

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, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive income, its cash flows and the changes in equity 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 (SAs) specified under Section 143(10) of the Act. 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 Director's Report but does not include the financial statements and our auditor's report thereon.
- 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.

Responsibilities of Management and Those Charged with Governance 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 other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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- 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.

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, except for keeping backup on daily basis of such books of account maintained in electronic mode, in a server physically located in India (Refer Note 46 to the financial statements).
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- f) The observation relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.
- g) With respect to the adequacy of the internal financial controls with reference to financial statements 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 with reference to financial statements.
- h) 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, if any by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- i) 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 has disclosed the impact of pending litigations on its financial position in note 33 of the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 45A to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 45B to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("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)



Sandeep Kukreja

Partner

(Membership No. 220411)
UDIN: 23220411BGQBQT9632

Place: Bengaluru
Date: August 22, 2023
SK/TG/2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls with reference to financial statements of **Stanley OEM Sofas Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS 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 with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 with reference to financial statements 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 with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

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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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements 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)



Sandeep Kukreja

Partner

(Membership No. 220411)
UDIN: 23220411BGQBQT9632

Place: Bengaluru
Date: August 22, 2023
SK/TG/2023

**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)**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of property, plant and equipment:
 - (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

B. The Company does not hold any intangible assets, reporting under clause (i)(a)(B) of the Order is not applicable.
 - (b) The Property, plant and equipment were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.
 - (d) The Company has not revalued any of its property, plant and equipment during the year. The Company does not have any intangible assets and Right of use assets.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)
 - (a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/alternate procedures performed as applicable, when compared with the books of account.
 - (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, quarterly returns or statements comprising stock statements, statements on ageing analysis of the debtors, creditor balance and sales during the quarter is filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters except for the following:

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(Rs in million)

For the quarter ended	Sanctioned amount to which discrepancy relates to	Nature of current assets	Nature of discrepancy	Amount as per Quarterly returns and statements	As unaudited per books of accounts	Difference
December 2022	170	Trade receivables	Month closure entries	49.44	49.45	(0.01)
		Trade payables		38.95	38.93	0.02
March 2023	170	Inventory	Month closure entries	67.16	67.18	(0.02)
		Trade receivables		63.36	63.35	0.01

- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships, or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under Section 148(1) of the Companies Act, 2013. Hence, reporting under clause (vi) of the Order is not applicable
- (vii) In respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities. We have been informed that the provisions of Excise Duty are not applicable to the Company.

Undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable are as given below:

(Rs in Millions)

Name of Statute	Nature of the Dues	Amount (Rs.)	Period to which the Amount Relates	Due Date	Paid Amount	Date of payment
Employee Provident Funds & Miscellaneous Provision Act, 1952	Provident Fund	0.04	April 2022 – August 2022	May 2022-September 2022	0.02	6 June 2023
					0.02	14 June 2023

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023, on account of disputes are as given below:

Name of the statute	Nature of statute	Amount (Rs in Million)	Period to which the amount relates to	Forum where Dispute is pending
Goods and Service Tax Act, 2017	GST, Interest and Penalty	4.87	FY 2019-20 FY 2020-21	DCCT (Appeals)

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessment under the Income-tax Act, 1961 (43 of 1961) during the year.
- (ix)
- (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.
- (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.
- (x)
- (a) In The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi)
- (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) Based on the information and explanations provided to us, the Company is not required to have a vigil mechanism as per the Act.

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- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 188 of the Companies 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. The Company is an unlisted public company which does not satisfy the requirements of Section 177 applicability and the same is not applicable.
- (xiv) In our opinion and based on our examination, as the Company is not required to have an internal audit system under Section 138 of the Companies Act, 2013, it did not have the same established during the year. Hence, reporting under clause (xiv) is not applicable to the company.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
 - (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
 - (b) The Group ("Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions) does not have any CIC (Core Investment Company) as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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



Sandeep Kukreja

Partner

(Membership No. 220411)
UDIN: 23220411BGQBQT9632

Place: Bengaluru
Date: August 22, 2023
SK/TG/2023

STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Balance Sheet as at 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

Particulars	Note No.	31 March 2023	31 March 2022	1 April 2021
Assets				
Non-current assets				
Property, plant and equipment	4	40.21	41.98	41.31
Right of use assets	5	-	-	3.47
Current tax assets (net)	27.2	-	0.73	0.37
Total non-current assets		40.21	42.71	45.15
Current assets				
Inventories	7	73.78	132.18	78.66
Financial assets				
(i) Trade receivables	8	63.18	71.00	41.16
(ii) Cash and cash equivalents	9	18.32	9.04	10.84
(iii) Bank balances other than (ii) above	10	7.69	5.52	5.52
(iv) Other financial assets	6	15.74	15.69	7.66
Other current assets	11	19.74	41.74	41.56
Total current assets		198.45	275.17	185.40
Total assets		238.66	317.88	230.55
Equity and liabilities				
Equity				
Equity share capital	12	37.60	37.60	37.60
Other equity	13	29.16	34.33	17.14
Total equity attributable to equity holders		66.76	71.93	54.74
Total equity		66.76	71.93	54.74
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	14	78.52	63.11	58.12
Deferred tax liabilities (net)	27.3	4.34	12.74	14.68
Provisions	15	0.66	0.85	0.32
Total non-current liabilities		83.52	76.70	73.12
Current liabilities				
Financial liabilities				
i) Lease liabilities	31	-	-	4.34
ii) Trade payables				
a) total outstanding dues to micro and small enterprises	16	12.17	12.89	5.20
b) total outstanding of creditors other than micro and small enterprises	16	62.78	143.91	84.97
iii) Other financial liabilities	17	-	-	0.55
Provisions	15	8.49	7.96	6.80
Current tax liabilities (net)	27.2	2.73	-	-
Other current liabilities	18	2.21	4.49	0.83
Total current liabilities		88.38	169.25	102.69
Total liability		171.90	245.95	175.81
Total equity and liabilities		238.66	317.88	230.55
Summary of significant accounting policies	1 to 3			

The accompanying notes are integral part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Firm's Registration No. 008072S


Sandeep Kulkarni

Partner
Membership No. 220411

Place: Bengaluru
Date: 22 August 2023



For and on behalf of the Board of Directors
STANLEY OEM SOFAS LIMITED


Sunil Suresh
Director
DIN: 01421517


Shubha Sunil
Director
DIN: 01363687

Place: Bengaluru
Date: 22 August 2023



STANLEY OEM SOFAS LIMITED
CIN:U74900KA2015PLC084973
Statement of Profit and Loss for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

Particulars	Note No.	31 March 2023	31 March 2022
I Revenue from operations	19	665.85	511.71
II Other incomes	20	3.56	1.80
III Total revenue (I + II)		669.41	513.51
IV Expenses			
a) Cost of materials consumed	21	460.48	381.83
b) Changes in stock of finished goods and work-in-progress	22	25.54	(28.91)
c) Employee benefits expense	23	42.74	35.07
d) Finance costs	24	12.76	10.39
e) Depreciation and amortisation	25	5.17	8.24
f) Other expenses	26	133.56	91.43
V Total expense		680.25	498.05
Profit/(loss) before tax (III - IV)		(10.84)	15.46
VI Tax expenses			
a) Current tax	27	3.36	-
b) Deferred tax	27.4	(8.12)	(2.04)
Total Tax expenses		(4.76)	(2.04)
VII Profit/(loss) for the year		(6.08)	17.50
VIII Other comprehensive income (OCI)			
Other comprehensive income not to be reclassified to Statement to Profit or Loss in subsequent periods:			
a) Re-measurement of past employment benefits obligation	32	1.10	(0.41)
b) Income tax relating on above	27.4	(0.28)	0.10
Total other comprehensive income for the year (net of tax)		0.82	(0.31)
IX Total comprehensive income net of tax for the year (VII + VIII)		(5.26)	17.19
(Losses)/ earnings per equity share (EPS)			
- Basic and diluted (in Rs) [nominal value of share Rs10]	38	(1.62)	4.65
Summary of significant accounting policies	1 to 3		

The accompanying notes are integral part of these financial statements

In terms of our report attached

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


Sandeep Kukreja
Partner

Membership No. 22041

Place: Bengaluru
Date: 22 August 2023



For and on behalf of the Board of Directors
STANLEY OEM SOFAS LIMITED


Sunil Suresh
Director
DIN: 01421517


Shubha Sunil
Director
DIN: 01363687



Place: Bengaluru
Date: 22 August 2023

STANLEY OEM SOFAS LIMITED
CIN:U74900KA2015PLC084973
Statement of Cash Flow for the year ended 31 March 2023
(All amounts are Indian Millions except for share information or as otherwise stated)

	Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
A	Cash flows from operating activities:			
	Profit/(loss) for the year		(10.84)	15.46
	Adjustments for:			
	Depreciation and amortisation expenses	25	5.17	8.24
	Provision for doubtful trade receivables and advances (net)	26	4.82	0.33
	Bad debts written off	26	0.30	-
	Finance costs	24	12.76	10.39
	Interest income	20	(0.23)	(0.78)
	Foreign exchange gain (net)		(0.54)	(0.91)
	Share based payment expense	23	0.09	-
	Liabilities no longer required written back	20	(2.19)	-
	Gain or loss on derecognition of loan from related party	26	15.36	-
	Operating profit before working capital changes		24.70	32.73
	Adjustments for (increase)/ decrease in operating assets:			
	Other financial assets		0.09	(7.84)
	Inventories		58.40	(53.52)
	Trade receivables		2.70	(30.17)
	Other current assets		22.54	0.73
	Adjustments for increase/ (decrease) in operating liabilities:			
	Other financial liabilities		-	(0.55)
	Provisions		1.44	1.28
	Trade payables		(80.32)	66.63
	Other current liabilities		(2.28)	3.66
	Cash generated from operations		27.27	12.95
	Income taxes paid (net)		(0.19)	(0.25)
	Net cash generated from operating activities		27.08	12.70
B	Cash flows from investing activities			
	Purchase of property, plant and equipment		(3.40)	(5.44)
	Interest received		0.05	0.58
	Purchase of investments (net)		(2.17)	-
	Net cash used in investing activities		(5.52)	(4.86)
C	Cash flows from financing activities			
	Repayment of borrowings (net) (refer note b below)		(2.89)	-
	Proceeds from borrowings (refer note b below)		-	0.92
	Interest paid (Refer note b below)		(8.82)	(6.17)
	Payment of interest on overdraft facility (Refer note b below)		(0.57)	-
	Payment of lease liabilities (refer note b below)		-	(4.39)
	Net cash used in financing activities		(12.28)	(9.64)
	Net decrease in cash and cash equivalents		9.28	(1.80)
	Cash and cash equivalents at the beginning of the year	9	9.04	10.84
	Cash and cash equivalents at the end of the year		18.32	9.04
	Details of Cash and cash equivalents			
	i. Balances with banks	9	18.32	9.04
	- In current accounts	9	0.00	0.00
	ii. Cash on hand			
	Cash and cash equivalents at the end of the year		18.32	9.04



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Statement of Cash Flow for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

Notes:

(a) Above cash flow statement has been prepared under indirect method in accordance with the Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flows".

(b) Changes in liabilities arising from financing activities:

As at 31 March 2023


Particulars	1 April 2022	Non-cash changes		Cash flows	31 March 2023
		Finance cost accrued during the year	Additions (Net)		
Borrowings	63.11	11.76	15.36	(11.71)	78.52
Interest on overdraft facilities	-	0.57	-	(0.57)	-
Total	63.11	12.33	15.36	(12.28)	78.52

As at 31 March 2022

Particulars	1 April 2021	Non-cash changes		Cash flows	31 March 2022
		Finance cost accrued during the year	Additions (Net)		
Borrowings	58.12	10.24	-	(5.25)	63.11
Lease liabilities	4.34	0.05	-	(4.39)	-
Total	62.46	10.29	-	(9.64)	63.11

The accompanying notes are an integral part of these financial statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No: 0080725)


Sandeep Kukreja
Partner
Membership No. 220411


Place: Bengaluru
Date: 22 August 2023



For and on behalf of the Board of Directors
STANLEY OEM SOFAS LIMITED


Sunil Surish
Director
DIN: 01421517

Place: Bengaluru
Date: 22 August 2023


Shubha Sunil
Director
DIN: 01363687



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Statement of changes in equity for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

A Equity share capital

As at 31 March 2023			
Balance at the beginning of the current reporting year	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting year
37.60	37.60	-	37.60

As at 31 March 2022			
Balance at the beginning of the current reporting year	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting period
37.60	37.60	-	37.60

B Other equity

Particulars	Attributable to the equity holders				Total other equity attributable to equity holders of the company
	Reserve and surplus		Items of other comprehensive income (OCI)		
	Retained earnings	Capital contribution	Remeasurement of defined benefit plans		
As at 1 April 2021	(35.51)	51.94	0.71		17.14
Profit for the year	17.50	-	-		17.50
Other comprehensive income	-	-	(0.31)		(0.31)
As at 31 March 2022	(18.01)	51.94	0.40		34.33
Loss for the year	(6.08)	-	-		(6.08)
Interest on loan	27.52	(27.52)	-		-
Share based payment expense for the year (Refer note 40)	-	0.09	-		0.09
Other comprehensive income	-	-	0.82		0.82
As at 31 March 2023	3.43	24.51	1.22		29.16

Summary of significant accounting policies (refer note 1 to 3)

The accompanying notes are integral part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Firm's Registration No. 008072S

Sandeep Kulkreja
Partner
Membership No. 220411



Place: Bengaluru
Date: 22 August 2023

For and on behalf of the Board of Directors
STANLEY OEM SOFAS LIMITED

Smitil Suresh
Director
DIN: 01421517



Spandha Sunil
Director
DIN: 01363687

Place: Bengaluru
Date: 22 August 2023

STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

1 General Information

Stanley OEM Sofas Limited ("the Company") was incorporated on 11 October 2007 as a public limited company under the provisions of the Companies Act 1956 with its registered office in Bengaluru, India. The Company is primarily engaged in the business of manufacturing and trading of furniture and leather products.

The financial statements of the Company were approved in the meeting of the Board of Directors held on 22 August 2023

2 Significant accounting policies

Significant accounting policies adopted by the Company are as under:

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements upto the year ended 31 March 2022 were prepared in accordance with accounting standard notified under Section 133 of the Companies Act, 2013 read with para 7 of the Companies (Accounts) Rules, 2014 as amended and the Companies Accounting Standard (Amended) Rules, 2016 (Indian GAAP or previous GAAP). These financial statements are first Ind AS financials statements. The date of transition to Ind AS is 1 April 2021.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021. Consequent to above, the Company has changed the classification/presentation of previous year balances to the extent applicable.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for items that have been measured at fair value as required by relevant Ind AS.

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);
- ii) Embedded derivative; and
- iii) Asset classified as held for sale.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

(c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer note 3 for detailed discussion on estimates and judgments.

2.2 Property, plant and equipments

a) Property, plant and equipment are carried at cost of acquisition or construction 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.

b) Subsequent expenditures related to an item property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

c) 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.

d) Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are disclosed as 'Capital Advances' under 'Other Non Current Assets'.

e) Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

Depreciation methods, estimated useful lives

Depreciation is provided on straight line method over the estimated useful life of the property, plant and equipment as per the useful life prescribed under Part C of Schedule II of the Companies Act, 2013. Leasehold improvements are being amortised over the duration of the lease, or estimated useful life of the assets, whichever is lower. Depreciation on addition to property, plant and equipments is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale / deletion of property, plant and equipments is provided for upto the date of sale, deduction or discard of property, plant and equipment as the case may be. In

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

Assets individually costing upto Rupees five thousand are not capitalized.

2.3 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('The Functional Currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

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

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains / (losses) arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

2.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities ;
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable ;
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

2.6 Revenue Recognition

Revenue is measured at transaction value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Ind AS 115 Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from operations based on five step model as set out in Ind AS 115:

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

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

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

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

Step 5: Recognise revenue when the Company satisfies a performance obligation.

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.

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

Billings in excess of revenue recognized is classified as contract liabilities ('Deferred revenue') included in other current liabilities.

Other Income

Interest Income is recognised on basis of effective interest method as set out in Ind AS 109 , Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

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

2.7 Taxes

Tax expense for the year, comprising current tax, deferred tax and minimum alternate tax /credit are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income tax act, in respect of MAT paid is recognised as asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(c) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

2.8 Leases

As a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

2.9 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 the inventory to their location.

Stock of raw materials, stores, spares, bought out items and certain components are valued at cost less amounts written down.

Stock of raw material, work-in-progress and finished goods are valued at lower of cost and net realisable value based on technical estimate of the percentage of work completed.

In determining the cost of raw materials, components, stores, spares and loose tools, moving / weighted average method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Work-in-progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work-in-progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

2.10 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a Company of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are Companyed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companies of assets (the "cash-generating unit").

2.11 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is an obligation in respect of which the likelihood of outflow of resources is remote no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.12 Borrowing Cost

Borrowing costs includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of the assets upto the date the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the year in which they are incurred.

2.13 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash and Cash Equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal. Cash and cash equivalents include restricted cash and bank balances. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



STANLEY OEM SOFAS LIMITED

CIN:U74900KA2015PLC084973

Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

Amortized cost:

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Fair Value Through Other Comprehensive Income (FVOCI):

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Fair Value Through Profit or Loss:

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the Statement of Profit and Loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

(iii) **Impairment of financial assets**

In accordance with Ind AS 109, Financial Instruments, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- i. Disclosures for significant assumptions
- ii. Trade receivables and contract assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.



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(iv) **De-recognition of financial assets**

A financial asset is de-recognized only when :

- a) the rights to receive cash flows from the financial asset is transferred; or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is de-recognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

(b) **Financial liabilities**

(i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) **Subsequent measurement**

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) **De-recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(c) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15 Employee benefits

(a) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognized in respect of employees' services upto the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

(b) **Defined contribution plan**

The Company makes defined contribution to provident fund, which are recognised as an expense in the Statement of Profit and Loss on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(c) **Defined benefit plans**

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / (gains) are recognized in the other comprehensive income in the year in which they arise.



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(d) **Other long term employee benefits**

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within Twelve months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond twelve months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / (gains) are recognized in the Statement of Profit and Loss in the year in which they arise.

Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

Liability for termination benefits like expenditure on Voluntary Retirement Scheme/ Retrenchment is recognised at the earlier of when the Company can no longer withdraw the offer of termination benefit or when the Company recognises any related restructuring costs

2.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year (if any). The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating results separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Segments are identified having regard to the dominant source and nature of risks and returns and internal organization and management structure. The Company has considered business segments as the primary segments for disclosure. The business segment in which the Company operates is 'manufacture, trading and sale of Automotive Seating Covers, Furniture, Fixtures and Accessories'. The Company does not have any geographical segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in the individual segment, and are as set out in the significant accounting policies.

Thus, as defined in Ind AS 108 - Operating Segments, The Company operates in a single business segment of namely manufacture, trading and sale of automotive seating covers, furniture, fixtures and accessories

2.18 Rounding off amounts

All amounts disclosed in financial statements and notes have been rounded off to the nearest million as per requirement of Schedule III of the Act, unless otherwise stated.

3 Significant accounting judgments, estimates and assumptions and recent pronouncements

The preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



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Defined benefits obligations

The cost of the defined benefit plans such as gratuity are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account inflation, seniority, promotion and other relevant factors on long-term basis.

3.2 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1- Presentation of Financial Statements- This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies in Accounting Estimates and Errors- This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendments and there is no impact on its financial statement.



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Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

4 Property, plant and equipment

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April 2022	Additions/ adjustments	Disposals	As at 31 March 2023	As at 1 April 2022	Depreciation expense	Disposals	As at 31 March 2023	As at 31 March 2022
Leasehold improvements	5.26	1.40	-	6.66	0.28	0.68	-	5.70	4.98
Plant and machinery	28.03	1.25	-	29.28	2.26	2.31	-	24.71	25.77
Electrical equipment	11.81	0.13	-	11.94	1.77	1.78	-	8.39	10.04
Office equipment	0.36	-	-	0.36	0.22	0.13	-	0.01	0.14
Computers	0.25	0.60	-	0.85	0.09	0.12	-	0.64	0.16
Furniture and fixtures	1.04	0.02	-	1.06	0.15	0.15	-	0.76	0.89
Total	46.75	3.40	-	50.15	4.77	5.17	-	40.21	41.98

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April 2021 (Deemed cost)	Additions/ adjustments	Disposals	As at 31 March 2022	As at 1 April 2021	Depreciation expense	Disposals	As at 31 March 2022	As at 1 April 2021
Leasehold improvements	0.75	4.51	-	5.26	-	0.28	-	4.98	0.75
Plant and machinery	27.31	0.72	-	28.03	-	2.26	-	25.77	27.31
Electrical equipment	11.81	-	-	11.81	-	1.77	-	10.04	11.81
Office equipment	0.34	0.02	-	0.36	-	0.22	-	0.14	0.34
Computers	0.06	0.19	-	0.25	-	0.09	-	0.16	0.06
Furniture and fixtures	1.04	-	-	1.04	-	0.15	-	0.89	1.04
Total	41.31	5.44	-	46.75	-	4.77	-	41.98	41.31

Note:

1. There has been no revaluation of property, plant and equipment during the financial year beginning 1 April 2021 till financial year ending 31 March 2023.
2. On transition to Ind AS (i.e. 1 April 2021), the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.
3. The Company has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment as per the Balance Sheet prepared in accordance with previous GAAP.



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5 Right-of-use Assets (refer note 31)

Particulars	Amount
Building	
Gross carrying amount	
Balance as at 1 April 2021	42.30
Additions	-
Deduction	-
Balance as at 31 March 2022	42.30
Additions	-
Deduction	-
Balance as at 31 March 2023	42.30
Accumulated Amortization	
Balance as at 1 April 2021	38.83
Additions	3.47
Deduction	-
Balance as at 31 March 2022	42.30
Additions	-
Deduction	-
Balance as at 31 March 2023	42.30
Net carrying amount	
Balance as at 1 April 2021	3.47
Balance as at 31 March 2022	-
Balance as at 31 March 2023	-

Note:

1. The aggregate amortisation expense in right-of use assets is included under the depreciation and amortisation expense in the Statement of Profit and Loss
2. There has been no revaluation of right-of-use assets during the financial year beginning 1 April 2021 till financial year ending 31 March 2023.



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6 Other-current financial assets

Particulars	31 March 2023	31 March 2022	1 April 2021
Unsecured, considered good			
Security deposit			
-Related party (refer to note 37)	15.00	15.00	-
-Others	0.01	0.01	6.91
Interest accrued on fixed deposits	0.73	0.59	0.66
Advance to employees	-	0.09	0.09
	15.74	15.69	7.66

7 Inventories (at lower of cost and net realisable value)

Particulars	31 March 2023	31 March 2022	1 April 2021
Raw materials (at cost)*	56.54	89.40	64.79
Work-in-progress	7.76	29.25	8.56
Finished goods	9.48	13.53	5.31
	73.78	132.18	78.66

* including goods in transit of Rs. 7.00 million [(31 March 2022 Rs. 11.49 million) (1 April 2021 Rs. 14.95 million)]

8 Trade receivables

Particulars	31 March 2023	31 March 2022	1 April 2021
Unsecured, considered good	63.18	71.00	41.16
	63.18	71.00	41.16
Unsecured, considered doubtful			
Credit impaired	5.40	0.58	0.25
Less: Allowance for credit losses	(5.40)	(0.58)	(0.25)
	63.18	71.00	41.16

A. Trade receivables ageing schedule as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	63.18	-	-	-	63.18
Undisputed trade receivables- increase in credit risk	-	-	-	-	-
Undisputed trade receivables-credit impaired	5.04	0.36	-	-	5.40
Disputed trade receivables- considered good	-	-	-	-	-
Disputed trade receivables- credit impaired	-	-	-	-	-
Total	68.22	0.36	-	-	68.58
Less: Allowance for credit losses	(5.04)	(0.36)	-	-	(5.40)
Total trade receivables as at 31 March 2023	63.18	-	-	-	63.18



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Notes to financial statements for the year ended 31 March 2023

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B. Trade receivables ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	71.00	-	-	-	71.00
Undisputed trade receivables- increase in credit risk	-	-	-	-	-
Undisputed trade receivables-credit impaired	0.57	-	-	0.01	0.58
Disputed trade receivables- considered good	-	-	-	-	-
Disputed trade receivables- credit impaired	-	-	-	-	-
Total	71.57	-	-	0.01	71.58
Less: Allowance for credit losses	(0.57)	-	-	(0.01)	(0.58)
Total trade receivables as at 31 March 2022	71.00	-	-	-	71.00

C. Trade receivables ageing schedule as at 1 April 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	41.16	-	-	-	41.16
Undisputed trade receivables- increase in credit risk	-	-	-	-	-
Undisputed trade receivables-credit impaired	0.24	-	-	0.01	0.25
Disputed trade receivables- considered good	-	-	-	-	-
Disputed trade receivables- credit impaired	-	-	-	-	-
Total	41.40	-	-	0.01	41.41
Less: Allowance for credit losses	(0.24)	-	-	(0.01)	(0.25)
Total trade receivables as at 1 April 2021	41.16	-	-	-	41.16

Note:

a) Movement in credit loss allowance:

Particulars	31 March 2023	31 March 2022
Balance at the beginning of the year	0.58	0.25
Change in provision during the year (refer note 26)	4.82	0.33
Balance at the end of the year	5.40	0.58

9 Cash and cash equivalents

Particulars	31 March 2023	31 March 2022	1 April 2021
Cash on hand*	0.00	0.00	0.05
Balances with banks			
- in current accounts	18.32	9.04	10.79
	18.32	9.04	10.84

* rounded off to million

10 Other balance with bank

Particulars	31 March 2023	31 March 2022	1 April 2021
Demand deposits with banks with original maturity of more than 3 months (refer note below)	7.69	5.52	5.52
	7.69	5.52	5.52

Note:

Deposits includes Rs 5.50 million (31 March 2022: Rs 5.50 million, 1 April 2021: Rs 5.50 million) against the bank guarantee and Rs 2.19 million (31 March 2022: Rs Nil, 1 April 2021: Rs Nil) placed against the Letter of Credit obtained by the Company.

11 Other current assets

Particulars	31 March 2023	31 March 2022	1 April 2021
Advances to suppliers	9.66	10.02	18.89
Prepaid expenses	0.25	0.44	0.44
Balance with statutory/government authorities	9.83	31.28	22.23
	19.74	41.74	41.56



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12 Equity share capital

12.1 Particulars	31 March 2023	31 March 2022	1 April 2021
Authorized share capital 40,00,000 [(31 March 2022: 40,00,000), (1 April 2021: 40,00,000)] equity shares of Rs 10/- each	40.00	40.00	40.00
	40.00	40.00	40.00
Issued, subscribed and fully paid-up			
Equity shares 37,60,000 [(31 March 2022: 37,60,000), (1 April 2021: 37,60,000)] Equity shares of Rs 10/- each	37.60	37.60	37.60
	37.60	37.60	37.60

12.2 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

Particulars	31 March 2023		31 March 2022		1 April 2021	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	37,60,000	37.60	37,60,000	37.60	37,60,000	37.60
Issued during the year	-	-	-	-	-	-
Total	37,60,000	37.60	37,60,000	37.60	37,60,000	37.60

12.3 Details of shareholders holding more than 5% shares in the company.

Particulars	31 March 2023		31 March 2022		1 April 2021	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs 10/- each fully paid up Stanley Lifestyles Limited, Holding Company	37,60,000	100%	37,60,000	100%	37,60,000	100%

12.4 Details of shares held by the promoters at the end of the year.

Promoter name	31 March 2023			31 March 2022			1 April 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Stanley Lifestyles Limited, Holding Company	37,60,000	100.00%	-	37,60,000	100.00%	-	37,60,000	100.00%	-

12.5 Rights, preferences and restrictions

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.

12.6 Share allotted as fully paid up by way of other than cash during five year immediately preceding March 31 2023.

For the period of five years immediately preceding the Balance Sheet date, there are no shares allotted as fully paid up pursuant to contract(s) without payment being received in cash or shares allotted as fully paid up by way of bonus shares or shares bought back.



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13 Other equity

Particulars	31 March 2023	31 March 2022
Retained earnings		
Balance at the beginning of the year	(18.01)	(35.51)
Interest Free Loan (transferred to Retained Earnings)	27.52	-
Additions/(deletions) during the year	(6.08)	17.50
Balance at the end of the year	3.43	(18.01)
Other comprehensive income		
Balance at the beginning of the year	0.40	0.71
Additions/(deletions) during the year	0.82	(0.31)
Balance at the end of the year	1.22	0.40
Capital contribution		
Balance at the beginning of the year	51.94	51.94
Interest on loan (refer note (i) below)	0.09	-
Share based payment expense (refer note 40 and refer note (ii) below)	(27.52)	-
Balance at the end of the year	24.51	51.94
Other equity	29.16	34.33

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Other comprehensive income

Other comprehensive income represents the cumulative gain or losses arising on the financial liabilities as per Ind AS 109 on loan taken at preferential rate from holding company, Stanley Lifestyles Limited and remeasurement of defined benefit liability comprises of actuarial gain & loss and return on plan assets.

Capital contribution

i. The amount pertains to contribution by the Holding Company towards the loan taken, which is lower than the cost of funds to the Holding Company closest to the tenor of the loan. Therefore, the Company has recognised the corresponding increase in equity as a contribution from the Holding Company.

ii. The amount pertains to contribution by Holding Company towards share options granted to its employees for which the Company does not have an obligation to settle the transaction with its employees. Therefore, the Company has recognised corresponding increase in Equity as contribution from Holding Company.



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Notes to financial statements for the year ended 31 March 2023

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14 Non-current borrowings

Particulars	31 March 2023	31 March 2022	1 April 2021
Un-secured loans, considered good			
Loan from related party (refer note 37)	100.00	102.90	101.98
Less: Adjustment on account of fair valuation under Ind AS 109 (refer note (ii) below)	(21.48)	(39.79)	(43.86)
	78.52	63.11	58.12

Note:

i) The loan from Stanley Lifestyles Limited i.e. Holding Company of Rs. 100 million (as at 31 March 2022 Rs 102.90 million and as at 1 April 2021 Rs. 101.90 million) at a rate of interest of 9% (31 March 2022: 6% p.a., 1 April 2021: 6% p.a.) is repayable in monthly installment of Rs 8.3 million commencing from 30 April 2029.

ii) Reduction in loan on account of fair valuation of borrowings in accordance with Ind AS 109 of Rs. 21.48 million (as at 31 March 2022: Rs 39.79 million, as at 1 April 2021: Rs 43.86 million);

iii) Changes in loan from cash and non cash changes:

Particular	31 March 2023	31 March 2022
Balance at the beginning of the year	63.11	58.12
Non cash changes- Interest accrued on the effective interest rate (refer note 24)	11.76	10.24
Non cash changes- Change in the fair value of loan (refer note 26)	15.36	-
Cash flow changes- Loan drawdown during the year	-	0.92
Cash flow changes- Loan repayment during the year	(2.89)	-
Cash flow changes- Interest paid for the year (refer note 24)	(8.82)	(6.17)
Balance at the end of the year	78.52	63.11

15 Provisions

Particulars	31 March 2023	31 March 2022	1 April 2021
Non-current			
Provision for employee benefits			
- Gratuity (refer note 32)	0.66	0.28	-
- Compensated absences (refer note 32)	-	0.57	0.32
	0.66	0.85	0.32
Current			
Provision for employee benefits			
- Gratuity (refer note 32)	1.59	2.01	0.87
- Compensated absences (refer note 32)	1.00	0.05	0.03
Provision for warranty (refer note below and note 39)	5.90	5.90	5.90
	8.49	7.96	6.80

Note:

A provision is recognised for expected warranty claims on products sold during the years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

16 Trade payables

Particulars	31 March 2023	31 March 2022	1 April 2021
Trade payables			
Dues to micro and small enterprises (refer note to 34)	12.17	12.89	5.20
Dues to creditors other than micro and small enterprises			
- related party (refer note 37)	31.11	97.08	29.28
- others	31.67	46.83	55.69
	62.78	143.91	84.97
	74.95	156.80	90.17



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Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

A. Trade payables ageing schedule as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues to micro and small enterprises	-	12.07	0.10	-	-	12.17
Undisputed dues to creditors other than micro and small enterprises	17.36	42.32	3.10	-	-	62.78
Disputed dues to micro and small enterprises	-	-	-	-	-	-
Disputed dues to creditors other than micro and small enterprises	-	-	-	-	-	-
Total trade payable as at 31 March 2023	17.36	54.39	3.20	-	-	74.95

B. Trade payables ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues to micro and small enterprises	-	12.89	-	-	-	12.89
Undisputed dues to creditors other than micro and small enterprises	18.03	117.32	7.71	0.85	-	143.91
Disputed dues to micro and small enterprises	-	-	-	-	-	-
Disputed dues to creditors other than micro and small enterprises	-	-	-	-	-	-
Total trade payable as at 31 March 2022	18.03	130.21	7.71	0.85	-	156.80

C. Trade payables ageing schedule as at 1 April 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues to micro and small enterprises	-	5.20	-	-	-	5.20
Undisputed dues to creditors other than micro and small enterprises	26.20	58.61	0.16	0.00	-	84.97
Disputed dues to micro and small enterprises	-	-	-	-	-	-
Disputed dues to creditors other than micro and small enterprises	-	-	-	-	-	-
Total trade payable as at 1 April 2021	26.20	63.81	0.16	0.00	-	90.17

Notes

a) For information required to be furnished as per Section 22 of the Micro, small, and medium Enterprises Development Act 2006 (MSMED Act) and schedule III of the companies Act 2013, Refer note 34

b) Trade payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

17 Other financial liabilities

Particulars	31 March 2023	31 March 2022	1 April 2021
Current			
Interest accrued on loan from related party	-	-	0.55
	-	-	0.55

18 Other current liabilities

Particulars	31 March 2023	31 March 2022	1 April 2021
Advance from customers	0.54	3.23	0.18
Statutory dues	1.67	1.26	0.65
	2.21	4.49	0.83



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(All amounts are Indian Millions except for share information or as otherwise stated)

19 Revenue from operations

Particulars	31 March 2023	31 March 2022
Sale of products (manufactured goods)		
- Related party (refer note 37)	188.92	102.78
- Others	466.23	405.32
Other operating revenues	10.70	3.61
	665.85	511.71

Reconciliation of amount of revenue recognised in Statement of Profit and Loss with contracted price:

Particulars	31 March 2023	31 March 2022
i. Revenue from sale of manufactured goods:		
a. Contract price	655.15	508.10
Revenue recognised	655.15	508.10
ii. Other operating revenue :		
a. Export incentive	10.70	3.61
ii. Contract balance:		
a. Contract assets- Trade receivables (refer note 8)	63.18	71.00
b. Contract liabilities- Advance received from customers (refer note 18)	0.54	3.23

Performance obligation

Information about the Company's performance obligations are summarised below:

Sales as original equipment manufacturer

The performance obligation is satisfied upon delivery of the goods on ex-works basis at the Company's manufacturing facility

The customer pay's the transaction price equal to the cash selling price as per agreed credit terms which ranges from 0-40 days.

In some contracts, warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation. The performance obligation for the warranty service is satisfied over time.

Sales to related party

The performance obligation is satisfied upon delivery of the goods to the customer.

The customer pay's the transaction price equal to the cash selling price as per agreed credit terms which ranges from 0-90 days.

In some contracts, warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation. The performance obligation for the warranty service is satisfied over time.

20 Other income

Particulars	31 March 2023	31 March 2022
Interest income on		
- Bank deposits	0.19	0.52
- income tax refund	0.04	-
- Unwinding on discount of security deposit	-	0.26
Foreign exchange gain (Net)	1.13	0.91
Provisions/ liabilities no longer required written back	2.19	-
Miscellaneous income	0.01	0.11
	3.56	1.80



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21 Cost of materials consumed

Particulars	31 March 2023	31 March 2022
Opening stock (refer note 7)	89.40	64.79
Add : Purchases made during the year		
- Retaled party (refer note 37)	69.80	57.97
- Others	329.08	312.94
Add : Clearing and forwarding charges including customs for import of goods/ raw materials	28.74	35.53
	517.02	471.23
Less : Inventory at the end of the year (refer note 7)	56.54	89.40
	460.48	381.83

22 Change in inventories

Particulars	31 March 2023	31 March 2022
Inventories at the end of the year (refer note 7)		
Work-in-progress	7.76	29.25
Finished goods	9.48	13.53
	17.24	42.78
Inventories at the beginning of the year (refer note 7)		
Work-in-progress	29.25	8.56
Finished goods	13.53	5.31
	42.78	13.87
	25.54	(28.91)

23 Employee benefit expenses

Particulars	31 March 2023	31 March 2022
Salaries, wages and bonus	34.50	28.26
Contribution to provident and other funds (refer note 32)	2.80	2.46
Gratuity expense (refer note 32)	1.33	1.01
Share based payment expense (refer note 40)	0.09	-
Staff welfare expenses	4.02	3.34
	42.74	35.07

24 Finance cost

Particulars	31 March 2023	31 March 2022
Interest on-		
- Micro and small enterprises (refer note 34)	0.43	0.10
- Lease liabilities (refer note 31)	-	0.05
- Borrowing (refer note below)	11.76	10.24
- overdraft facility	0.57	-
	12.76	10.39

Note:

Particulars	31 March 2023	31 March 2022
Interest expenses at amortised cost method considering market rate of interest (@ 12% p.a. on related party loan* (refer note 14)	11.76	10.24

* Although interest is payable at 9% p.a. to the Holding Company which amounts to Rs. 8.82 million and Rs. 6.17 million for the year ended 31 March 2023 and 31 March 2022 respectively, based on the Company's accounting policy, interest expense is recognised based on effective interest rate method considering the market rate of interest of 12% p.a. on related party loan.



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(All amounts are Indian Millions except for share information or as otherwise stated)

25 Depreciation and amortisation expenses

Particulars	31 March 2023	31 March 2022
Depreciation of property, plant and equipment (refer note 4)	5.17	4.77
Depreciation on right-of-use assets (refer note 5)	-	3.47
	5.17	8.24

26 Other expenses

Particulars	31 March 2023	31 March 2022
Rent including lease rentals (refer note 31 and 37)	15.70	8.75
Clearing and forwarding charges	1.24	1.69
Power and fuel	5.38	5.15
Travelling and conveyance	1.20	1.58
Security charges	3.27	2.92
Other marketing expenses marketing	8.87	-
Repairs and maintenance		
- Building	-	0.05
- Plant and machinery	2.48	1.71
- Others	1.54	1.90
Legal and professional charges	1.16	0.87
Rates and taxes	0.91	0.24
Job work charges	49.92	49.67
Bank charges	1.04	1.38
Insurance expenses	0.38	0.42
Audit remuneration (refer note below)	0.62	0.12
Cross charge expenses (refer note 37)	14.08	10.65
Provision for credit losses (refer note 8)	4.82	0.33
Bad debts written off	0.30	-
Printing and stationary	0.30	0.32
Stores and spare parts	0.41	1.43
Loss on derecognition of loan from related party	15.36	-
Miscellaneous expenses	4.58	2.25
	133.56	91.43
Note:		
Audit remuneration (net of GST credit)		
For statutory audit fee	0.61	0.10
For reimbursement expense	0.01	0.02
	0.62	0.12



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(All amounts are Indian Millions except for share information or as otherwise stated)

27 Income tax expenses

27.1 Current tax liabilities (Net)

A. The major components of income tax expense for the year are as under :

Particulars	31 March 2023	31 March 2022
i. Tax expense recognized in the Statement of Profit and Loss		
Current tax expense:		
Current tax on profit for the year	3.36	-
Deferred tax expense:		
Deferred tax expenses for the year	(8.12)	(2.04)
Total tax expense recognized in the Statement of Profit and Loss	(4.76)	(2.04)
ii. Tax expense recognized in other comprehensive income		
Items that will not be reclassified to profit and loss		
Re-measurement of defined benefit plan	(0.28)	0.10
Total Tax expense recognized in other comprehensive income	(0.28)	0.10
Total Tax expense recognized in other comprehensive income	(5.04)	(1.94)

B. Reconciliation of tax expense and the accounting profit for the year is under.

Particulars	31 March 2023	31 March 2022
Accounting Profit before income tax expenses	(10.84)	15.46
Enacted tax rate in India (%)	25.17%	27.82%
Computed expected tax expense	(2.73)	4.30
Tax effect of :		
- Expenses that are not deductible in determining taxable profits	0.16	(2.36)
- Bought forward losses	(1.06)	-
- Warranties	(1.48)	-
- Impact of rate change	(0.45)	-
- Others	0.52	-
Tax expenses recognized in Statement of Profit and Loss	(5.04)	1.94

27.2 Tax assets/(liabilities) (Net)

Particulars	31 March 2023	31 March 2022	1 April 2021
Taxes paid	0.63	0.73	0.37
Less: Provision for tax	(3.36)	-	-
	(2.73)	0.73	0.37

27.3 Deferred Tax Assets

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

Particulars	31 March 2023	31 March 2022	1 April 2021
Deferred tax liabilities:			
Property plant and equipment	3.17	3.70	3.77
Intercompany borrowings	5.41	10.01	12.20
	8.58	13.71	15.97
Deferred tax assets:			
Provision for leave encashment	0.81	0.39	0.34
Provision for bonus	0.59	0.41	-
Provision for expected credit loss	0.04	0.04	0.01
Lease liabilities (net)	-	-	0.32
Others	2.80	0.13	0.62
	4.24	0.97	1.29
Deferred tax liabilities (net)	4.34	12.74	14.68



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(All amounts are Indian Rupees millions except for share information or as otherwise stated)

27.4 Deferred tax

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

As at 31 March 2023

Particulars	As at 31 March 2022	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	As at 31 March 2023
Deferred tax liabilities				
Property plant and equipment	3.70	(0.53)	-	3.17
Intercompany borrowings	10.01	(4.60)	-	5.41
Total	13.71	(5.13)	-	8.58
Deferred tax assets				
Provision for leave encashment	0.39	0.42	-	0.81
Provision for gratuity	-	(0.28)	0.28	-
Provision for bonus	0.41	0.18	-	0.59
Provision for expected credit loss	0.04	-	-	0.04
Others	0.13	2.67	-	2.80
Total	0.97	2.99	0.28	4.24
Net deferred tax liabilities	12.74	(8.12)	(0.28)	4.34

As at 31 March 2022

Particulars	As at 1 April 2021	Recognized/ reversed through profit and loss	Recognized in other comprehensive income	As at 31 March 2022
Deferred tax liabilities				
Property, plant and equipment	3.77	(0.07)	-	3.70
Intercompany borrowings	12.20	(2.19)	-	10.01
Total	15.97	(2.26)	-	13.71
Deferred tax assets				
Provision for leave encashment	0.34	0.05	-	0.39
Provision for gratuity	-	0.10	(0.10)	-
Provision for bonus	-	0.41	-	0.41
Provision for expected credit loss	0.01	0.03	-	0.04
Lease liabilities (net)	0.32	(0.32)	-	-
Others	0.62	(0.49)	-	0.13
Total	1.29	(0.22)	(0.10)	0.97
Net deferred tax liabilities	14.68	(2.04)	0.10	12.74



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28 Financial risk management objectives and policies**Risk management framework**

The Board of Directors of the Company have the overall responsibility for the establishment and oversight of their risk management framework. The Holding Company has constituted a Company Risk Management Committee. The Company has in place a risk management framework to identify, evaluate business risks and challenges across the Company. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Director's oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Director's is assisted in its oversight role regularly reviews risk management controls and procedures, the results of which are reported to the Board of Director's. These risks include foreign currency risk, credit risk, liquidity risk and interest rate risk.

Foreign currency risk management

The Company's functional currency in Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies due to which it is exposed to exchange rate fluctuations. Volatility in exchange rate of foreign currencies affects the cost of imports, primarily in relation to raw materials. The Company is generally exposed to foreign exchange risk arising through its sales and purchases denominated in foreign currency predominantly in US dollars and Euro;

During the current year, The Company has exported the finished goods and imported leather and other raw materials which is subject to foreign exchange risk.

Refer note 35 for foreign currency risk exposure as at Balance Sheet date

Commodity price risk

The Company doesn't enter into any long term contract with its suppliers for hedging its commodity price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company is exposed to credit risk from its operating activities mainly trade receivables. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit risk is managed by the Company through approved credit norms, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The provision for doubtful receivables has been historically negligible. The assessment is done at regular intervals and allowance for doubtful trade receivables as at 31 March 2023, 31 March 2022 and 1 April 2021 is considered to be adequate.

Particulars	31 March 2023		31 March 2022		1 April 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross carrying amount	68.22	0.36	71.57	0.01	41.40	0.01
Expected credit losses (Loss allowance provision)	(5.04)	(0.36)	(0.57)	(0.01)	(0.24)	(0.01)
Carrying amount of trade receivables (net of impairment)	63.18	-	71.00	-	41.16	-

Movement in allowance for bad and doubtful debts:

Particulars	Amount
As at 1 April 2021	0.25
Movement during the year	0.33
As at 31 March 2022	0.58
Movement during the year	4.82
As at 31 March 2023	5.40

b) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Ultimate responsibility for managing the liquidity risk rests with the management, which has established an appropriate liquidity risk management framework for managing the Company's short-term, medium-term and long-term funding. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual short-term and long-term cash flows, and by matching the maturity profiles of financial assets and liabilities. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.



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(All amounts are Indian Rupees millions except for share information or as otherwise stated)

As at 31 March 2023

Financial liabilities	Due within (years)			Total
	Less than 1 year	1 - 3 years	3+ years	
Borrowings (refer note 14)	-	-	100.00	100.00
Trade payables (refer note 16)	74.95	-	-	74.95
	74.95	-	100.00	174.95

As at 31 March 2022

Financial liabilities	Due within (years)			Total
	Less than 1 year	1 - 3 years	3+ years	
Borrowings (refer note 14)	-	-	102.90	102.90
Trade payables (refer note 16)	156.80	-	-	156.80
	156.80	-	102.90	259.70

As at 1 April 2021

Financial liabilities	Due within (years)			Total
	Less than 1 year	1 - 3 years	3+ years	
Borrowings (refer note 14)	-	-	101.98	101.98
Trade payables (refer note 16)	90.17	-	-	90.17
Other financial liabilities (refer note 17)	0.55	-	-	0.55
	90.72	-	101.98	192.70

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees at floating rates of interest.

Total borrowings as at the Balance Sheet date is as follows:

Financial liabilities	31 March 2023	31 March 2022	1 April 2021
Loan from related party (refer note 14)	78.52	63.11	58.12
Total	78.52	63.11	58.12

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities, assuming the amount of the liability outstanding at the year end was outstanding for the whole year.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2023 would decrease / increase by Rs 0.09 million (for the year ended 31 March 2022: decrease / increase by Rs 0.06 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Capital management

The Company's objective for capital management is to maximize shareholder's wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity, borrowings and operating cash flows required.

Particulars	31 March 2023	31 March 2022	1 April 2021
Borrowings (Including Current Maturities) (refer note 14)	78.52	63.11	58.12
Less:			
Cash and cash equivalents (refer note 9)	18.32	9.04	10.84
Bank balances other than cash and cash equivalents (refer note 10)	7.69	5.52	5.52
Net debt	52.51	48.55	41.76
Total equity	66.76	71.93	54.74
Capital gearing ratio	79%	67%	76%



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29 Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Financial instruments by category and hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

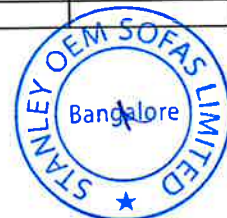
There are no transfers between levels during the year.

The management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements at amortised cost approximate their fair values.

A) The carrying value and fair value of financial assets and liabilities by categories are as follows :

Particulars	Level	31 March 2023			
		Amortised Cost	Fair value through profit or loss	Total carrying value	Total fair value
Financial assets					
Financial assets					
(a) Trade receivables (refer note 8)	3	63.18	-	63.18	63.18
(b) Cash and cash equivalents (refer note 9)	3	18.32	-	18.32	18.32
(c) Bank balances other than cash and cash equivalents (refer note 10)	3	7.69	-	7.69	7.69
(d) Other financial assets (refer note 6)					
- Security deposit	3	15.00	-	15.00	15.00
- Others	3	0.74	-	0.74	0.74
Total		104.93	-	104.93	104.93
Financial liabilities					
(a) Borrowings (refer note 14)	3	100.00	(21.48)	78.52	78.52
(b) Trade payables (refer note 16)	3	74.95	-	74.95	74.95
Total		174.95	(21.48)	153.47	153.47

Particulars	Level	31 March 2022			
		Amortised Cost	Fair value through profit or loss	Total carrying value	Total fair value
Financial assets					
Financial assets					
(a) Trade receivables (refer note 8)	3	71.00	-	71.00	71.00
(b) Cash and cash equivalents (refer note 9)	3	9.04	-	9.04	9.04
(c) Bank balances other than cash and cash equivalents (refer note 10)	3	5.52	-	5.52	5.52
(d) Other financial assets (refer note 6)					
- Security deposit	3	15.00	-	15.00	15.00
- Others	3	0.69	-	0.69	0.69
Total		101.25	-	101.25	101.25
Financial liabilities					
(a) Borrowings (refer note 14)	3	102.90	(39.79)	63.11	63.11
(b) Trade payables (refer note 16)	3	156.80	-	156.80	156.80
Total		259.70	(39.79)	219.91	219.91



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29 Financial instruments

Particulars	Level	1 April 2021			
		Amortised Cost	Fair value through profit or loss	Total carrying value	Total fair value
Financial assets					
Financial assets					
(a) Trade receivables (refer note 8)	3	41.16	-	41.16	41.16
(b) Cash and cash equivalents (refer note 9)	3	10.84	-	10.84	10.84
(c) Bank balances other than cash and cash equivalents (refer note 10)	3	5.52	-	5.52	5.52
(d) Other financial assets (refer note 6)					
- Security deposit	3	6.91	-	6.91	6.91
- Others	3	0.75	-	0.75	0.75
Total		65.18	-	65.18	65.18
Financial liabilities					
(a) Borrowings (refer note 14)	3	101.98	(43.86)	58.12	58.12
(b) Trade payables (refer note 16)	3	90.17	-	90.17	90.17
(c) Lease liabilities (refer note 31)	3	4.34	-	4.34	4.34
(d) Other financial liabilities (refer note 17)	3	0.55	-	0.55	0.55
Total		197.04	(43.86)	153.18	153.18

Note:

The Company as not disclosed the fair value for of trade receivables, cash and cash equivalents, other bank balances, other financial assets, borrowings, lease liabilities, trade payables and other financial liabilities because their carrying amounts are the approximation of fair values.



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30 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2023, are the first, the Company have prepared in accordance with Ind AS. For the periods up to 31 March 2022, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ('Indian GAAP' or 'previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31 March 2023, together with the comparative period data as at and for the year ended 31 March 2022, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2021, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2021 and the financial statements as at and for the year ended 31 March 2022.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following material exemptions:

Derecognition of financial assets and financial liabilities

The Company has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. after 1 April 2021.

Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there will be significant increase in credit risk since the initial recognition of a financial instrument which would require undue cost or effort. The Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Optional exemptions:

Deemed cost - Previous GAAP carrying amount: (Property, plant and equipment)

The Company has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment as per the Balance Sheet prepared in accordance with previous GAAP.

Leases

Appendix C of Ind AS 116 requires an entity to assess whether a contract of arrangement contains a lease. This assessment should be carried out at the inception of the contract or arrangement. The Company has not used the Ind AS 101 exemption and has assessed all the arrangements for embedded leases based on the conditions in place at the inception of the contract or arrangement.

Fair value measurement of financial assets or financial liabilities

In accordance with paragraph D20 of Ind AS 101, the Company has applied day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.



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30 First-time adoption of Ind AS - Reconciliation

Effect of Ind AS adoption on the Balance Sheet as at 31 March 2022 and 1 April 2021

Particulars	Note	Balance Sheet as at 1 April 2021 (Date of transition)			Balance Sheet as at 31 March 2022 (End of last period presented under previous GAAP)		
		Amount as per IGAAP	Effects of Transition to Ind AS	Amount as per Ind AS	Amount as per IGAAP	Effects of Transition to Ind AS	Amount as per Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	E	41.31	-	41.31	41.98	-	41.98
Right of use assets		-	3.47	3.47	-	-	-
Non current tax assets (net)	G	-	0.37	0.37	-	0.73	0.73
Other non current assets		-	-	-	15.01	(15.01)	-
Subtotal		41.31	3.84	45.15	56.99	(14.28)	42.71
Current assets							
Inventories		78.66	-	78.66	132.18	-	132.18
Financial assets							
(i) Trade receivables	C&D	41.19	(0.03)	41.16	71.13	(0.13)	71.00
(ii) Cash and cash equivalents	G	16.36	(5.52)	10.84	14.56	(5.52)	9.04
(iii) Bank balances other than cash	G	-	5.52	5.52	-	-	-
(iv) Other financial assets	G	-	7.66	7.66	-	15.69	15.69
Other current assets	G	49.84	(8.28)	41.56	43.54	(1.80)	41.74
Subtotal		186.05	(0.65)	185.40	261.41	13.76	275.17
Total assets		227.36	3.19	230.55	318.40	(0.52)	317.88
EQUITY AND LIABILITIES							
Equity							
Equity share capital	F	37.60	-	37.60	37.60	-	37.60
Other equity	A to I	(13.67)	30.81	17.14	4.42	29.91	34.33
Subtotal		23.93	30.81	54.74	42.02	29.91	71.93
Liabilities							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	A	101.98	(43.86)	58.12	102.90	(39.79)	63.11
(ii) Deferred tax liabilities	A	2.81	11.87	14.68	2.76	9.98	12.74
Provisions	H	0.32	-	0.32	0.85	-	0.85
Subtotal		105.11	(31.99)	73.12	106.51	(29.81)	76.70
Current liabilities							
Financial liabilities							
(i) Lease liability	E	-	4.34	4.34	-	-	-
(ii) Trade payables							
(a) total outstanding dues to micro and small enterprises		5.20	-	5.20	12.89	-	12.89
(b) total outstanding dues to creditors other than micro and small enterprises	G	90.84	(5.87)	84.97	150.43	(6.52)	143.91
(iii) Other financial liabilities	G	-	0.55	0.55	-	-	-
Provisions	G	0.90	5.90	6.80	2.06	5.90	7.96
Other current liabilities	G	1.38	(0.55)	0.83	4.49	-	4.49
Subtotal		98.32	4.37	102.69	169.87	(0.62)	169.25
Total Equity and Liabilities		227.36	3.19	230.55	318.40	(0.52)	317.88



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30 First-time adoption of Ind AS - Reconciliation

Effect of Ind AS adoption on the total comprehensive income for the year ended 31 March 2022

Particulars	Note	Year ended 31 March 2022		
		Amount as per IGAAP	Effects of Transition to Ind AS	Amount as per Ind AS
Income:				
Revenue from operations		511.71	-	511.71
Other income	A & E	1.52	0.28	1.80
Total income		513.23	0.28	513.51
Expenses:				
Cost of materials consumed		381.83	-	381.83
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(28.91)	-	(28.91)
Employee benefits expense	B	35.48	(0.41)	35.07
Finance costs	E	6.26	4.13	10.39
Depreciation and amortization	E	4.77	3.47	8.24
Other expenses	C	95.77	(4.34)	91.43
Total expenses		495.20	2.85	498.05
Profit before tax		18.03	(2.57)	15.46
Tax expenses:				
Current tax		-	-	-
Deferred tax	D	(0.05)	(1.99)	(2.04)
Total tax expense		(0.05)	(1.99)	(2.04)
Profit after tax for the year		18.08	(0.58)	17.50
Other comprehensive income				
Items that will not be reclassified to Statement of Profit and Loss				
Re-measurement of past employment benefits obligation	B	-	(0.41)	(0.41)
Income tax relating on above	D	-	0.10	0.10
Total other comprehensive income		-	(0.31)	(0.31)
Total comprehensive income for the year		18.08	(0.89)	17.19

Reconciliation of equity as at 31 March 2022 previously reported under IGAAP to Ind AS:

Particulars	Note	31 March 2022	1 April 2021
Equity as per previous Indian GAAP		4.42	(13.67)
Nature of Ind AS adjustments:			
Provision for expected credit loss	C	(0.13)	-
Lease liability (Ind AS 116)	E	-	(1.14)
Fair value of loan given to subsidiary	A	40.02	43.83
Deferred tax impact on above adjustment	D	(9.98)	(11.88)
Total adjustment to equity		29.91	30.81
Total equity under Ind-AS		34.33	17.14



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30 First-time adoption of Ind AS - Reconciliation**Reconciliation of profit for the year ended 31 March 2022:**

Particulars	31 March 2022
Profit after tax as per IGAAP	18.08
Nature of Ind AS adjustments:	
Effect on ROU accounting of lease	1.15
Fair value of loan given to subsidiary	(4.13)
Re-measurement of define benefit obligation	0.41
Deferred tax impact on above adjustment	1.99
Total adjustment	(0.58)
Profit after tax as per Ind AS	17.50
Other comprehensive income	(0.31)
Total comprehensive income	17.19

Notes:**A. Investments and Loans:**

Under IGAAP, the Company had given loan to subsidiary companies at concessional rate of interest. Under Ind AS, these financial assets are measured at FVTPL. At initial recognition, the difference between the transaction amount and fair value is accounted for under deemed investment in subsidiary as per Ind AS 109.

B. Defined benefit liabilities:

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss. Under the IGAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

C. Trade receivables:

Under Indian GAAP, the Company had recognized provision on trade receivables based on the expectation of the Company. Under Ind AS, the Company provides loss allowance on receivables based on the Expected Credit Loss (ECL) model which is measured following the "simplified approach" at an amount equal to the lifetime ECL at each reporting date.

D. Deferred tax:

Under IGAAP, deferred tax accounting was done using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Under Ind AS, accounting of deferred taxes is done using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

E. Right of use assets and lease liability:

Under IGAAP, the Company had recognized lease payments as indirect expenses under the Statement of Profit and Loss. Under Ind AS the Company has adopted full retrospective approach under Ind AS 116 and has recognised a right-of-use asset and a lease liability, net of deferred tax as at the lease commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is measured at amortised cost using the effective interest method.

F. Others:

Other adjustments on account of transition to Ind AS include reclassification of land lease classified as operating leases from property, plant and equipment to prepaid rentals, fair valuation of deposits and corresponding adjustments in revenue and expenses.

G. Reclassification:

Other adjustments on account of transition to Ind AS include reclassification of items of assets, liabilities and taxes to appropriate line items of Ind-AS balance sheet prescribed under Schedule III to the Companies Act, 2013.

H. Other comprehensive income:

Under Ind AS, all items of income and expense recognized in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes fair valuation of investment in equity shares and mutual fund, remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

I. Statement of cash flows:

The Ind AS adjustment are either non cash adjustment or are reporting among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact as the net cash flow for the year ended 31 March 2022 as compared with the previous GAAP.



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31 Leases

Information on leases as per Ind AS 116 on "Leases":

(a) Following are the changes in the carrying value of right of use assets :

Particulars	31 March 2023	31 March 2022
Opening balance	-	3.47
Additions/modifications	-	-
Deletions/adjustments	-	-
Depreciation	-	(3.47)
Closing balance	-	-

The aggregate depreciation is included under depreciation and amortisation expense in the Statement of Profit and Loss.

(b) The following is the break-up of current and non-current lease liabilities:

Particulars	31 March 2023		31 March 2022		1 April 2021	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Lease liabilities	-	-	-	-	4.34	-

(c) The following is the movement in the lease liabilities for the year ended 31 March 2023, 31 March 2022 and 1 April 2021:

Particulars	Lease liabilities
As at 1 April 2021	4.34
Additions/modifications	-
Finance cost (refer note 24)	0.05
Lease rentals paid	4.39
Balance as at 31 March 2022	-
Additions/modifications	-
Deletions	-
Finance cost	-
Lease rentals paid	-
Balance as at 31 March 2023	-

(d) The table provides details regarding contractual liabilities of lease liabilities as at 31 March 2023, 31 March 2022 and 1 April 2021 on an undiscounted basis:

	31 March 2023	31 March 2022	1 April 2021
Undiscounted future cash flows			
- Not later than 1 year	-	-	4.39
- Later than 1 year and not later than 5 years	-	-	-
- Later than 5 years	-	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(e) Rental expense recorded for short-term leases was Rs 15.70 million for the year ended 31 March 2023 (31 March 2022: Rs 8.75 million).

(f) Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. According to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has not applied for Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of agreement.



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32 Employee benefits

a. Defined contribution plan

The Company's contribution to defined contribution plan has been recognized as expense in the Statement of Profit & Loss under the head employee benefit expense for the year are as under:

Particulars	31 March 2023	31 March 2022
Employer's contribution to provident fund and family pension fund	2.38	2.06
Employer's contribution to employees state insurance scheme	0.42	0.40
TOTAL	2.80	2.46

b. Defined Benefit plan - Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per The Payment of Gratuity Act, 1972 and the Company's scheme applicable to the employee. The Company makes annual contributions to an Insurance managed fund to fund its gratuity liability. The Company operates single type of gratuity plans wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining and eligibility terms. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Particulars	31 March 2023	31 March 2022
i) Changes in present value of defined benefit obligation during the year		
Opening defined benefit obligation	2.76	1.31
Interest cost	0.19	0.09
Current service cost	1.17	0.95
Past service cost	-	-
Benefits paid directly from employer	(0.27)	-
Benefits paid from the fund	-	-
Actuarial (gains)/losses on obligations	-	-
- Due to change in demographic	-	-
- Due to change in financial assumptions	(0.13)	(0.08)
- Due to experience	(0.97)	0.49
Closing defined benefit obligation	2.75	2.76

Particulars	31 March 2023	31 March 2022
ii) Changes in fair value of plan assets during the year:		
Opening fair value of planned assets	0.47	0.44
Interest income	0.03	0.03
Contributions by employer	-	-
Benefits paid	-	-
Return on plan assets, excluding interest Income	(0.00)	0.00
Closing fair value of plan assets	0.50	0.47

Particulars	31 March 2023	31 March 2022
iii) Net (asset)/liability recognized in the Balance Sheet:		
Present value of benefit obligation at the end of the year	2.75	2.76
Fair value of plan assets at the end of the year	0.50	0.47
Net (asset)/liability recognized in the Balance Sheet	2.25	2.29
Net liability – non current (refer note 16)	0.66	0.28
Net liability – current (refer note 16)	1.59	2.01

Particulars	31 March 2023	31 March 2022
iv) Expenses recognized in the Statement of Profit and Loss for the year:		
Current service cost	1.17	0.95
Net interest cost	0.16	0.06
Past service cost	-	-
Expenses recognized in the Statement of Profit and Loss	1.33	1.01

Particulars	31 March 2023	31 March 2022
v) Recognized in other comprehensive income for the year:		
Actuarial (gains)/losses on obligations	-	-
Due to change in demographic	(0.13)	(0.08)
Due to change in financial assumptions	(0.97)	0.49
Due to experience	(0.97)	0.49
Return on plan assets, excluding interest income	0.00	(0.00)
Net (income)/expense for the period recognized in OCI	(1.10)	0.41



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Particulars	31 March 2023	31 March 2022
vi) Actuarial assumptions:		
Expected return on plan assets	7.49%	6.90%
Rate of discounting	7.41% p.a. (Indicative G.Sec referenced on 31-03-2023)	6.90% p.a. (Indicative G.Sec referenced on 31-03-2022)
Rate of salary increase	10.00% p.a.	10.00% p.a.
Rate of employee turnover	10.00% p.a. for all service Companys.	10.00% p.a. for all service Companys.
Particulars	31 March 2023	31 March 2022
vii) Maturity profile of defined benefit obligation:		
1st following Year	0.12	0.08
2nd following Year	0.16	0.18
3rd following Year	0.23	0.20
4th following Year	0.21	0.66
5th following Year	0.28	0.19
Sum of years 6 to 10	1.18	0.98
Sum of years 11 and above	4.25	3.47
Particulars	31 March 2023	31 March 2022
viii) Balance Sheet reconciliation:		
Opening net liability	2.29	0.87
Expenses recognized in Statement of Profit or Loss	1.33	1.01
Expenses recognized in OCI	(1.10)	0.41
Net liability/(asset) transfer in	-	-
Net (liability)/asset transfer out	-	-
Benefit paid directly by the employer	(0.27)	-
Employer's contribution	-	-
Net liability/(asset) recognized in the Balance Sheet	2.25	2.29
Particulars	31 March 2023	31 March 2022
ix) Category of assets:		
Insurance fund	0.50	0.47
Particulars	31 March 2023	31 March 2022
x) Sensitivity analysis for significant assumptions is as below:		
Defined benefit obligation on current assumptions	2.75	2.76
Delta effect of +1% change in rate of discounting	(0.23)	(0.21)
Delta effect of -1% change in rate of discounting	0.26	0.25
Delta effect of +1% change in rate of salary increase	0.26	0.24
Delta effect of -1% change in rate of salary increase	(0.22)	(0.21)
Delta effect of +1% change in rate of employee turnover	(0.07)	(0.08)
Delta effect of -1% change in rate of employee turnover	0.08	0.09

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance Sheet.

c. Compensated absences (Unfunded)

The defined benefit obligations which are provided for but not funded are as under:

Particulars	31 March 2023	31 March 2022
Compensated absences (refer note 15)		
-Current	1.00	0.05
-Non-current	-	0.57
	1.00	0.62



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33 Contingent liabilities and commitments (to the extent not provided for)

Particulars	31 March 2023	31 March 2022
(i) Contingent liabilities		
Goods and service tax (relating to goods and service tax on sale or purchase of goods or services)	4.87	-
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

34 Disclosures under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)"

Particulars	31 March 2023	31 March 2022	1 April 2021
a The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	12.17	12.89	5.20
b The amount of interest paid by the buyer in terms of Section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
c The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006;	-	-	-
d The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.53	0.10	0.04
e The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2006.	-	-	-

* There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

35 Foreign currency risk exposure as at Balance Sheet date

Particulars	31 March 2023		31 March 2022		1 April 2021	
	Amount in foreign currency	Amount in Rs. Million	Amount in foreign currency	Amount in Rs. Million	Amount in foreign currency	Amount in Rs. Million
Advance to suppliers						
Euro	€ 42,485.00	3.80	€ 7,957.14	0.66	€ 1,40,439.52	11.67
USD	\$39,539.92	3.25	\$41,410.85	3.12	\$79,672.12	6.00

Sensitivity analysis:

Impact on profit / (loss) for the year a 1% change in exchange rates:

Particulars	31 March 2023	31 March 2022	1 April 2021
Advance to supplier- foreign currency /INR			
Increase in INR	0.07	0.04	0.18
Decrease in INR	(0.07)	(0.04)	(0.18)

36 Segment information

The primary reporting of the Company has been made on the basis of Business Segments. The Company has a single business segment as defined in Indian Accounting Standard (Ind AS) 108 on Segment Reporting, namely business of manufacturing and trading of furniture and leather products. The Managing Director of the Company allocates and assess the performance of the Company and is the chief operating decision maker (CODM). The CODM monitors the operating results of the business as a single segment, hence no separate segment need to be considered.



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37 Related party transactions

37.1 Details of related parties:

Description of relationship	Names of related parties
Holding Company	Stanley Lifestyles Limited
Fellow Subsidiaries	Stanley Retail Limited ABS Seating Private Limited
Entities under common control	Staras Seating Private Limited Sana Lifestyles Limited Scheek Home Interiors Limited Shrasta Décor Private Limited
Key Management Personnel (KMP)	Mr. Sunil Suresh - Chief Executive Officer and Director Ms. Shubha Sunil- Director Mr. Pradeep Mishra - Company CFO
Entities in which KMP / Relatives of KMP can exercise significant influence	Seating World Stanley Estates and Leisure Design Eight Saas Kitchens

37.2 Details of related party transactions for the financial year ended 31 March 2023 and 31 March 2022:

Particulars	Relationship	For the year ended 31 March 2023	For the year ended 31 March 2022
Stanley Lifestyles Limited	Holding company		
Sales		6.62	2.02
Purchases		69.80	57.95
Common expenses		14.08	10.65
Reimbursement of expenses		-	16.30
Rental deposit paid		-	15.00
Interest on loan borrowed		8.82	6.17
Recovery of expenses		-	0.07
Rental expenses		15.70	-
Stanley Retail Limited	Fellow subsidiary		
Sales		182.30	100.66
Reimbursement of expenses		-	0.03
ABS Seating Private Limited	Fellow subsidiary		
Sales		-	0.10
Purchases		-	0.02

37.3 Balances outstanding as at 31 March 2023 and 31 March 2022:

Particulars	Relationship	As at 31 March 2023	As at 31 March 2022	As at 1 April 2021
Stanley Lifestyles Limited	Holding Company			
Trade payables		30.55	97.08	29.28
Non current borrowings		100.00	102.90	101.98
Security deposit		15.00	15.00	-
Advances received from customers		-	-	-
Stanley Retail Limited	Fellow subsidiary			
Advances received from customers		0.32	-	-
Trade receivables		-	2.95	-
Staras Seating's Private Limited	Fellow subsidiary			
Trade payables		0.56	-	-



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38 Earning per share

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profits/(Losses) attributable to equity shareholders (A)	(6.08)	17.50
Number of equity shares outstanding during the year (B)	37,60,000	37,60,000
Nominal value of per equity shares	10.00	10.00
Earning per share(A/B) - basic and diluted earnings per share	(1.62)	4.65

39 Provision for warranty

The Company has given warranties on various ranges of furniture, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as on 31 March 2023, 31 March 2022 and 1 April 2021 represents the amount of the expected cost of meeting such obligation of rectification / replacement.

Particulars	31 March 2023	31 March 2022	1 April 2021
Balance as at the beginning of the year	5.90	5.90	5.90
Add: Charge for the year	-	-	-
Less: Utilised during the year	-	-	-
Balance as at the year end	5.90	5.90	5.90
Current portion	5.90	5.90	5.90
Non-current portion	-	-	-

40 Employee Stock Options

Employee Stock Option Plan 2022 ("ESOP 2022")

Stanley Lifestyles Limited (Holding Company) established the Employee Stock Option Plan 2022 ("ESOP 2022") with effect from 30 September 2022 as approved vide Board Resolution dated 6 September 2022 and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the options available for issuance under ESOP 2022 have been issued and exercised.

Pursuant to the ESOP 2022, the Holding Company has granted options to the employees of the Company, which would vest to the employees as per the terms of the Grant Letter.

Particulars	Stanley Lifestyle Stock Option Plan 2022	
Date of grant	16 November 2022	
No. of options granted	367	
Method of settlement	Equity	
Vesting period	Graded vesting over the period of 4 years from the date of grant	
Exercise period	4th years from the date of grant	
Vesting conditions	Continues services and performance	
Exercise price per option (Rs.)	Rs. 10	
Fair value of option as per black sholes model (Rs.)	Rs. 1403	
Particulars	31 March 2023	31 March 2022
Opening balance	-	-
Granted during the year	367	-
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	367	-

* Weighted average exercise price for options exercised during the year Rs. 10 (31 March 2022: Rs Nil)

Fair value of share options grant

The fair value of the share options granted is estimated at the grant date using the option pricing model (Black Scholes), taking into account the terms and conditions upon which the share options were granted.

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	31 March 2023
Exercise price of options granted during the year ended 31 March 2023	Rs. 10
Risk free rate of return	7.32%
Life of the options granted (vesting and exercise period) in years	4 years
Volatility	16.06%

Movement in stock options during the year

The expense recognised for employee services received during the year is shown in the following table:

Particulars	31 March 2023	31 March 2022
Expense arising from equity-settled share-based payment transactions	0.09	-



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Notes to financial statements for the year ended 31 March 2023

(All amounts are Indian Millions except for share information or as otherwise stated)

41 Details submitted to bank on account of credit facility availed

Working capital facilities (fund based and non-fund based) aggregating to Rs. 170 million (As at 31 March 2022 Rs. Nil) are secured by first pari-passu charge on all the domestic receivables, inventories and fixed deposit and second pari-passu charge on export receivables, export inventories and corporate guarantee by Stanley Lifestyles Limited, Holding Company.

The monthly statements of receivables, payables, inventories and sales filed with the banks against the borrowings obtained by the Company are in agreement with the books of account other than below:

Month	Bank name	Sanctioned amount	Nature of assets	As per unaudited books of accounts	Amount as per Quarterly returns and statements	Amount of difference
Dec-22	HDFC Bank	170	Trade receivables	49.45	49.44	0.01
			Trade payables	38.93	38.95	(0.02)
Mar-23	HDFC Bank	170	Inventory	67.18	67.16	0.02
			Trade receivables	63.35	63.36	(0.01)

Notes:

- 1) Intercompany receivables and payables are not considered for the purpose of filling out the statement to the bank.
- 2) Stock-in-transit is not considered for the purpose of filling out the statement to the bank.

42 Significant accounting ratios

The following are analytical ratios for the year ended 31 March 2023 and 31 March 2022:

Ratio	Numerator	Denominator	31 March 2023	31 March 2022	% of change	Reason
Current ratio	Current assets	Current liabilities	2.25	1.63	38.12%	Refer note (i)
Debt- equity ratio	Total debt ¹	Shareholder's equity	1.18	0.88	34.06%	Refer note (ii) below
Debt- service coverage ratio	Earnings available for debt service ²	Debt service ³	1.12	2.49	-55.25%	Refer note (ii) below
Return on equity ratio	Net profits after taxes	Average shareholder's equity	-8.76%	27.63%	-131.71%	Refer note (iii) below
Inventory turnover ratio	Cost of goods sold	Average inventory	4.72	3.35	40.99%	Refer note (iv) below
Trade receivables turnover ratio	Revenue from operations ⁴	Average trade receivable	9.92	9.12	8.77%	-
Trade payables turnover ratio	Total purchase ⁵	Average trade payables	4.84	4.03	20.12%	-
Net capital turnover ratio	Revenue from operations ⁴	Working capital ⁶	6.05	4.83	25.21%	Refer note (v) below
Net profit ratio	Net Profit after taxes	Revenue from operations ⁴	-0.91%	3.42%	-126.68%	Refer note (vi) below
Return on capital employed	Earning before interest and taxes	Capital employed ⁷	0.62%	17.49%	-96.45%	Refer note (vii) below
Return on investment	Income generated from investments	Weighted average Investments	NA	NA	-	-

¹ Debt includes current and non current portion of lease liabilities.

² Earnings for debt service includes net profit after taxes and non-cash operating expenses like depreciation, profit/ loss on sale of property, plant and equipment, etc.

³ Debt service includes interest & lease payments.

⁴ Revenue from operations means gross credit sales after deducting sales return.

⁵ Total purchases means gross credit purchases after deducting purchase return. Gross credit purchases includes other expenses.

⁶ Working capital is calculated by deducting current liabilities from current assets.

⁷ Capital employed is calculated by Net worth + total debt + deferred tax liability - Intangible asset

Explanations for variances

- (i) Decrease in trade payable of the Company during the year has resulted in movement in this ratio.
- (ii) Increase in debt of the Company during the year has resulted in movement in this ratio.
- (iii) Decrease in profit of the Company during the year has resulted in movement in this ratio.
- (iv) Increase in inventory of the Company during the year has resulted in movement in this ratio.
- (v) Increase in turnover of the Company during the year has resulted in movement in this ratio.
- (vi) Decrease in profit and increase in turnover of the Company during the year has resulted in movement in this ratio.
- (vii) Decrease in profit of the Company during the year has resulted in movement in this ratio.

43 As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. Since the Company does not fall under the criteria mentioned in Section 135(1) of the Companies Act, 2013, the CSR provisions are not applicable to the Company.



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Notes to financial statements for the year ended 31 March 2023

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44 Other Statutory information

- (i) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (ii) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property
- iii) The Company has not traded or invested in crypto currency or virtual currency during the financial period.
- iv) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- v) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vi) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
- viii) The Company does not have any transactions with Companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

45 A) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- 1) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- 2) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

B) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

46 The Company has maintained proper books of account as required by law except for keeping backup on daily basis of such books of account maintained in electronic mode, in a server physically located in India.

47 The Company evaluated all events or transactions that occurred after 31 March 2023 up through 22 August 2023, the date the financial statements were authorized for issue by the Board of Directors. Based on this evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

48 The Code on Social Security, 2020('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.



For and on behalf of the Board of Directors
STANLEY OEM SOFAS LIMITED


Sumi Suresh
Director
DIN 01424517


Shubha Sunil
Director
DIN 01363687



Place: Bengaluru
Date: 22 August 2023