

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Stanley OEM Sofas Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Stanley OEM Sofas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Information Other than the 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 board report, but does not include the standalone financial statements and our auditor's report thereon. The board report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including cash flows in accordance with the Accounting Standards 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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

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Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Other Matters**

Due to COVID-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these financial statements.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S



**Sathya P Koushik**  
Partner  
(Membership No.206920)  
UDIN: 21206920AAAAAH5923

Place: Bengaluru  
Date: December 29, 2020

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Stanley OEM Sofas Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". 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 Companies Act, 2013.

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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

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## **Deloitte Haskins & Sells**

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S



**Sathya P Koushik**

Partner

(Membership No.206920)

UDIN: 21206920AAAAAH5923

Place: Bengaluru

Date: December 29, 2020

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details of fixed assets and is in the process of updating situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) According to information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues as applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

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- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2020 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of Order 2016 is not applicable to the Company.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate Company or persons connected with him and hence provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No. 008072S



**Sathya P Koushik**  
Partner

(Membership No.206920)  
UDIN: 21206920AAAAAH5923

Place: Bengaluru  
Date: December 29, 2020



**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Balance Sheet as at 31 March 2020**

(All amounts in Rupees unless otherwise stated)

Particulars	Note No	As at 31 March 2020 (Amount In Rs.)	As at 31 March 2019 (Amount In Rs.)
<b>A Equity and Liabilities</b>			
<b>1 Shareholder's Funds</b>			
a) Share capital	3	37,600,000	37,600,000
b) Reserves and surplus	4	(24,757,603)	(20,917,080)
		<b>12,842,397</b>	<b>16,682,920</b>
<b>2 Non-current liabilities</b>			
a) Long-term borrowings	5	100,550,891	118,060,939
b) Long-term provisions	6	80,939	486,104
c) Deferred tax Liability (Net)		2,525,315	-
		<b>103,157,145</b>	<b>118,547,043</b>
<b>3 Current Liabilities</b>			
a) Trade Payables	7		
(A) total outstanding dues of micro enterprises and small enterprises; and		5,704,681	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		50,711,372	14,043,563
b) Other Current Liabilities	8	3,340,779	10,344,300
c) Short Term Provisions	9	4,324,625	3,745,744
		<b>64,081,458</b>	<b>28,133,608</b>
<b>Total</b>		<b>180,081,000</b>	<b>163,363,571</b>
<b>B Assets</b>			
<b>1 Non Current Assets</b>			
a) Property Plant and Equipment	10	43,660,104	48,263,180
b) Long Term Loans and Advances	11	7,169,280	7,169,280
c) Deferred tax Asset (Net)	24.12	-	7,242,947
		<b>50,829,384</b>	<b>62,675,407</b>
<b>2 Current assets</b>			
a) Inventories	12	46,725,025	27,159,946
b) Trade Receivables	13	18,848,747	28,005,626
c) Cash and Cash Equivalents	14	30,851,107	7,741,014
d) Short Term Loans and Advances	15	32,468,367	37,781,579
e) Other Current Assets	16	358,370	-
		<b>129,251,616</b>	<b>100,688,164</b>
<b>Total</b>		<b>180,081,000</b>	<b>163,363,571</b>

See accompanying notes forming part of the financial statements 1-24

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No. 008072S

**Sathya P Koushik**

Partner

Membership No.206920

Place: Bangalore

Date: December 29, 2020



for and On behalf of the Board of Directors

**Sunil Suresh**

Director

DIN 01421517

Place: Bangalore

Date: December 29, 2020

**Shubha Sunil**

Director

DIN 01363687

**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Statement of Profit and Loss for the year ended 31 March, 2020**

Particulars	Note No	For the Year ended 31 March 2020 (Amount In Rs.)	For the Year ended 31 March 2019 (Amount In Rs.)
1 Revenue from operations	17	266,622,357	225,692,190
2 Other income	18	1,975,693	1,226,662
<b>Total Revenue</b>		<b>268,598,050</b>	<b>226,918,852</b>
<b>3 Expenses</b>			
a) Cost of materials consumed	19	179,119,046	170,257,719
b) Changes in inventories of finished goods and work in progress	20	(382,288)	(2,082,047)
c) Employee benefits expense	21	31,942,103	31,458,463
d) Finance costs	22	8,493,217	8,542,446
e) Depreciation expenses	10	4,603,076	4,911,543
f) Other expenses	23	38,895,158	27,319,880
<b>Total Expenses</b>		<b>262,670,313</b>	<b>240,408,004</b>
<b>4 Profit/ (Loss) before tax</b>		<b>5,927,737</b>	<b>(13,489,152)</b>
<b>5 Tax Expense</b>			
a) Current tax expense		-	-
b) Deferred tax charge/(credit)	24.12	9,768,262	(3,468,136)
		9,768,262	(3,468,136)
<b>6 Profit/ (Loss) after tax</b>		<b>(3,840,525)</b>	<b>(10,021,016)</b>
Profit/Loss Per Share			
a) Basic	24.11	(1.02)	(2.67)
b) Diluted		(1.02)	(2.67)

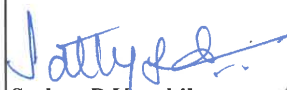
See accompanying notes forming part of the financial statements 1-24

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No. 008072S



**Sathya P Koushik**

Partner

Membership No.206920



Place:Bangalore

Date: December 29,2020

*for and On behalf of the Board of Directors*



**Sunil Suresh**

Director

DIN 01421517



**Shubha Sunil**

Director

DIN 01363687

Place:Bangalore

Date: December 29,2020

**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Cash flow statement for the year ended 31 March, 2020**

Particulars	For the Year ended 31 March 2020 (Amount In Rs.)	For the Year ended 31 March 2019 (Amount In Rs.)
<b>A. Cash Flow From Operating Activities</b>		
Profit before Tax	5,927,737	(10,021,016)
<b>Adjustments for:</b>		
Interest Income	(514,076)	(840,976)
Deferred tax Expenses	-	(3,468,136)
Depreciation	4,603,076	4,911,543
Financial Charges	8,493,217	8,542,446
Provision for doubtful trade receivables and bad debts written-off	831,996	-
<b>Operating profit/(loss) before working capital changes</b>	<b>19,341,950</b>	<b>(876,139)</b>
<b>Changes in working capital:</b>		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(19,565,080)	(7,421,269)
Short Term Loans and Advances	5,313,212	(22,483,863)
Other Current Assets	(358,370)	450,234
Trade Receivables	8,324,883	(21,484,758)
Increase in Long term loans and advances	-	(764,442)
Adjustments for increase/(decrease) in operating liabilities:		
Other Current Liabilities	(7,003,521)	(70,946,328)
Trade Payables	42,372,490	7,549,928
Long Term Provisions	-405,165	382,730
Short Term Provisions	578,881	1,748,166
<b>Net cash flow (used in)/from operating activities -(A)</b>	<b>48,599,280</b>	<b>(113,845,740)</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Property Plant and Equipment	-	(3,823,979)
Interest Income	514,076	840,976
<b>Net cash flow used in investing activities - (B)</b>	<b>514,076</b>	<b>(2,983,003)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds/(Repayment) from/of Long Term Borrowings	(17,510,048)	118,060,939
Financial Charges	(8,493,217)	(8,542,446)
<b>Net cash flow from/(used in) financing activities -(C)</b>	<b>(26,003,265)</b>	<b>109,518,494</b>
<b>D. Net (Decrease)/Increase In Cash And Cash Equivalents(A)+(B)+(C)</b>	<b>23,110,091</b>	<b>(7,310,249)</b>
Cash and cash equivalents at the beginning of the year	7,741,015	15,051,265
<b>Cash and cash equivalents at the end of the year</b>	<b>30,851,107</b>	<b>7,741,015</b>

See accompanying notes forming part of the financial statements 1-24

**In terms of our report attached**

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No. 008072S

*Sathya P Koushik*

**Sathya P Koushik**

Partner

Membership No.206920

Place: Bangalore

Date: December 29,2020



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

*Sunil Suresh*  
**Sunil Suresh**  
Director  
DIN 01421517

*Shubha Sunil*  
**Shubha Sunil**  
Director  
DIN 01363687

Place: Bangalore

Date: December 29,2020

**STANLEY OEM SOFAS LIMITED**  
(CIN: U74900KA2015PLC084973)

**Notes forming part of the financial statements**

<b>Note No</b>	<b>Particulars</b>	<b>As at 31 March 2020 (Amount In Rs.)</b>	<b>As at 31 March 2019 (Amount In Rs.)</b>
<b>3</b>	<b>Share Capital</b>		
	Authorised Capital		
	40,00,000 Equity Shares of Rs 10/- each	40,00,000	40,00,000
	Issued, subscribed and fully paid equity shares of Rs. 10 each.		
	37,60,000 Equity Shares of Rs 10/- each	37,60,000	37,60,000
	<b>Total</b>	<b>37,60,000</b>	<b>37,60,000</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

<b>Particulars</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Shares outstanding at the beginning of the year	3,760,000	3,760,000
Shares issued during the year	-	-
<b>Shares outstanding at the end of the year</b>	<b>3,760,000</b>	<b>3,760,000</b>

**(b) Details of shareholders holding more than 5% shares in the company**

<b>Particulars</b>	<b>As at 31 March 2020</b>			<b>As at 31 March 2019</b>		
	<b>No of Shares</b>	<b>% Holding</b>	<b>No of Shares</b>	<b>% Holding</b>	<b>No of Shares</b>	<b>% Holding</b>
Stanley Lifestyles Limited	3,760,000	100%	3,760,000	100%	3,760,000	100%
<b>Total</b>	<b>3,760,000</b>	<b>100%</b>	<b>3,760,000</b>	<b>100%</b>	<b>3,760,000</b>	<b>100%</b>

**(c) Terms/ rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Notes forming part of the financial statements**

<b>Note No</b>	<b>Particulars</b>	<b>As at 31 March 2020 (Amount In Rs.)</b>	<b>As at 31 March 2019 (Amount In Rs.)</b>
<b>4 Reserves and Surplus</b>			
	<b>Balance in Statement of Profit and Loss</b>		
	Opening balance	(20,917,080)	(10,896,064)
	Add: Profit for the year	(3,840,525)	(10,021,016)
	<b>Closing balance</b>	<b>(24,757,603)</b>	<b>(20,917,080)</b>
<b>5 Long-term Borrowings</b>			
	Loans and advances from related parties		
	-Unsecured		
	Loan from Stanley Lifestyles Limited	100,550,891	118,060,939
	All intercompany loans are governed by agreements and the borrower is liable to pay interest at current rate		
	<b>Total</b>	<b>100,550,891</b>	<b>118,060,939</b>
<b>6 Long-term provisions</b>			
	Provision for Gratuity (Refer note 24.7)	-	486,104
	Provision for leave encashment (Refer note 24.7)	80,939	-
	<b>Total</b>	<b>80,939</b>	<b>486,104</b>
<b>7 Trade Payables</b>			
	-Dues of micro enterprises and small enterprises (Refer note 24.2)	5,704,681	-
	-Dues of creditors other than micro enterprises and small enterprises	50,711,372	14,043,563
	<b>Total</b>	<b>50,711,372</b>	<b>14,043,563</b>
<b>8 Other Current Liabilities</b>			
	Interest accrued but not due on borrowings	545,705	7,489,041
	Other Payables		
	Payable to Employees	316,306	1,146,146
	Statutory Liabilities	671,086	1,495,883
	Payables on purchase of fixed assets	-	139,342
	Advances from customers		
	- Related Party	774,273	-
	- Others	1,033,409	73,888
	<b>Total</b>	<b>3,340,779</b>	<b>10,344,300</b>
<b>9 Short Term Provisions</b>			
	Provision for employee benefits		
	Provision for Ex-gratia	2,975,337	2,150,887
	Provision for leave encashment (Refer note 24.7)	6,732	287,100
	Provision for gratuity (Refer note 24.7)	730,556	1,417
	Provision for expenses	612,000	1,306,340
	<b>Total</b>	<b>4,324,625</b>	<b>3,745,744</b>





**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Notes forming part of the financial statements**

Note No	Particulars	As at 31 March 2020 (Amount In Rs.)	As at 31 March 2019 (Amount In Rs.)
<b>11 Long Term Loans and Advances</b> (Unsecured, considered good) Security deposits		7,169,280	7,169,280
<b>Total</b>		<b>7,169,280</b>	<b>7,169,280</b>
<b>12 Inventories *</b> (lower of cost and net realizable value) Raw Materials Work In Progress Finished Goods		38,443,249 1,957,940 6,323,836	19,260,457 3,998,789 3,900,699
<b>Total</b>		<b>46,725,025</b>	<b>27,159,946</b>
<b>13 Trade Receivables</b> Trade receivables outstanding for a period exceeding six months from the date they were due for payment -Unsecured, considered good Other Trade receivables Unsecured, considered good -Unsecured, considered doubtful Less:- Provision for doubtful trade receivables		1,007,077  17,841,670 831,996 (831,996)	-  28,005,626 - -
		17,841,670	28,005,626
<b>Total</b>		<b>18,848,747</b>	<b>28,005,626</b>
<b>14 Cash and Cash Equivalents</b> Cash on hand Balances with Banks: -in current accounts - in deposit accounts (original maturity of less than 3 months)		16,911 15,732,231 15,101,965	95,094 2,127,555 5,518,365
<b>Total</b>		<b>30,851,107</b>	<b>7,741,014</b>
<b>15 Short Term Loans and Advances</b> Balances with government authorities Advances to Suppliers Salary Advance to Staff Prepaid expenses		12,737,565 19,639,802 91,000 -	25,993,388 11,711,904 - 76,287
<b>Total</b>		<b>32,468,367</b>	<b>37,781,579</b>
<b>16 Other Current Assets</b> Interest accrued on fixed deposits		358,370	-
<b>Total</b>		<b>358,370</b>	<b>-</b>



**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Notes forming part of the financial statements**

<b>Note No.</b>	<b>Particulars</b>	<b>For the Year ended 31 March 2020 (Amount In Rs.)</b>	<b>For the Year ended 31 March 2019 (Amount In Rs.)</b>
<b>17</b>	<b>Revenue from operation</b>		
	Sale of products		
	-Manufactured goods	264,270,564	223,751,927
	Other operating revenue	2,351,793	1,940,263
	<b>Total</b>	<b>266,622,357</b>	<b>225,692,190</b>
	Note: The Company operates in one category, namely manufacture and trading of automotive seating covers, furniture, fixtures and accessories.		
<b>18</b>	<b>Other Income</b>		
	Interest Income	514,076	840,976
	Net Gain on foreign currency transactions and translation	1,394,171	312,889
	Other non-operating Income	67,446	72,796
	<b>Total</b>	<b>1,975,693</b>	<b>1,226,662</b>
<b>19</b>	<b>Cost of materials consumed</b>		
	Opening Stock of Manufacturing Goods	19,260,457	13,921,235
	<b>Purchases</b>		
	Import Purchase	75,259,758	49,072,592
	Local Purchase	111,466,505	68,673,002
	Inter State Purchases	-	43,780,218
	Clearing and forwarding Charges	5,642,191	6,873,080
	Customs Duty	5,933,385	7,198,048
	Less: Closing Stock	(38,443,249)	(19,260,457)
	<b>Raw Material Consumed</b>	<b>179,119,046</b>	<b>170,257,719</b>
<b>20</b>	<b>Changes in inventories of finished goods and work in progress</b>		
	<b>a) Work In Progress</b>		
	Opening Stock	3,998,789	2,885,385
	Closing Stock	1,957,940	3,998,789
	<b>Work In Progress</b>	<b>2,040,849</b>	<b>(1,113,404)</b>
	<b>b) Finished Goods</b>		
	Opening Stock	3,900,699	2,932,056
	Closing Stock	6,323,836	3,900,699
	<b>Finished Goods</b>	<b>(2,423,137)</b>	<b>(968,643)</b>
	<b>Total Increase In Stock (a+b)</b>	<b>(382,288)</b>	<b>(2,082,047)</b>
<b>21</b>	<b>Employee Benefits Expense</b>		
	Salaries and Wages	28,312,529	29,167,134
	Gratuity (refer note 24.7)	651,035	383,917
	Contribution to Provident Fund and others	2,763,704	1,785,621
	Staff welfare expenses	214,835	121,791
	<b>Total</b>	<b>31,942,103</b>	<b>31,458,463</b>



**STANLEY OEM SOFAS LIMITED**

(CIN: U74900KA2015PLC084973)

**Notes forming part of the financial statements**

<b>Note No.</b>	<b>Particulars</b>	<b>For the Year ended 31 March 2020 (Amount In Rs.)</b>	<b>For the Year ended 31 March 2019 (Amount In Rs.)</b>
<b>22</b>	<b>Finance costs</b>		
	Interest on borrowings	8,493,217	8,542,446
	<b>Total</b>	<b>8,493,217</b>	<b>8,542,446</b>
<b>23</b>	<b>Other Expenses</b>		
	Rent	10,525,401	9,768,144
	Clearing & Forwarding charges	3,045,843	1,998,585
	Power & Fuel	2,944,142	2,302,417
	Travelling and conveyance	347,260	156,478
	Security Charges	2,275,940	3,288,464
	Repairs and maintenance		
	-Leasehold facilities	65,187	34,236
	-Plant and machinery	1,234,903	609,748
	-Others	457,150	144,168
	Professional, Legal & Consultancy Fees	1,336,494	745,173
	Rates and Taxes	438,066	310,451
	Job work charges	290,232	1,151,562
	Bank Charges	1,147,306	886,132
	Insurance expenses	192,695	97,748
	Payments to the auditors - as Auditors (net of taxes)		
	- For Statutory Audit	177,000	300,000
	Provision for doubtful trade receivables	831,996	-
	Printing & stationary	185,318	269,088
	Common Expenses	8,611,000	1,560,000
	Consumption of stores and spare parts	2,111,324	2,059,337
	Miscellaneous expenses	2,677,901	1,638,150
	<b>Total</b>	<b>38,895,158</b>	<b>27,319,880</b>



**STANLEY OEM SOFAS LIMITED**  
(CIN: U74900KA2015PLC084973)

**Note 10: Property Plant and Equipemnt**

(Amount In Rs.)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	As on 01-Apr-19	Additions	Disposals	As on 31-Mar-20	As on 01-Apr-19	Depreciation for the year	Disposals	As on 31-Mar-20	As on 01-Apr-19
<b>Tangible Asset</b>									
Plant & Machinery	32,898,548	-	-	32,898,548	3,252,723	2,082,723	-	27,563,101	29,645,824
Electrical Equipment	18,228,246	-	-	18,228,246	3,105,180	1,758,389	-	13,364,678	15,123,067
Furniture & Fixtures	1,555,616	-	-	1,555,616	225,792	149,193	-	1,180,631	1,329,824
Office Equipment	1,144,153	-	-	1,144,153	366,590	217,454	-	560,109	777,562
Computers & Printers	888,470	-	-	888,470	476,685	281,854	-	129,930	411,784
Leasehold improvement	1,071,527	-	-	1,071,527	96,408	113,463	-	861,656	975,119
<b>Total</b>	<b>55,786,560</b>	<b>-</b>	<b>-</b>	<b>55,786,560</b>	<b>7,523,378</b>	<b>4,603,076</b>	<b>-</b>	<b>43,660,104</b>	<b>48,263,180</b>



**Stanley OEM Sofas Limited**  
**Notes forming part of the financial statements**

**1. Company overview**

Stanley OEM Sofas Limited ("the Company") was incorporated on 11 October 2007 as a public limited company under the provisions of the Companies Act with its registered office in Bengaluru, India. The Company is primarily engaged in the business of manufacturing and trading of furniture and leather products.

**2. Significant accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis of accounting and comply with the accounting standards prescribed under Section 133 of Companies Act, 2013 ("the Act"). The accounting policies have been consistently applied by the Company. The financial statements are presented in Indian rupees (Rs.).

**2.2 Use of estimates**

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumption that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosures of contingent liabilities on the date of the financial statements. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

**2.3 Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle to be 12 months for the purposes of classification of assets and liabilities as current and non-current as per the requirement of Schedule III of the Act.

**2.4 Cash and cash equivalents**

Cash comprises cash on hand, cheques on hand, demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Other bank balances comprises of balances other than cash equivalents which is expected to be realised within twelve months from the reporting date

**2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit / loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**2.6 Inventories**

Inventories are valued at lower of cost (weighted average method) and net realisable value after providing for obsolescence and other losses, where considered necessary. For traded goods purchases costs include cost of purchase and other costs bringing inventory to there location..

**2.7 Property, plant and equipment, intangible assets, depreciation and amortisation**

**(a) Property, plant and equipment**

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation and/ or accumulated impairment, if any. The cost includes its purchase price, including import duties and other non-refundable taxes or levies (for Leasehold improvements and Vehicles, Goods and Services Tax is not availed but added to the cost of acquisition or construction), freight and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of property, plant and equipment not ready for their intended use at the balance sheet date are disclosed as capital work in progress. Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are disclosed as 'capital advances' under 'long-term loans and advances'.





## 2. Significant accounting policies

### (c) Depreciation and amortisation.

Leasehold improvements are being amortised over the duration of the lease, or estimated useful life of the assets, whichever is lower.

Depreciation is provided on the straight line method over the estimated useful life of fixed assets as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Assets individually costing upto Rupees five thousand are fully depreciated in the year of capitalisation.

### 2.8 Revenue recognition

Revenue from operations

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods:

Revenue from sale of goods in the course of ordinary activities is recognised when the property in the goods and all significant risks and rewards of their ownership are transferred to the customer which generally coincides with delivery to the customers and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. The amount recognised as revenue is exclusive of GST and net of trade and quantity discounts.

Interest:

Interest income is recognised using the time-proportion method, based on underlying interest rates.

### 2.9 Foreign currency transactions and translations

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognised in the statement of profit and loss.

#### Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

### 2.10 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

#### Short-term employee benefits:

All employee benefits payable wholly within 12 months of rendering the service are classified as short-term employee benefits. These include short-term compensated absences. The undiscounted amount of short term employee benefits expected to be paid in exchange for service rendered by employees is recognised as an expense during the year. Benefits such as salaries and wages, etc. and the expected cost of the statutory bonus are recognised in the period in which the employee renders the related service.

#### Defined contribution schemes

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee's provident fund and employee's state insurance to Government administered provident fund scheme and state insurance scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

#### Defined benefits plans

The Company's gratuity benefit scheme is defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by independent actuary at each balance sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. A part of the Company's gratuity scheme is funded with LIC of India. The amount funded with the LIC of India has been netted off against the total liability.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.



## **2. Significant accounting policies**

### **2.11 Leases**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### **2.12 Earnings/ (Loss) per share**

Basic earnings/ (loss) per share is computed by dividing the net profit/(loss) for the year attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year.

Diluted earnings/ (loss) per share is computed by dividing the net profit/(loss) attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share from continuing ordinary operations.

### **2.13 Taxes on income**

Income-tax expense comprises of current tax and deferred tax charge on credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. If there is no virtual certainty of realisation of such assets the Deferred tax assets is created to the extent of Deferred tax liabilities. Deferred tax assets are reviewed as at each Balance Sheet date and written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.



**2. Significant accounting policies**

**2.14 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset (including goodwill) or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

**2.15 Provision for warranty**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

**2.16 Share issue expenses**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

**2.17 Investments**

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**2.18 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



Stanley OEM Sofas Limited

Notes forming part of the financial statements

Note 24 Additional information to the financial statements

24.1	Contingent liabilities and commitments (to the extent not provided for)		
	Particulars	As at 31 March 2020 (Amount In Rs.)	As at 31 March 2019 (Amount In Rs.)
(i)	Contingent liabilities	-	-
		-	-
	Particulars	As at 31 March 2020 (Amount In Rs.)	As at 31 March 2019 (Amount In Rs.)
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible and Intangible assets (net of advances)	-	-

24.2

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006			
	Particulars	As at 31 March 2020 (Amount In Rs.)	As at 31 March 2019 (Amount In Rs.)
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	5,704,681	-
	(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
	(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
	(iv) The amount of interest due and payable for the year	-	-
	(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
	(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			

Note 24 Additional information to the financial statements

24.3

Details on derivative instruments and unhedged foreign currency exposures			
I. The following derivative positions are open as at 31 March, 2020. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.			
(a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and advance to creditors.			
(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2020			
Currency	Amount	Buy / Sell	Cross currency
USD	\$ -	Buy	Rupees
USD	(0.00)	NA	Rupees
Note: Figures in brackets relate to the previous year			
II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:			
As at 31 March 2020 (Amount In Rs.)		As at 31 March 2019 (Amount In Rs.)	
Advance to suppliers/ (Payable)	Advance to suppliers/ (Payable) in Foreign currency	Advance to suppliers/ (Payable)	Advance to suppliers/ (Payable) in Foreign currency
9,110,705	EURO 109,659	5,948,469	EURO 76,505
8,667,694	USD 114,922	5,117,844	USD 73,736
-	-	-137,725	(USD 2304)



Stanley OEM Sofas Limited			
Notes forming part of the financial statements			
24.4	Value of imports calculated on CIF basis:		
	Particulars	For the Year ended 31 March 2020 (Amount In Rs.)	For the Year ended 31 March 2019 (Amount In Rs.)
	Raw materials and traded goods	86,835,334	63,143,720
24.5	Expenditure in foreign currency:		
	Particulars	For the Year ended 31 March 2020 (Amount In Rs.)	For the Year ended 31 March 2019 (Amount In Rs.)
	Testing Charges	105,861	332,781
24.6	Earnings in foreign exchange:		
	Particulars	As at 31 March 2020 (Amount In Rs.)	As at 31 March 2019 (Amount In Rs.)
	Export of goods calculated on FOB basis	184,656,737	127,337,687
24.6a	Details of consumption of imported and indigenous items		
		For the Year ended 31 March 2020	For the Year ended 31 March 2019
		Amount in Rs.	Amount in Rs.
	Raw materials		
	Imported	86,223,862	62,371,548
	Indigenous	92,391,658	105,804,123
	Total	178,615,519	168,175,672
		For the Year ended 31 March 2020	For the Year ended 31 March 2019
		%	%
	Imported	48%	37%
	Indigenous	52%	63%
	Total	100%	100%





Note 24 Additional information to the financial statements

Note	Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
24.7	<b>Employee benefit plans</b>		
24.7.a	Defined contribution plans The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2,245,808 (Year ended 31 March, 2019 Rs. 973,151) for Provident Fund contributions, and Rs. 517,896 (Year ended 31 March, 2019 Rs. 341,923) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.		
24.7.b	Defined benefit plans The Company offers the following employee benefit schemes to its employees: i. Gratuity (included as part of in Note 21 Employee benefits expense)		
	<b>Particulars</b>	<b>Year ended 31 March, 2020</b>	<b>Year ended 31 March, 2019</b>
		<b>Gratuity</b>	<b>Gratuity</b>
	<b>Components of employer's expense</b>		
	Current service cost	519,533	184,010
	Interest cost	35,589	8,009
	Actuarial losses/(gains)	95,913	191,898
	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>651,035</b>	<b>383,917</b>
	<b>Net asset / (liability) recognised in the Balance Sheet</b>		
	Present value of defined benefit obligation	(1,138,556)	(103,603)
	Fair Value of Plan Assets at the end of the Period	408,000	-
	Funded status [Surplus / (Deficit)]	(730,556)	(103,603)
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(730,556)</b>	<b>(103,603)</b>



Particulars	Year ended 31 March, 2020 Gratuity	Year ended 31 March, 2019 Gratuity
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	487,520	487,520
Current service cost	519,533	
Interest cost	35,589	
Actuarial (gains) / losses	95,913	
Present value of DBO at the end of the year	<b>1,138,555</b>	<b>487,520</b>
<b>Actuarial assumptions</b>		
Discount rate	6.56%	7.30%
Salary escalation	10.00%	10.00%
Attrition	10.00%	10.00%
Mortality tables	Indian assumed lives mortality(2006-08)	Indian assumed lives mortality(2006-08)

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.  
The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**Experience adjustments**

	2020-2019	2018-2019	2018-2019
<b>Gratuity</b>			
Present value of DBO	(1,138,555)	(487,520)	(103,603)
Fair Value of Plan Assets at the end of the Period	408,000	-	-
Funded status (Surplus / (Deficit))	(730,555)	(487,520)	(103,603)
Experience gain / (loss) adjustments on plan assets	8,000	47,025	-

24.7c

**Actuarial assumptions for long-term compensated absences**

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Discount rate	6.56%	7.30%
Salary escalation	10.00%	10.00%
Attrition	10.00%	10.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.  
The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.



**Stanley OEM Sofas Limited**  
**Notes forming part of the financial statements**

**Note 24 Additional information to the financial statements**

Note	Particulars
24.8	<p><b>Segment information</b>  The Company operates in one business segment, business of manufacturing and trading of furniture and leather products. In line with Accounting Standard 17, as the relevant information is available from balance sheet and the statement of profit and loss itself, and the Company's operations are predominantly in the domestic market in India, no other disclosures are considered necessary.</p>



**Stanley OEM Sofas Limited**  
**Notes forming part of the financial statements**

**Note 24 Additional information to the financial statements**

Note	Particulars												
24.9	<b>Related party transactions</b>												
24.9.a	<b>Details of related parties:</b>												
	<table> <tr> <th>Description of relationship</th><th>Names of related parties</th></tr> <tr> <td>Holding Company</td><td>Stanley Lifestyles Limited</td></tr> <tr> <td>Fellow Subsidiaries</td><td>Stanley Retail Limited Stanley Automotive Leather Trims Limited ABS Seating Private Limited (1 January 2019 - 31 March 2020)</td></tr> <tr> <td>Entities under common control</td><td>Staras Seating Private Limited (From 26 June, 2019) ABS Seating Private Limited (from 1 Jan 2019) Sana Lifestyles Limited Scheek Home Interiors Limited Shrasta Décor Private Limited</td></tr> <tr> <td>Key Management Personnel (KMP)</td><td>Mr. Sunil Suresh -Chief Executive Officer Shubha Sunil- Director</td></tr> <tr> <td>Entities in which KMP / Relatives of KMP can exercise significant influence</td><td>Staras Seatings Private Limited (upto 25 June, 2019) ABS Seating Pvt. Ltd.(1 April 2018 - 31 December 2018) Saas Kitchens Stanley Estate &amp; Leisure</td></tr> </table>	Description of relationship	Names of related parties	Holding Company	Stanley Lifestyles Limited	Fellow Subsidiaries	Stanley Retail Limited Stanley Automotive Leather Trims Limited ABS Seating Private Limited (1 January 2019 - 31 March 2020)	Entities under common control	Staras Seating Private Limited (From 26 June, 2019) ABS Seating Private Limited (from 1 Jan 2019) Sana Lifestyles Limited Scheek Home Interiors Limited Shrasta Décor Private Limited	Key Management Personnel (KMP)	Mr. Sunil Suresh -Chief Executive Officer Shubha Sunil- Director	Entities in which KMP / Relatives of KMP can exercise significant influence	Staras Seatings Private Limited (upto 25 June, 2019) ABS Seating Pvt. Ltd.(1 April 2018 - 31 December 2018) Saas Kitchens Stanley Estate & Leisure
Description of relationship	Names of related parties												
Holding Company	Stanley Lifestyles Limited												
Fellow Subsidiaries	Stanley Retail Limited Stanley Automotive Leather Trims Limited ABS Seating Private Limited (1 January 2019 - 31 March 2020)												
Entities under common control	Staras Seating Private Limited (From 26 June, 2019) ABS Seating Private Limited (from 1 Jan 2019) Sana Lifestyles Limited Scheek Home Interiors Limited Shrasta Décor Private Limited												
Key Management Personnel (KMP)	Mr. Sunil Suresh -Chief Executive Officer Shubha Sunil- Director												
Entities in which KMP / Relatives of KMP can exercise significant influence	Staras Seatings Private Limited (upto 25 June, 2019) ABS Seating Pvt. Ltd.(1 April 2018 - 31 December 2018) Saas Kitchens Stanley Estate & Leisure												



Stanley OEM Sofas Limited  
Notes forming part of the financial statements

Note 24 Additional information to the financial statements

Note	Particulars			
24.9.b	Particulars	Relationship	For the year ended 31 March 2020	For the year ended 31 March 2019
			Amount (Rs.)	Amount (Rs.)
Particular of Transactions with Related parties during the year				
	<u>Stanley Lifesyles Limited</u>	Holding Company		
	Sales		4,220,377	601,471
	Purchases		32,566,855	46,734,466
	Common expenses accrued		9,988,752	1,840,800
	Recovery of expenses		159,563	24,213,758
	Reimbursement of Expenses		2,736,222	4,563,868
	Long term borrowings		101,096,596	118,060,939
	Interest receivable		15,115,209	7,489,041
	Guarantees released		-	10,000,000
	<u>Stanley Retail Limited</u>	Fellow Subsidiaries		
	Sales		19,415,006	7,720,841
	Recovery of expenses		26,200	-
	<u>Sana Lifesyles Limited</u>	Entities under common control		
	Sales		1,729,422	1,719,843
	<u>Shrasta Décor Pvt Ltd</u>	Entities under common control		
	Sales		576,362	4,099,948
	<u>ABS Scating Pvt. Ltd.</u>	Fellow Subsidiaries		
	Sales		1,050,792	99,284
	<u>Staras Scating Pvt. Ltd.</u>	Fellow Subsidiaries		
	Sales		785,759	2,225,933
	Reimbursement of expenses			107,646
	<u>KMPs</u>			
	<u>Sunil Suresh</u>	Key Managerial Personnel		
	Sales		-	379,576
	Amount received		354,361	25,215





Stanley OEM Sofas Limited  
Notes forming part of the financial statements

Note 24 Additional information to the financial statements

Note	Particulars			
	Particulars	Account	As at 31 March 2020	As at 31 March 2019
24.9.c	<b>Balances as at year end</b>		<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
	ABS Seating Pvt. Ltd.	Advances	100,718	-
	Staras Seating Pvt. Ltd.	Trade receivables	104,595	168,165
	Stanley Lifestyles Limited	Trade Payables	14,459,381	-
	Stanley Lifestyles Limited	Loans Received	100,550,891	118,060,939
	Stanley Retail Limited	Trade receivables	1,545,116	-
	Sana Lifestyles Limited	Trade receivables	113,900	121,301
	Shrasta Décor Pvt Ltd	Trade receivables	-	309,759



**Stanley OEM Sofas Limited**  
**Notes forming part of the financial statements**

**Note 24 Additional information to the financial statements**

		Amount in (Rs.)	
Note	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
24.10	The Company has entered into operating lease arrangement for factory and office premises. The leases are cancellable and may be renewed based on mutual agreement of the parties. Future minimum lease payments not later than one year later than one year and not later than five years later than five years	- - -	- - -
	Lease payments recognised in the Statement of Profit and Loss (refer note 23)	10,525,401	9,768,144
24.11	<b>Earnings per share</b> <u>Basic and diluted</u> Profit / (loss) for the year Profit / (loss) for the year attributable to the equity shareholders Weighted average number of equity shares Par value per share Earnings per share - Basic and diluted	(3,840,525) (3,840,525) 3,760,000 10 (1.02)	(10,021,016) (10,021,016) 3,760,000 10 (2.67)
24.12	<b>Deferred tax (liabilities) / assets</b> <u>Tax effect of items constituting deferred tax liabilities</u> On difference between book balance and tax balance of fixed assets <b>Tax effect of items constituting deferred tax liabilities</b>  <u>Tax effect of items constituting deferred tax assets</u> Provision for, gratuity and other employee benefits Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961 <b>Tax effect of items constituting deferred tax assets</b>	(3,511,642) <b>(3,511,642)</b>  986,327 <b>986,327</b>	3,305,935 <b>3,305,935</b>  10,548,882 <b>10,548,882</b>
	<b>Deferred tax (liabilities) / assets (net)</b>	<b>(2,525,315)</b>	<b>7,242,947</b>




**Stanley OEM Sofas Limited****Notes forming part of the financial statements****Note 24 Additional information to the financial statements**

Note	Particulars
<b>Note 26 Additional information to the financial statements</b>	
24.13	<p>The rapid outbreak of covid -19 pandemic presents alarming and crisis and its impacts are unfolding real time. As a result of government mandates in response to the global pandemic of COVID - 19, the Company's offices, factory and showrooms were temporarily closed from March 21, 2020. The Company has undertaken various steps in order to manage the cash flow considering no sales were made during the mandate period. The results of these steps have helped the Company in sustaining during these unprecedented times. In Management's estimate, there has not been a significant change in the carrying value of receivables or property, plant and equipment, Inventory and other assets as a result of the pandemic or the temporary closures of operations. The Company has started operations from June, 2020. The impact of global health pandemic and any additional government mandate in response to the pandemic, the Company's financial position may change following the date of approval of these standalone financial statements. Management will continue to closely monitor any material changes to the Company's financial positions as a result of changes in future economic conditions, and government actions.</p>
24.14	<p>Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. The financial statements of the Company for the year ended March 31, 2019 were audited by Raghavan, Chaudhuri &amp; Narayan Chartered Accountants, the predecessor auditor.</p>

See accompanying notes forming part of the financial statements

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

  
Sunil Voreesh  
Director  
DIN : 01421517

  
Shubha Sunil  
Director  
DIN: 01363687

Place : Bangalore

Date: December 29, 2020

