2.63	97.08
Depreciation and amortisation expense	88.65	41.21	129.86
Other expenses	385.94	135.43	521.37
<b>Total Expenses</b>	<b>2,535.53</b>	<b>187.21</b>	<b>2,722.74</b>
<b>Profit before tax and Exceptional Items</b>	135.12	(55.19)	79.93
Exceptional items	(11.91)	(18.68)	(30.59)
<b>Profit before tax</b>	<b>147.03</b>	<b>(36.51)</b>	<b>110.52</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Particulars	(₹ in Crores)		
	Before effect of Business combination	Effect of Business combination	Revised amount post effect of Business combination
<b>Income Tax expense</b>			
Current tax	46.07	(46.07)	-
Tax expenses related to earlier years	(0.68)	(0.31)	(0.99)
Deferred tax (net)	(10.45)	29.26	18.81
<b>Total Income tax expense</b>	<b>34.94</b>	<b>(17.12)</b>	<b>17.82</b>
<b>Profit for the year</b>	<b>112.09</b>	<b>(19.39)</b>	<b>92.70</b>
<b>Other comprehensive income (net of tax)</b>			
Items that will not be reclassified to profit or loss			
Remeasurements gain / (loss) of the net defined benefit plans	(0.65)	3.04	2.39
Income tax on above item	0.16	(0.16)	-
Items that will be reclassified to profit or loss			
Fair value gain / (loss) on investments and other financial instruments	0.56	-	0.56
Income tax on above item	(0.14)	0.14	-
<b>Total Other comprehensive income/ (loss) (net of tax)</b>	<b>(0.07)</b>	<b>3.02</b>	<b>2.95</b>
<b>Total comprehensive income for the year</b>	<b>112.02</b>	<b>(16.37)</b>	<b>95.65</b>

## Restated cash flow statement for the year ended March 31, 2025

Particulars	(₹ in Crores)		
	Before effect of Business combination	Effect of Business combination	Revised amount post effect of Business combination
<b>A. Cash flow from operating activities</b>			
<b>Profit before tax</b>	135.12	(55.19)	79.93
<b>Adjustments for:</b>			
Depreciation and amortisation expense	88.65	41.21	129.86
Finance costs	94.45	2.63	97.08
Gain on termination of Lease	(0.16)	(5.27)	(5.43)
Liabilities/provisions no longer required written back	(0.11)	(0.20)	(0.31)
Provision for doubtful receivables	0.93	1.81	2.74
Provision for warranty	14.15	6.97	21.12
Expenses on employees stock option schemes	7.42	-	7.42
Amortisation of government grants	(7.24)	-	(7.24)
Advances / balances written off	0.09	-	0.09
Fair value gain on investments (net)	(14.14)	-	(14.14)
Profit on sale of investments (net)	(41.36)	(0.12)	(41.48)
(Profit) / Loss on sale of property, plant and equipment (net)	0.44	6.89	7.33
Net loss on foreign currency forward contracts	2.78	-	2.78
Money received as settlement claim under Business Combination	-	(35.70)	(35.70)
Unrealised foreign exchange (gain) / loss (net)	0.31	(0.11)	0.20
Rental Income (Short term lease)	(2.45)	-	(2.45)
Interest income	(11.88)	(0.35)	(12.23)
<b>Operating profit before working capital changes</b>	<b>267.00</b>	<b>(37.43)</b>	<b>229.57</b>
<b>Changes in working capital:</b>			
Decrease / (Increase) in Inventories	(39.12)	59.62	20.50
(Increase) / Decrease in loans and trade receivables	(52.28)	80.19	27.91
Decrease / (Increase) in other financial and non-financial assets	(3.74)	37.24	33.50
(Decrease) / Increase in trade payables	64.35	(92.08)	(27.73)
(Decrease)/ Increase in other financial liabilities, non-financial liabilities and provisions	(6.69)	(44.47)	(51.16)
<b>Cash generated from operations</b>	<b>229.52</b>	<b>3.07</b>	<b>232.59</b>
Income tax paid (net of refunds)	(1.84)	1.46	(0.38)
<b>Net cash flow from operating activities (A)</b>	<b>227.68</b>	<b>4.53</b>	<b>232.21</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Before effect of Business combination	Effect of Business combination	Revised amount post effect of Business combination
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment and change in capital work in progress	(86.22)	(38.25)	(124.47)
Proceeds from Sale of property, plant and equipment	7.81	34.14	41.95
Expenditure on Intangible assets acquired	-	(30.08)	(30.08)
Increase / (Decrease) in creditors for capital goods (net of capital advances)	2.73	(0.13)	2.60
Investment in shares of Subsidiary Companies (net)	(38.37)	30.00	(8.37)
Investment made in Joint venture (net)	(50.94)	-	(50.94)
Proceeds from debentures and mutual funds (net)	100.98	10.40	111.38
Loans given to Subsidiary Company	(5.59)	-	(5.59)
(Investments in) / Proceeds from bank deposits	(0.03)	(0.07)	(0.10)
Rental income (short term lease)	2.45	-	2.45
Interest income received	14.64	0.35	14.99
<b>Net cash (used in) investing activities (B)</b>	<b>(52.54)</b>	<b>6.36</b>	<b>(46.18)</b>
<b>C. Cash flow from financing activities</b>			
(Repayment of) / Net Proceeds from Non-convertible debentures (including interest and net of expenses)	(61.27)	-	(61.27)
(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)	(0.14)	(31.36)
Payment of lease liabilities (principal and interest)	(13.89)	(7.00)	(20.89)
Finance costs	(25.84)	(0.71)	(26.55)
<b>Net cash flow from Financing Activities (C)</b>	<b>(165.11)</b>	<b>(7.85)</b>	<b>(172.96)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>10.03</b>	<b>3.04</b>	<b>13.07</b>
Cash and cash equivalents at the beginning of the year	12.61	2.81	15.42
<b>Cash and cash equivalents at the end of the year</b>	<b>22.64</b>	<b>5.85</b>	<b>28.49</b>

## NOTE 64 : INTEREST IN JOINT VENTURE

The Company has acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited (Furlenco)' which has been increased to 43.89% during the year ended March 31, 2025. Subsequently, during the year ended March 31, 2026, the company's equity stake got reduced to 34.53% on issuance of fresh issue of 83,72,392 equity shares by House of Kieraya Limited out of which the company subscribed 20,09,377 equity shares.

(₹ in Crores)

Name of the entity	Place of Business	Relationship	Accounting method	Carrying Amount			
				March 31, 2026		March 31, 2025	
				% 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	34.53	441.64	43.89	411.64
<b>Total equity accounted investments</b>					<b>441.64</b>		<b>411.64</b>

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 65 : ASSET PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
<b>Current Assets</b>		
Inventories	279.71	246.36
Trade receivables	283.36	218.91
	<b>563.07</b>	<b>465.27</b>
<b>Non-Current assets</b>		
Leasehold land	10.35	10.57
Property, plant and equipment	262.07	286.15
Capital work in progress	3.99	0.77
	<b>276.41</b>	<b>297.49</b>

### Note based on the terms and conditions written on sanction letters by bank:

- Term loan 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 Jabalpur Plant.
- Company owned fixed assets (moveable and immovable) at manufacturing plants located at Jalpaiguri (West Bengal) , Sahibabad (Uttar Pradesh) , Rajpura (Punjab), Talwada (Gujarat) 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 8.60 million and EURO 5.91 Million at the year ending March 31, 2025 and March 31, 2026 respectively.

## NOTE 66: EXCEPTIONAL ITEMS

### Exceptional items:

- The standalone statement of profit or loss for the year ended March 31, 2024 included 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 were 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.
- The company has recognized loss due to fire accident occurred at Jhagadia plant amounting to ₹ 18.71 crores in the previous years in one of the erstwhile subsidiary which has been merged with the company during the FY 2025-26. Subsequently, this amount has been received from insurance company and consequently, the income has been recognised in the year ended March 31, 2025.
- The standalone statement of profit or loss for the year ended March 31, 2026 includes net gain of ₹ 7.93 Crores on account of sale of certain land and building situated at:
  - Industrial Plot no. 54 & 56, Shivangi Estate, Village Lakeshawri, Bhagwanpur, Roorkee, Uttarakhand - 247661
  - Plot no. 22 & 23 6/22/23, Dabaspur Industrial area, Sy. No. 76, Eedehalli Village, Somapura Hobli, Nelamangala Taluk, Rural district, Bangalore
  - 902/4, GIDC, Jhagadia Industrial Estate, Jhagadia, Bharuch, Gujarat - 393110
  - Plot no. 54-57, Shivganga Industrial Estate Village Lakeshwari Bhagwanpur, Roorkee, Haridwar.

## NOTE 67 : PROPOSED FINAL DIVIDEND

Particulars	(₹ in Crores)	
	March 31, 2026	March 31, 2025
<b>Proposed final dividends on Equity shares</b>		
Proposed final dividend for the year ended on March 31, 2026: ₹ 1 (March 31, 2025: ₹ Nil) per share	10.92	-

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

Subsequent to the year end, the Board of Directors have recommended payment of final dividend of ₹ 1 per share (20% on an equity share of ₹ 5 each) for the year ended March 31, 2026. The payment is subject to approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company and therefore, not recognised as a liability as at year ended March 31, 2026.

**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:**

(₹ in Crores)

Type of Borrower	Particulars			March 31, 2026		March 31, 2025	
	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	19.08	No	Yes	113.37	100.00%	79.40	100.00%

## NOTE 69: REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

The Company does not have any charge or satisfaction which is yet to be registered with ROC beyond the statutory period.

## NOTE 70: EVENTS AFTER THE REPORTING PERIOD

There are no significant adjusting events after the reporting period.

## NOTE 71: 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 72: 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 73: 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 74: 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.

# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2026

## NOTE 75 : 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 76 : BORROWINGS SECURED AGAINST CURRENT ASSETS

The Company does not have working capital borrowings from banks or financial institutions on the basis of security of Current assets.

## NOTE 77 : REGROUPING / RECLASSIFICATION

Previous year's figures has been regrouped and /or reclassified wherever applicable necessary to confirm to the current year's groupings and classifications.

As per our report of even date

### For M S K A & Associates LLP

(Formerly known as MSKA & Associates)

### Chartered Accountants

Firm Registration No.: 105047W / W101187

### Nipun Gupta

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

### For and on behalf of the Board of Directors of

### Sheela Foam Limited

CIN: L74899MH1971PLC427835

### Rahul Gautam

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

### Tushaar Gautam

Vice Chairman

DIN:01646487

### Davinder Kumar Ahuja

Group Finance Controller

### Amit Kumar Gupta

Group Chief Financial Officer

### Md. Iqebal Ahmad

Company Secretary

Membership No.: A20921

# Consolidated

## **Financial Statements**

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# 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 comprises the Consolidated Balance Sheet as at March 31, 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including 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 of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("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, 2026, of consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those 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 its 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, 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 the audit evidence obtained by other auditors in terms of their reports referred to in 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 of the current period. 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
1	<b>Revenue recognition – Discounts and rebates</b>  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).  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.	Our audit procedures in respect of this area included: <ol style="list-style-type: none"> <li>1. 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>2. 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>3. Verified on a test check basis, key customer contracts to identify the relevant terms and conditions related to discounts and rebates.</li> <li>4. 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>5. 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, 2026.</li> <li>6. Verified completeness and accuracy of the data used by the Company for accrual of discounts and rebates through test of controls.</li> </ol>

Sr. No.	Key Audit Matters	How the Key Audit Matters was addressed in our audit
	<p>Significant judgement is required in estimating accruals relating to secondary schemes recognized, based on sales made during the year.</p> <p>In view of above, accrual for discounts and rebates in relation to revenue recognition is identified as a key audit matter.</p>	<ol style="list-style-type: none"> <li>7. 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>8. Verified payments made/Credit notes issued after reporting/year end date and where relevant, comparing the payment to the related rebate accrual.</li> <li>9. Verified manual journal entries posted to revenue, on a test check basis, to identify unusual items and examining the underlying documentation.</li> <li>10. Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.</li> </ol>
2	<p><b>Impairment of intangible assets with indefinite life</b></p> <p>Refer Note 2.1(d)(6) to the consolidated financial statements</p> <p>The Group has significant intangible assets with indefinite life i.e. Goodwill and Brand on account of consolidation and merger of two subsidiaries amounting ₹ 1,611.77 crores as on March 31, 2026. 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 these intangible assets is tested annually for impairment. The Group performed its annual impairment test of these intangibles and determined that there was no impairment.</p> <p>Due to the significance of the carrying value of these intangible assets 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> <ol style="list-style-type: none"> <li>1. 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>2. Obtained the impairment analysis model from the management and reviewed their conclusions.</li> <li>3. 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>4. 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>5. Reconciled the future operating cash flow forecasts with the business plan approved by the Company's board of directors.</li> <li>6. 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>7. Verified the related disclosures made in notes to the financial statements in accordance with the requirements of the applicable accounting standards.</li> </ol>

### 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 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 Chairman's statement, Director's report, Business Responsibility and Sustainability Reporting etc., is expected to be made available to us after that date.

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 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 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.

### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are 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 and its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective 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 each company and for preventing and detecting frauds and other irregularities; the selection and application

of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for assessing the ability of the Group and of its 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 company 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.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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 10 subsidiaries, whose financial statements reflect total assets of Rs. 1,281.50 crores as at March 31, 2026, total revenues of Rs. 909.79 crores, net profit (including other comprehensive income) of Rs. 18.31 crores and net cash inflows amounting to Rs. 11.02 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 separate 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 Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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, 2026 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, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 1(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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section above:
- 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 has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint Controlled entity incorporated in India during the year ended March 31, 2026.
  - iv.
    - a. 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 and jointly controlled entity respectively that, to the best of their knowledge and belief, as disclosed in the note 62 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and jointly controlled entity to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries and jointly controlled entity (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - b. The respective Managements of the Holding Company and its subsidiaries 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 and jointly controlled entity respectively that, to the best of their knowledge and belief, as disclosed in the note 62 to consolidated financial statements, 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 (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, 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.
  - v. The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of their respective members at the ensuing Annual General Meeting. The dividend declared are in accordance with section 123 of the Act to the extent it applies to declaration of dividend. (Refer Note 71 to the consolidated financial statements).
  - 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, 2026, 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 company used an old payroll software before April 01, 2025 and in the absence of sufficient and appropriate audit evidence, we are unable to comment on whether the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention prescribed under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - 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 prior 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 except that the audit trail feature was enabled from January 30, 2026 to log any direct data changes. Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2025 in respect this software.
  - Further, the erstwhile accounting software used by the jointly controlled entity for manufacturing division from May 13, 2025 to December 31, 2025 did not have a feature of recording audit trail (edit log) facility. Accordingly, in respect of such periods we are unable to comment on the statutory requirements as prescribed under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - Further, the jointly controlled entity has migrated to an accounting software on January 01, 2026 for maintaining its books of account. Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2025 in respect of migrated accounting software.
2. In our opinion, according to information, explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters section above, the remuneration paid or provided by the Holding Company, its subsidiary companies and its jointly controlled entity incorporated in India to its respective Directors is in accordance with the provisions of this section 197 read with Schedule V to the Act.
3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("CARO") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements, as provided to us by the Management of the Holding company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:

Sr. No	Name of the Company	CIN	Type of Company (Holding /Subsidiary/ Jointly Controlled Entity)	Clause number of the CARO Report which is qualified or Adverse
1	Sheela Foam Limited	L74899MH1971PLC427835	Holding	3(i)(c), 3(iii)(a) and 3(vii)(b)
2	House of Kieraya Private Limited	U71210KA2012PLC063617	Jointly Controlled Entity	3(vii)(a) and 3(vii)(b)

**For M S K A & Associates LLP**  
**(Formerly known as M S K A & Associates)**  
Chartered Accountants  
ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**  
Partner

Membership No.: 502896  
UDIN: 26502896YZNBIC4804

Place: Gurugram  
Date: May 14, 2026

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF 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 associates and 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For M S K A & Associates LLP**  
(Formerly known as M S K A & Associates)

Chartered Accountants  
ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**

Partner

Place: Gurugram  
Date: May 14, 2026

Membership No.: 502896  
UDIN: 26502896YZNBIC4804

## 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 Auditor's Report of even date to the Members of Sheela Foam Limited on the Consolidated Financial Statements for the year ended March 31, 2026]

### Report on the Internal Financial Controls with reference to consolidated financial statements 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 Sheela Foam Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2026, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiaries (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 and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements referred to in the Other Matters section below, 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, 2026, 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 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 issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the 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 with reference to consolidated financial statements. 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 Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid 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

several subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For M S K A & Associates LLP  
(Formerly known as M S K A & Associates)**

Chartered Accountants  
ICAI Firm Registration No. 105047W/W101187

**Nipun Gupta**

Partner

Place: Gurugram

Date: May 14, 2026

Membership No.: 502896

UDIN: 26502896YZNBIC4804

# Consolidated Balance Sheet

as at March 31, 2026

(₹ in Crores)

Particulars	Note no.	As at March 31, 2026	As at March 31, 2025
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1,175.83	1,026.19
Right-of-use assets	4	208.21	281.46
Capital work-in-progress	3A	27.37	131.24
Investment property	5	46.78	48.33
Intangible assets	6	1,766.81	1,724.35
Intangible assets under development	6	4.82	-
Investments accounted for using the equity method	7	453.49	402.27
Financial assets			
(i) Loans	8	0.42	1.89
(ii) Other financial assets	9	54.66	51.17
Deferred Tax Assets	10	114.49	156.33
Non current tax assets (net)	11A	115.96	82.98
Other non-current assets	12	7.64	7.14
<b>Total non-current assets</b>		<b>3,976.48</b>	<b>3,913.35</b>
<b>Current assets</b>			
Inventories	13	392.60	349.91
Financial assets			
(i) Investments	14	134.39	470.44
(ii) Trade receivables	15	441.53	345.61
(iii) Cash and cash equivalents	16	33.12	41.25
(iv) Bank balances other than cash and cash equivalents	17	3.27	6.23
(v) Loans	18	1.94	1.36
(vi) Other financial assets	19	20.68	18.76
Current tax assets (net)	11B	0.01	0.27
Other current assets	20	101.97	162.19
<b>Total current assets</b>		<b>1,129.51</b>	<b>1,396.02</b>
Assets held for sale/Assets included in disposal group held for sale	3B	10.78	58.22
<b>Total assets</b>		<b>5,116.77</b>	<b>5,367.59</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	21	54.60	54.59
Other equity	22	3,197.36	2,962.07
<b>Equity attributable to shareholders of the Holding Company</b>		<b>3,251.96</b>	<b>3,016.66</b>
Non-controlling interest		8.29	7.49
<b>Total equity</b>		<b>3,260.25</b>	<b>3,024.15</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	23	96.91	529.84
(ii) Lease liabilities	24	150.24	208.97
(iii) Other financial liabilities	25	48.77	66.88
Provisions	26	9.50	16.96
Other non-current liabilities	27	48.27	37.34
Deferred Tax Liabilities	28	7.99	7.41
<b>Total non-current liabilities</b>		<b>361.68</b>	<b>867.40</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	29	616.86	686.65
(ii) Lease liabilities	24	43.97	36.89
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	30	79.24	30.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises	30	377.28	318.75
(iv) Other financial liabilities	31	216.48	234.35
Provisions	26	46.35	39.47
Current tax liabilities (net)	32	-	0.35
Other current liabilities	33	114.66	128.89
<b>Total current liabilities</b>		<b>1,494.84</b>	<b>1,476.04</b>
<b>Total liabilities</b>		<b>1,856.52</b>	<b>2,343.44</b>
<b>Total equity and liabilities</b>		<b>5,116.77</b>	<b>5,367.59</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 LLP**

(Formerly known as MSKA & Associates)

**Chartered Accountants**

Firm Registration No.: 105047W / W101187

**For and on behalf of the Board of Directors of**

**Sheela Foam Limited**

CIN: L74899MH1971PLC427835

**Nipun Gupta**

Partner

Membership No.: 502896

**Rahul Gautam**

Managing Director

DIN:00192999

**Tushaar Gautam**

Vice Chairman

DIN:01646487

**Amit Kumar Gupta**

Group Chief Financial Officer

Place: Gurugram

Date: May 14, 2026

Place: Noida

Date: May 14, 2026

**Davinder Kumar Ahuja**

Group Finance Controller

**Md. Iqbal Ahmad**

Company Secretary

Membership No.: A20921

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Note no.	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Income</b>			
Revenue from operations	34	3,820.84	3,439.20
Other income	35	54.27	130.92
<b>Total Income</b>		<b>3875.11</b>	<b>3,570.12</b>
<b>Expenses</b>			
Cost of materials consumed	36	2,054.52	1,981.93
Purchase of stock-in-trade	37	106.40	81.88
Changes in inventories of finished goods, stock-in-trade and work-in-progress	38	(11.64)	(58.20)
Other manufacturing expenses	39	149.65	153.48
Employee benefits expense	40	495.13	432.11
Finance costs	41	95.15	120.55
Depreciation and amortisation expense	42	178.58	182.61
Other expenses	43	633.41	603.02
<b>Total Expenses</b>		<b>3,701.20</b>	<b>3,497.38</b>
<b>Profit before tax and Exceptional Items</b>		<b>173.91</b>	<b>72.74</b>
Exceptional items	70	(793)	(30.59)
<b>Profit before tax</b>		<b>181.84</b>	<b>103.33</b>
<b>Income Tax expense</b>	60		
Current tax		7.24	5.64
Tax expenses related to earlier years		(9.55)	(1.07)
Deferred tax (net)		44.69	9.84
<b>Total Income tax expense</b>		<b>42.38</b>	<b>14.41</b>
<b>Profit for the year after tax and before share of profit/(loss) of Joint venture accounted for using equity method</b>		<b>139.46</b>	<b>88.92</b>
Share in profit/(loss) of Joint venture accounted for using equity method		21.39	1.17
<b>Profit for the year</b>		<b>160.85</b>	<b>90.09</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		(0.93)	2.49
Income tax on above item	60	(0.09)	(0.03)
Share of Other Comprehensive Income in Joint venture to the extent not to be classified into profit or loss		(0.17)	-
Items that will be reclassified to profit or loss			
Fair value gain / (loss) on investments and other financial instruments		(0.80)	0.56
Income tax on above item	60	-	-
Share of Other Comprehensive Income in Joint venture to the extent to be classified into profit or loss		-	-
Exchange differences on translation of foreign operations		69.91	4.22
<b>Total Other Comprehensive Income/ (Loss) (net of tax)</b>		<b>67.92</b>	<b>7.24</b>
<b>Total comprehensive income for the year</b>		<b>228.77</b>	<b>97.33</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the Holding Company		159.61	89.35
Non-controlling Interest		1.24	0.74
		<b>160.85</b>	<b>90.09</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
Shareholders of the Holding Company		67.92	7.24
Non-controlling Interest		-	-
		<b>67.92</b>	<b>7.24</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Shareholders of the Holding Company		227.53	96.59
Non-controlling Interest		1.24	0.74
		<b>228.77</b>	<b>97.33</b>
<b>Earnings per equity share (Nominal value of shares of ₹ 5/- each (March 31,2025 : ₹ 5/- each))</b>	44		
Basic (₹)		14.62	8.18
Diluted (₹)		14.59	8.17

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 LLP**  
(Formerly known as MSKA & Associates)

**Chartered Accountants**

Firm Registration No.: 105047W / W101187

**Nipun Gupta**

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

**For and on behalf of the Board of Directors of  
Sheela Foam Limited**

CIN: L74899MH1971PLC427835

**Rahul Gautam**

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

**Tushaar Gautam**

Vice Chairman

DIN:01646487

**Davinder Kumar Ahuja**

Group Finance Controller

**Amit Kumar Gupta**

Group Chief Financial Officer

**Md. Iqbal Ahmad**

Company Secretary

Membership No.: A20921

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2026

## A. EQUITY SHARE CAPITAL

Particulars	₹ in Crores
<b>Balance as at April 01, 2024</b>	<b>54.59</b>
Add: Equity shares issued during the year	-
<b>Balance as at March 31, 2025</b>	<b>54.59</b>
Add: Equity shares issued during the year	0.01
<b>Balance as at March 31, 2026</b>	<b>54.60</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				
<b>Balance as at April 01, 2024</b>	<b>1,687.57</b>	<b>(66.71)</b>	<b>44.71</b>	<b>0.39</b>	<b>2.42</b>	<b>1,188.31</b>	<b>0.06</b>	<b>2,854.49</b>	<b>6.75</b>	<b>2,861.24</b>
Profit for the year	89.35	-	-	-	-	-	-	89.35	0.74	90.09
Remeasurements of the net defined benefit plans (net of tax)	2.46	-	-	-	-	-	-	2.46	-	2.46
Other adjustments	0.57	-	-	4.44	-	-	-	5.01	-	5.01
Exchange gain/(loss) on translation (net)	-	-	4.22	-	-	-	-	4.22	-	4.22
Gain / (Loss) on Cash flow hedge reserve (net of tax)	-	-	-	-	-	-	0.56	0.56	-	0.56
Employees share based payment expenses	-	-	-	-	7.42	-	-	7.42	-	7.42
Transfer due to exercise of Employee share options	-	-	-	-	(0.93)	0.93	-	-	-	-
Impact of business combination on acquisition and further acquisition in subsidiary	(1.44)	-	-	-	-	-	-	(1.44)	-	(1.44)
<b>Total comprehensive income for the year</b>	<b>90.94</b>	<b>-</b>	<b>4.22</b>	<b>4.44</b>	<b>6.49</b>	<b>0.93</b>	<b>-</b>	<b>107.58</b>	<b>0.74</b>	<b>108.32</b>
<b>Balance as at March 31, 2025</b>	<b>1,778.51</b>	<b>(66.71)</b>	<b>48.93</b>	<b>4.83</b>	<b>8.91</b>	<b>1,189.24</b>	<b>0.06</b>	<b>2,962.07</b>	<b>7.49</b>	<b>2,969.56</b>

(₹ in Crores)

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2026

(₹ 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				
Profit for the year	159.61	-	-	-	-	-	-	159.61	1.24	160.85
Dividend paid	-	-	-	-	-	-	-	-	(0.45)	(0.45)
Remeasurements of the net defined benefit plans (net of tax)	(1.02)	-	-	-	-	-	-	(1.02)	-	(1.02)
Other adjustments	0.64	-	-	(0.17)	-	-	-	0.47	0.01	0.48
Exchange gain/(loss) on translation (net)	-	-	69.91	-	-	-	-	69.91	-	69.91
Gain / (Loss) on Cash flow hedge reserve (net of tax)	-	-	-	-	-	-	(0.80)	(0.80)	-	(0.80)
Securities premium on issue of paid up share capital	-	-	-	-	-	0.01	-	0.01	-	0.01
Reclassification	-	-	-	-	-	-	0.96	0.96	-	0.96
Employees share based payment expenses	-	-	-	-	6.32	-	-	6.32	-	6.32
Transfer due to exercise of Employee share options	-	-	-	-	(0.52)	-	-	-	-	-
Share of OCI in Joint venture	(0.17)	-	-	-	-	-	-	(0.17)	-	(0.17)
<b>Total comprehensive income for the year</b>	<b>159.06</b>	<b>-</b>	<b>69.91</b>	<b>(0.17)</b>	<b>5.80</b>	<b>0.53</b>	<b>-</b>	<b>235.29</b>	<b>0.80</b>	<b>236.09</b>
<b>Balance as at March 31, 2026</b>	<b>1,937.57</b>	<b>(66.71)</b>	<b>118.84</b>	<b>4.66</b>	<b>14.71</b>	<b>1,189.77</b>	<b>0.06</b>	<b>3,197.36</b>	<b>8.29</b>	<b>3,205.65</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 LLP**

(Formerly known as MSKA & Associates)

**Chartered Accountants**

Firm Registration No.: 105047W / W101187

**Nipun Gupta**

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

**For and on behalf of the Board of Directors of**

**Sheela Foam Limited**

CIN: L74899MH1971PLC427835

**Rahul Gautam**

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

**Tushaar Gautam**

Vice Chairman

DIN:01646487

**Davinder Kumar Ahuja**

Group Finance Controller

**Amit Kumar Gupta**

Group Chief Financial Officer

**Md. Iqbal Ahmad**

Company Secretary

Membership No.: AZ0921

# Consolidated Statement of Cash Flows

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax and exceptional items</b>	173.91	72.74
<b>Adjustments for:</b>		
Depreciation and amortisation expense	178.58	182.61
Finance costs	95.15	120.55
Gain on termination of Lease	(0.32)	(5.43)
Advances/ balances written off (including bad debts)	0.77	2.38
Provision for doubtful receivables	2.03	0.93
Provision for warranty provided/(written back)	7.95	21.73
Expenses on employees stock option schemes	6.32	7.42
Subsidy income	-	(0.30)
Amortisation of Government grants	(5.39)	(7.24)
Net loss on foreign currency forward contracts	20.61	2.78
Money received as settlement claim under Business Combination	-	(35.70)
Fair value gain on investments (net)	(0.03)	(14.31)
(Profit) on sale of investments (net)	(4.35)	(41.79)
Liabilities/provisions no longer required written back	(0.83)	(1.31)
Unrealised foreign exchange gain (net)	(1.01)	-
Rental Income (Short term lease)	(11.64)	(7.52)
Interest Income	(12.37)	(9.25)
(Profit) / Loss on sale of property, plant and equipment (net)	1.90	2.41
<b>Operating profit before working capital changes</b>	<b>451.28</b>	<b>290.70</b>
<b>Changes in working capital:</b>		
(Increase) in inventories	(24.46)	(1.29)
(Increase) / Decrease in loans and trade receivables	(74.12)	15.93
Decrease / (Increase) in other financial and non-financial assets	14.11	(6.36)
Increase / (Decrease) in trade payables	85.90	(26.96)
(Decrease) in other financial liabilities, non-financial liabilities and provisions	(12.35)	(18.38)
<b>Cash generated from operations</b>	<b>440.36</b>	<b>253.64</b>
Income tax paid (net of refunds)	(31.04)	(6.25)
<b>Net cash flow from operating activities (A)</b>	<b>409.32</b>	<b>247.39</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and change in capital work- in- progress	(131.04)	(113.97)
Intangible Assets acquired and expenditure on intangibles under development	(6.02)	(32.36)
Proceeds from Sale of property, plant and equipment	98.33	42.01
(Decrease) / Increase in creditors for capital goods (net of capital advances)	(2.13)	2.60
Deposit matured/made during the year (net)	2.96	(1.30)
Proceeds from debentures and mutual funds (net)	340.47	113.49
Investment made in Joint Venture	(30.00)	(50.94)
Rental income (short term lease)	11.64	7.52
Interest income received	11.93	9.07
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>296.14</b>	<b>(23.88)</b>
<b>C. Cash flow from financing activities</b>		
Payment of dividend during the year	0.25	(0.09)
Net Proceeds from issue of paid up share capital (Including Securities Premium)	0.01	-
Repayment of Non-convertible debentures (including interest)	(416.00)	(61.27)
Repayment of long term borrowings	(123.79)	(56.98)
Repayment of short term borrowings (including working capital loan)	(80.50)	(16.21)
Payment of lease liabilities (principal and interest)	(55.24)	(48.90)
Finance costs	(40.45)	(42.87)
<b>Net cash flow (used in) / from financing activities (C)</b>	<b>(715.72)</b>	<b>(226.32)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(10.26)</b>	<b>(2.81)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	2.13	0.04
Cash and cash equivalents at the beginning of the year	41.25	44.02
<b>Cash and cash equivalents at the end of the year</b>	<b>33.12</b>	<b>41.25</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2026

## 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:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
<b>Cash and cash equivalents</b>		
Cash on hand	0.34	0.47
Deposits having original maturity of less than 3 months	1.44	0.19
Balance with banks in current accounts	31.34	40.59
<b>Balance as per Statement of Cash Flows</b>	<b>33.12</b>	<b>41.25</b>

- Changes in liabilities arising from financing activities:

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Lease liabilities</b>		
Lease liabilities at the beginning of the year	245.86	211.78
Addition during the year	25.43	110.05
Accretion of Interest	15.02	13.56
Payment of lease liabilities	(55.24)	(48.90)
Cancellation / adjustments	(65.74)	(39.67)
Exchange differences on translation of foreign operations	28.88	(0.96)
Lease liabilities as at year end	<b>194.21</b>	<b>245.86</b>

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Borrowings</b>		
Borrowings at the beginning of the year	1,216.49	1,281.33
Interest charged on Non-convertible debentures	40.04	63.61
Repayment of Non-convertible debentures (including interest)	(416.00)	(61.27)
Repayment of short term borrowings	(80.50)	(16.21)
Repayment of long term borrowings	(123.79)	(56.98)
Foreign exchange (gain) / loss (net)	0.73	(0.43)
Exchange differences on translation of foreign operations	76.80	6.44
Borrowings as at year end	<b>713.77</b>	<b>1,216.49</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 LLP

(Formerly known as MSKA & Associates)

### Chartered Accountants

Firm Registration No.: 105047W / W101187

### Nipun Gupta

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

### For and on behalf of the Board of Directors of

### Sheela Foam Limited

CIN: L74899MH1971PLC427835

### Rahul Gautam

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

### Tushaar Gautam

Vice Chairman

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, 2026

## 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 ten 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.
- Staqa Software Private Limited and its two Controlled Foreign Entities- Staqa Incorporated, USA and Staqa Technologies L.L.C, Dubai
- Sheela Foam Trading LLC, Dubai
- Sleepwell Enterprises Private Limited
- Staqa World Private Limited (Merged with Staqa Software Private Limited, refer note 68 A for details)

### Joint Venture entity

- House of Kieraya 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, 2026 were approved by the Board of Directors and authorized for issue on May 14, 2026.

## 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. Amounts less than ₹ 50,000 have been presented as "0.00".

#### c. Current versus non-current classification

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

An asset is classified as current when it is: -

- expected to be realized, or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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

Property, Plant and Equipment of the Holding Company and its Indian subsidiaries were depreciated on a pro-rata basis using the Written Down Value (WDV) method up to December 31, 2025. With effect from January 01, 2026, the Holding Company has changed its method of depreciation from WDV to Straight Line Method ("SLM") based on the internal technical assessment of the expected pattern of consumption of future economic benefits embodied in the assets as per Ind AS 16. In the case of foreign subsidiaries, depreciation has been provided on a pro-rata basis using the Straight Line Method over their respective useful lives.

In addition, the Holding Company has reassessed the useful life of certain plant and machinery from 20 years to 40 years based upon the technical assessment carried out by an independent chartered engineer considering the expected pattern of consumption of the future economic benefits embodied in the assets.

As per Ind AS 8, the effect of change in accounting estimate has to be given prospectively in the financial

statements, accordingly, the Group has changed the method of depreciation w.e.f January 01, 2026. Due to this change in accounting estimate, the depreciation expense is lower and the profit before tax is higher by ₹14.37 crores for the year ended March 31, 2026. Refer note 3(a)(g) for change in accounting estimate.

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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

#### 4. Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### 5. Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### 6. Impairment of Goodwill

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a Cash Generating Unit is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes. The value in use calculation is based on a discounted future cash flows model. The recoverable amount is sensitive to the discount rate used for the discounted future cash flows model as well as the expected future cash-inflows.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell.

#### Determination of Cash Generating Unit

While assessing impairment, the management has identified every company in which goodwill has generated on acquisition of its subsidiary as the cash generating unit for the purposes of determining the recoverable value.

#### Significant Cash Generating Units (CGUs)

The management has determined one of the foreign step down subsidiary company located in Spain that is Interplasp S.L. and one Indian subsidiary i.e Kurlon Enterprises Limited merged during the financial year 2025-2026 (refer note 68 for details) as the significant cash generating unit for the purposes of determining the recoverable value.

(₹ in Crores)

Particulars	Interplasp S.L.		Kurlon Enterprises Limited	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Acquired Goodwill	320.74	271.66	406.80	406.80
Amount of Brand	-	-	884.23	884.23

Following key assumptions were considered while performing impairment testing:

Factors tested	Interplasp S.L.		Kurlon Enterprises Limited	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Average Sales Growth rate for 5 years	8%	10%	8%	13.60%
Average terminal growth rate	3.00%	3.00%	13.32%	17.00%
Margin	11%	13%	6.00%	6.00%
Weighted Average Cost Capital % (WACC) post tax (Discount rate)	8.2%	9.7%	12.26%	11.90%

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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.

## 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 34.53% of the voting rights as on reporting date.

## 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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.

The carrying amount of equity accounted as investments are tested for impairment in accordance with the policy described in note 2.10 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 31.03.2026	Proportion (%) of Shareholding as on 31.03.2025
<b>Subsidiary Companies</b>			
Joyce Foam Pty. Limited and its Controlled Entity (Joyce W C NSW Pty Limited)	Australia	100%	100%
International Foam Technologies SL, Spain and its Controlled Entity (Interplasp S.L)	Spain	100%	100%
Sleepwell Enterprises Private Limited	India	100%	100%
Staqa Software Private Limited and its two Controlled Entities (Staqa Technologies L.L.C. and Staqa Incorporated)	India (Two Controlled Entities :- Dubai, and USA)	100%	100%
Sheela Foam Trading LLC	Dubai	100%	100%
<b>Joint Venture</b>			
House Of Kieraya Ltd	India	34.53%	43.89%

## 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 (Staqa Software Private Limited, Sleepwell Enterprises Private Limited,) the 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.

# Notes to Consolidated Financial Statements

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Asset	Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed / estimated by the Group (No. of Years)
Building		
- Factory (including roads and lanes)	30	29
- Office	60	4-59
- Residential	60	59
Plant & Equipment	15	20-40
Storage and Pipelines	25	20
Furniture & Fixtures	10	15
Vehicles		
- Motor Cars	8	10
Office Equipment	5	20
Data Processing Equipment		
- Computer Equipment	3	6
Electrical Fittings	10	20

Based on usage pattern, technical evaluation and internal assessment, 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 SL, 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

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.

## Externally acquired 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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.

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:

- at amortized cost;
- at fair value through other comprehensive income (FVTOCI); and
- 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

This category is most relevant to the Group. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents and employee loans, etc.

## (2) Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- Business Model Test: The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- Cash Flow Characteristics Test: The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss.

## (3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at

amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss are recorded in Statement of Profit and Loss. This category comprises of investments in mutual funds and bonds/ debentures.

## (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

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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 and subsequently measured at amortized cost using the effective interest rate 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

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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 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 Dividends

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

# Notes to Consolidated Financial Statements

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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.

## 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

# Notes to Consolidated Financial Statements

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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 (Staqa Software Private Limited and Sleepwell Enterprises Private Limited)

### a. Short Term Employee Benefits

All Employee benefits payable within twelve months of rendering the services are classified as short-term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/pay etc. and the same are recognized in the period in which the employee renders the related services.

### b. 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.

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## 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 at 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.

### 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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 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.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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 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 1 - Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants:

The amendment includes specific provisions that will take effect for reporting periods beginning on or after 1 April 2026, retrospectively, as outlined below:

- a) Breach of material covenant for long-term loan arrangement on or before end of reporting period with effect that liability becomes payable on demand as on reporting date, then it shall be classified as current liability, if lender agreed after reporting period and before approval of financial statements to not demand payment as a consequence of breach.
- b) Classify as non-current liability, if lender agreed by end of reporting period to provide grace period ending at least 12 months after reporting period within which entity can rectify the breach provided lender does not demand immediate repayment.
- c) Disclose information about the timing of settlement to understand the impact of the liability on the financial statements.

The Company does not expect this amendment to have an impact on its operations or consolidated financial statements.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 2.23 Standards that became effective during the year

The Ministry of corporate Affairs ("MCA") notified amendments on 7 May 2025 and 13 August 2025 under the Companies (Indian Accounting Standards) Amendment Rules, 2025 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2025, respectively, which is effective from annual reporting periods beginning on or after 1 April 2025.

### (a) Amendment to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangement:

The amendments to Ind AS 7 Statement of Cash Flows' and Ind AS 107 'Financial Instruments: Disclosures' clarify the characteristics of supplier finance arrangements and require additional disclosures for such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Refer to Note 30 and Note 50

### (b) Amendment to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants:

The amendment specifies the requirements for classifying liabilities as current or non-current in the balance sheet, and clarifies the following:

- i) An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.

- ii) If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

- iii) In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the financial statements of the Company. The Company did not make retrospective adjustments as a result of adopting the amendments to Ind AS 1.

### (c) Amendment to Ind AS 12 - Pillar-Two Tax Reforms

The Company is not within the scope of the OECD Pillar Two Model Rules, as Pillar Two legislation has not yet been enacted in any of the jurisdiction in which the Company operates.

### (d) Amendment to Ind AS 21-Lack of exchangeability

The Amendments introduces requirement to assess when a currency is exchangeable into another currency and when it is not. The amendment requires an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. These amendments had no effect on the Consolidated financial statements of the Company.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 3A : PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(₹ in Crores)

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, 2024</b>	128.45	558.44	808.69	1.14	48.29	22.47	54.19	3791	1,659.58	161.40
Additions	1.29	26.65	122.39	-	3.58	9.62	3.58	0.86	16797	71.85
Disposals/transfer	(12.90)	(5.70)	(53.71)	-	(14.27)	(3.09)	1.30	7.16	(81.21)	(103.75)
Asset transferred to held for sale	(21.81)	(44.86)	(6.07)	-	(0.09)	(0.55)	(0.40)	(2.65)	(76.43)	-
Foreign Currency Translation Reserve	0.04	1.38	1.56	-	0.03	(0.01)	0.01	-	3.01	1.74
<b>As at March 31, 2025</b>	<b>95.07</b>	<b>535.91</b>	<b>872.86</b>	<b>1.14</b>	<b>37.54</b>	<b>28.44</b>	<b>58.68</b>	<b>43.28</b>	<b>1,672.92</b>	<b>131.24</b>
Additions	0.44	74.06	93.49	1.58	48.81	6.51	4.48	5.85	235.22	31.88
Disposals/transfer	(7.56)	(4.95)	(47.11)	-	(1.14)	(4.04)	(3.83)	(0.01)	(68.64)	(144.30)
Asset transferred to held for sale	-	-	-	-	-	-	-	-	-	-
Foreign Currency Translation Reserve	0.29	29.86	82.05	0.36	0.16	0.48	0.53	-	113.73	8.55
<b>As at March 31, 2026</b>	<b>88.24</b>	<b>634.88</b>	<b>1,001.29</b>	<b>3.08</b>	<b>85.37</b>	<b>31.39</b>	<b>59.86</b>	<b>49.12</b>	<b>1,953.23</b>	<b>27.37</b>
<b>Accumulated depreciation</b>										
<b>As at April 1, 2024</b>	-	132.85	364.42	0.24	24.33	11.15	28.18	9.27	570.44	-
Depreciation charge for the year	-	45.04	68.36	0.06	3.82	4.30	6.70	4.70	132.98	-
Disposals/adjustments	-	(0.04)	(34.15)	-	(7.69)	(2.38)	0.81	3.15	(40.30)	-
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	1.33	(0.01)	0.01	(0.02)	0.03	-	1.82	-
<b>As at March 31, 2025</b>	<b>-</b>	<b>166.99</b>	<b>395.50</b>	<b>0.29</b>	<b>20.42</b>	<b>12.91</b>	<b>35.41</b>	<b>15.21</b>	<b>646.73</b>	<b>-</b>
Depreciation charge for the year	-	37.51	59.65	0.59	6.13	3.96	4.99	3.55	116.38	-
Disposals/adjustments	-	0.71	(33.27)	-	(0.90)	(2.91)	(3.09)	(0.10)	(39.56)	-
Asset transferred to held for sale	-	-	-	-	-	-	-	-	-	-
Foreign Currency Translation Reserve	-	6.53	46.26	0.12	0.10	0.38	0.46	-	53.85	-
<b>As at March 31, 2026</b>	<b>-</b>	<b>211.74</b>	<b>468.14</b>	<b>1.00</b>	<b>25.75</b>	<b>14.34</b>	<b>37.77</b>	<b>18.66</b>	<b>777.40</b>	<b>-</b>
<b>Net carrying amount</b>										
<b>As at March 31, 2025</b>	<b>95.07</b>	<b>368.92</b>	<b>477.36</b>	<b>0.85</b>	<b>17.12</b>	<b>15.53</b>	<b>23.27</b>	<b>28.07</b>	<b>1,026.19</b>	<b>131.24</b>
<b>As at March 31, 2026</b>	<b>88.24</b>	<b>423.14</b>	<b>533.15</b>	<b>2.08</b>	<b>59.62</b>	<b>17.05</b>	<b>22.09</b>	<b>30.46</b>	<b>1,175.83</b>	<b>27.37</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 ₹ 477.58 Crores (March 31, 2025 : ₹ 478.07 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.

## Notes to Consolidated Financial Statements

for the year ended March 31, 2026

- d. Capital Work-in-progress represents assets under construction & installation at various sites and ageing analysis is as below:

Particulars	March 31, 2026				March 31, 2025			
	Amount in Capital Work-in-progress for a period of				Amount in Capital Work-in-progress for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	27.29	0.08	-	-	52.70	64.39	14.15	-
				<b>Total</b>				<b>Total</b>
				27.37				131.24

(₹ in Crores)

- e. Schedule for Capital work-in-progress whose completion is overdue compared to its original plan:-

Particulars	March 31, 2026				March 31, 2025			
	Amount in Capital Work-in-progress for a period of				Amount in Capital Work-in-progress for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
S.G. Learning Centre (Aligarh)	-	-	-	-	25.96	-	-	-
				<b>Total</b>				<b>Total</b>
				-				25.96

(₹ in Crores)

- f. The Group does not have any project temporary suspended.

- g. The Depreciation on Property, plant and equipment was charged based on Written Down Value ("WDV") method upto December 31, 2025 with respect to Holding Company and its Indian subsidiaries. With effect from January 1, 2026, the depreciation method is changed to Straight Line Method (SLM) based upon the internal technical assessment of expected pattern of consumption of the future economic benefits embodied in the assets.

In addition, the Holding company has reassessed the useful life of certain machinery from 20 years to 40 years based upon the technical assessment done by an independent chartered engineer over the expected pattern of consumption of the future economic benefits embodied in the assets.

Hence the carrying value of the assets as on December 31, 2025 has been depreciated as per SLM over the remaining useful lives of the assets. Due to this change in accounting estimate, the depreciation expense is lower and the profit before tax is higher by ₹14.37 crores for the year ended March 31, 2026.

The impact on account of this change in method of depreciation on the future periods is given below:

Particulars	For the year ended		For the year ended	
	March 31, 2026	March 31, 2027	March 31, 2028	Later Years
(Decrease)/ Increase in depreciation expense	(14.37)	(47.52)	(36.91)	98.80

(₹ in Crores)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 3B : ASSETS HELD FOR SALE/ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE

The Company has decided to close some plants and dispose off their land & buildings, the aggregate value of assets held for sale are as follows :-  
(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Property, plant and equipment	10.78	58.22

During the year ended March 31, 2026, the Group has decided to sell certain land and buildings with expected completion of sale before the end of June 30, 2026 having fair value of ₹ 15.13 crores (March 31, 2025 ₹ 90.48 crores).

Assets classified as 'Held for sale' were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the Property, plant and equipment was determined using the sales comparison approach. This is a level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures (see note 49).

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in Crores)

Particulars	Leasehold land	Buildings	Plant & Equipment	Total
<b>Cost</b>				
<b>As at April 1, 2024</b>	77.30	301.75	1.69	380.74
Additions	-	111.41	-	111.41
Disposal/Transfer	-	(63.53)	-	(63.53)
Foreign currency translation reserve	-	(1.22)	-	(1.22)
<b>As at March 31, 2025</b>	<b>77.30</b>	<b>348.41</b>	<b>1.69</b>	<b>427.40</b>
Additions	11.49	20.65	-	32.14
Disposal/Transfer	(22.06)	(169.14)	-	(191.20)
Foreign currency translation reserve	-	27.66	0.39	28.05
<b>As at March 31, 2026</b>	<b>66.73</b>	<b>227.58</b>	<b>2.08</b>	<b>296.39</b>
<b>Accumulated depreciation</b>				
<b>As at April 1, 2024</b>	5.83	128.84	1.61	136.28
Charge for the year	4.77	34.71	0.09	39.57
Disposal/Transfer	-	(29.85)	-	(29.85)
Foreign currency translation reserve	-	(0.06)	-	(0.06)
<b>As at March 31, 2025</b>	<b>10.60</b>	<b>133.64</b>	<b>1.70</b>	<b>145.94</b>
Charge for the year	6.41	45.92	-	52.33
Disposal/Transfer	(0.50)	(126.60)	-	(127.10)
Foreign currency translation reserve	-	16.63	0.38	17.01
<b>As at March 31, 2026</b>	<b>16.51</b>	<b>69.59</b>	<b>2.08</b>	<b>88.18</b>
<b>Net Carrying Amount</b>				
<b>As at March 31, 2025</b>	<b>66.70</b>	<b>214.77</b>	<b>(0.01)</b>	<b>281.46</b>
<b>As at March 31, 2026</b>	<b>50.22</b>	<b>157.99</b>	<b>-</b>	<b>208.21</b>

- (i) Refer note no. 47 for detailed disclosures as per IND AS 116 "Leases".
- (ii) Leasehold land has been pledged as security amounted ₹ 10.35 Crores (March 31, 2025: ₹ 10.57 Crores) and for detailed disclosure of charge created on aforesaid assets, refer note no. 54.

## NOTE 5 : INVESTMENT PROPERTY

(₹ in Crores)

Particulars	Freehold land	Leasehold land	Buildings	Total
<b>Cost</b>				
<b>As at April 1, 2024</b>	-	0.68	62.82	63.50
Additions	-	-	0.34	0.34
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2025</b>	<b>-</b>	<b>0.68</b>	<b>63.16</b>	<b>63.84</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Freehold land	Leasehold land	Buildings	Total
Additions	-	-	0.43	0.43
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2026</b>	-	<b>0.68</b>	<b>63.59</b>	<b>64.27</b>
<b>Accumulated depreciation</b>				
<b>As at April 1, 2024</b>	-	0.07	12.97	13.04
Charge for the year	-	0.01	2.46	2.47
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2025</b>	-	<b>0.08</b>	<b>15.43</b>	<b>15.51</b>
Charge for the year	-	0.01	1.97	1.98
Disposal/Transfer	-	-	-	-
<b>As at March 31, 2026</b>	-	<b>0.09</b>	<b>17.40</b>	<b>17.49</b>
<b>Net Carrying Amount</b>				
<b>As at March 31, 2025</b>	-	<b>0.60</b>	<b>47.73</b>	<b>48.33</b>
<b>As at March 31, 2026</b>	-	<b>0.59</b>	<b>46.19</b>	<b>46.78</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 Straight Line Method (SLM), over the useful life of the property estimated by management, in the manner prescribed in Schedule II of the Act. The property's residual value, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Act:

Asset	Useful life as per Schedule II of the Companies Act, 2013	Useful life as assessed / estimated 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.

- The leasehold land has been amortised during the year by ₹ 0.01 Crores (March 31, 2025: ₹ 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, 2026

e. Income from investment property:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Rental Income derived from investment property	1.77	1.83
Profit arising from investment property before depreciation	1.77	1.83
(Less): Depreciation for the year	(1.98)	(2.47)
<b>Net (loss) arising from investment property</b>	<b>(0.21)</b>	<b>(0.64)</b>

- f. The Group has obtained independent valuation for its investment properties at ₹ 149.54 Crores as on March 31, 2026 and ₹ 129.54 Crores as on March 31, 2025. 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 6 : INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Goodwill	Other Intangible assets	Total Intangible Assets	Intangible assets under development
<b>Cost</b>				
<b>As at April 1, 2024</b>	652.58	1,042.79	1,695.37	4.22
Additions (refer note below)	30.00	6.75	36.75	2.54
Disposal/Transfer	-	(0.14)	(0.14)	(6.76)
Foreign Currency Translation Reserve	6.20	0.07	6.27	-
<b>As at March 31, 2025</b>	<b>688.78</b>	<b>1,049.47</b>	<b>1,738.25</b>	-
Additions	-	1.07	1.07	4.82
Disposal/Transfer	-	-	-	-
Foreign Currency Translation Reserve	49.15	0.58	49.73	-
<b>As at March 31, 2026</b>	<b>737.93</b>	<b>1,051.12</b>	<b>1,789.05</b>	<b>4.82</b>
<b>Accumulated amortisation</b>				
<b>As at April 1, 2024</b>	-	6.46	6.46	-
Charge for the year	-	7.59	7.59	-
Disposal/Transfer	-	(0.24)	(0.24)	-
Foreign Currency Translation Reserve	-	0.09	0.09	-
<b>As at March 31, 2025</b>	-	<b>13.90</b>	<b>13.90</b>	-
Charge for the year	-	7.89	7.89	-
Disposal/Transfer	-	-	-	-
Foreign Currency Translation Reserve	-	0.45	0.45	-
<b>As at March 31, 2026</b>	-	<b>22.24</b>	<b>22.24</b>	-
<b>Net Carrying Amount</b>				
<b>As at March 31, 2025</b>	<b>688.78</b>	<b>1,035.57</b>	<b>1,724.35</b>	-
<b>As at March 31, 2026</b>	<b>737.93</b>	<b>1,028.88</b>	<b>1,766.81</b>	<b>4.82</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

The Holding Company has acquired Kurlon Enterprise Limited on October 20, 2023 and initially accounted for the same based on provisional amounts. In accordance with Ind AS 103 "Business Combinations", during the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities may be recognised, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognised at that date, had they been known. The measurement period did not exceed twelve months from the date of acquisition. Accordingly, during the measurement period, the Holding Company has remeasured purchase consideration which has resulted in increase in the liability with the corresponding adjustment to Goodwill by ₹ 30 Crores. As a result, allocation of Purchase Price towards Goodwill has increased to ₹ 406.80 Crores (provisional goodwill in previous year ₹ 376.80 Crores). Further, NCLT has issued the merger order dated September 17, 2025 of KEL along with its subsidiaries in the company. For details refer note 68.

Intangible assets under development ageing schedule is as below:

(₹ in Crores)

Particulars	March 31, 2026				Total
	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	4.82	-	-	-	4.82
<b>Total</b>	<b>4.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.82</b>

(₹ in Crores)

Particulars	March 31, 2025				Total
	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTE 7: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (NON CURRENT)

Particulars	As at March 31, 2026		As at March 31, 2025	
	No.	₹ in Crores	No.	₹ in Crores
<b>Joint Venture</b>				
House of Kieraya Limited -				
Investment in Compulsory Convertible Preference Shares - Face value per share of ₹ 10/- each	2,36,53,754	335.10	2,36,53,754	335.10
Investment in Equity shares* - Face value per share of ₹ 1/- each	92,62,417	118.39	72,53,040	67.17
<b>Total Investments</b>	<b>3,29,16,171</b>	<b>453.49</b>	<b>3,09,06,794</b>	<b>402.27</b>
Aggregate amount of Unquoted Investments		<b>453.49</b>		<b>402.27</b>
Aggregate amount of impairment in value of investments		-		-

\*The Holding Company had acquired 17.70% equity stake w.e.f. August 29, 2023 in 'House of Kieraya Limited (Furlenco)' which increased to 43.89% during the year ended March 31, 2025. During the current year ended March 31, 2026, the company's equity stake got reduced to 34.53% on issuance of fresh issue of 83,72,392 equity shares by House of Kieraya Limited out of which the company subscribed 20,09,377 equity shares & Investment in equity shares is netted off with share of profit/ (loss) for the jointly controlled entity of ₹ 21.39 Crores (March 31, 2025: ₹ 1.17 Crores), refer note no. 69.

## NOTE : INFORMATION ABOUT JOINT VENTURE

(%) of Shareholding

Name of the Company and Country of Incorporation	Principal Activities	As at March 31, 2026	As at March 31, 2025
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.	34.53	43.89

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, 2026

## NOTE 8 : LOANS (NON CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
<b>At amortised cost</b>		
Loans to employees	0.42	0.27
Other Loans	-	1.62
<b>Total</b>	<b>0.42</b>	<b>1.89</b>

## NOTE 9 : OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
Security deposits	18.29	16.55
Capital Subsidy Receivable (refer note 34)	32.65	32.65
Deposits with Banks:		
- Fixed deposits account with an original maturity of more than 12 months	0.69	0.17
- held as margin money	3.03	1.80
	<b>54.66</b>	<b>51.17</b>

## NOTE 10 : DEFERRED TAX ASSETS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax assets	114.49	156.33
<b>Total</b>	<b>114.49</b>	<b>156.33</b>

## Movement of Deferred Tax Assets

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Deferred tax assets in relation to</b>		
Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes	(34.42)	(37.84)
Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis	7.69	7.78
Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (Net)	9.31	0.58
Impact of unabsorbed depreciation	6.51	25.41
Deferred tax asset on Intangible asset acquired in acquisition	109.53	146.04
Lease Assets	1.38	0.89
Others	14.49	13.47
<b>Total</b>	<b>114.49</b>	<b>156.33</b>

The Holding Company has recognised deferred tax assets on carried forward unabsorbed depreciation. The management has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The unabsorbed depreciation can be carried forward indefinitely as per local tax regulations.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 11A : NON CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance income tax (net of provision of ₹ 70.12 Crores (March 31, 2025 ₹ 183.91 Crores))	115.96	82.98
<b>Total</b>	<b>115.96</b>	<b>82.98</b>

## Note 11B : CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance income tax (net of provision of ₹ 0.19 Crores (March 31, 2025 ₹ 3.35 Crores))	0.01	0.27
<b>Total</b>	<b>0.01</b>	<b>0.27</b>

## NOTE 12 : OTHER NON CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
Capital advances*	5.20	6.57
Prepaid rent	0.38	0.38
Loan and advances	2.06	0.19
<b>Total</b>	<b>7.64</b>	<b>7.14</b>

\*For value of contracts in capital account remaining to be executed (refer note no. 52).

## NOTE 13 : INVENTORIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Valued at lower of cost and net realisable value unless otherwise stated)</b>		
Raw materials	149.07	131.35
Raw materials (In transit)	30.97	17.85
Work-in-progress	112.99	95.88
Finished goods	58.20	62.63
Stock-in-trade	7.45	10.15
Packing materials	10.73	9.96
Packing materials (In transit)	0.69	0.23
Stores and spares	22.21	21.85
Stores & spares (In transit)	0.29	0.01
<b>Total</b>	<b>392.60</b>	<b>349.91</b>

- (i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to ₹ 0.63 Crores (March 31, 2025: ₹ 1.92 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 borrowings obtained by the group (refer note no. 54).

## NOTE 14 : INVESTMENTS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>In Mutual Funds - fully paid up</b>		
Carried at fair value through profit and loss - Quoted	31.37	470.16
<b>In Bonds / Debentures - fully paid up</b>		
Carried at amortised cost - Unquoted	0.33	0.28

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Carried at fair value through profit and loss-Quoted	102.69	-
<b>Total Investments</b>	<b>134.39</b>	<b>470.44</b>
Aggregate amount of Quoted Investments	134.06	470.16
Aggregate market value of Quoted Investments	134.06	470.16
Aggregate amount of Unquoted investments	0.33	0.28
Aggregate amount of impairment in value of investment	-	-

## NOTE 15 : TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(At amortised cost)</b>		
<b>Unsecured</b>		
Trade receivables - considered good (refer note below)	441.53	345.61
Trade receivables - considered doubtful	44.05	38.34
<b>Trade receivables (gross)</b>	<b>485.58</b>	<b>383.95</b>
(Less): Impairment allowance for trade receivables considered doubtful	(44.05)	(38.34)
<b>Total</b>	<b>441.53</b>	<b>345.61</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.

### d. Movement in the expected credit loss allowance

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	38.34	36.13
Charge / (reversal) in allowance during the year (net)	5.71	2.21
<b>Balance at the end of the year</b>	<b>44.05</b>	<b>38.34</b>

- Refer note no. 46 for Related party balances.
- Refer note no. 50 for information about credit and market risk of trade receivables.
- Realization from trade receivables held by Group are subject to hypothecation by bankers towards borrowings obtained by the Group. (Refer note 54)
- There are no unbilled receivables, hence the same is not disclosed in ageing schedules.
- Below is the ageing analysis of trade receivables.**

### As on March 31, 2026

(₹ 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	306.84	60.78	11.24	6.47	0.08	56.12	441.53
- which have significant increase in credit risk	-	0.32	0.15	1.85	2.23	20.47	25.02
- credit impaired	-	-	-	-	-	-	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(₹ 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	
(ii) Disputed trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	2.01	1.17	2.13	2.02	11.70	19.03
- credit impaired	-	-	-	-	-	-	-
(iii) Impairment allowance for trade receivables considered doubtful (Disputed and Non Disputed)	-	(2.33)	(1.32)	(3.98)	(4.25)	(32.17)	(44.05)
<b>Total</b>	<b>306.84</b>	<b>60.78</b>	<b>11.24</b>	<b>6.47</b>	<b>0.08</b>	<b>56.12</b>	<b>441.53</b>

## 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	164.81	105.98	14.73	3.73	15.93	40.43	345.61
- which have significant increase in credit risk	0.24	2.00	0.42	2.68	7.37	9.26	21.97
- 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	16.37
- 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)	(38.34)
<b>Total</b>	<b>164.81</b>	<b>105.98</b>	<b>14.73</b>	<b>3.73</b>	<b>15.93</b>	<b>40.43</b>	<b>345.61</b>

- j. Subsequent to the year ended March 31, 2026, a customer, having receivable balance of ₹ 13.61 crores in Joyce Foam PTY Ltd, Australia, has gone into Voluntary Administration by the appointment of Voluntary Administrators. Based on the management view, the administrator intends to improve the financial position and run th business as a going concern. Thus there is no risk of doubtful debts with respect to the receivable balance.

## 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, 2026	As at March 31, 2025
<b>Balance with banks :</b>		
Current accounts	31.34	40.59
Fixed deposits account with an original maturity of less than three months	1.44	0.19
Cash on hand	0.34	0.47
<b>Total</b>	<b>33.12</b>	<b>41.25</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## Notes:

- There are no restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior years.
- Cash balances with bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

## NOTE 17 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits having original maturity more than 3 months but less than 12 months	2.75	4.35
- held as margin money (refer note (a) below)	0.35	1.70
Unclaimed Dividend Account (refer note (b) below)	0.17	0.18
<b>Total</b>	<b>3.27</b>	<b>6.23</b>

## Notes:

- Margin money deposits represents amount given as collateral for legal cases and / or bank guarantees.
- These balances are exclusive of disputed claimed dividend and are not available for use by the Group. The corresponding balance is disclosed as liability for unclaimed dividend in note no. 31.

## NOTE 18 : LOANS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
<b>(At amortised cost)</b>		
Loans to employees	1.94	1.15
Other Loans	-	0.21
<b>Total</b>	<b>1.94</b>	<b>1.36</b>

## Note:

In the above no loans or advances are granted to promoters, directors, KMPS and related parties.

## NOTE 19 : OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
Security Deposits	1.04	0.99
Interest accrued but not due on deposits with Banks, bonds and debentures	0.99	0.55
Insurance claim receivable	0.13	-
Other Receivables	0.06	0.51
Assets against foreign currency swap contracts	2.93	1.16
Other loans and advances	2.47	2.49
Capital Subsidy Receivable	13.06	13.06
<b>Total</b>	<b>20.68</b>	<b>18.76</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 20 : OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>(Unsecured, considered good)</b>		
Advance to contractors/suppliers	13.33	17.31
Balances with Statutory/Government authorities:		
- Excise & Custom	3.78	1.56
- GST	47.25	43.43
- VAT/Sales Tax	15.17	14.14
Prepaid expenses [refer note (a)]	15.00	31.94
Lease equalisation	0.28	0.42
Other Receivables	3.24	51.13
Right to recover return goods [refer note (b)]	3.92	2.26
<b>Total</b>	<b>101.97</b>	<b>162.19</b>

### Notes:

- Prepaid expenses includes amount of ₹ 2.21 Crores (March 31, 2025: ₹ 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 March 31, 2026	As at March 31, 2025
<b>(a) Authorised share capital:</b>		
45,11,10,000 fully paid equity shares of ₹ 5/- each (March 31, 2025 : 45,11,10,000 fully paid equity shares of ₹ 5/- each)	225.56	225.56
	<b>225.56</b>	<b>225.56</b>
<b>Issued, subscribed &amp; paid up share capital:</b>		
10,91,98,924 fully paid equity shares of ₹ 5/- each (March 31, 2025 : 10,91,94,142 equity shares of ₹ 5/- each)	54.60	54.59
<b>Total</b>	<b>54.60</b>	<b>54.59</b>

### (b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	₹ in Crores	Number of shares	₹ in Crores
At the beginning of the year	10,91,94,142	54.59	10,91,85,487	54.59
Shares issued due to exercise of Employee share options	4,782	0.01	8,655	0.00
<b>Outstanding at the end of the year</b>	<b>10,91,98,924</b>	<b>54.60</b>	<b>10,91,94,142</b>	<b>54.59</b>

### (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, 2026

## (d) Details of shareholders holding more than 5% shares in the Holding Company

	As at March 31, 2026		As at March 31, 2025	
	Number of shares	% of holding	Number of shares	% of holding
Sh. Rahul Gautam	5,16,98,785	47.34%	1,25,90,759	11.53%
Sh. Tushaar Gautam	21,74,120	1.99%	3,41,98,628	31.32%
Rangoli Resorts Private Limited	1,31,88,318	12.08%	1,31,88,318	12.08%
Smt. Namita Gautam	21,74,120	1.99%	1,14,31,758	10.47%
SBI Elss Tax Saver Fund	99,96,748	9.15%	-	-
SBI Magnum Midcap Fund	-	-	1,06,27,158	9.73%

## (e) Aggregate number and class of shares allotted as fully paid up by way of bonus shares

During the year ended March 31, 2026 and March 31, 2025, 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 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, 2026			As at March 31, 2025		
	Number of shares	% of holding	% Change during the year	Number of shares	% of holding	% Change during the year
Sh. Rahul Gautam	5,16,98,785	47.34%	35.81%	1,25,90,759	11.53%	0.15%
Smt. Namita Gautam	21,74,120	1.99%	-8.48%	1,14,31,758	10.47%	0.00%
Sh. Tushaar Gautam	21,74,120	1.99%	-29.33%	3,41,98,628	31.32%	0.02%
Smt. Avantika Singh	21,74,120	1.99%	1.99%	-	-	-
Rangoli Resorts Private Limited	1,31,88,318	12.08%	0.00%	1,31,88,318	12.08%	0.04%
<b>Total</b>		<b>65.39%</b>			<b>65.40%</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, 2026	As at March 31, 2025
Capital reserve (refer note (a) below)	(66.71)	(66.71)
Retained earnings (refer note (b) below)	1,937.57	1,778.51
Cash flow hedge reserve (refer note (c) below)	(1.54)	(1.70)
Share based payment reserve (refer note (d) below)	14.71	8.91
Foreign currency translation reserve (refer note (e) below)	118.84	48.93
Security premium (refer note (f) below)	1,189.77	1,189.24
Capital Subsidy (refer note (g) below)	4.66	4.83
Statutory Reserve (refer note (h) below)	0.06	0.06
<b>Total</b>	<b>3,197.36</b>	<b>2,962.07</b>

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Capital reserve</b>		
Opening balance	(66.71)	(66.71)
Impact of Business combination	-	-
<b>Closing balance</b>	<b>(66.71)</b>	<b>(66.71)</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Retained earnings</b>		
Opening balance	1,778.51	1,687.57
Net profit for the year	159.61	89.35
Share of OCI in Joint venture	(0.17)	-
Remeasurements of the net defined benefit plans (net of tax)	(1.02)	2.46
Impact of Business Acquisition	-	(1.44)
Other adjustments	0.64	0.57
<b>Closing balance</b>	<b>1,937.57</b>	<b>1,778.51</b>
<b>Cash flow hedge reserve</b>		
Opening balance	(1.70)	(2.26)
Gain / (Loss) on Cash flow hedge reserve (net of tax)	(0.80)	0.56
Classification to Profit & Loss	0.96	-
<b>Closing balance</b>	<b>(1.54)</b>	<b>(1.70)</b>
<b>Share based payment reserve</b>		
Opening balance	8.91	2.42
Employees share based payment expenses	6.32	7.42
Transferred to Securities Premium due to exercise of Employee share options	(0.52)	(0.93)
<b>Closing balance</b>	<b>14.71</b>	<b>8.91</b>
<b>Foreign currency translation reserve</b>		
Opening balance	48.93	44.71
Share of OCI in Joint Venture	-	-
Exchange (loss) / gain on translation (net) during the year	69.91	4.22
<b>Closing balance</b>	<b>118.84</b>	<b>48.93</b>
<b>Securities Premium</b>		
Opening balance	1,189.24	1,188.31
On issuance of Equity shares (refer note no. 21(b))	0.01	-
Transferred from Share based payment reserve due to exercise of Employee share options	0.52	0.93
<b>Closing balance</b>	<b>1,189.77</b>	<b>1,189.24</b>
<b>Capital Subsidy</b>		
Opening balance	4.83	0.39
Receipts during the year	-	4.57
Amortizations/repayments	(0.17)	(0.13)
<b>Closing balance</b>	<b>4.66</b>	<b>4.83</b>
<b>Statutory Reserve</b>		
Opening balance	0.06	0.06
Transferred during the year	-	-
<b>Closing balance</b>	<b>0.06</b>	<b>0.06</b>

## Notes:

### (a) Capital reserve

Pursuant to The Scheme of Amalgamation, the difference between the carrying value of Investments in the books of Account of Transferree company and amount of Net assets of Transferror company has been adjusted in capital reserves as stipulated in the scheme. (Refer Note 68)

### (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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## (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 March 31, 2026	As at March 31, 2025
<b>Secured</b>		
<b>Term Loans from Banks (refer note (A) below)</b>		
- ₹ Bank loan	-	13.58
- \$ Bank loan	-	20.13
- AUD Term Loan	17.47	37.32
- € Term Loan	79.44	97.52
	<b>96.91</b>	<b>168.55</b>
<b>Unsecured</b>		
Non-convertible Debentures (refer note (B) below)	-	361.29
	<b>-</b>	<b>361.29</b>
<b>Total</b>	<b>96.91</b>	<b>529.84</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	(0.25)	(1.56)
Add: Interest accrued on Non-Convertible Debentures	14.77	29.54
Less : Repayment of Non- Convertible Debentures	(362.50)	-
<b>Total</b>	<b>377.02</b>	<b>752.98</b>
Current	377.02	391.69
Non current	-	361.29

### Notes:

#### 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. The term loan with JP Morgan Chase Bank, N.A. has been paid in full by the Company during the year ended March 31, 2026.
- ₹ 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

- 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 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 Loans from Citi Bank, Australia are taken by Joyce Foam PTY Limited which are 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 each loan will be repaid in 60 monthly instalments as per predefined schedule with the first installment started from July 2021 and the last installment will due in December 2029. 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 or equal to 3.5
- ii. Interest service coverage ratio (Group) greater than or equal to 2.5
- iii. Debt to tangible Net Worth (Group) less than or equal to 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 Loans	Purpose (as per Loan Agreement)	Whether used for the purpose stated in the loan Agreement
JP Morgan (₹ Loan)	The facility shall be used by the borrower towards Capex at their new plants in Nandigram and Jabalpur.	Yes
Kotak Mahindra (\$ Loan)	For capex at Maneri, Medhi Niwas, Jabalpur, Madhya Pradesh and Nandigram, Umbergaon, Valsad, Gujrat.	Yes
Citi Bank Loan (€ Loan)	The purpose of the loan is the acquisition of the shares of the target company.	Yes
Citi Bank Loan (AUD Loan)	The facility shall be used for capital expenditure for acquisition of Plant , Machinery and equipment.	Yes

- h. Repayment schedule for secured loan outstanding

**As at March 31, 2026**

Particulars	Citi Bank Australia (AUD Loan)	Citi Bank Spain (€ Loan)	Kotak Mahindra (\$ Loan)
Number of instalments due (Nos)	45	10	4
Frequency of Installments	Monthly	Quarterly	Quarterly
Rate of Interest (%)	BBSY+ Applicable Margin	1.25% over 3 Month EURIBOR	2.25%
Within one year (₹ in Crores) (refer note no. 29)	18.18	42.36	22.27
After one year but not more than 5 years (₹ in Crores)	17.47	79.44	-
More than 5 years (₹ in Crores)	-	-	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## As at March 31, 2025

Particulars	Citi Bank Australia (AUD Loan)	Citi Bank Spain (€ Loan)	JP Morgan (₹ Loan)	Kotak Mahindra (\$ Loan)
Number of instalments due (Nos)	15	14	8	8
Frequency of Installments	Monthly	Quarterly	Quarterly	Quarterly
Rate of Interest (%)	BBSY+ Applicable Margin	1.25% over 3 Month EURIBOR	1.37% over 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 (₹ in Crores)	37.32	97.52	13.58	20.13
More than 5 years (₹ in Crores)	-	-	-	-

i. 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:-

i. Tangible net worth shall remain positive

As at the end of the financial year, the above financial covenants has been complied with.

## B. Non-Convertible Debentures

a. Rated, Listed, Unsecured, 8.45% Coupon, Non-Convertible Debentures amounting to ₹ 377.02 crores (March 31, 2025: ₹ 391.69 Crores) included within Current maturities of Non-Convertible Debentures in note no. 29 and ₹ Nil Crores (March 31, 2025: ₹ 361.29 Crores) included within Non-current maturities 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, 2026 (₹ in Crores)	0	0	188.63	188.39
As at 31 <sup>st</sup> March, 2025 (₹ in Crores)	188.62	188.29	188.10	187.97
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 06, 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 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:-

i. Interest service coverage ratio not less than 2.5 times

ii. Total Net debt / EBITDA less than 3.5 times

iii. Total Debt / Tangible net worth less than 2 times

As at the end of the financial year, the above financial covenants has been complied with. There are no indications that the company would have difficulties complying with the covenants when they will be next tested as at the June 30, 2026 interim reporting date.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 24 : LEASE LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Lease liabilities (refer note no. 47A)	194.21	245.86
<b>Total</b>	<b>194.21</b>	<b>245.86</b>
Current	43.97	36.89
Non current	150.24	208.97

## NOTE 25 : OTHER FINANCIAL LIABILITIES (NON CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits from dealers and others	42.65	64.77
Unearned Interest Income on Deposits	6.12	2.05
Unearned Rent Income	-	0.06
<b>Total</b>	<b>48.77</b>	<b>66.88</b>

## NOTE 26 : PROVISIONS

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Long term provisions:</b>		
Provision for employee benefits:		
- Compensated absences	3.34	2.73
- Gratuity	2.65	3.75
Other provisions:		
- Provision for warranty (Refer note below)	3.51	10.48
<b>Total</b>	<b>9.50</b>	<b>16.96</b>
<b>Short term provisions:</b>		
Provision for employee benefits:		
- Compensated absences	21.84	19.96
- Gratuity	15.27	5.33
Other provisions:		
- Provision for warranty (Refer note below)	9.24	14.18
<b>Total</b>	<b>46.35</b>	<b>39.47</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 March 31, 2026	As at March 31, 2025
At the beginning of the year	24.66	17.53
Add : Created during the year (refer note 43)	7.95	21.73
(Less) : Utilised during the year	(19.86)	(14.60)
<b>At the end of the year</b>	<b>12.75</b>	<b>24.66</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 27 : OTHER NON CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred capital grant	33.78	37.34
Advance received against sale of property	14.49	-
<b>Total</b>	<b>48.27</b>	<b>37.34</b>

The table below gives information about movement in deferred capital grant:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
At the beginning of the year	42.36	0.20
Liability recognised during the year	-	49.90
(Less) : Adjustment	1.24	(0.20)
(Less) : Released to statement of profit and loss (refer note no. 34 & 35)	(5.39)	(7.54)
<b>At the end of the year</b>	<b>38.21</b>	<b>42.36</b>
Non Current	33.78	37.34
Current	4.43	5.02

## NOTE 28 : DEFERRED TAX LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax liabilities	7.99	7.41
<b>Total</b>	<b>7.99</b>	<b>7.41</b>

### Movement of deferred tax liabilities

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Deferred tax liabilities in relation to</b>		
Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting purposes	2.80	0.11
Impact of expenditure charged to the statement of profit & loss in the current year/ earlier years but allowable for tax on payment basis	(0.93)	-
Fair value gain/(loss) on financial instruments at fair value through statement of profit or loss (Net)	0.15	0.06
Others	5.97	7.24
<b>Total</b>	<b>7.99</b>	<b>7.41</b>

## NOTE 29 : BORROWINGS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Secured</b>		
Term loan from banks		
- ₹ Bank loan	-	13.58
- \$ Bank loan	22.27	20.13
- AUD Term Loan	18.18	22.53
- € Term Loan	42.36	34.78
Working capital Loans from Banks (refer notes (a) below)	58.49	43.23
	<b>141.30</b>	<b>134.25</b>
<b>Unsecured</b>		
Loan from financial credit institutions (refer note (c) below)	86.54	85.71

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Current Maturities of Non-Convertible Debentures (including interest)	377.02	391.69
Working capital Loans from Banks (refer notes (b) below)	12.00	75.00
<b>Total</b>	<b>475.56</b>	<b>552.40</b>
	<b>616.86</b>	<b>686.65</b>

## Notes:

- a. The Joyce foam PTY Ltd., Australia has taken working capital facility to meet day to day funds requirement with interest rate for this facilities @ 5.86% approx. (March 31, 2025 : 6.14%) (refer note no. 54 for assets pledged as security).
- b. 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 6.00% to 9.00 % (March 31, 2025 : 7.40% to 7.90%).
- c. 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 4% to 5.50% (March 31, 2025 : 2.49% to 5.50%).
- d. Working capital facility has been taken by Staqo Software Private Limited to meet day to day funds requirement with interest rate for this facilities is ranging from 7.85% to 8%.
- e. \$ Term loan are secured by second pari passu charge on the current asset of the company. (refer note 54).
- f. 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:-
  - i. Interest service coverage ratio not less than 2.5 times
  - ii. Total Debt / Tangible net worth less than 2 times

As at the end of the financial year, the above financial covenants has been complied with.
- g. Refer note no. 23 for the purpose, interest rate and repayment term for Term Loans from Banks.

## NOTE 30 : TRADE PAYABLES

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Trade payables other than acceptances:		
(i) Total outstanding dues of micro enterprises and small enterprises	79.24	30.69
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	357.92	252.47
(iii) Acceptances (refer note(c) below)	19.36	66.28
<b>Total</b>	<b>456.52</b>	<b>349.44</b>

## Notes:

- a. Trade payables for micro and small enterprises are non interest bearing and are normally settled on 7 days to 30 days credit terms.
- b. Trade payables other than micro and small enterprises are non interest bearing and are normally settled on 60 days to 90 days credit terms.
- c. 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

- d. There were no significant non-cash changes on account of material business combinations or foreign exchange differences or other non-cash transfers in the carrying amount of liabilities subject to supplier finance arrangements.

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying amount of trade payables that are part of a supplier finance arrangement	19.36	66.28
Carrying amounts of trade payables for which the suppliers have already received payment	19.36	66.28

- e. Ageing Analysis for Trade payables:

## As on March 31, 2026

(₹ 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	-	78.40	0.84	-	-	-	79.24
(ii) Others	13.40	315.56	44.38	3.76	0.08	0.10	377.28
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>13.40</b>	<b>393.96</b>	<b>45.22</b>	<b>3.76</b>	<b>0.08</b>	<b>0.10</b>	<b>456.52</b>

## 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	282.60	3.18	4.03	5.91	0.22	318.75
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>30.76</b>	<b>305.34</b>	<b>3.18</b>	<b>4.03</b>	<b>5.91</b>	<b>0.22</b>	<b>349.44</b>

## NOTE 31 : OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits from dealers and others	91.13	71.00
Creditors for capital goods	6.74	10.24
Liability against foreign currency swap contracts	36.05	26.06
Interest accrued but not due on borrowings	0.14	0.50
Employee Liabilities	33.17	30.89
Other liabilities	46.02	95.41
Unclaimed Dividend Account (refer note (a) below)	0.17	0.18
Unearned Interest Income	3.00	-
Unearned Rent Income	0.06	0.07
<b>Total</b>	<b>216.48</b>	<b>234.35</b>

- a. Not due for deposit to the Investor Education and Protection Fund (refer note no. 17).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 32 : CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for income tax (net of advance tax & TDS of ₹ Nil (March 31, 2025 ₹ 1.09 Crores))	-	0.35
<b>Total</b>	<b>-</b>	<b>0.35</b>

## NOTE 33 : OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Refund liabilities	6.65	3.79
Deferred capital grant (refer note (a) below)	4.43	5.02
Contract liabilities (refer note (b) below)	59.86	86.11
Statutory dues payable	33.79	30.54
Other Liabilities	9.93	3.43
<b>Total</b>	<b>114.66</b>	<b>128.89</b>

- Refer note no. 27 for the movement in deferred capital grant.
- Consists of advances received from customers towards supply of products.

## NOTE 34 : REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale of products	3,768.00	3,397.48
Sale of services	44.93	27.21
	<b>3,812.93</b>	<b>3,424.69</b>
Other operating revenue		
- Rodtep scheme subsidy	0.08	0.08
- Income from sale of scrap	2.87	7.19
- Amortisation of Government grants (refer note a below)	4.96	7.24
<b>Total</b>	<b>3,820.84</b>	<b>3,439.20</b>

### Note:

#### a) Government Grants / Subsidy :

During the previous year ended March 31, 2025, the Holding Company had received sanction for Government grants of ₹ 45.71 crores in relation to investment in Plant and machineries of its manufacturing unit in Madhya Pradesh. Government grants of ₹33.51 crores (March 31, 2025 : ₹ 38.47 Crores) are shown as deferred income and ₹ 4.96 Crores (March 31, 2025 : ₹ 7.24 Crores) 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."

- Includes sale of finished goods and semi-finished goods and services to related parties (refer note no. 46).

## NOTE 34.1 : 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 March 31, 2026	For the year ended March 31, 2025
<b>Geographical Revenue</b>		
<b>Type of goods</b>		
Revenue from external customers	3,768.00	3,397.48
<b>Total revenue from contracts with customers</b>		
India	2,931.33	2,643.76
Outside India	836.67	753.72
	<b>3,768.00</b>	<b>3,397.48</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Type of services (IT Support Services)</b>		
Revenue from external customers	44.93	27.21
<b>Total revenue from contracts with customers</b>		
India	35.46	20.86
Outside India	9.47	6.35
	<b>44.93</b>	<b>27.21</b>
<b>Total revenue from contracts with customers</b>	<b>3,812.93</b>	<b>3,424.69</b>

## NOTE 34.2 : CONTRACT BALANCES

The following table provides information about receivables and contract liabilities from contract with customers.

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
<b>Contract Liabilities</b>		
Advance from customers (refer note no. 33)	59.86	86.11
<b>Receivables</b>		
Trade Receivables (refer note no.15)	441.53	345.61

### Note:

Receivables is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customers in advance.

## NOTE 34.3 : RECONCILING THE AMOUNT OF REVENUE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS WITH THE CONTRACTED PRICE

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue as per contracted price (goods and services)	4,228.96	3,783.78
Less: Adjustments		
Sales return	(59.59)	(45.37)
Rebate and discount	(356.44)	(313.72)
<b>Revenue from contracts with customers</b>	<b>3,812.93</b>	<b>3,424.69</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

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Interest income from:</b>		
Financial assets at amortised cost		
Bank deposits	0.53	0.54
Currency Swap Forward contract	5.22	5.07
Others	0.62	3.05
Financial assets at fair value		
Bonds 'Income from sale of Investments (refer note (a) below)	2.36	-
Unwinding of discount of deposits & lease receivable	3.64	0.59
On income tax refund	-	1.39

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Other non operating income</b>		
Gain on Termination of Lease	0.32	5.43
Rental income (refer note (b) below)	11.64	7.52
Gain on sale/disposal of fixed assets	-	0.09
Liabilities/provisions no longer required written back	0.83	1.31
Gain from sale of Investments (refer note (c) below)*	4.35	41.79
Fair valuation adjustments of Investments through profit and loss (refer note (d) below)	0.03	14.31
Grant income	0.43	0.30
Sale of non-processed scrap	5.64	7.90
Net gain on foreign currency transactions and translations (refer note (e) below)	9.44	2.76
Money received as settlement claim under business combination (f)	-	35.70
Other miscellaneous income	9.22	3.17
<b>Total</b>	<b>54.27</b>	<b>130.92</b>

\* The net gain on fair value changes is given as under :-

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Realised gain on Investments in Mutual fund and Bonds / Debentures classified at FVTPL	5.30	-
Less : Realised loss on sale of above investments	(0.95)	-
<b>Total net gain on fair value changes</b>	<b>4.35</b>	<b>-</b>

## Note:

### a) Interest income from Bonds / Debentures

Interest income from bonds / debentures at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

### b) 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 ₹1.77 Crores (March 31, 2025: ₹1.83 Crores) from Investment property (refer note no. 5).

### c) Income from sale of investments

The Group earns profit/loss on sale of mutual funds and bonds / debentures. 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 and bonds / debentures 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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).

## f) Money received as settlement claim

The Holding Company has recognised income of ₹ 35.70 Crores as "Money received as settlement claim" from the erstwhile promoters of Kurlon Enterprise Limited (which has now been merged with the company, refer note 68 for details) towards final settlement of working capital adjustment post remeasurement period, pursuant to the addendum to the share purchase agreement in accordance with Ind AS 103 - "Business Combinations". Based on the independent opinion obtained and the management's assessment, the same has been treated in the nature of "Capital receipts".

## NOTE 36 : COST OF MATERIALS CONSUMED

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Raw material</b>		
Opening inventory	149.20	201.97
Add: Purchases	2,027.69	1,897.28
(Less): Sales/adjustments	(18.52)	(46.44)
(Less): Closing inventory (including goods in transit of ₹ 30.97 Crores (March 31, 2025: ₹ 17.85 Crores))	(180.04)	(149.20)
<b>Raw materials consumed (A)</b>	<b>1,978.33</b>	<b>1,903.61</b>
<b>Packing Material</b>		
Opening inventory	10.19	7.11
Add: Purchases	87.40	88.35
(Less): Sales/adjustments	(9.98)	(6.95)
(Less): Closing inventory (including goods in transit of ₹ 0.69 Crores (March 31, 2025: ₹ 0.23 Crores))	(11.42)	(10.19)
<b>Packing materials consumed (B)</b>	<b>76.19</b>	<b>78.32</b>
<b>Cost of materials consumed (A+B)</b>	<b>2,054.52</b>	<b>1,981.93</b>

## NOTE 37 : PURCHASE OF STOCK-IN-TRADE

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses	106.40	81.88
<b>Total</b>	<b>106.40</b>	<b>81.88</b>

## NOTE 38 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening stock:		
Finished Goods	62.63	59.41
Stock in trade	10.15	11.57
Work-in-progress	95.88	39.34
Right to recover return goods	2.26	2.40
<b>Total (A)</b>	<b>170.92</b>	<b>112.72</b>
<b>Closing stock:</b>		
Finished Goods	58.20	62.63
Stock in trade	7.45	10.15
Work-in-progress	112.99	95.88
Right to recover return goods	3.92	2.26
<b>Total (C)</b>	<b>182.56</b>	<b>170.92</b>
<b>Changes in Inventories of finished goods, stock-in-trade and work-in-progress (A+B-C)</b>	<b>(11.64)</b>	<b>(58.20)</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 39 : OTHER MANUFACTURING EXPENSES

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Power and fuel	28.66	23.90
Repair and maintenance:		
- Buildings	2.63	2.61
- Plant and equipment	48.83	41.88
Processing and other charges	69.53	85.16
	<b>149.65</b>	<b>153.55</b>
(Less): Transfer to Capital work-in-progress / Capitalised	-	(0.07)
<b>Total</b>	<b>149.65</b>	<b>153.48</b>

## NOTE 40 : EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages, allowance, and other benefits	428.57	378.99
Contribution to gratuity (refer note no. 45)	15.58	5.53
Contribution to provident and other funds (refer note no. 45)	25.38	23.08
Employees share based payment expenses (refer note no. 45)	6.32	7.42
Workmen and staff welfare expenses	23.56	19.48
	<b>499.41</b>	<b>434.50</b>
(Less): Transfer to Capital work-in-progress / Capitalised	(4.28)	(2.39)
<b>Total</b>	<b>495.13</b>	<b>432.11</b>

## NOTE 41 : FINANCE COSTS

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expense (on financial liabilities measured at amortised cost) :		
- On borrowings from banks	26.41	32.54
- On non-convertible debentures	40.04	63.61
- On Security deposits	7.71	3.78
- On lease liabilities	15.02	13.56
- Others	4.70	6.08
Bank Charges	1.27	1.45
	<b>95.15</b>	<b>121.02</b>
(Less): Transfer to Capital work-in-progress / Capitalised	-	(0.47)
<b>Total</b>	<b>95.15</b>	<b>120.55</b>

## NOTE 42 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of property, plant and equipment (refer note no. 3A)	116.38	132.98
Depreciation on right-of-use assets (refer note no. 4)	52.33	39.57
Depreciation on investment property (refer note no. 5)	1.98	2.47
Amortisation of intangible assets (refer note no. 6)	7.89	7.59
<b>Total</b>	<b>178.58</b>	<b>182.61</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 43 : OTHER EXPENSES

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Freight and forwarding	208.58	193.47
Rent and hire	10.94	12.43
Insurance	25.11	27.82
Rates and taxes	14.53	11.55
Legal and professional	35.98	27.61
Other Maintenance	18.92	17.47
Selling and promotion	82.09	81.93
Travelling and conveyance	35.18	34.60
Advertisement	117.38	114.23
Warranty	7.95	21.73
Net Loss on Foreign Currency Forward Contracts	20.61	2.78
Contribution towards corporate social responsibility expenditure	3.46	4.34
IT Support services	6.86	2.45
Bad debts	0.73	2.38
Provision for doubtful debts	2.03	0.93
Advances/Balances written off	0.04	-
Loss on sale/disposal of fixed assets	1.90	7.47
Miscellaneous	41.66	40.23
	<b>633.95</b>	<b>603.42</b>
(Less): Transfer to Capital work-in-progress / Capitalised	(0.54)	(0.40)
<b>Total</b>	<b>633.41</b>	<b>603.02</b>

## NOTE 44 : EARNINGS PER SHARE

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit for the year attributable to Equity shareholders	159.61	89.35
Earnings used in the calculation of basic earnings per share	159.61	89.35
Earnings used in the calculation of diluted earnings per share	159.61	89.35

Particulars	For the year ended March 31, 2026 (In Numbers)	For the year ended March 31, 2025 (In Numbers)
Weighted average number of equity shares for the purposes of basic earnings per share	10,91,98,894	10,91,86,345
Weighted average number of equity shares for the purposes of diluted earnings per share	10,94,08,019	10,93,69,882

Particulars	For the year ended March 31, 2026 (₹ per share)	For the year ended March 31, 2025 (₹ per share)
Basic earnings per share	14.62	8.18
Diluted earnings per share	14.59	8.17

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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 and National Pension Scheme, to which companies makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹14.80 Crores (Previous Year: ₹ 13.52 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 March 31, 2026	For the year ended March 31, 2025
Employer's contribution towards Provident Fund(PF)	13.24	11.98
Employer's contribution towards Employees State Insurance (ESI)	0.70	0.74
Employer's Contribution Towards Labour Welfare Fund (LWF)	0.01	-
Employer's contribution towards National Pension Scheme (NPS)	0.85	0.80
<b>Total</b>	<b>14.80</b>	<b>13.52</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 March 31, 2026	For the year ended March 31, 2025
Discount rate	7.60%	6.81%
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%	4.20%
From 31 to 45 years	5.00%	5.00%
Above 45 years	0.83%	0.83%

#### 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, 2026 is shown below:

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Increase / (decrease) on present value of defined benefits obligations at the end of the year		
<b>Discount rate</b>		
Increase by 1.00%	(5.43)	(4.46)
Decrease by 1.00%	6.33	5.06
<b>Salary increase</b>		
Increase by 1.00%	6.29	4.87
Decrease by 1.00%	(5.51)	(4.41)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, Other Comprehensive Income and the funded status and amounts recognised in the Balance Sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

## Expense recognised in Statement of Profit and Loss and Other Comprehensive Income:

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Service cost:		
Current service cost	5.46	4.46
Past service cost and (gain)/loss from settlements	9.53	-
Net interest expense	0.38	0.35
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>15.37</b>	<b>4.81</b>
Reimbursement of gratuity expense to Related parties	-	0.31
<b>Total</b>	<b>15.37</b>	<b>5.12</b>
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in financial assumptions	(4.91)	1.39
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from experience adjustments	3.75	(2.88)
Actuarial (gains) / losses on Curtailments / Settlements	-	0.03
Return on Plan Asset	2.09	(0.97)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>0.93</b>	<b>(2.43)</b>
<b>Total</b>	<b>16.30</b>	<b>2.69</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 March 31, 2026	As at March 31, 2025
Present value of funded defined benefit obligation	59.60	48.80
Fair value of plan assets	(41.89)	(39.72)
<b>Net liability arising from defined benefit obligation (refer note no. 26)</b>	<b>17.71</b>	<b>9.08</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

Movements in the present value of the defined benefit obligation are as follows:

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening defined benefit obligation	48.80	46.11
Current service cost	5.46	4.46
Past Service Cost	9.53	
Interest cost	2.72	2.84
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	(4.91)	1.39
Actuarial (gains) / losses arising from experience adjustments	3.75	(2.88)
Actuarial (gains) / losses arising from curtailments/settlements	-	0.03
Benefits paid	(5.75)	(3.15)
<b>Closing defined benefit obligation</b>	<b>59.60</b>	<b>48.80</b>

Change in plan assets are as follows:

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening fair value of plan assets	39.72	35.44
Fair value of plan assets on acquisition	-	-
Return on plan assets	2.34	2.49
Employer contribution	7.41	4.02
Actuarial (Gain)/Loss on Asset	(2.09)	0.92
Benefits paid	(5.49)	(3.15)
<b>Closing fair value of plan assets</b>	<b>41.89</b>	<b>39.72</b>

The major categories of plan assets:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Insurance products	41.89	39.72
<b>Total</b>	<b>41.89</b>	<b>39.72</b>

Maturity profile of gratuity liability is as follows:

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
0 to 1 year	3.23	3.40
1 to 2 Year	2.74	2.88
2 to 3 Year	2.02	2.10
3 to 4 Year	3.22	2.26
4 to 5 Year	6.02	3.05
5 Year onwards	42.40	35.14
<b>Expected contribution to the fund in next year</b>	<b>20.71</b>	<b>9.40</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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## b. Changes in discount rate:

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets holdings.

## c. Inflation risks

Gratuity payments are not linked to inflation, so this is a less material risk.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The group has not changed the processes used to manage its risks from previous periods. The group uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of unit linked group insurance plan which further invests in government and corporate bonds, equities, money market instruments & public deposits. The plan asset mix is in compliance with the requirements of the respective local regulations.

## 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, 2026		As at March 31, 2025	
	Average exercise price per share option (₹)	Number of options	Average exercise price per share option (₹)	Number of options
Opening balance	5	3,56,900	5	2,59,852
Granted during the year	5	-	5	1,49,994
Exercised during the year	5	(4,782)	5	(8,655)
Forfeited/Lapsed during the year	5	(16,838)	5	(44,291)
<b>Closing balance</b>	<b>5</b>	<b>3,35,280</b>	<b>5</b>	<b>3,56,900</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, 2026	As at March 31, 2025
02-11-2023	01-11-2027	4,390	9,172
02-11-2023	11-01-2029	59,918	69,606
06-02-2024	05-02-2030	6,456	7,260
06-02-2024	06-12-2028	1,50,000	1,50,000
21-05-2024	20-05-2030	2,640	2,640
16-10-2024	15-10-2030	1,08,114	1,14,460
10-03-2025	16-10-2030	3,762	3,762
<b>Total</b>		<b>3,35,280</b>	<b>3,56,900</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## (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 No options were granted during the year ended March 31, 2026.

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 (%)	-	-	-	-	-	-	-
Exercise price (₹)	5	5	5	5	5	5	5
Fair value of the option (₹)	1,081.63	900.97	901.45	705.05	1,081.02	1,081.63	1,081.63

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

No options were granted during the year ended March 31, 2026 and 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 for the options granted during the year ended March 31, 2024. Further no options were granted during the year ended March 31, 2026 and March 31, 2025.

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
<b>Fair value of the option (₹)</b>	<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 March 31, 2026	For the year ended March 31, 2025
Employee Option Plan (refer note no. 40)	6.32	7.42
<b>Total</b>	<b>6.32</b>	<b>7.42</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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 Sleepwell Foundation (Trust) SFL Employee Gratuity Trust
c. Key management personnel	Mr. Rahul Gautam (Managing Director w.e.f. 03-11-2025) Mr. Tushaar Gautam (Vice Chairman w.e.f. 03-11-2025) Mr. Rakesh Chahar (Whole time Director) Mrs. Namita Gautam (Whole time Director) Mr. Edward John Dodds (Director) Mr. Kevin James Graham (Director) Mr. Rajiv Dhar (Director) Mr. D. Alejandro Juan Palao Serrano (Director) Mr. Amit Kumar Gupta (Group Chief Financial Officer) Mr Nilesh Sevabrata Mazumdar (Chief Executive Officer upto 31-03-2025) Md. Iqbal 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 March 31, 2026	For the year ended March 31, 2025
<b>(i) Sale of material/ capital goods</b>		
Joint venture		
House Of Kieraya Limited	20.39	16.76
	<b>20.39</b>	<b>16.76</b>
<b>(ii) Sale of IT support services</b>		
Joint venture		
House Of Kieraya Limited	1.00	-
	<b>1.00</b>	<b>-</b>
<b>(iii) Commission received</b>		
Joint venture		
House Of Kieraya Limited	0.17	-
	<b>0.17</b>	<b>-</b>
<b>(iv) Investment made</b>		
Joint venture		
House Of Kieraya Limited	30.00	50.94
	<b>30.00</b>	<b>50.94</b>
<b>(v) Key management personnel</b>		
Compensation of Key management personnel		
Short-term Employee Benefits	16.06	18.04
Post Employment Benefits	0.39	0.41
	<b>16.45</b>	<b>18.45</b>
<b>(vi) Contributions for CSR expenses</b>		
Sleepwell Foundation (Trust)	4.85	4.53
	<b>4.85</b>	<b>4.53</b>
<b>(vii) Rent Received</b>		
Joint venture		
House of Kieraya Limited	-	0.04
	<b>-</b>	<b>0.04</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## (C) Disclosure of balances outstanding at the end of the reporting year:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
<b>Trade receivables</b>		
Joint Venture		
House Of Kieraya Limited	6.90	6.16
	<b>6.90</b>	<b>6.16</b>
<b>Investments</b>		
Joint Venture		
House Of Kieraya Limited	441.64	411.68
	<b>441.64</b>	<b>411.68</b>
<b>Post employee benefit plan for the benefitted employees</b>		
SFL Employee Gratuity Trust	14.94	4.33
Payable to key managerial personnel	4.93	6.71

### 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, 2026, 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 March 31, 2026	For the year ended March 31, 2025
<b>Opening Liabilities</b>	245.86	211.78
Addition during the year	25.43	110.05
Accretion of interest	15.02	13.56
Repayment of Lease liabilities	(55.24)	(48.90)
Cancellation / adjustments	(65.74)	(39.67)
Exchange differences on translation of foreign operations	28.88	(0.96)
<b>Closing liabilities</b>	<b>194.21</b>	<b>245.86</b>
Current	43.97	36.89
Non current	150.24	208.97
	<b>194.21</b>	<b>245.86</b>

- (iii) Maturity analysis of the lease liabilities:

(₹ in Crores)

Contractual undiscounted cash flows	For the year ended March 31, 2026	For the year ended March 31, 2025
3 months or less	14.10	12.22
3-12 months	41.88	38.71
1-2 years	54.07	54.69
2-5 years	98.38	126.91
More than 5 years	44.14	80.48
<b>Total undiscounted lease liability</b>	<b>252.57</b>	<b>313.01</b>
Less: Impact of discounting and other adjustments	58.36	67.15
<b>Lease liabilities</b>	<b>194.21</b>	<b>245.86</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(iv) The following are the amounts recognised in the Statement of Profit and Loss:

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Finance cost	15.02	13.56
Depreciation and amortisation expense	52.33	39.57
Expenses relating to short term leases	10.94	12.44

(v) The following are the amounts disclosed in the Statement of Cash Flows:

Particulars	(₹ in Crores)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash outflow from leases	55.24	48.90

(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 ₹ 1.77 Crores (March 31, 2025: ₹ 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 subsequently terminated after the expiry of 11 months. No rent recognised as income during the year (March 31, 2025: ₹ 0.09 Crores).

## 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, 2026

- **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, 2026:

### 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, 2026	134.06	134.06	-	-
<b>Financial Assets measured at amortized cost</b>					
Other Investments	March 31, 2026	0.33	-	-	0.33
Loans	March 31, 2026	2.36	-	-	2.36
Trade receivables	March 31, 2026	441.53	-	-	441.53
Cash and cash equivalents	March 31, 2026	33.12	-	-	33.12
Bank balances other than cash and cash equivalents	March 31, 2026	3.27	-	-	3.27
Other financial assets	March 31, 2026	75.34	-	-	75.34

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
<b>Assets for which Fair Values are disclosed:</b>		
Investment Property	149.54	129.54
Assets held for sale	15.13	90.48

### 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, 2026	713.77	-	-	713.77
Lease liabilities	March 31, 2026	194.21	-	-	194.21
Trade payables	March 31, 2026	456.52	-	-	456.52
Other financial liabilities	March 31, 2026	265.25	-	-	265.25

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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	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	345.61	-	-	345.61
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	69.93	-	-	69.93

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	1,216.49	-	-	1,216.49
Lease liabilities	March 31, 2025	245.86	-	-	245.86
Trade payables	March 31, 2025	349.44	-	-	349.44
Other financial liabilities	March 31, 2025	301.23	-	-	301.23

## 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, 2026 and March 31, 2025. 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

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, 2026 and 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", "GBP", and "EURO".

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	₹ in Crores	
		As at March 31, 2026	As at March 31, 2025
<b>Financial assets:</b>			
Trade receivables	USD	2.55	2.56
<b>Financial liabilities:</b>			
Trade payables	USD	(35.93)	(11.12)
Trade payables	EURO	(1.04)	(0.14)
Trade payables	GBP	(0.49)	(0.32)
Term Loan (including interest accrued)	USD	(22.36)	(40.43)

## Foreign currency sensitivity analysis

The Group is mainly exposed to USD, EURO & GBP. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for sensitivity change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

## Foreign currency sensitivity

Currency	%	₹ in Crores		
		As at March 31, 2026	%	As at March 31, 2025
USD	2%	(1.11)	2%	(0.98)
USD	-2%	1.11	-2%	0.98
EURO	3%	(0.03)	3%	(0.00)
EURO	-3%	0.03	-3%	0.00
GBP	2%	(0.01)	2%	(0.01)
GBP	-2%	0.01	-2%	0.01

## (ii) Interest risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group's financial liabilities comprises mainly of interest-bearing project term loans. However these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

## (iii) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, The Group has entered into various purchase contracts for these material for which there is an active market. The Group's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further, the Group increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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 of individual customer basis and not at portfolio level 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, 2026 and March 31, 2025 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 March 31, 2026	As at March 31, 2025
<b>Non-current assets</b>		
- Loans	0.42	1.89
- Other financial assets	54.66	51.17
<b>Current assets</b>		
- Investments	134.39	470.44
- Trade receivables	441.53	345.61
- Cash and cash equivalents	33.12	41.25
- Bank balances other than cash and cash equivalents	3.27	6.23
- Loans	1.94	1.36
- Other financial assets	20.68	18.76
<b>Total</b>	<b>690.01</b>	<b>936.71</b>

## (c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short-term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(₹ in Crores)

Particulars	Less than 1 Year	More than 1 Year	Total
<b>As at March 31, 2026</b>			
Trade payables	456.52	-	456.52
Other financial liabilities	216.48	48.77	265.25
Borrowings	616.86	96.91	713.77
Lease Liabilities	43.97	150.24	194.21
	<b>1,333.83</b>	<b>295.92</b>	<b>1,629.75</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Less than 1 Year	More than 1 Year	Total
<b>As at March 31, 2025</b>			
Trade payables	349.44	-	349.44
Other financial liabilities	234.35	66.88	301.23
Borrowings	686.65	529.84	1,216.49
Lease Liabilities	36.89	208.97	245.86
	<b>1,307.33</b>	<b>805.69</b>	<b>2,113.02</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:

(₹ in Crores)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Floating Rate	Fixed Rate	Total	Floating Rate	Fixed Rate	Total
Expiry within one year	-	19.36	19.36	-	66.28	66.28
Expiry within one and two years	-	-	-	-	-	-
Expiry in more than two years	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>19.36</b>	<b>19.36</b>	<b>-</b>	<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

### a) Risk Management

The group's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The group considers the following components of its Balance Sheet to manage capital:

- 1) Share Capital and
- 2) Other Reserves comprising of General Reserve and Retained Earnings.

The group capital structure is based on the Management's assessment of the balances of key elements to ensure strategic decisions and day to day activities.

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Equity	54.60	54.59
Other Equity	3,205.65	2,969.56
<b>Total equity</b> (i)	<b>3,260.25</b>	<b>3,024.15</b>
Borrowings (including lease liabilities)	907.98	1,462.35
Less: cash and cash equivalents	33.12	41.25
<b>Total debt</b> (ii)	<b>874.86</b>	<b>1,421.10</b>
Overall financing (iii) = (i) + (ii)	<b>4,135.11</b>	<b>4,445.25</b>
Gearing ratio (in %) (ii) / (iii)	<b>21%</b>	<b>32%</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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2026 and March 31, 2025.

## b) Loans Covenants

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There were no covenant breaches during the year ended March 31, 2026 and year ended March 31, 2025.

## NOTE 52 : COMMITMENTS FOR EXPENDITURE

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹ 5.20 Crores ( March 31, 2025: ₹ 6.57 Crores))	23.42	14.27
	<b>23.42</b>	<b>14.27</b>

## NOTE 53 : CONTINGENT LIABILITIES

Particulars	(₹ in Crores)	
	As at March 31, 2026	As at March 31, 2025
Claims against the holding company not acknowledged as debt (refer note below)		
Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards		
- Sales tax	3.96	4.97
- Entry tax	0.58	1.94
- Income tax	13.78	13.78
- Excise Duty	2.90	2.90
- Goods & Service Tax	34.78	33.79

### 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 March 31, 2026	As at March 31, 2025
<b>Current Assets</b>		
Inventories	333.71	298.21
Trade receivables	347.20	333.04
Other current financial assets	0.88	0.70
Other current assets	4.94	16.54
	<b>686.73</b>	<b>648.49</b>
<b>Non-Current assets</b>		
Leasehold land	10.35	10.57
Property, plant and equipment	472.68	476.35
Capital work in progress	4.90	1.72
	<b>487.93</b>	<b>488.64</b>
<b>Total Assets pledged as security</b>	<b>1,174.66</b>	<b>1,137.13</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## Note based on the terms and conditions written on sanction letters by bank:

1. Term loan with 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 Jabalpur Plant.
2. Holding Company owned fixed assets (moveable and immovable) at manufacturing plants located at Jalpaiguri (West Bengal) , Sahibabad (Uttar Pradesh) , Rajpura (Punjab), Talwada (Gujarat) 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 8.60 million and EURO 5.91 Million at the year ending March 31, 2025 and March 31, 2026
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.

## 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 March 31, 2026	For the year ended March 31, 2025
<b>Revenue from external customers</b>		
Within India	2,974.70	2,679.13
Outside India	846.14	760.07
<b>Total revenue</b>	<b>3,820.84</b>	<b>3,439.20</b>
<b>Assets</b>		
Within India	2,950.96	2,884.38
Outside India	855.95	819.58
Unallocated	1,309.86	1,663.63
<b>Total assets</b>	<b>5,116.77</b>	<b>5,367.59</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, 2026 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, 2025 has been obtained and there are no adverse comments requiring adjustments.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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, 2026	90%	2,933.55	90%	144.33	-3%	(2.09)	62%	142.24
Balance as at 31 March, 2025	92%	2,792.90	119%	107.55	41%	2.95	114%	110.50
<b>Subsidiaries</b>								
<b>Indian</b>								
1 Staqa Software Private Limited, India								
Balance as at 31 March, 2026	-2%	(53.69)	-9%	(14.52)	1%	0.61	-6%	(13.91)
Balance as at 31 March, 2025	-1%	(39.72)	-19%	(17.09)	1%	0.08	-17%	(17.01)
2 Sleepwell Enterprises Private Limited								
Balance as at 31 March, 2026	0%	3.70	0%	(0.08)	0%	-	0%	(0.08)
Balance as at 31 March, 2025	0%	2.91	0%	(0.08)	0%	-	0%	(0.08)
<b>Foreign</b>								
1 Joyce Foam Pty Limited								
Balance as at 31 March, 2026	5%	149.16	-4%	(6.20)	40%	26.93	9%	20.73
Balance as at 31 March, 2025	4%	128.40	-11%	(9.72)	-13%	(0.91)	-11%	(10.63)
2 International Foam Technologies Spain SLU								
Balance as at 31 March, 2026	6%	197.18	11%	17.94	62%	42.28	26%	60.22
Balance as at 31 March, 2025	5%	136.69	11%	9.78	70%	5.10	15%	14.88
3 Sheela Foam Trading L.L.C								
Balance as at 31 March, 2026	0%	10.21	-2%	(3.25)	1%	0.36	-1%	(2.89)
Balance as at 31 March, 2025	0%	4.85	-3%	(2.26)	0%	0.02	-2%	(2.24)
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2026	0%	8.29	1%	1.24	0%	-	1%	1.24
Balance as at 31 March, 2025	0%	7.49	1%	0.74	0%	-	1%	0.74
<b>House of Kieraya Limited</b>								
Balance as at 31 March, 2026	0%	11.85	13%	21.39	0%	(0.17)	9%	21.22
Balance as at 31 March, 2025	0%	(9.37)	1%	1.17	0%	-	1%	1.17
<b>Total Balance as at 31 March, 2026</b>	<b>100%</b>	<b>3,260.25</b>	<b>100%</b>	<b>160.85</b>	<b>100%</b>	<b>67.92</b>	<b>100%</b>	<b>228.77</b>
<b>Balance as at 31 March, 2025</b>	<b>100%</b>	<b>3,024.15</b>	<b>100%</b>	<b>90.09</b>	<b>100%</b>	<b>7.24</b>	<b>100%</b>	<b>97.33</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 58 : INTEREST IN OTHER ENTITIES

### Subsidiaries

The Group's subsidiaries as at 31 March, 2026 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ Country of Incorporation	Ownership interest held by The Group		Ownership interest held by non-controlling interests		Principal activities
		As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	
Joyce Foam Pty. Limited, Australia	Australia	100%	100%	0%	0%	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)
Staqa Software Private Limited, India	India	100%	100%	0%	0%	Software development, Information technology 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 SL, Spain	Spain	100%	100%	0%	0%	To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam
Interplasp, SL, Spain, (Subsidiary of International Foam Technologies SL, Spain)	Spain	93.66%	93.66%	6.34%	6.34%	Engaged in manufacturing of Polyurethane Foam
Joyce WC NSW PTY Limited (Subsidiary of Joyce Foam PTY Limited, Australia)	Australia	100%	100%	0%	0%	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)
Staqa World Kft. (Subsidiary of Staqa Software Private Limited) (closed during year 25-26)	Hungary	0%	100%	0%	0%	Information technology and related ancillary activities
Staqa Incorporated (Subsidiary of Staqa Software Private Limited)	U.S.	100%	100%	0%	0%	Information technology and related ancillary activities
Staqa Technologies L.L.C (Subsidiary of Staqa Software 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## Joint Venture

Name of entity	Place of business/ Country of Incorporation	Ownership interest held by The Group		Principal activities
		As at March 31, 2026	As at March 31, 2025	
House Of Kieraya Limited, India	India	34.53%	43.89%	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 March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
<b>Derivatives designated as Hedging Instruments:</b>				
Cross currency interest rate swap	-	-	-	9.61
Principal and Interest Swap	2.93	1.16	-	-
<b>Derivatives not designated as Hedging Instruments:</b>				
Principal Only Swap	-	-	36.05	16.45

### (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, 2026

## (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, 2026</b>			
<b>Cross currency interest rate swap</b>			
Nominal Amount (on financial asset)	-	-	-
<b>Principal and Interest Swap</b>			
Nominal Amount (on financial liability)	-	72.39	-
<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	-

## (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, 2026	As at March 31, 2025
Cash flow Hedge Reserve at the beginning of the year	(1.70)	(2.26)
Total hedging gain / (loss) recognised in Other Comprehensive Income	(0.80)	0.56
Income tax on above	-	-
Ineffectiveness recognised in statement of profit or loss *	(19.60)	(2.78)
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	0.96	-
Income tax on above	-	-
Cash flow Hedge Reserve at the end of the year	(1.54)	(1.70)
Line item in the statement of profit or loss that includes the reclassification adjustments	Net Loss on Foreign Currency Forward Contracts in "other expenses"	Not Applicable

\* The hedge contract has been subsequently terminated on April 08, 2026 resulting in gain of ₹ 0.24 crores. Since, the event is a non-adjusting subsequent event as per Ind AS 10 "Events after reporting period", the same has been adequately disclosed.

## (vii) The outstanding position of derivative instrument is as under:

Nature	Currency	Purpose	As at March 31, 2026		As at March 31, 2025	
			(₹ in crores) (nominal value)	Foreign Currency (in crores) (notional value)	(₹ in crores) (nominal value)	Foreign Currency (in crores) (notional value)
Cross currency interest rate swap	EURO	Hedging of Foreign currency loan given	-	-	64.17	0.80
Principal and Interest Swap	USD	Hedging of Foreign currency term loan taken (Principal & Interest)	22.27	0.24	38.61	0.47
Principal Only Swap	EURO	Hedging of equity investment in foreign subsidiary	93.90	1.20	93.90	1.20

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## Exchange rates used for conversion of foreign currency exposure:

Currency	As at March 31, 2026	As at March 31, 2025
EURO	109.01	92.32
USD	94.65	85.58

## (viii) The impact of the hedging instruments on the statement of financial position is as under:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Nominal Amount (on financial asset)	-	64.17
Nominal Amount (on financial liability)	72.39	72.39
Carrying Amount (financial asset)	-	73.86
Carrying Amount (financial liability)	22.36	40.43
Line item in the statement of financial position that's includes Hedging Instruments	Other current financial liabilities and Other current financial assets	
Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the year - Gain / (Loss)	(0.80)	0.56

## (ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

(₹ in Crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax)	(1.54)	(1.70)
Change in value of the hedged item used for measuring ineffectiveness for the year	(0.80)	0.56

## (x) Particulars of unhedged foreign currency exposure as at balance sheet date:

Nature	Currency	As at March 31, 2026		As at March 31, 2025	
		FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Trade payables	USD	(0.38)	(35.93)	(0.13)	(11.12)
	EURO	(0.01)	(1.04)	(0.00)	(0.14)
	GBP	(0.00)	(0.49)	(0.00)	(0.32)
Trade receivables	USD	0.03	2.55	0.03	2.56

## NOTE 60 : INCOME TAX RECOGNISED IN PROFIT OR LOSS

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Current tax</b>		
In respect of current year	7.24	5.64
Tax expenses related to earlier years	(9.55)	(1.07)
	<b>(2.31)</b>	<b>4.57</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences including Tax impact on Other Comprehensive Income	44.60	9.81
	<b>44.60</b>	<b>9.81</b>
Total income tax expense recognised in the current year including tax impact on Other Comprehensive Income	<b>42.29</b>	<b>14.38</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Profit before tax (Including Other comprehensive income)</b>	180.11	106.38
Income tax expense calculated at 25.168%	45.33	26.77
Effect of income that is exempt from taxation	-	(8.98)
Effect of expenses that are not deductible in determining taxable profit	6.38	(1.37)
Effect of difference in tax rates	-	-
Others	0.13	(0.97)
	<b>51.84</b>	<b>15.45</b>
Adjustments recognised in the current year in relation to tax of prior years	(9.55)	(1.07)
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>42.29</b>	<b>14.38</b>
<b>Effective Tax Rate</b>	23.48%	13.52%

## NOTE 61 : THE CODE ON SOCIAL SECURITY 2020

On 21 November 2025, the Government of India notified the four new Labour Codes namely the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020. Provisions of the previous labour Acts and their rules, notifications, etc. continue to remain in force till final notification of new Rules, etc. under the Code, to the extent these are in line with the Codes.

The Ministry of Labour & Employment published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. Accordingly, the Holding company has recognised incremental impact pertaining to past service cost of gratuity and long-term absences aggregating amounting ₹ 6.15 crores under "Employee Benefits Expense" in the Statement of Profit and Loss as per the applicable requirements of Ind AS 19 and the guidance provided by the Institute of Chartered Accountants of India during the quarter and year ended December 31, 2025 and March 31, 2026 respectively.

The Holding Company is in the process of assessing the impact of Central and State Rules, as well as Government clarifications on other aspects of the Labour Codes.

## 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## **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).

## **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 : SCHEME OF AMALGAMATION**

### **A. STAQO SOFTWARE PRIVATE LIMITED (SSPL) AND STAQO WORLD PRIVATE LIMITED (SWPL)**

The Board of Directors of the Staqo Software Private Limited (SSPL) and Staqo World Private Limited (SWPL) (Transferor Company”) have in their respective board meetings held on September 16, 2024 have considered and approved the Scheme of Amalgamation of SWPL with the SSPL, subject to all the necessary statutory / regulatory approvals. As per the said scheme, the undertaking of the transferor company shall stand transferred and vested in SSPL (transferee company) on a going concern basis without and further act, deed of matter. As a result, the transaction has been accounted in accordance with “Pooling of Interest Method” laid down by Appendix C (Business Combinations of Entities under Common Control) of Indian Accounting Standard 103 (Ind AS 103), notified under the Companies’ Act, 2013.

The scheme envisages transfer of all properties, rights, assets, interests and claim of the Transferor Company to the Transferee Company. Pursuant to the scheme coming into effect, all the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled automatically. Hon’ble National Company Law Tribunal (NCLT), New Delhi bench vide its order dated November 21, 2025 approved the Scheme of Amalgamation of SWPL with SSPL under Section 230 and 232 of Companies Act, 2013. The Scheme became effective upon filing of the aforesaid order with Registrar of Companies (ROC) on January 01, 2026. The amalgamation has been accounted for under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) rules, 2014.

In accordance with Appendix C of Ind AS 103, the difference between the carrying value of the Investment in the books of transferee company and the amount of net assets of the transferor company has been adjusted in capital reserves as per the scheme. The current accounting period and comparative accounting period presented in the financial statements of SSPL and accompanying Notes have been prepared by including the accounting effects of the acquisition of the business, as stated above, as if the purchase had occurred from the beginning of the comparative period in the financial statements, i.e. April 01, 2024.

### **B. KURLON ENTERPRISE LIMITED ALONG WITH IT’S SUBSIDIARIES WITH SHEELA FOAM LIMITED**

The Board of Directors of the Holding Company at its meeting held on March 28, 2024 have considered and approved the Scheme of Amalgamation with its subsidiary, Kurlon Enterprise Limited alongwith it’s subsidiaries (“KEL” or “Amalgamating Company” or “Transferor Company”) with Sheela Foam Limited (“SFL” or “Amalgamated Company” or “Transferee Company”), subject to all the necessary statutory / regulatory approvals. As per the said scheme, the undertaking of the transferor company shall stand transferred and vested in the Company (transferee company) on a going concern basis without and further act, deed of matter. As a result, the transaction has been accounted in accordance with “Pooling of Interest Method” laid down by Appendix C (Business Combinations of Entities under Common Control) of Indian Accounting Standard 103 (Ind AS 103), notified under the Companies’ Act, 2013.

The scheme envisages transfer of all properties, rights, assets, interests and claim of the Transferor Company to the Transferee Company. Pursuant to the scheme coming into effect, all the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled automatically. Hon’ble National Company Law Tribunal (NCLT), Mumbai bench vide its order dated September 17, 2025 approved the Scheme of Amalgamation of KEL with the Company under Section 230 and 232 of Companies Act, 2013. The Scheme became effective upon filing of the aforesaid order with Registrar of Companies (ROC) on January 30, 2026. The amalgamation has been accounted for under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) rules, 2014.

In accordance with Appendix C of Ind AS 103, the difference between the carrying value of the Investment in the books of transferee company and the amount of net assets of the transferor company has been adjusted in capital reserves as per the scheme. The current accounting period and comparative accounting period presented in the financial statements of the Holding Company and accompanying Notes have been prepared by including the accounting effects of the acquisition of the business, as stated above, as if the purchase had occurred from the beginning of the comparative period in the financial statements, i.e. April 01, 2024.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## 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. Subsequently, during the year ended March 31, 2026, the company's equity stake got reduced to 34.53% on issuance of fresh issue of 83,72,392 equity shares by House of Kieraya Limited out of which the holding company subscribed 20,09,377 equity shares. 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.

(₹ in Crores)

Name of the entity	Place of Business	Relationship	Accounting method	% of ownership interest		Carrying Amount	
				March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
House of Kieraya Limited ("HOK")	India	Joint Venture	Equity Method	34.53	43.89	453.49	402.27
<b>Total equity accounted investments</b>						<b>453.49</b>	<b>402.27</b>

### a. 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	As at March 31, 2026	As at March 31, 2025
Carrying amount of joint venture	453.49	402.27
Amount of the group's share of:		
Profit/(loss) from continuing operations	21.39	1.17
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	(0.17)	-
<b>Total comprehensive income</b>	<b>21.22</b>	<b>1.17</b>

## NOTE 70: EXCEPTIONAL ITEMS

- The consolidated statements of profit and loss for year ended March 31, 2024 included 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 were 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.
- The holding company has recognized loss due to fire accident occurred at Jhagadia plant amounting to ₹ 18.71 crores in the previous years in one of the erstwhile subsidiary which has been merged with the company during the FY 2025-26. Subsequently, this amount has been received from insurance company and consequently, the income has been recognised in the year ended March 31, 2025.
- The consolidated statements of profit and loss for the year ended March 31, 2026 includes net gain of ₹ 7.93 Crores on account of sale of certain land and building situated at:
  - Industrial Plot no. 54 & 56, Shivangi Estate, Village Lakeshawri, Bhagwanpur, Roorkee, Uttarakhand - 247661
  - Plot no. 22 & 23 6/22/23, Dabaspur Industrial area, Sy. No. 76, Eedehalli Village, Somapura Hobli, Nelmangala Taluk, Rural district, Bangalore
  - 902/4, GIDC, Jhagadia Industrial Estate, Jhagadia, Bharuch, Gujarat - 393110
  - Plot no. 54-57, Shivganga Industrial Estate Village Lakeshwari Bhagwanpur, Roorkee, Haridwar.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2026

## NOTE 71: PROPOSED FINAL DIVIDEND

(₹ in Crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Proposed final dividends on Equity Shares</b>		
Proposed final dividend for the year ended on March 31, 2026: ₹ 1 (March 31, 2025: ₹ Nil) per share	10.92	-

Subsequent to the year ended, the Board of Directors of Holding Company have recommended payment of final dividend of ₹ 1 per share (20% on an equity share of ₹ 5 each) for the year ended March 31, 2026. The payment is subject to approval of the shareholders of the Holding Company at the ensuing Annual General Meeting of the Company and therefore, not recognised as a liability as at year ended March 31, 2026.

## 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.

## NOTE 75 : BORROWINGS SECURED AGAINST CURRENT ASSETS

The Group does not have working capital borrowings from banks or financial institutions on the basis of security of Current assets.

## NOTE 76: 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 LLP

(Formerly known as MSKA & Associates)

### Chartered Accountants

Firm Registration No.: 105047W / W101187

### Nipun Gupta

Partner

Membership No.: 502896

Place: Gurugram

Date: May 14, 2026

### For and on behalf of the Board of Directors of

### Sheela Foam Limited

CIN: L74899MH1971PLC427835

### Rahul Gautam

Managing Director

DIN:00192999

Place: Noida

Date: May 14, 2026

### Tushaar Gautam

Vice Chairman

DIN:01646487

### Davinder Kumar Ahuja

Group Finance Controller

### Amit Kumar Gupta

Group Chief Financial Officer

### Md. Iqbal Ahmad

Company Secretary

Membership No.: A20921









**Registered Office:**

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(CIN: L74899MH1971PLC427835)  
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**Head Office**

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