



20th September, 2023

To

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Scrip Code: 540203

The National Stock Exchange India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra(E), Mumbai-400051
NSE Symbol: SFL

Subject: Unaudited Condensed Interim Consolidated Financial Statements of the Company and its subsidiaries for the three months ended June 30, 2023 of the Company and other matters

Dear Sir / Madam,

We wish to inform you that the board of directors today i.e., 20th September, 2023 has, through a circular resolution, *inter alia*, approved the unaudited condensed interim consolidated financial statements of the Company and its subsidiaries as of and for the three months ended June 30, 2023 along with the report dated 20th September, 2023 issued by the Statutory Auditors of the Company and a copy of the same is attached herewith.

In addition to the above, pursuant to amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has taken on record the amended Policy for Determination of Materiality of Event or Information for our Company.

We request you to take the above on record and the same be treated as compliance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Thanking you,
Yours truly,
For Sheela Foam Limited

Md. Iquebal Ahmad
Company Secretary & Compliance Officer

SHEELA FOAM LTD.

#14, Sleepwell Tower, Sector 135, Noida- 201301

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CIN-L74899DL1971PLC005679

Report on Review of the Unaudited Condensed Interim Consolidated Financial Statements

To the Board of Directors of Sheela Foam Limited

We have reviewed the accompanying Unaudited Condensed Interim Consolidated Financial Statements of Sheela Foam Limited (the "Company" or "Holding Company") and its subsidiaries (together referred to as the "Group"), which comprise the Unaudited Condensed Interim Consolidated Balance Sheet as at June 30, 2023 and the Unaudited Condensed Interim Consolidated Statement of Profit and Loss (including other comprehensive income), Unaudited Condensed Interim Consolidated Cash Flow Statement and the Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the three-months period June 30, 2023 and a summary of select explanatory notes (together hereinafter referred to as the "Unaudited Condensed Interim Consolidated Financial Statements"). The Unaudited Condensed Interim Consolidated Financial Statements have been prepared by the Company solely in connection with the proposed qualified institutions placement of equity shares of the Company, in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), as amended and other applicable laws.

Responsibilities of Management for the Unaudited Condensed Interim Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Unaudited Condensed Interim Consolidated Financial Statements in accordance with the recognition and measurement principles laid down as per the requirements of Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Unaudited Condensed Interim Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Unaudited Condensed Interim Consolidated Financial Statements

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Condensed Interim Consolidated Financial Statements are free from material misstatement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. Our responsibility is to express a conclusion on the Unaudited Condensed Interim Consolidated Financial Statements based on our review.

Conclusion

Based on our review conducted as above and based on the consideration of the review reports of other auditors referred to in Other Matters paragraph below, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with the recognition and measurement principles of Ind AS 34 as specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.



MSKA & Associates

Chartered Accountants

Other matters

- (i) We did not review the Interim Financial Statements of 10 subsidiaries included in the Unaudited Condensed Interim Consolidated Financial Statements, whose Interim Financial Statements reflect total assets of Rs. 2,72,202.03 lakhs as at June 30, 2023 and total income of Rs. 66,927.91 lakhs, total net profit after tax of Rs. 4,331.05 lakhs and total comprehensive income of 4,041.54 lakhs and cash outflows (net) of Rs. (677.91) lakhs for the three months period ended June 30, 2023, as considered in the Unaudited Condensed Interim Consolidated Financial Statements. These Interim Financial Statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated above.
- (ii) Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India.

We have reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion on the Statement, in so far as it relates to the financial statements of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Holding Company and reviewed by us.
- (iii) The Group had prepared separate Statement of Unaudited Consolidated Financial Results (the 'Unaudited Consolidated Financial Results 2023') for the three-months period ended June 30, 2023, in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting", on which we had issued a separate auditor's review report dated August 02, 2023. These Unaudited Consolidated Financial Results 2023 were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (iv) The Group had prepared separate Statement of Unaudited Consolidated Financial Results (the 'Unaudited Consolidated Financial Results 2022') for the three-months period ended June 30, 2022, in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting", on which we had issued a separate auditor's review report dated August 02, 2022. These Unaudited Consolidated Financial Results 2022 were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Our conclusion on the Unaudited Condensed Interim Consolidated Financial Statements is not modified in respect of the above matters.



MSKA & Associates

Chartered Accountants

Restriction of use

This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes of submission to the stock exchanges or any other authority as may be required under applicable law and for the purposes of including it in the Preliminary Placement Document and Placement document, to be filed by the Company with the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies, National Capital Territory of Delhi and Haryana, as applicable, in connection with proposed qualified institutions placement of the equity shares of the Company. As a result, these Unaudited Condensed Interim Consolidated Financial Statements may not be suitable for another purpose. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For M S K A & Associates
Chartered Accountants
Firm Registration Number: 105047W

Nipun Gupta

Nipun Gupta

Membership Number: 502896

UDIN: 2350289686TEVP6405



Place: Gurugram

Date: September 20, 2023

Particulars	Note no.	(Rs. in Millions)	
		As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,264.87	4,290.36
Right-of-use assets		1,451.30	1,065.48
Capital work-in-progress	3	3,459.12	2,874.90
Intangible assets	4A	2,725.94	2,740.20
Intangible assets under development	4E	10.07	-
Investment property		524.10	533.88
Financial assets			
(i) Investments		841.01	564.13
(ii) Loans		19.69	19.39
(iii) Other financial assets		60.14	51.90
Deferred tax asset		140.07	136.78
Non current tax assets (net)		131.74	123.89
Other non-current assets		264.93	354.31
Total non current assets		13,892.98	12,775.22
Current assets			
Inventories	5	2,876.55	3,313.27
Financial assets			
(i) Investments		3,377.51	7,119.57
(ii) Trade receivables		2,828.84	2,819.76
(iii) Cash and cash equivalents	6	353.25	422.71
(iv) Bank balances other than cash and cash equivalents	7	18.57	2.67
(v) Loans		6.41	5.71
(vi) Other financial assets		3,229.24	10.00
Other current assets		636.85	638.09
Total current assets		13,327.22	14,332.76
Total assets		27,220.20	27,108.00
EQUITY AND LIABILITIES			
Equity			
Equity share capital		487.82	487.82
Other equity	8	15,929.14	15,515.09
Equity attributable to shareholders of the Holding Company		16,416.96	16,003.91
Non-controlling interest		66.75	82.65
Total equity		16,483.71	16,086.56
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	9	2,570.43	2,838.07
(ii) Lease liabilities		1,193.42	874.91
(iii) Other non current financial liabilities		276.39	269.40
Provisions		131.62	130.42
Other non current liabilities		1.91	1.99
Deferred tax liabilities		87.43	83.15
Total non current liabilities		4,261.20	4,187.94
Current liabilities			
Financial liabilities			
(i) Borrowings	10	1,941.90	1,838.05
(ii) Lease liabilities		214.16	159.84
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises		35.83	72.20
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,181.64	2,521.94
(iv) Other financial liabilities		899.63	917.05
Provisions		213.60	205.08
Current tax liabilities (net)		62.19	11.71
Other current liabilities		926.54	1,107.63
Total current liabilities		6,475.29	6,833.50
Total liabilities		10,736.49	11,021.44
Total equity and liabilities		27,220.20	27,108.00

Significant accounting policies

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The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.: 105047W

Nipun Gupta

Nipun Gupta
Partner
Membership No.: 502896

Place: Gurugram
Date: September 20, 2023



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

Rahul Gautam
Rahul Gautam
Managing Director
DIN: 00192999

Rushar Gautam
Rushar Gautam
Whole Time Director
DIN: 1646487

Amit Kumar Gupta
Amit Kumar Gupta
Group Chief
Financial Officer

Place: Noida
Date: September 20, 2023

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

Sheela Foam Limited
Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the period ended June 30, 2023

Particulars	Note no.	(Rs. in Millions)	
		For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Income			
Revenue from operations	11	6,450.86	7,006.71
Other income		241.54	179.75
Total Income		6,692.80	7,186.46
Expenses			
Cost of materials consumed	12	3,539.68	4,330.29
Purchase of stock-in-trade	13	124.63	210.97
Changes in inventories of finished goods, stock-in-trade and work-in-progress	14	292.10	6.43
Other manufacturing expenses		188.70	174.74
Employee benefits expense		732.11	689.54
Finance costs		78.85	48.13
Depreciation and amortisation expense		226.56	206.46
Other expenses		797.22	936.16
Total Expenses		5,980.85	6,602.72
Profit before tax and Exceptional Items		712.75	583.74
Exceptional items	24	109.53	-
Profit before tax		603.22	583.74
Income Tax expense	23		
Current tax		172.24	163.41
Tax expenses related to earlier years		-	0.03
Deferred tax (net)		(2.22)	(4.90)
Total income tax expense		170.02	158.54
Profit for the period		433.20	425.20
Other comprehensive income (net of tax)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements gain / (loss) of the net defined benefit plans		(4.76)	(10.68)
Income tax on above item		1.20	2.72
<i>Items that will be reclassified to profit or loss</i>			
Fair value gain / (loss) on investments and other financial instruments		8.52	(36.40)
Income tax on above item		(2.15)	8.94
Exchange differences on translation of foreign operations		(31.38)	(30.55)
Total Other comprehensive income/ (loss) (net of tax)		(29.35)	(65.97)
Total comprehensive income for the period		404.15	359.23
Profit for the period attributable to:			
Shareholders of the Holding Company		430.37	420.90
Non-controlling Interest		2.53	4.30
		433.20	425.20
Other Comprehensive income for the period attributable to:			
Shareholders of the Holding Company		(29.05)	(65.97)
Non-controlling Interest		-	-
		(29.35)	(65.97)
Total Comprehensive Income for the period attributable to:			
Shareholders of the Holding Company		401.52	354.93
Non-controlling Interest		2.53	4.30
		404.15	359.23
Earnings per equity share (face value of Rs.5/- each):			
Basic and diluted (Rs.)		4.41	4.36

Significant accounting policies

2

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.: 105047W

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

Nipun Gupta

Nipun Gupta
Partner
Membership No.: 502896

Place: Gurugram
Date: September 20, 2023



Rahul Gautam

Rahul Gautam
Managing Director
DIN:00192999

Place: Noida
Date: September 20, 2023

Tushaar Gautam

Tushaar Gautam
Whole Time Director
DIN:01646487

Amit Kumar Gupta

Amit Kumar Gupta
Group Chief
Financial Officer

Md. Iqbal Ahmad

Md. Iqbal Ahmad
Company Secretary
Membership No. A20921

Sheela Foam Limited
Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the period ended June 30, 2023

A. EQUITY SHARE CAPITAL

Particulars	Rs. in Millions
Balance as at April 01, 2022	243.91
Add: Bonus shares issued during the year	243.91
Balance as at March 31, 2023	487.82
Add: Issued during the period	-
Balance as at June 30, 2023	487.82

B. OTHER EQUITY

Particulars	Reserves and surplus					Items of Other Comprehensive Income		Total equity attributable to equity holders of the Company	Non-controlling Interest	Total
	Retained earnings	Capital reserve	General Reserve	Foreign Currency Translation Reserve	Capital Subsidy	Debt instruments through OCI	Cash flow hedge reserve			
Balance as at March 31, 2022	13,133.12	39.56	171.63	287.99	7.06	42.40	-	13,981.76	76.33	13,758.09
Profit for the year	2,011.57	-	-	-	-	-	-	2,011.57	19.06	2,030.63
Bonus shares issued during the year	(39.43)	(32.86)	(171.63)	-	-	-	-	(243.92)	-	(243.92)
Expenses towards increase in authorised share capital	(5.04)	-	-	-	-	-	-	(5.04)	-	(5.04)
Dividend paid	(10.30)	-	-	-	-	-	-	(10.30)	-	(10.30)
Other Comprehensive Income for the year (net of tax)	(13.56)	-	-	-	-	-	-	(13.56)	-	(13.56)
Other adjustments	0.02	-	-	-	(0.72)	-	-	(0.70)	(12.74)	(13.44)
Exchange gain/(loss) on translation (net)	-	-	-	164.71	-	-	-	164.71	-	164.71
Loss on cash flow hedge reserve (net of tax)	-	-	-	-	-	-	(26.03)	(26.03)	-	(26.03)
Realised gain from debt instruments transferred to profit and loss (Net of Tax)	-	-	-	-	-	(42.40)	-	(42.40)	-	(42.40)
Total comprehensive income for the year	1,943.26	(32.86)	(171.63)	164.71	(0.72)	(42.40)	(26.03)	1,834.33	6.32	1,840.65
Balance as at March 31, 2023	15,076.38	6.70	-	452.70	6.34	-	(26.03)	15,516.09	82.65	15,598.74
Profit for the period	430.67	-	-	-	-	-	-	430.67	2.53	433.20
Other Comprehensive Income for the period (net of tax)	(3.56)	-	-	-	-	-	-	(3.56)	-	(3.56)
Other adjustments	12.03	-	-	-	(0.60)	-	-	11.43	(18.43)	(7.00)
Exchange gain/(loss) on translation (net)	-	-	-	(31.86)	-	-	-	(31.86)	-	(31.86)
Loss on cash flow hedge reserve (net of tax)	-	-	-	-	-	-	6.37	6.37	-	6.37
Total comprehensive income for the period	439.14	-	-	(31.86)	(0.60)	-	6.37	413.05	(15.90)	397.15
Balance as at June 30, 2023	15,515.52	6.70	-	420.84	5.74	-	(19.66)	15,929.14	66.75	15,995.89

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.
As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.: 105047W

Nipun Gupta
Nipun Gupta
Partner
Membership No.: 502896



Place: Gurugram
Date: September 20, 2023

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

Rahul Gautam
Rahul Gautam
Managing Director
DIN: 00192999

Tunhaar Gautam
Tunhaar Gautam
Whole Time Director
DIN: 1646487

Amit Kumar Gupta
Amit Kumar Gupta
Group Chief
Financial Officer

Place: Noida
Date: September 20, 2023

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

Sheela Foam Limited
Unaudited Condensed Interim Consolidated Statement of Cash Flows for the period ended June 30, 2023

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
A. Cash flow from operating activities		
Profit before tax	712.76	583.74
Adjustments for:		
Depreciation and amortisation expense	226.56	206.46
Finance costs	78.85	48.13
Advances/Balances written off (including bad debts)	3.16	38.51
Provision for doubtful receivables	4.82	1.64
Provision for warranty	17.68	29.26
Subsidy income	(1.29)	(0.07)
Net gain on foreign currency forward contracts	(16.04)	-
Fair value (gain) / loss on investments (net)	(12.16)	(23.60)
(Profit) / Loss on sale of investments (net)	(134.41)	(11.13)
Liabilities/provisions no longer required written back	(2.36)	(0.09)
Unrealised foreign exchange loss / (gain) (net)	0.46	-
Rental Income	(30.33)	(29.76)
Interest Income	(17.29)	(91.37)
(Profit) / Loss on sale of property, plant and equipment (net)	1.94	0.95
Operating profit before working capital changes	832.34	752.67
Changes in working capital:		
(Increase) / Decrease in inventories	320.43	37.88
(Increase) / Decrease in loans and trade receivables	(31.05)	454.18
(Increase) / Decrease in other financial and non-financial assets	81.92	(138.99)
(Decrease) / Increase in trade payables	(366.17)	(331.89)
(Decrease) / Increase in other financial liabilities, non-financial liabilities and provisions	(159.16)	(192.61)
Cash generated from operations	678.31	581.26
Income tax paid (net of refunds)	(128.61)	(174.51)
Net cash flow from operating activities (A)	549.70	406.74
B. Cash flow from investing activities		
Purchase of property, plant and equipment and change in capital work-in-progress	(762.28)	(496.73)
Intangible Assets under development	(10.07)	-
Proceeds from sales of property, plant and equipment	13.99	1.92
Deposits matured/made during the period (net)	(15.90)	-
Investment in bonds, debentures and mutual funds (net)	391.81	(498.71)
Loans and advances given	(3.96)	0.41
Rental income	30.33	29.76
Interest income received	17.04	192.81
Net cash flow (used in) investing activities (B)	(339.04)	(770.54)
C. Cash flow from financing activities		
Payment of dividend during the period	(7.00)	(5.81)
Proceeds from long term borrowings	55.86	544.08
Repayment of long term borrowings	(231.77)	(95.79)
Proceeds from short term borrowings	42.87	-
Payment of lease liabilities (principal and interest)	(77.12)	(83.83)
Finance costs	(81.30)	(31.09)
Net cash flow from/(used in) financing activities (C)	(278.46)	327.56
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(67.80)	(36.24)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1.66)	(6.92)
Cash and cash equivalents at the beginning of the period	422.71	408.13
Cash and cash equivalents at the end of the period	353.25	364.97

Notes :

- The above unaudited condensed interim consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
- Figures in brackets represent cash outflow.
- Components of cash and cash equivalents:

Particular	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at June 30, 2022 (Unaudited)
Cash and cash equivalents		
Cash on hand	1.86	1.61
Deposits having original maturity of less than 3 months	0.15	56.79
Balance with banks in current accounts	351.24	306.57
Balance as per Statement of Cash Flows	353.25	364.97



Sheela Foam Limited
Unaudited Condensed Interim Consolidated Statement of Cash Flows for the period ended June 30, 2023

Particular	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
4. Changes in liabilities arising from financing activities:		
Borrowings		
Borrowings at the beginning of the period	4,676.12	3,377.55
Proceeds from the borrowings	98.73	544.08
Repayment of borrowings	(231.77)	(95.79)
Forex fluctuation on restatement of loan	(1.54)	0.01
Exchange differences on translation of foreign operations	(29.21)	(93.72)
Borrowings as at period end	<u>4,612.33</u>	<u>3,732.13</u>
Lease liabilities		
Lease liabilities at the beginning of the period	1,034.75	1,287.10
Addition during the period	446.34	-
Finance charges	17.55	17.04
Payment of lease liabilities	(77.12)	(83.83)
Cancellation / adjustments	(13.94)	(39.85)
Lease liabilities as at period end	<u>1,407.58</u>	<u>1,180.46</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.
 As per our report of even date

For M S K A & Associates
 Chartered Accountants
 Firm Registration No.: 105047W

Nipun Gupta
 Nipun Gupta
 Partner
 Membership No.: 502896

Place: Gurugram
 Date: September 20, 2023



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

Rahul Gautam
 Rahul Gautam
 Managing Director
 DIN:00192999

Place: Noida
 Date: September 20, 2023

Tushaar Gautam
 Tushaar Gautam
 Whole Time Director
 DIN:01646487

Amit Kumar Gupta
 Amit Kumar Gupta
 Group Chief
 Financial Officer

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

Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

NOTE 1 : GROUP INFORMATION

Sheela Foam Limited ('the Holding Company') is a ISO 9001:2000 public limited Group incorporated in India with its registered office in New Delhi. The Holding Group is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The Holding Company, pioneered in the manufacturing of polyurethane foams, has eleven subsidiary companies (including step down subsidiaries) (two Foreign Subsidiaries 'Joyce Foam PTY Ltd., Australia and its Controlled Entity Joyce W C NSW Pty Limited' and 'International Foam Technologies Spain, S.L.U and its Controlled Entity Interplasp S.L') and (four Indian Subsidiaries 'Staqa Software Private Limited (formerly known as Divya Software Solutions Private Limited)', 'Sleepwell Enterprises Private Limited', 'International Comfort Technologies Private Limited' and 'Staqa World Private Limited and its three Controlled Foreign Entities Staqa World Kft, Hungry, Staqa Incorporated, USA and Staqa Technologies L.L.C, Dubai').

The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its eleven subsidiary companies (including step down subsidiaries) together referred as "the Group".

The unaudited condensed interim consolidated financial statements for the period ended June 30, 2023 were approved by the Board of Directors and authorised for issue on September 20, 2023.

NOTE 1.1 : INFORMATION ABOUT SUBSIDIARIES

Name of the Company	Country of Incorporation	Principal Activities	As at June 30, 2023	As at March 31, 2023
Joyce Foam Pty. Limited and its Controlled Entity (Joyce W C NSW Pty Limited)	Australia	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)	100%	100%
Staqa Software Private Limited (formerly known as Divya Software Solutions Private Limited)	India	Software development and related ancillary activities	100%	100%
Sleepwell Enterprises Private Limited	India	Providing of its Trademarks, Patents, Logos etc. and earning royalty thereon	100%	100%
International Foam Technologies SL, Spain and its Controlled Entity (Interplasp S.L)	Spain	To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam	100%	100%
Staqa World Pvt. Ltd. and its 3 Controlled Entities (Staqa Technologies L.L.C. , Staqa World LLC and Staqa Incorporated)	India	Information technology and related ancillary activities	100%	100%
International Comfort Technologies Private Limited	India	Manufacturer of mattresses supplied to domestic & overseas customers	100%	100%

The country of incorporation or registration is also their principal place of business

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of Compliance and Basis of Preparation****a. Basis of Preparation**

The Unaudited Condensed Interim Consolidated Financial statements for the three months ended June 30, 2023 have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time.

The Unaudited Condensed Interim Consolidated Financial Statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended March 31, 2023.

The Unaudited Condensed Interim Consolidated Financial Statements have been prepared by the Company solely in connection with the proposed Issue of equity shares of the Company in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and other applicable laws. Accordingly, these are not statutory consolidated Ind AS financial statements of the Group as required under Section 129 of the Companies Act, 2013.

b. New Standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of Unaudited Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended March 31, 2023. Several amendments apply for the first time in 2023, but do not have an impact on the unaudited condensed interim consolidated financial statements of the Group.

The unaudited condensed interim consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Millions except when otherwise indicated.



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

c. Impairment of Goodwill

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a Cash Generating Unit is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes. The value in use calculation is based on a discounted future cash flows model. The recoverable amount is sensitive to the discount rate used for the discounted future cash flows model as well as the expected future cash-inflows.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell.

Determination of Cash Generating Unit

While assessing impairment, the management has identified every company in which goodwill has generated on acquisition of its subsidiary as the cash generating unit for the purposes of determining the recoverable value.

Significant Cash Generating Units (CGUs)

The management has determined one of the foreign step down subsidiary company located in Spain that is Interplasp S.L. as the significant cash generating unit for the purposes of determining the recoverable value.

Particulars	(Rs.in Millions)	
	June 30, 2023	March 31, 2023
Acquired Goodwill	2,622.44	2,636.62

Following key assumptions were considered while performing impairment testing:

Factors tested	June 30, 2023	March 31, 2023
Average Sales Growth rate for 5 years	10%	10%
Average terminal growth rate	1.5%	1.5%
Margin	10.8%	10.8%
Weighted Average Cost Capital % (WACC) post tax (Discount rate)	8.25%	8.25%

The projections cover a period of five years, as the Company believes this to be the most appropriate timescale over which to review and consider annual performances before applying a terminal value multiple to the final year cash flows. The growth rates and segmental margins used to estimate cash flows for the first five years are based on past performance, and on the Company's five-year strategic plan.

Weighted Average Cost of Capital % (WACC) for the Company = Risk free return + (Market risk premium x Beta).

Impairment

As per the computation, the value in use exceeds the carrying value of subsidiary company and accordingly the management has concluded that no impairment needs to be recognised for the current year.

The Company has performed sensitivity analysis and has concluded that there are no reasonably possible changes to key assumptions that would cause the carrying amount of a CGU to exceed its recoverable amount.

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK-IN-PROGRESS

During the period ended June 30, 2023, the Group has added Rs.155.92 Millions (March 31, 2023: Rs.441.63 Millions) to gross block of property, plant and equipment. Further, there has been net addition in Capital work-in-progress of Rs. 651.37 Millions (March 31, 2023: Rs.1,791.91 Millions).Property, plant and equipment and capital work-in-progress has been pledged as security amounted Rs.5,258.05 Millions (March 31, 2023: Rs.4,903.94 Millions).

NOTE 4A : INTANGIBLE ASSETS

During the period ended June 30, 2023, there has been no addition in gross block of Intangible Assets (March 31, 2023: Rs. Nil).

NOTE 4B : INTANGIBLE ASSETS UNDER DEVELOPMENT

During the period ended June 30, 2023, the Group has added Rs.10.06 Millions (March 31, 2023: Rs. Nil) to Intangible assets under development.



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

NOTE 5 : INVENTORIES

(i) Value of inventories above is net of provision for slow moving/ obsolete inventories amounting to Rs. 56.73 Millions (March 31, 2023: Rs. 65.56 Millions) for write-down to net realisable value and provision for slow-moving and obsolete items.

(ii) Inventories held by the group are subject to hypothecation by bankers towards working capital limits obtained by the group.

NOTE 6 : CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Balance with banks :		
Current accounts	351.24	407.22
Fixed deposits account with an original maturity of less than three months	0.15	14.18
Cash on hand	1.86	1.31
Total	353.25	422.71

Notes:

a. There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior years.

b. Cash balances with bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTE 7 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Deposits having original maturity more than 3 months but less than 12 months	18.57	2.67
Total	18.57	2.67

Note:

Other bank balances represents fixed deposits with banks.



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

NOTE 8 : OTHER EQUITY

Particulars	(Rs. in Millions)	
	As at	As at
	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Capital reserve	6.70	6.70
General reserve	-	-
Retained earnings	15,515.52	15,076.38
Other comprehensive income(refer note below)	-	-
Cash flow hedge reserve	(19.66)	(26.03)
Foreign currency translation reserve	420.84	452.70
Capital Subsidy	5.74	6.34
Total	15,928.14	15,516.09

Particulars	(Rs. in Millions)	
	As at	As at
	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Capital reserve		
Opening balance	6.70	39.56
Bonus Share issued during the year	-	(32.86)
Closing balance	6.70	6.70
General Reserve		
Opening balance	-	171.63
Bonus Share issued during the year	-	(171.63)
General Reserve	-	-
Retained earnings		
Opening balance	15,076.38	13,133.12
Net profit for the year	430.67	2,011.57
Bonus shares issued during the year	-	(39.43)
Expenses towards increase in authorised capital	-	(5.04)
Dividend paid to non-controlling interest	-	(10.30)
Remeasurements of the net defined benefit plans (net of tax)	(3.56)	(13.56)
Other adjustments	12.03	0.02
Closing balance	15,515.52	15,076.38
Components of Other Comprehensive Income:-		
Opening balance	-	42.40
Realised gain from debt instruments transferred to profit and loss (Net of Tax)	-	(42.40)
Closing balance	-	-
Cash flow hedge reserve		
Opening balance	(26.03)	-
Gain/(Loss) on cash flow hedge reserve (net of tax)	6.37	(26.03)
Closing balance	(19.66)	(26.03)
Foreign currency translation reserve		
Opening balance	452.70	287.99
Exchange gain on translation (net) during the year	(31.86)	164.71
Closing balance	420.84	452.70
Capital Subsidy		
Opening balance	6.34	7.06
Amortizations/repayments	(0.60)	(0.72)
Closing balance	5.74	6.34



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

Notes:

(a) Capital reserve

During the year 2012-13, pursuant to the scheme of amalgamation of certain subsidiaries the excess of net assets, over consideration paid was treated as capital reserve. During the year ended March 31, 2023, Holding Company had issued bonus share in the ratio of 1:1 out of capital reserve of Rs.32.86 Millions.

(b) General reserve

The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. During the year ended March 31, 2023, Company had issued bonus share in the ratio of 1:1 out of general reserve of Rs.171.63 Millions.

(c) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

(d) Foreign currency translation reserve

The amount represents reserve arising from gain/loss on translation of the financial statements of foreign subsidiaries in the presentation currency of the Holding Company.

NOTE 9 : NON CURRENT BORROWINGS

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Secured		
Term loan from banks		
- INR bank loan	373.34	407.28
- USD bank loan	530.75	580.23
- AUD term Loan	550.12	604.60
- EURO term Loan	1,116.22	1,245.96
Total	2,570.43	2,838.07

Notes:

a. INR & USD Term loans Loan taken by International Comfort Technologies Private Limited have been taken from JP Morgan chase bank, N.A, India & Kotak Mahindra Bank respectively for purchase of capital equipments for its Nandigram & towards construction of Mandla (Jabalpur) manufacturing facilities and has been secured by hypothecation of first charge on entire fixed assets (movable fixed assets and immovable fixed assets).

b. INR Term Loan taken by International Comfort Technologies Private Limited carries interest to be charged on loan linked to 1.37% over 3M T- Bill. Rates as applicable on the date of agreement shall be revised at interval of every 3 months .The loan is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period from the first disbursement.

c. USD Term Loan taken by International Comfort Technologies Private Limited carries interest of 2.25% p.a. and is repayable in 16 equal installments with in 5 years of disbursement considering 1 year of moratorium period from the first disbursement.

d. Euro Term Loan from Citi Bank is taken by International Foam Technologies Spain S.L based on Stand by Letter of Credit from Citi Bank, India secured by exclusive charge on certain fixed assets of the Holding Company.

The term loan carry the arithmetic sum of the reference Interest rate viz. 3 month EURIBOR communicated by the bank for the period and accepted by the borrower. The principal amount of Loan will be repaid by the Company in 20 quarterly equated installments as per predefined schedule and with first installment started from October, 2020 and last installment due in October, 2025.

e. AUD Term Loan from Citi Bank, Australia is taken by Joyce Foam PTY Limited secured by a first registered mortgage over the freehold property and by a fixed and floating charge over all the assets and undertaking of the consolidated group including plant & machinery . The term loans carry an interest rate which is aggregate of the applicable Margin and BBSY Bid communicated by the bank for the interest period and accepted by the borrower. The principal amount of the loan will be repaid in 60 monthly instalments as per predefined schedule with the first installment started from July 2021 and the last installment due in June 2026. The facility agreement with Citi Bank requires the following covenants to be maintained at a group and a company level mention below:-

- i. Gross Leverage ratio (Group) less than 2.5
- ii. Debt service coverage ratio (Group) greater than 1.4
- iii. Debt to Tangible Net Worth (Group) less than 2.0
- iv Fixed Asset Coverage Ratio (Company) greater than 1.25

As at the end of the reporting period the above ratios has been complied with.



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

f. Purpose of loan and its utilization.

Particulars of loan	Purpose (as per Loan Agreement)	Whether used for the purpose stated in the loan Agreement	If no, mention the purpose for which it is utilized
JP Morgan (INR loan)	The facility shall be used by the borrower towards Capex at their new plants in Nandigram and Jabalpur.	Yes	Not Applicable
Kotak Mahindra (USD Loan)	For capex at Maneri, Medhi Niwas, Jabalpur, Madhya Pradesh and Nandigram, Umbergaon, Valsad, Gujarat.	Yes	Not Applicable
Citi Bank Loan (Euro Loan)	The purpose of the loan is the acquisition of the shares of the target company.	Yes	Not Applicable
Citi Bank Loan (AUD Loan)	The facility shall be used for capital expenditure for acquisition of Plant , Machinery and equipment.	Yes	Not Applicable

g. Repayment schedule for secured loans during the period

Particulars	Citi Bank Spain (AUD Loan)	Citi Bank Spain (EURO Loan)	JP Morgan (INR Loan)	Kotak Mahindra (USD Loan)
Number of instalments due (Nos)	36	9	15	15
Frequency of Installments	Monthly	Quarterly	Quarterly	Quarterly
Rate of Interest (%)	BBSY+ Applicable Margin	3 Month EURIBOR	1.37% over 3M T- Bill rates	2.25%
Within one year (Rs. in Millions) (refer note no 10)	186.18	665.49	135.76	193.00
After one year but not more than 5 years (Rs. in Millions)	550.12	1,116.22	373.34	530.75
More than 5 years (Rs. in Millions)	-	-	-	-

NOTE 10 : BORROWINGS (CURRENT)

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Secured		
Term loan from banks		
- INR bank loan	135.76	135.76
- USD bank loan	193.00	193.41
- AUD term Loan	186.18	188.65
- EURO term Loan	665.49	596.09
Working capital Loans from Banks (refer note a below)	190.05	192.58
	1,370.48	1,306.49
Unsecured		
Loan from financial credit institutions (refer note b below)	571.42	531.56
	571.42	531.56
Total	1,941.90	1,838.05

Note:

a. The Joyce foam PTY Ltd., Australia has taken working capital facility to meet day to day funds requirement with interest rate for this facilities @ 5.64% approx.

b. The Interplasp S.L, Spain has taken discounting and foreign trade facilities to meet day to day working capital requirement with interest rate for these facilities ranging from 0.90% to 1.10% (March 31, 2023 : 0.90% to 1.10%).



NOTE 11 : REVENUE FROM OPERATIONS

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Sale of products	6,417.70	6,984.13
Sale of services	26.44	15.66
	6,444.14	6,999.79
Other operating revenue		
-Rodeep scheme subsidy	0.25	0.57
-Income from sale of processed scrap	6.47	8.35
Total	6,450.86	7,008.71

Reclassifications and comparative figures:-

Certain reclassifications have been made to the comparative period's financial statements to enhance comparability with the current period's financial statements. As a result, certain line items have been reclassified in the statement of profit and loss, the details of which are as under:

Items of Statement of Profit and Loss before and after reclassification for the period ended June 30, 2022

Particulars	(Rs. in Millions)		
	Amount before reclassification	Reclassification	Amount after Reclassification
Revenue from operations	7,291.24	(284.53)	7,006.71
Other Income	184.22	(4.47)	179.75
Cost of Materials Consumed	4,173.58	156.71	4,330.29
Employee benefits expense	694.59	(5.05)	689.54
Finance costs	52.60	(4.47)	48.13
Other Expenses	1,372.34	(436.18)	936.16

NOTE 11.1 : DISAGGREGATED REVENUE INFORMATION

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segment	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Geographical Revenue		
Type of goods		
Revenue from external customers	6,417.70	6,984.13
Total revenue from contracts with customers		
India	4,470.26	4,787.45
Outside India	1,947.44	2,196.68
	6,417.70	6,984.13
Type of services (IT Support Services)		
Revenue from external customers	26.44	15.66
Total revenue from contracts with customers		
India	18.42	5.97
Outside India	8.02	9.69
	26.44	15.66
Total revenue from contracts with customers	6,444.14	6,999.79

NOTE 11.2 : CONTRACT BALANCES

The following table provides information about receivables and contract liabilities from contract with customers.

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Contract Liabilities		
Advance from customers	273.88	377.47
Receivables		
Trade Receivables	2,828.84	2,819.76

Note:

Receivables is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customers in advance.



NOTE 11.3 : RECONCILING THE AMOUNT OF REVENUE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS WITH THE CONTRACTED PRICE

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Revenue as per contracted price (goods and services)	6,941.84	7,423.66
Less: Adjustments		
Sales return	31.38	20.14
Rebate and discount	466.32	403.73
Revenue from contracts with customers	6,444.14	6,999.79

NOTE 11.4 : PERFORMANCE OBLIGATIONS

The performance obligation for sale of product is considered as fulfilled according to the terms agreed with the respective customer.

The performance obligation for sale of services is satisfied over the period of time as per contract with customers.

NOTE 12 : COST OF MATERIALS CONSUMED

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Raw material		
Opening inventory	1,989.41	1,868.34
Add: Purchases	3,387.78	4,219.33
Less: Sales/adjustments	(132.28)	(119.10)
Less: Closing inventory (including goods in transit of Rs. 24.23 Millions (June 30, 2022: Rs. 338.16 Millions))	(1,841.53)	(1,837.09)
Raw materials consumed	3,403.38	4,131.48
Packing Material		
Opening inventory	63.39	16.84
Add: Purchases	135.84	279.96
Less: Sales/adjustments	(12.43)	(15.64)
Less: Closing inventory (including goods in transit of Rs. Nil)	(50.50)	(82.35)
Packing materials consumed	136.30	188.81
Cost of materials consumed	3,539.68	4,320.29

NOTE 13 : PURCHASE OF STOCK-IN-TRADE

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Traded Goods -Bed sheets/comforters/PU foam/spring/coir mattresses	124.83	210.97
Total	124.83	210.97

NOTE 14 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Closing stock:		
Finished Goods	283.79	373.02
Stock in trade	168.81	104.27
Work-in-progress	398.68	582.09
Right to recover return goods	12.84	15.03
	864.22	1,074.41
Opening stock:		
Finished Goods	342.96	368.37
Stock in trade	259.03	84.02
Work-in-progress	539.72	611.84
Right to recover return goods	14.81	16.61
	1,156.52	1,080.84
Changes in inventories of finished goods, stock-in-trade and work-in-progress	292.10	6.43



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

NOTE 15 : RELATED PARTY TRANSACTIONS

(A) Names of related parties and nature of relationship are given below :

Relationship	Name of the party
a. Enterprises exercising control (Parent Company)	Sheela Foam Limited
b. Entities in which Key Management Personnel or their Relatives have significance influence	Rangoli Resorts Pvt. Ltd. Sleepwell Foundation (Trust)
c. Key management personnel (Executive Directors)	Mr. Rahul Gautam Mrs. Namita Gautam Mr. Tushaar Gautam Mr. Rakesh Chahar Mr. Kevin Graham Mr. Rajiv Dhar Mr. D. Alejandro Juan Palao Serrano

(B) Disclosure of transactions between the Group and related parties during the period:

Particulars	(Rs. in Millions)	
	For the Period ended June 30, 2023 (Unaudited)	For the Period ended June 30, 2022 (Unaudited)
(i) Sale of material/ capital goods		
Related entities		
Sleepwell Foundation (Trust)	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
(ii) Key management personnel		
Compensation of Key management personnel		
Short-term Employee Benefits	38.03	31.13
Post Employment Benefits	0.38	0.36
	<u>38.41</u>	<u>31.49</u>
(ii) Contribution for CSR Expenses		
Sleepwell Foundation (Trust)	13.50	4.50
	<u>13.50</u>	<u>4.50</u>

(C) Disclosure of balances outstanding at the end of the reporting period:

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Post employee benefit plan for the benefitted employees		
SFL Employee Gratuity Trust	52.83	43.90
Payable to key managerial personnel	28.69	69.31
Trade Receivable		
Sleepwell Foundation (Trust)	0.01	-



NOTE 16 : FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Group has disclosed financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

NOTE 17 : FAIR VALUE HIERARCHY

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

-Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

-Level 2 - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

-Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in preference shares, other investments, loans receivables and lease receivables included in level 3.

Valuation Processes

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the group chief financial officer (CFO) including board of directors. Discussions of valuation processes and results are held between the CFO and the valuation team every month. The Group takes the help of independent valuers for valuation purposes.

Fair Valuation Technique

The carrying amounts of trade receivables, trade payables, creditors towards capital goods, cash and cash equivalents, investment in pref. share, other investment and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values financial assets and liabilities consisting of loans receivable, lease receivable, lease liabilities, security deposits receivable and security deposit payable were calculated based on cash flows discounted using estimated borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at June 30, 2023 (Unaudited):

Fair Value measurement hierarchy of Assets:			(Rs. in Millions)		
Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value though profit and loss					
Other Investments	June 30, 2023	4,215.77	3,374.80	840.97	-
Financial Assets measured at amortized cost					
Other Investments	June 30, 2023	2.75	-	-	2.75
Loans	June 30, 2023	26.10	-	-	26.10
Trade receivables	June 30, 2023	2,828.84	-	-	2,828.84
Cash and cash equivalents	June 30, 2023	353.25	-	-	353.25
Bank balances other than cash and cash equivalents	June 30, 2023	18.57	-	-	18.57
Other financial assets	June 30, 2023	3,289.38	-	-	3,289.38
			(Rs. in Millions)		
Particulars	June 30, 2023 (Unaudited)		March 31, 2023 (Audited)		
Assets for which Fair Values are disclosed:					
Investment Property	1,143.20*		1,143.20		

* As per latest valuation report available with the company as on dated March 31, 2023



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

Fair Value measurement hierarchy of Liabilities:

(Rs. in Millions)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities measured at amortized cost					
Borrowings	June 30, 2023	4,512.33	-	-	4,512.33
Lease liabilities	June 30, 2023	1,407.58	-	-	1,407.58
Trade payables	June 30, 2023	2,217.27	-	-	2,217.27
Other financial liabilities	June 30, 2023	1,176.02	-	-	1,176.02

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023 (Audited):

Fair Value measurement hierarchy of Assets:

(Rs. in Millions)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss					
Other Investments	March 31, 2023	7,680.94	7,116.85	564.09	-
Financial Assets measured at amortized cost					
Other Investments	March 31, 2023	2.76	-	-	2.76
Loans	March 31, 2023	26.10	-	-	26.10
Trade receivables	March 31, 2023	2,819.76	-	-	2,819.76
Cash and cash equivalents	March 31, 2023	422.71	-	-	422.71
Bank balances other than cash and cash equivalents	March 31, 2023	2.67	-	-	2.67
Other financial assets	March 31, 2023	61.90	-	-	61.90

Fair Value measurement hierarchy of Liabilities:

(Rs. in Millions)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities measured at amortized cost					
Borrowings	March 31, 2023	4,676.12	-	-	4,676.12
Lease liabilities	March 31, 2023	1,034.75	-	-	1,034.75
Trade payables	March 31, 2023	2,594.14	-	-	2,594.14
Other financial liabilities	March 31, 2023	1,176.45	-	-	1,176.45

NOTE 18 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprises of Borrowings, Lease Liabilities, deposits from dealers, trade and other payables. The main purpose of these financial liabilities is to finance The Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for The Group are accountable to the Board of Directors and Audit Committee. This process provides assurance to group's senior management that The Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with group policies and group risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:



Sheela Foam Limited

Notes forming part of the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include deposits from dealers, investments and foreign currency receivables and payables.

The sensitivity analysis in the following sections relate to the position as at June 30, 2023 and March 31, 2023.

The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of June 30, 2023 and March 31, 2023.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency). The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. The Group is exposed to foreign currencies such as "USD", "AED", "GBP" and "EURO".

The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	(Rs. in Millions)	
		As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Financial assets:			
Trade receivables	USD	47.57	81.78
Trade receivables	AED	27.71	20.59
Financial liabilities:			
Trade payables	USD	(55.08)	(235.80)
Trade payables	EURO	(7.99)	(3.31)
Trade payables	GBP	-	(2.00)
Creditors for Capital Goods	EURO	-	(5.94)
Creditors for Capital Goods	USD	(1.03)	-
Term Loan	USD	(723.75)	(773.63)
Net assets / (liabilities)		(712.55)	(918.31)

Foreign currency sensitivity analysis

The Group is mainly exposed to USD, EURO, GBP, AUD and AED. The following table demonstrate the sensitivity to a reasonably possible change in respective exchange rates, with all other variables held constant.

Foreign currency sensitivity

Currency	%	(Rs. in Millions)	
		As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
USD	2%	(14.65)	(18.55)
USD	(2%)	14.65	18.55
EURO	3%	(0.24)	(0.28)
EURO	(3%)	0.24	0.28
GBP	2%	-	(0.04)
GBP	(2%)	-	0.04
AED	2%	0.55	0.41
AED	(2%)	(0.55)	(0.41)

(ii) Interest risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group's financial liabilities comprises mainly of interest-bearing project term loans. However these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

(iii) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, The Group has entered into various purchase contracts for these material for which there is an active market. The Group's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further The Group increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.



b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

(i) Trade receivables

Customer credit risk is managed by the Group through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit limits, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof. Concentration of credit risk with respect to trade receivables are limited, due to Group's customer base being large and diverse. All trade receivables are reviewed and assessed for default on monthly basis.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Surplus funds are invested in bank deposits, bonds, debentures and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at June 30, 2023 and March 31, 2023 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Non-current assets		
- Investments	841.01	564.13
- Loans	19.69	19.39
- Other financial assets	50.14	51.90
Current assets		
- Investments	3,377.51	7,119.57
- Trade receivables	2,828.84	2,819.76
- Cash and cash equivalents	353.25	422.71
- Bank balances other than cash and cash equivalents	18.57	2.67
- Loans	6.41	6.71
- Other financial assets	3,229.24	10.00
Total	10,734.66	11,016.84

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short-term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	(Rs. in Millions)		
	Less than 1 Year	More than 1 Year	Total
As at June 30, 2023 (Unaudited)			
Trade payables	2,217.27	-	2,217.27
Other financial liabilities	899.63	276.39	1,176.02
Borrowings	1,941.90	2,570.43	4,512.33
Lease Liability	214.16	1,193.42	1,407.58
	5,272.96	4,040.24	9,313.20
As at March 31, 2023 (Audited)			
Trade payables	2,582.23	1.91	2,584.14
Other financial liabilities	917.05	269.40	1,186.45
Borrowings	1,838.05	2,838.07	4,676.12
Lease Liability	159.84	874.91	1,034.75
	5,507.17	3,974.29	9,481.46



NOTE 19 : COMMITMENTS FOR EXPENDITURE

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 236.00 Millions (March 31, 2023: Rs. 335.73 Millions))	605.06	653.83
	<u>605.06</u>	<u>653.83</u>

NOTE 20 : CONTINGENT LIABILITIES

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Claims against the holding company not acknowledged as debt (refer note below)		
Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards		
- Sales tax	44.00	44.00
- Entry tax	5.77	19.41
- Income tax	56.50	56.50
- Excise Duty	41.06	41.06

Note:

The Group is contesting these demands and the management including its advisers are of the view that these demands may not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the holding company's financial position and results of operations. The Holding Company does not expect any reimbursement in respect of these contingent liabilities, and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the appellant proceedings.

NOTE 21 : SEGMENT INFORMATION

Operating segment information

The Group is majorly engaged in the manufacturing of the products of same type/class and as such there is no reportable segment. As per Indian Accounting Standard (Ind AS-108) dealing with the operating segments, Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors of the Holding Company.

Geographical information

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Revenue from external customers	4,495.40	4,800.34
Within India	1,955.46	2,206.37
Outside India	<u>6,450.86</u>	<u>7,006.71</u>
Total revenue		

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Non-Current Assets	5,435.96	5,234.17
Within India	7,396.11	6,768.85
Outside India	<u>12,832.07</u>	<u>12,003.02</u>
Total non-current assets		

The revenue information is based on location of customers and excluding other operating revenue.



NOTE 22 : DERIVATIVES AND HEDGING

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. Information about the derivatives used by the Company and outstanding as at the end of the financial year/period is provided below.

Particulars	(Rs. in Millions)			
	Financial Assets		Financial Liabilities	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Derivatives designated as Hedging Instruments:				
Cross currency interest rate swap	-	-	82.22	94.6
Derivatives not designated as Hedging Instruments:				
Principal Only Swap	-	-	116.24	132.23
Forward contract	-	-	(0.05)	-

(ii) Hedging activities

Foreign Currency Risk

The Holding Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions.

Derivatives designated as hedging instruments are accounted for as cash flow hedges.

(iii) Hedge Effectiveness

For derivatives designated as hedging instruments, there is an economic relationship between the hedged items and the hedging instruments as the terms of the hedge contracts match the terms of hedge items. The Holding Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and interest rate are identical to the hedged risk components. To test the hedge effectiveness, the Holding Company compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

(iv) Source of Hedge Ineffectiveness

For derivatives designated as hedging instruments, in case of foreign currency risk and interest rate risk, the main source of hedge ineffectiveness is the effect of the counterparty's credit risk on the fair value of hedge contracts, which is not reflected in the fair value of the hedged items. The effect of this is not expected to be material.

(v) Disclosures of effects of Cash Flow Hedge Accounting:

Hedging Instruments

The Holding Company has taken derivatives to hedge its loan given to its subsidiary.

Particulars	(Rs. in Millions)		
	Less than 1 year	1 to 5 year	More than 5 Years
Cross currency interest rate swap			
As at June 30, 2023 (Unaudited)			
Nominal Amount	-	-	641.68
As at March 31, 2023 (Audited)			
Nominal Amount	-	-	641.68

(vi) The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Cash flow Hedge Reserve at the beginning of the period	(26.03)	-
Total hedging gain/(loss) recognised in OCI	8.52	-
Income tax on above	(2.15)	-
Ineffectiveness recognised in profit or loss	16.04	-
Line item in the statement of profit or loss that includes the recognised ineffectiveness	Net gain on foreign currency forward contract in "other income"	-
Amount reclassified from OCI to profit or loss	-	-
Income tax on above	-	-
Cash flow Hedge Reserve at the end of the period	(19.66)	-
Line item in the statement of profit or loss that includes the reclassification adjustments	Not applicable	-



(vii) The outstanding position of derivative instrument is as under:

Nature	Currency	Purpose	As at June 30, 2023 (Unaudited)		As at March 31, 2023 (Audited)	
			(Nominal value) (Rs. in Millions)	(Notional value) Foreign Currency (in Millions)	(Nominal value) (Rs. in Millions)	(Notional value) Foreign Currency (in Millions)
Cross currency interest rate swap	EURO	Hedging of Foreign Currency Loans Principal & Interest	641.68	8.00	641.68	8.00
Principal Only Swap	EURO	Hedging of equity investment in foreign subsidiary	939.00	12.00	939.00	12.00
	Total		1,680.68	20.00	1,580.68	20.00

Exchange rates used for conversion of foreign currency exposure:

Currency	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
EURO	89.1258	89.6076

(viii) The impact of the hedging instruments on the statement of financial position is as under:

Particulars	(Rs. in Millions)	
	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Nominal Amount	641.68	641.68
Carrying Amount (net)	713.01	716.86
Line item in the statement of financial position that's includes Hedging Instruments	Other current financial liabilities	Other current financial liabilities
Change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness for the period/year - Gain / (Loss)	6.37	(26.03)

(ix) Hedge Items

The impact of the Hedged Items on the statement of financial position is as follows:

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Balance in Cash flow hedge reserve as at the end of the period/year for continuing hedges (net of tax)	(19.66)	-
Change in value of the hedged item used for measuring ineffectiveness for the period	6.37	-

(x) Particulars of unhedged foreign currency exposure as at balance sheet date:

Particulars	Currency	As at June 30, 2023 (Unaudited)		As at March 31, 2023 (Audited)	
		FC in Millions	Rs. in Millions	FC in Millions	Rs. in Millions
Trade payables	USD	(0.67)	(55.06)	(2.87)	(235.80)
	EURO	(0.09)	(7.99)	(0.04)	(3.31)
	GBP	-	-	(0.02)	(2.00)
Creditors for Capital Goods	EURO	-	-	(0.07)	(5.94)
	USD	(0.01)	(1.03)	-	-
Term Loan	USD	(8.82)	(723.75)	(9.41)	(773.63)
Trade receivables	USD	0.58	47.57	0.99	81.78
	AED	1.24	27.71	0.92	20.59



NOTE 23 : INCOME TAX EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Particulars	(Rs. in Millions)	
	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited)
Current tax	172.24	163.41
In respect of current period	-	0.03
Tax expenses related to earlier periods	<u>172.24</u>	<u>163.44</u>
Deferred tax		
Origination and reversal of temporary differences including Tax impact on Other Comprehensive Income	(1.27)	(16.56)
	<u>(1.27)</u>	<u>(16.56)</u>
Total income tax expense recognised in the current period including tax impact on Other Comprehensive Income	<u>170.97</u>	<u>146.88</u>

NOTE 24: EXCEPTIONAL ITEMS

During the quarter ended June 30, 2023, a fire outbreaked at Silvassa location of the Holding company on June 28, 2023 which resulted in loss of inventory and fixed assets amounting to Rs. 109.53 Millions. The Holding Company has recognised this loss as 'Exceptional items' in the statement of profit and loss. The Holding Company is in the process of filing the insurance claim. In the absence of reasonable certainty of collection, the same has not been accounted in these condensed interim consolidated financial statements.

NOTE 25: EVENTS AFTER THE REPORTING DATE

The Holding Company is in the process of acquiring 94.66% shareholding in 'Kurton Enterprise Limited' at an equity valuation of Rs. 21,500 Millions (Approx Cost of investment is Rs. 20,350 Millions). The transfer of control will occur on fulfilment of certain conditions and in the absence of fulfilment of such conditions, this transaction has not been accounted in these condensed interim consolidated financial statements. Further, the Holding Company had acquired 35% shareholding in 'House of Kieraya Private Limited (Furlenco)' with an approx. cost of Investment of Rs. 3,000/- Million on August 29, 2023. Further, the management intends to raise required funds through a mix of Qualified Institutions Placement (QIP) of eligible securities and Debt Securities including but not limited to non-convertible securities on private placement basis within the borrowing limits of the Company as approved by the shareholders, for the partial funding of the aforementioned transaction.

NOTE 26: FOLLOWING ARE THE RECLASSIFICATIONS MADE IN THE PREVIOUS PERIOD FIGURES TO MAKE THEM COMPARABLE/ BETTER PRESENTATION WITH THE CURRENT PERIOD FIGURES:

Particulars	(Rs. in Millions)		Nature
	June 30, 2022 (Revised)	June 30, 2022 (Published)	
Income			
Revenue from Operations	7,006.71	7,291.24	Reclassification items
Other income	179.75	184.22	Reclassification items
Expenses			
Cost of materials consumed	4,330.29	4,173.58	Reclassification items
Employee benefits expense	689.54	694.59	Reclassification items
Finance Costs	48.13	52.60	Reclassification items
Other expenses	936.16	1,372.34	Reclassification items

NOTE 27: SCHEME OF AMALGAMATION WITH WHOLLY OWNED SUBSIDIARY OF THE HOLDING COMPANY

The Scheme of Amalgamation of the wholly owned subsidiary, i.e., International Comfort Technologies Private Limited ("ICTPL" or "Transferor Company") with Sheela Foam Limited ("SFL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Delhi ("NCLT"). The same will be accounted for in the books of accounts, in accordance with appendix C to Ind AS-103 on the approval from NCLT.

For M S K A & Associates
Chartered Accountants
Firm Registration No.: 105047W

Nipun Gupta

Nipun Gupta
Partner
Membership No.: 502896



Place: Gurugram
Date: September 20, 2023

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

Rahul Gautam
Rahul Gautam
Managing Director
DIN:00192999

Jushaar Gautam
Jushaar Gautam
Whole Time Director
DIN:01646487

Amit Kumar Gupta
Amit Kumar Gupta
Group Chief Financial Officer

Md. Iqbal Ahmad

Md. Iqbal Ahmad
Company Secretary
Membership No.: A20921

Place: Noida
Date: September 20, 2023